

City of El Paso

Report for the Internal Audit Current
State, Maturity, and Needs
Assessment – *Recommendations
and Road Map*

September 2025

Engagement Team



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Engagement Scope and Approach

The **scope** of the engagement was to assess the current structure, organization, roles, responsibilities, and practices implemented within the City's Internal Audit Department (IA) and coordinating activities to determine if they reflect best practices and have the tools, resources, and capabilities to address the needs of the City. The review assessed the function's effectiveness through the lens of independence, transparency, accountability, and alignment with stakeholder expectations, with an emphasis on how Internal Audit delivers value to the City and its constituents in accordance with **Institute of Internal Auditors (IIA) Global Internal Audit Standards** and the **GAO Government Audit Standards (GAGAS)** requirements and guidance.

To effectively assess the scope, Weaver utilized a **customized** maturity model for the City of El Paso to assess and benchmark current practices, which was informed by:

- International Professional Practices Framework (IPPF) / Global Internal Audit Standards
- Generally Accepted Government Auditing Standards (GAGAS)
- COSO Integrated Risk Management Framework
- Capability Maturity Model Integration (CMMI) and frameworks

While El Paso's Internal Audit function has demonstrated necessary alignment with relevant audit standards via required peer reviews, this assessment focused on the **current maturity level** of the City's Internal Audit function to provide an actionable **roadmap** to support both **short** and **long-term** improvement initiatives aligned with leading internal audit practices.

Engagement Procedures

Summary of Engagement Procedures:

- Detailed **analysis** of internal audit policies, procedures, workpapers, and reporting.
- Interviews with **stakeholders**, including City Management, the City Council and the Financial Oversight and Audit Committee (FOAC) members (performed February 6–7, 2025).
- **Benchmarking** against peer city practices and industry-leading models for Internal Audit.
- Analysis of **Internal Audit Charter** and **Hotline Practices**.
- Evaluation of the Internal Audit function against **maturity assessment criteria** to identify **current state strengths, areas for improvement, and capability gaps**.
- Development of tailored, actionable short-term and long-term **action items** for future state of Internal Audit for the City of El Paso that align with governance objectives and resource efficiency.

Detailed analysis was performed on a representative sample of engagement files to confirm that project conclusions were supported by sufficient evidence and to evaluate the consistency of Internal Audit’s execution across planning, fieldwork, reporting, and follow-up procedures.

Project Timeline of Phases and Tasks Performed:



Stakeholder Matrix

Stakeholder Group	When	Purpose of Discussion	Focus Area / Key Topics
City Mayor Mayor Renard Johnson	 Feb 2025 Initial Interviews	Capture leadership's perspective on the role and value of IA in supporting accountability, transparency, and public trust. Understand expectations for how audit results should inform City decision-making, governance, and risk oversight through the lens of current IA communication, independence, and audit execution. Determined maturity expectations for future state of IA in El Paso in alignment with strategic objectives.	- Expectations of IA's role in City governance. - Current state IA transparency and reporting practices. - Understanding of IA independence and objectivity. - Use of audit results to influence Council/Mayor decision-making. - Priority risk areas for the City. - Opportunities and future state goals for IA and the alignment with long-term City strategies.
City Council Members - Mayor Pro Tem Alejandra Chavez - Rep. Dr. Joshua Acevedo - Rep. Deanna Maldonado-Rocha - Rep. Cynthia Boyar Trejo - Rep. Ivan Nino - Rep. Art Fierro - Rep. Lily Limon - Rep. Chris Canales	 Jun 2025 Preliminary Results	To share preliminary results of the review in an open and transparent forum, present maturity observations, and gather feedback. Validate the accuracy and relevance of the results, confirm alignment with City objectives, and obtain input on the practicality and potential impact of recommendations.	- Presentation of review results and maturity observations. - Discussion of alignment between audit function and City needs and objectives. - Feedback on the accuracy and relevance of results. - Perspectives on the effectiveness and feasibility of proposed recommendations. - Next steps for IA function development.
Internal Audit Team - Chief Audit Executive (CAE) 3 Internal Audit Managers	 Feb 2025 Initial Interviews	Understand the IA team's perspective on the current state of the IA function, including how they see their role within the City's broader governance and risk management framework. Gain insight into audit methodology, processes, interaction with auditees and other City departments, identification and assessment of risks and controls, and how they view their contribution to City strategic objectives.	- Audit planning and methodology (risk assessment, scoping, testing). - Roles and responsibilities within City governance and risk management. - Interaction and communication with auditees and departments. - Approach to assessing internal controls and risks. - Perceived challenges and opportunities for improvement. - Alignment with professional standards and City expectations. - Current processes to manage and report on other responsibilities such as the City Hotline protocols.
	 Mar - May 2025 Document Gathering, Analysis, Benchmarking	To discuss and review documentation, clarify the IA function's procedures and practices, and ensure accurate understanding of materials provided while on-site at IA offices. Obtain context behind documents, highlight recent changes within the function, and provide additional information necessary to support benchmarking and analysis.	- Collection and review of requested documentation. - Clarification of audit planning, execution, and reporting practices. - Context and explanations for materials shared. - Updates on recent changes within the IA function. - Follow-up discussions to ensure accuracy in interpreting information.
	 Jun 2025 Preliminary Results	To share preliminary results of the review in an open and transparent forum, present maturity observations, and gather feedback. Validate the accuracy and relevance of the results, confirm alignment with City objectives, and obtain input on the practicality and potential impact of recommendations.	- Presentation of review results and maturity observations. - Discussion of alignment between audit function and City needs and objectives. - Feedback on the accuracy and relevance of results. - Perspectives on the effectiveness and feasibility of proposed recommendations. - Next steps for IA function development.

Stakeholder Matrix

Stakeholder Group	When	Purpose of Discussion	Focus Area / Key Topics
City Management - City Manager - City Chief Financial Officer - City Attorney	 Feb 2025 Initial Interviews	To understand management's perspective on IA priorities and how IA currently supports Citywide strategic objectives. Gather insights on the City's operational risks, financial risks, control environment, and involvement within IA engagements.	- Expectations for IA's role and management involvement. - Alignment of IA Plan with citywide risks and objectives. - Communication preferences for IA reporting & follow-up. - Areas where IA can add value (efficiency, compliance, governance).
	 Mar - May 2025 Document Gathering, Analysis, Benchmarking	To obtain high-level perspectives on governance priorities, updates to significant City processes, and the overall context in which the IA function operates. These discussions also supported validation of documentation collected, provided insight into cross-department collaboration, and clarified expectations of IA's role from a management standpoint.	- Updates or changes to significant City or governance-level processes. - Current and future expectations for the IA function. - Perspectives on collaboration and feedback mechanisms across City departments, including with IA. - Clarification or context for documents provided (EG: standardized forms, reports, communication protocols).
	 Jun 2025 Preliminary Results	To share preliminary results of the review in an open and transparent forum, present maturity observations, and gather feedback. Validate the accuracy and relevance of the results, confirm alignment with City objectives, and obtain input on the practicality and potential impact of recommendations.	- Presentation of review results and maturity observations. - Discussion of alignment between audit function and City needs and objectives. - Feedback on the accuracy and relevance of results. - Perspectives on the effectiveness and feasibility of proposed recommendations. - Next steps for IA function development.
Financial Oversight and Audit Committee Members - Rep. Dr. Joshua Acevedo (<i>FOAC Chair</i>) - Mayor Pro Tem Alejandra Chavez - Rep. Deanna Maldonado-Rocha - Rep. Ivan Nino	 Feb 2025 Initial Interviews	To understand the perspectives and expectations as the governance body responsible for oversight over the IA function. These discussions provided context on how FOAC members view the role and value of the IA function, their alignment of City strategic objectives with audit outcomes, and their expectations for reporting and communication practices. Input was also sought on how this review could best support their oversight responsibilities.	- Committee understanding of IA processes including audit execution, risk assessment, and reporting. - Frequency and sufficiency of IA reporting, communication, and City collaboration. - Future state goals for IA function performance and value within the City, including contributions to governance. - FOAC responsibilities in overseeing the IA function. - Alignment of City objectives with IA outcomes.
	 Jun 2025 Preliminary Results	To share preliminary results of the review in an open and transparent forum, present maturity observations, and gather feedback. Validate the accuracy and relevance of the results, confirm alignment with City objectives, and obtain input on the practicality and potential impact of recommendations.	- Presentation of review results and maturity observations. - Discussion of alignment between audit function and City needs and objectives. - Feedback on the accuracy and relevance of results. - Perspectives on the effectiveness and feasibility of proposed recommendations. - Next steps for IA function development.

Capability Maturity Model Integration

The **Capability Maturity Model Integration (CMMI)** provides a structured and well-established framework for assessing process maturity. The model was originally developed in the late 1980s and is updated periodically to maintain relevance, incorporate new business practices like people and data management, expand applicability across industries and regions, and make the model easier and more cost-effective for organizations to implement

It is maintained by the Information Systems Audit and Control Association (ISACA), with the most recent version (V3.1) released in 2024. It is a globally accepted outcome-based performance solution model that improves and enhances organizational capability and performance.

For this engagement, the model was **fully customized to the City of El Paso's Internal Audit function**. Each element, attribute, and criterion was cross-referenced against both the **IIA Global Internal Audit Standards** and the **GAO Generally Accepted Government Auditing Standards (GAGAS)**. This ensures our framework for performing this review directly reflects leading audit and governance standards while maintaining consistency and relevancy with the City's specific environment.

In this context, 'maturity' refers to the extent to which processes are formally defined, consistently applied, and continuously improved to deliver reliable results.

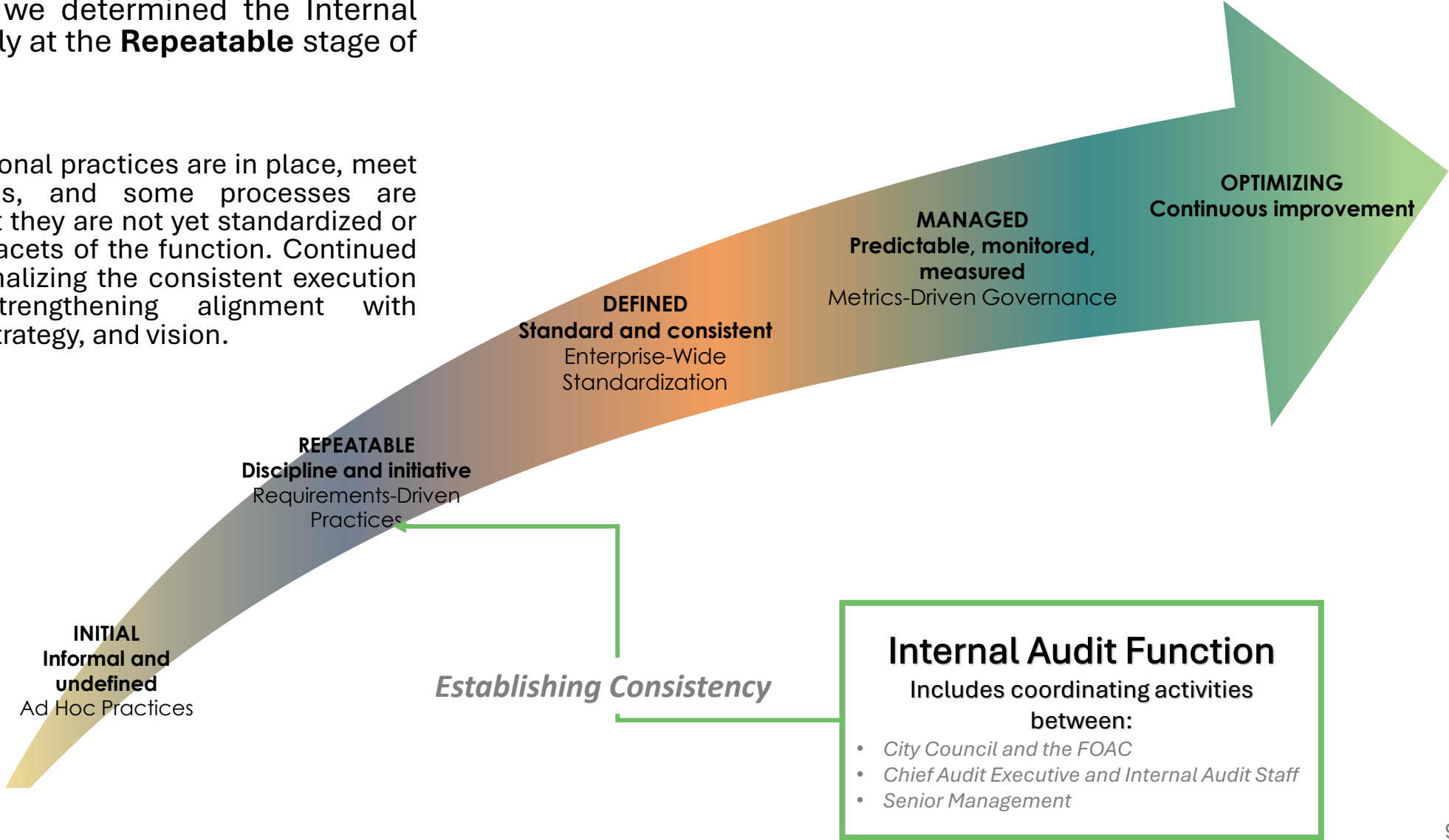
CMMI Levels



Current State Maturity Assessment

From our assessment, we determined the Internal Audit function is currently at the **Repeatable** stage of maturity.

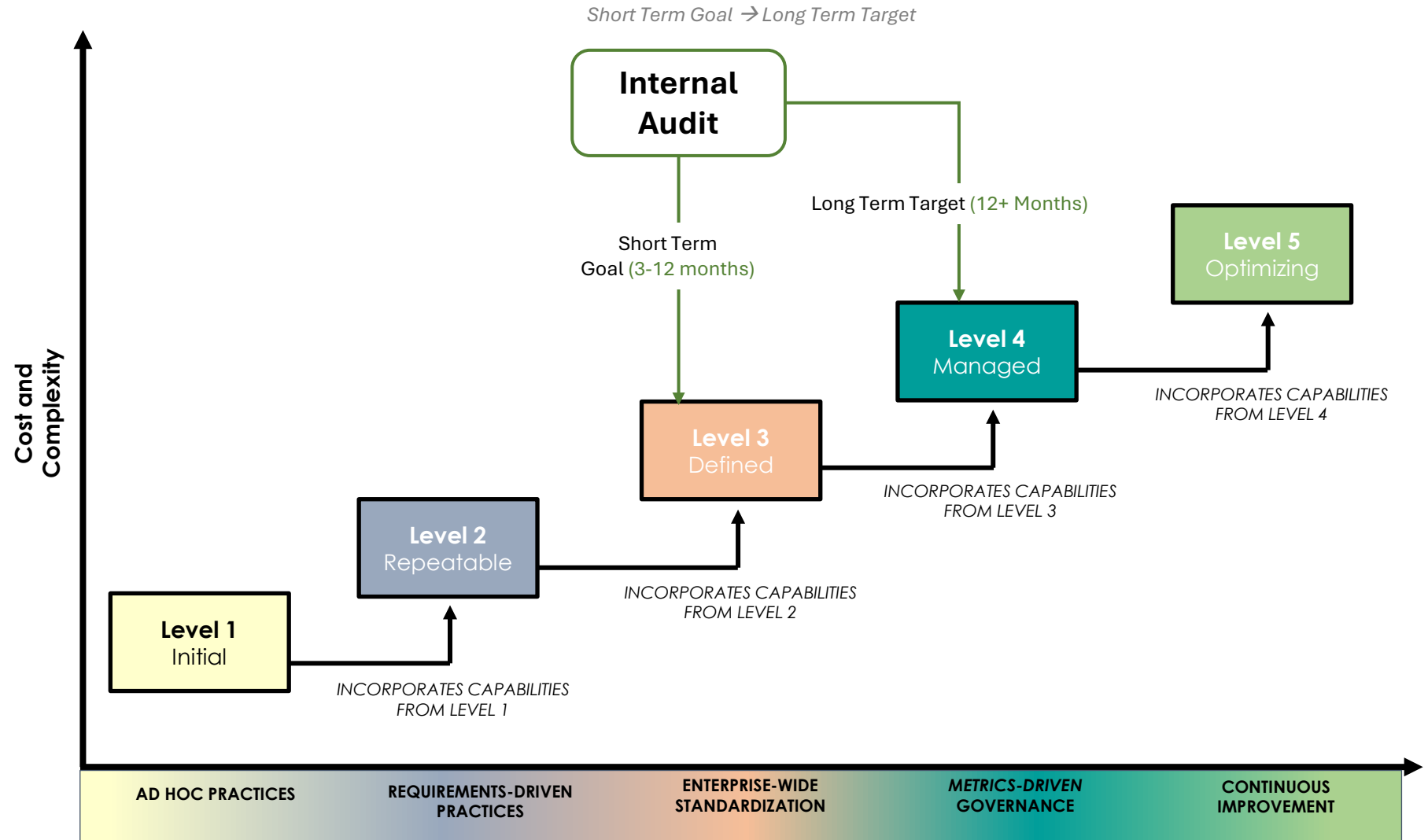
This indicates that foundational practices are in place, meet minimum audit standards, and some processes are performed consistently, but they are not yet standardized or fully integrated across all facets of the function. Continued progress will focus on formalizing the consistent execution of procedures and strengthening alignment with organizational objectives, strategy, and vision.



Internal Audit Maturity Goals

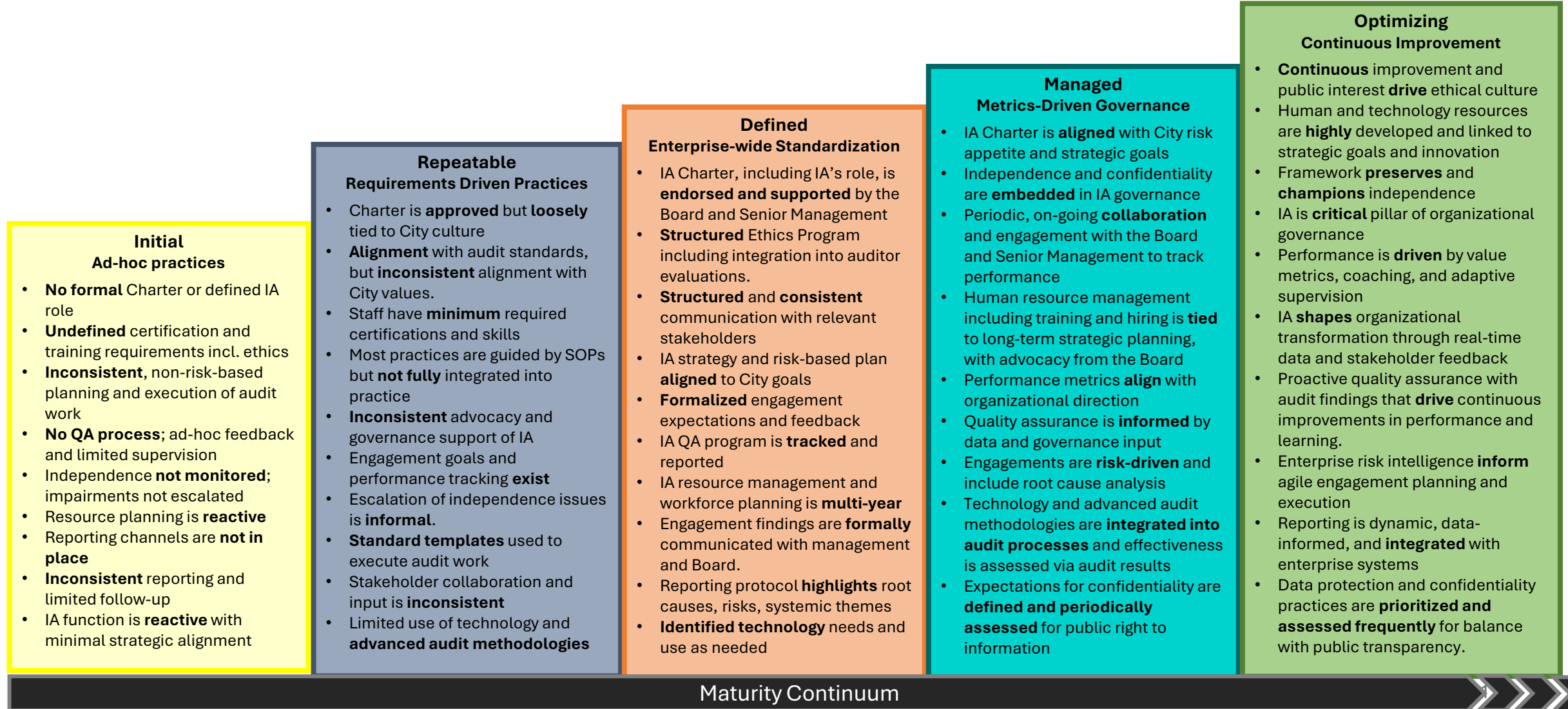
Organizations **should expect** that moving from each level of maturity includes additional components of:

- Cost
- Complexity
- Advanced Business Practices



Internal Audit Maturity Scales

The below scale provides the definitions used in the Internal Audit (IA) Assessment for the City of El Paso. It is modeled using the IIA Global Internal Audit Standards framework, COSO Integrated Risk Management Framework, and the GAO Generally Accepted Government Auditing Standards (GAGAS)



Internal Audit Maturity Model

Elements and Components

The **Maturity Assessment** for the City of El Paso's Internal Audit (IA) function was based on both the Institute of **Internal Auditors' International Professional Practices Framework (IPPF)/Global Internal Audit Standards** and the **GAO's Generally Accepted Government Auditing Standards (GAGAS)**. These frameworks are principle-focused and provide a comprehensive foundation for performing, promoting, and continuously improving internal auditing in the public sector.

ELEMENTS							
Ethics, Independence, and Professional Judgment			Governance over the Internal Audit Function		Management of the Internal Audit Function		
COMPONENTS							
Ethics and Integrity	Internal Audit Professionalism	Structural Independence and Objectivity	Internal Audit Mandate	Authorization and Oversight of Internal Audit	Performance Management	Strategic and Organizational Alignment	Quality Management
CRITERIA							
Ethics Training Program	Professional Certifications	Audit Reporting Structure and Positioning	IA Mandate	Board Oversight and Monitoring	Engagement Objectives and Performance Goals	IA Strategy	Defined QA Program and Objectives
Alignment to Organizational Ethics Objectives	Technical Competencies	Auditor Qualifications and Requirements	IA Charter	Resource and Budget Governance	Engagement-Level Supervision	Strategic Alignment with Organizational Priorities	External Assessments
IA Contribution to Ethical Expectations	Confidentiality of Information	Independence Considerations for Non-Audit Services	Board and Senior Management Support	IA Role within the Organizational Strategy	Feedback and Improvement Communication	Methodology-Driven Execution	Internal Assessments
Stakeholder Feedback on Ethical Standards	Public Transparency	Board Communication and Interaction				Audit Plan Integration with Strategy	Alignment of QA Results to Drive Improvement
Ethics-Related Auditor Performance Evaluation		Management Communication and Interaction					

Internal Audit Maturity Model

ELEMENTS					
Engagement Level Planning and Execution					Communication, Reporting, and Monitoring
COMPONENTS					
Engagement Independence and Individual Objectivity	Engagement Planning and Alignment	Engagement Resource Management	Engagement Execution and Findings	Technology	Communicate Engagement Results and Monitor Action Plans
CRITERIA					
Policies and Individual Independence Framework	Pre-Engagement Information Gathering	IA Resourcing Strategy	Gathering Audit Evidence and Analysis	Technological Resource Management	Communication of Audit Results
Independence Risk Awareness	Engagement Objectives and Scope	IA Financial Budget	Documentation and Workpapers	Technology Strategic Alignment	Reporting Format
Impairment Recognition and Documentation	Evaluation Criteria	IA Human Resource Management	Developing Findings	Collaboration with Technology Stakeholders	Value of Audit Results
Applying Safeguards	Structured, Risk-Informed Engagement Plan and Work Programs		Audit Recommendations and Action Plans	Technology Fluency	Recommendations, Action Plans, and Monitoring
					Reporting Disclosures and Limitations

Summary of Results

Weaver's assessment over the City of El Paso's Internal Audit function indicated that the function is operating at the '**Repeatable**' level with some progress into the '**Defined**' level of maturity. This is consistent with the expectations and understanding shared by City of El Paso stakeholders at the initiation of this review.

The Core Themes:



1. Stakeholder Engagement, Communication, and Collaboration

- Enhanced, ongoing communication with City governance and management stakeholders is critical to reinforcing the Internal Audit function's role as a **trusted, collaborative advisor**. There is an opportunity to strengthen how and when stakeholders (especially the FOAC and senior management) are engaged, ensuring **alignment on roles, responsibilities, expectations, and feedback** throughout the audit lifecycle. A mutual understanding of these roles will support objectivity, transparency, and responsiveness, while enabling the delivery of **timely**, relevant, and strategic insights.



2. Strategic Alignment of Audit Outcomes

- Internal Audit should **strengthen the alignment** of engagement objectives and outcomes with the **City's strategic goals** and key risks to ensure that audit work **supports decision-making** and **drives measurable improvement**. Audit reports should be clear, **consistently formatted**, and **tailored to stakeholder needs**. It is not clear how current audit planning and risk assessment results are fully aligned, which may limit the Internal Audit function's ability to address the most critical areas.



3. Performance Measurement and Accountability

- Establishing a structured approach to **evaluating performance** for both Internal Audit staff and leadership can help reinforce **alignment with the City's goals** and internal audit standards. This is contingent on realigning the Internal Audit function's activities with the City's strategic objectives.
- Establishing technical, ethical, and behavioral **competencies** into evaluations could support **continuous development** and clarity around expectations. There is an opportunity to strengthen the broader understanding of how Internal Audit's performance is measured to enhance **accountability** to those tasked with governance.

The Core Themes (cont.)



4. Transparency of Procedures

- Internal Audit processes may benefit from **increased visibility**, particularly around risk assessment and engagement selection. **Involving management** more formally in planning discussions, **soliciting on-going feedback**, and aligning audit recommendations with organizational priorities will improve **responsiveness** and **agility** of audit work, while supporting **stronger connections** between enterprise risk and individual engagements.



5. Technology and Resource Enablement

- There is an opportunity to **modernize audit execution**, reporting, and collaboration through more **effective use of technology**.
- Transitioning from manual and paper-based processes to **electronic tools**, expanding data analysis capabilities, **integrating technology** into daily workflows, and assessing staff's **technological proficiency** may help Internal Audit operate more efficiently, avoid potential loss and destruction of audit work products, and position the function as a modern, forward-looking function.



6. Strengthening Public Trust and Visibility

- Internal Audit is a key part of the **City's governance structure**, supporting transparency, accountability, and public value. While the City emphasizes **public trust** and meaningful outcomes, there is a disconnect between stakeholders' perceptions of **Internal Audit's role**. Clarifying this role, as both an **assurance provider** and a contributor to **public outcomes**, can help realign expectations.
- Enhancing transparency in audit planning, prioritization, and reporting, while preserving confidentiality, will reinforce Internal Audit's credibility and role in **safeguarding the City's integrity**.

Detailed Results

Internal Audit Current State & Target Road Map

This section provides a comprehensive view of the Internal Audit maturity assessment and the tailored path forward. Specifically, it presents:

- **Current State Conditions** – Evaluation of Internal Audit’s maturity across 14 component areas, based on City policies, practices, and stakeholder input.
- **Tailored Action Plans** – Defined short-term (3–12 months) and long-term (12+ months) steps to advance maturity and strengthen Internal Audit’s value. In total, **45 action items** were identified for advancement towards the future state of Internal Audit at the City.
- **Implementation Considerations** – Benefits and challenges of each recommendation to inform strategic decision-making.
- **Prioritization Approach** – A risk-weighted approach that evaluates potential impact (value to the City) and effort required (coordination, collaboration, and change management). This approach enables the City to pace and sequence implementation for maximum effectiveness.

The detailed results are presented as such to ensure **future state** considerations are accurate, contextually appropriate, and aligned with the City’s evolving governance, oversight, and operational needs and desired improvements. Current and future state maturity was determined using insights from the City Mayor, City Council Members, Financial Oversight and Audit Committee (FOAC) members, City Management, and the City Chief Internal Auditor (Referred throughout as the Chief Audit Executive (CAE) to align with the Global Internal Audit Standards).

The City has undergone several **developments** in leadership and culture during the scope and engagement period, including:

- Appointment of a new FOAC Chair and committee members.
- Transition in Mayoral leadership.
- Initial progress in reestablishing communication channels and clarifying collaboration expectations across stakeholders.
- Retirement of the City Chief Internal Auditor.

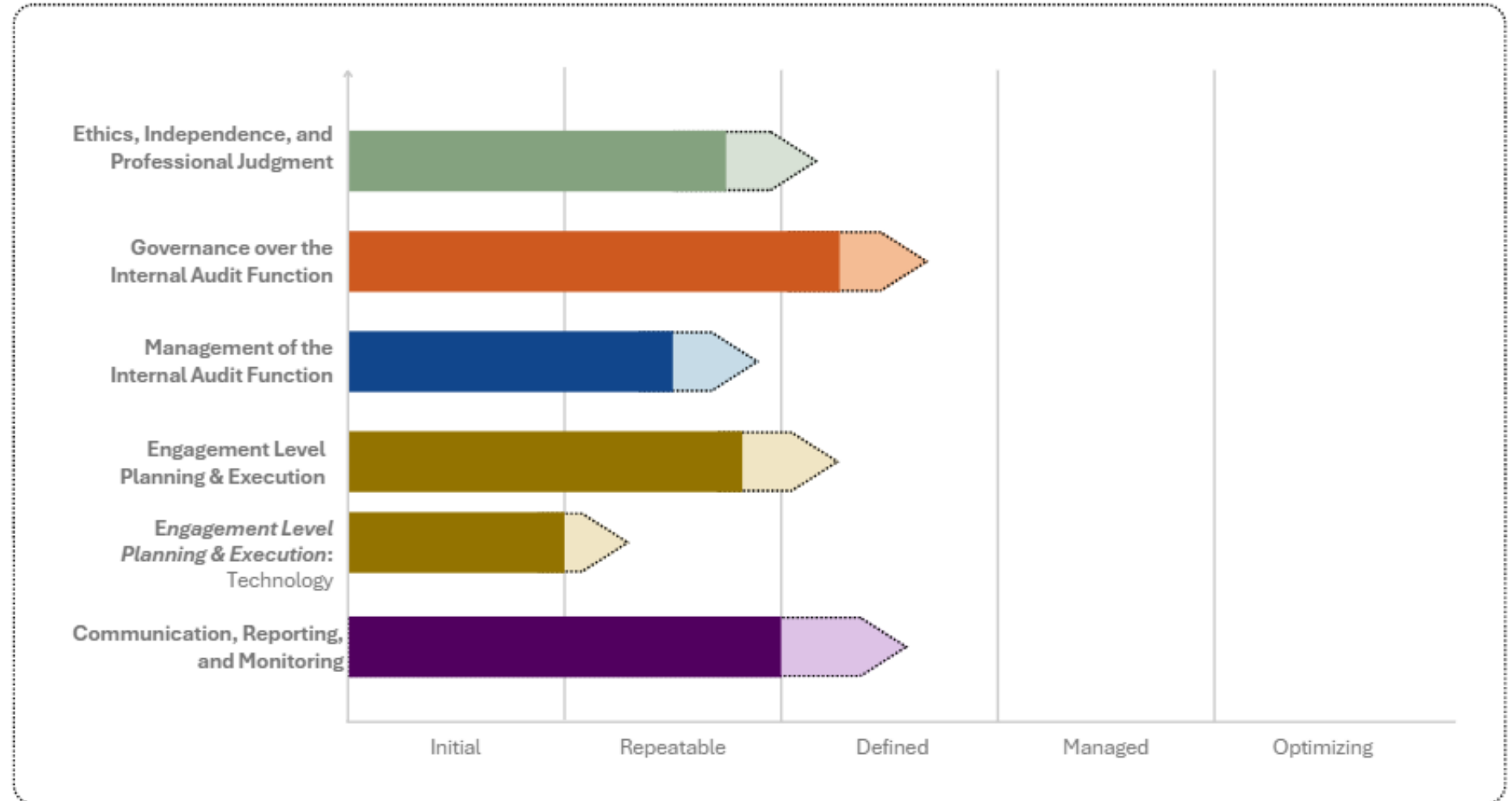
These developments represent **critical momentum** for **initiating change** and should be reflected in the City's approach to adopting the results and recommendations.

Overall Maturity Achievement

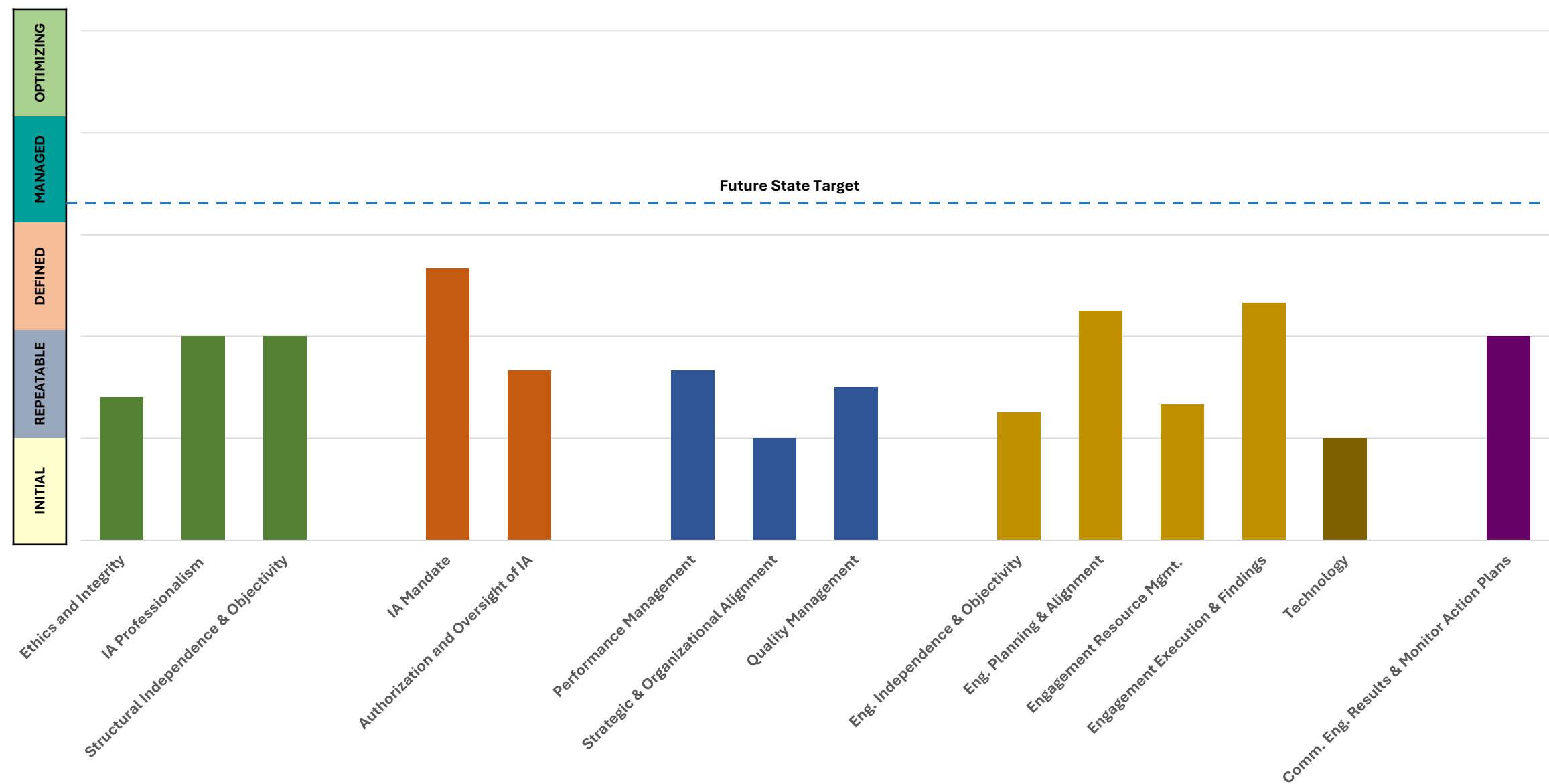
The graphic highlights the current overall status of the Internal Audit Function across each of the assessment Elements.

The image also depicts the level of progress toward achieving the **next highest maturity level** for each component.

Key:



Overall Maturity Achievement



Stakeholder Involvement



FOCUS: Stakeholder Communication and Collaboration:

The Institute of Internal Auditor's Three Lines Governance Model provides structure to assist in the achievement of objectives by facilitating strong governance and risk management. Each of the three lines plays a distinct role within the City of El Paso's control environment.

City of El Paso Financial Oversight and Audit Committee:

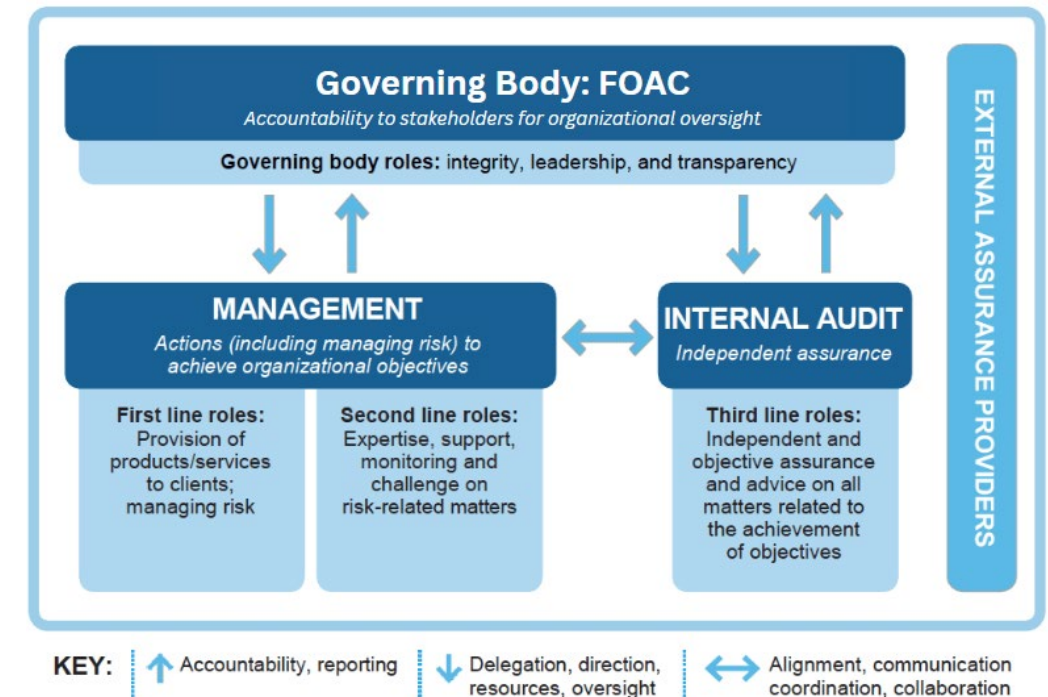
- The Financial Oversight and Audit Committee (FOAC) provides overarching accountability, responsibility, and oversight over the Internal Audit function's ability to achieve objectives.

Management

- First Line** Management is responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis within their business units including identifying and assessing controls and mitigating risks.
- Second Line** Helps build and monitor first line controls and ensures risk and controls are effectively managed. Reviews and challenges the effectiveness of controls established by the First Line, ensuring alignment with broader organizational risk policies and regulatory requirements
- Third Line – Internal Audit**
Provides assurance to senior management and the FOAC that the First- and Second-Line's efforts are consistent with expectations and requires a high level of organizational independence and objectivity.

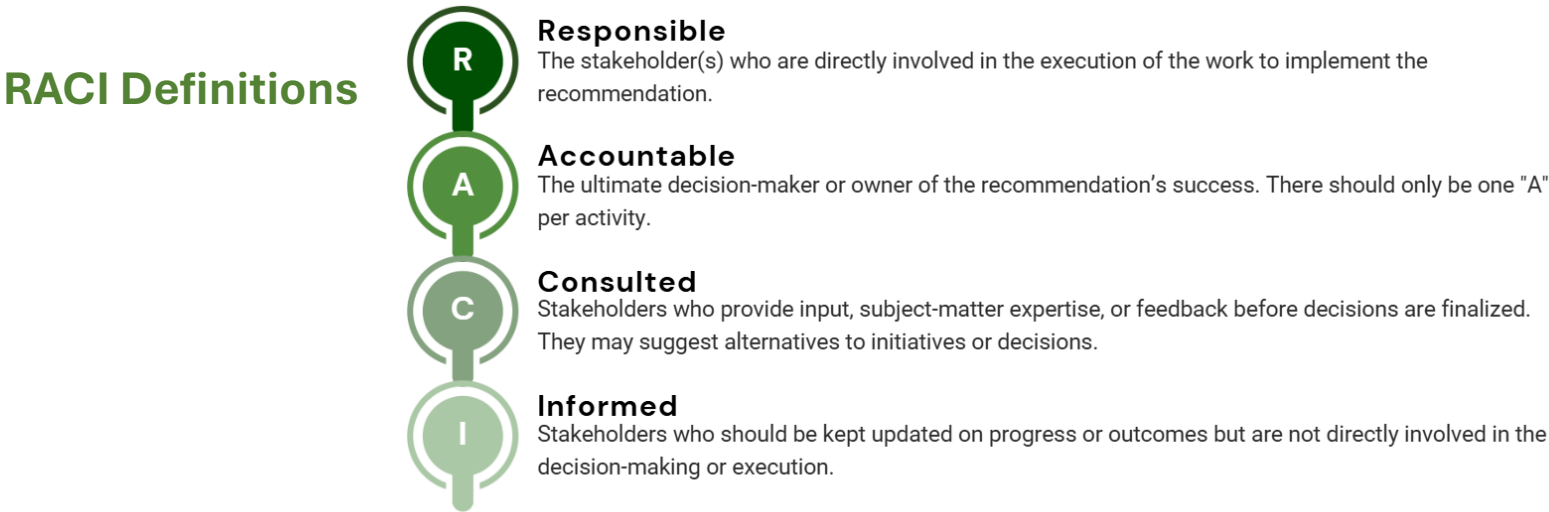
Internal Audit may not direct or implement processes but should provide advice and recommendations regarding processes.

Internal Audit also coordinates with internal and external providers of assurance services to consider reliance on their work to prevent duplication of efforts, highlight gaps in coverage of key risks, and enhance value to the City of El Paso.



To support clarity and accountability in implementing recommendations, each action point will have a suggested assigned responsibilities using a **RACI chart**. This framework helps define the level of involvement and role each City stakeholder should play in carrying out or supporting internal audit-related improvements. Understanding the nature of stakeholder involvement across the recommended action points will ensure:

- **Clear Roles & Reduced Ambiguity:** Ensures that all parties understand their role in implementation, minimizing overlap and confusion.
- **Stakeholder Engagement:** Promotes structured collaboration by clarifying when and how stakeholders (across departments and governance bodies) are involved.



Alignment of the RACI framework with the Three Lines Model:

- **First Line (Departments/Management):** **Responsible** for owning risk mitigation and implementing internal audit recommendations and corrective actions, **accountable** to City Council for coordination and implementation, **consulted** on areas of risk and ineffectiveness or inefficiency, **informed** of internal audit results, audit plans, and activities.
- **Second Line (Risk Management):** **Responsible** for challenging and monitoring organizational risk, **accountable** to City Council for supporting risk management, **consulted** to ensure alignment with broader policies and governance structures, **informed** of internal audit results, audit plans, and activities.
- **Third Line (Internal Audit):** Responsible for providing assurance, independent perspective, and ensuring value-add recommendations aligned with strategic objectives, **accountable** to City Council for executing mission as mandated in Internal Audit Charter, consulted on a variety of risk management and governance areas affecting the City, and **informed** by City management on key activities, emerging risks, and status of internal audit recommendations.

A.1. Ethics, Independence, and Professional Judgment > **Ethics and Integrity**

The Core Themes:



Stakeholder Engagement, Communication, and Collaboration



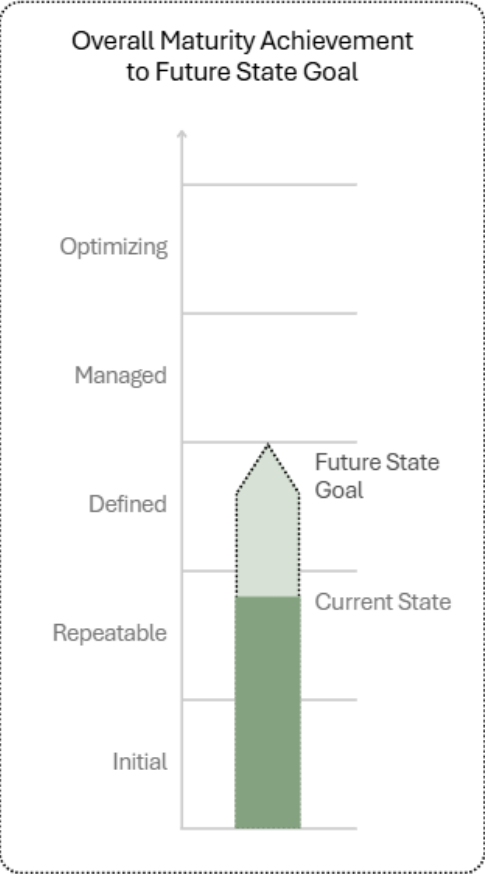
Strategic Alignment of Audit Outcomes



Strengthening Public Trust and Visibility



Performance Measurement and Accountability



Current State: Repeatable	Missing Elements to Reach Future State: Defined
Training & CPE: Ethics training is compliant with minimum IIA and GAGAS CPE requirements; however, content is not tailored to the City’s Ethics Ordinance or organizational values. Ethics within IA Policies and Procedures: IA policies and procedures reference IIA and GAGAS ethics standards but do not integrate or align with the City’s Ethics Ordinance; limited alignment with City ethics objectives. IA Contribution to City Ethics: IA’s role in promoting ethical culture is not fully aligned with organizational needs; and the function it is not involved in its own or collaborative initiatives with City leadership to advance the City’s ethical values apart from hotline management. Stakeholder Feedback: IA performance surveys exclude ethics-related questions that enable critical evaluation of staff ethical conduct from a stakeholder perspective. Performance Accountability: Ethics training and conduct are not linked to IA staff performance evaluations, professional development, or competency assessments. Collaborative Leadership: There is no evidence of collaborative engagement with City leadership to validate IA alignment with organizational ethics objectives and resolve objectivity, independence, or other ethics concerns.	• Current training and ethics guidance for IA staff and practices are not directly tied to City ethics ordinances or strategic values. • IA does not embed City ethical objectives and public accountability into department governance, planning, or audit outcomes. • Limited collaboration; missing structured, ongoing dialogue with governance bodies (City Council, FOAC, Mayor, senior management) to identify and resolve ethical concerns and support shared cultural objectives. • IA lacks an intentional mechanism to gather and evaluate auditee feedback on staff ethical conduct, limiting the ability to critically assess ethical performance and maximize audit value from the stakeholder perspective. • IA is not actively involved as collaborative partner or model for ethical culture within the City. • IA is not actively facilitating constructive conversations about resolving ethical dilemmas within the City’s Ethical Culture or within its function.

A.1. Ethics, Independence, and Professional Judgment > Ethics and Integrity

RACI Key:

R

Responsible

C

Consulted

A

Accountable

I

Informed

Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
A.1.1.ST	Ethics & Training Program Review: The CAE should conduct a structured review of Internal Audit training to evaluate sufficiency in covering ethics, confidentiality, and emerging risks. The review should: - Assess current training content, CPE logs, and ethics/confidentiality coverage. - Evaluate alignment with the City's Ethics Ordinance, strategic goals, and conduct expectations. - Confirm staff understanding of confidentiality obligations across the audit lifecycle - Identify training needs for emerging risks and ethical decision-making. The process should be documented, with gaps and criteria noted, and used to update training to strengthen compliance and practical application of ethical and confidentiality standards in alignment with City objectives and values. Specifically, CAE ethical conduct and competencies updated through this process should align with on-going continuous improvement expectations for the department and fulfilment of long-term City objectives.	R	A	I	C	I	
A.1.2.ST	Strengthen Ethical Objective Alignment: In the short term, the CAE should facilitate structured, two-way dialogue with City governance stakeholders (EG: City Managers, Directors, and the FOAC) specifically focused on reconciling Internal Audit's ethical objectives with those of the City. These discussions should go beyond general transparency and include intentional comparison of IA's ethical commitments (EG: integrity, independence, objectivity, professional courage) with the City's cultural and ethical priorities. Feedback from these discussions should be documented and incorporated to refine IA Ethical Objectives in line with professional standards and City values to establish a shared foundation of expectations.	R	A	I	C	C	C
A.1.5.ST	Ethics Performance Metrics: In realigning the IA Ethical Objectives with the City Ethical Objectives, the CAE, in consultation with audit supervisors, should develop a core set of targeted ethics related performance metrics. These metrics should be integrated into on-going and annual auditor evaluation procedures. The development of ethical goals into performance evaluation criteria should follow the SMART framework (Specific, Measurable, Achievable, Relevant, and Time-Bound) to ensure goals are clear, attainable, and increase the likelihood of success. These metrics should be communicated to IA staff with space for feedback on effectiveness of metrics in promoting efficiency, accountability, and transparency of audit work. Professional audit standards and best practice criteria should also be considered when developing goals. Examples of possible metrics include: - Feedback scores from auditees on auditor conduct (EG: fairness, respect, professionalism). - Evidence of integrating ethical considerations into audit planning and reporting (EG: documenting how independence or objectivity risks were addressed)	R	A	I	C	I	
LT Path to Goal Maturity (12+ months)							
A.1.1.LT	Institutionalize Ongoing Ethics Training Alignment: The CAE should establish a formal protocol to ensure IA's ethics-related training remains current, relevant, and aligned with the City's evolving ethical priorities. This protocol should: - Require periodic (EG: annual or biennial) reviews and updates of IA ethics training materials based on input from City governance stakeholders, including the FOAC, Senior Management, and the City Attorney. Stakeholder roles should be formally defined (aligned with RACI principles) to ensure clarity of responsibilities and effective efforts. - Incorporate structured mechanisms for collecting meaningful auditee feedback on auditor ethical conduct and professional competencies (EG: integrity, independence, professional courage), ensuring this feedback directly informs training refinements. - Formalize IA's participation in ongoing strategic discussions around City ethical objectives to ensure training content reflects emerging risks, expectations, and changes in City cultural priorities. - Establish a protocol to evidence how updates to training content are tracked, evaluated for effectiveness, and reported back to oversight bodies.	R	A	I	C	C	C
A.1.3.LT	Ethical Culture Oversight and Integration: The FOAC should actively oversee IA's ongoing efforts to integrate into the City's ethical culture by monitoring collaboration with stakeholders, facilitating open dialogue on ethical priorities, and reviewing updates to IA's ethical objectives and practices. A structured process for documenting and communicating these adjustments through FOAC channels will help ensure accountability, reinforce alignment with City-wide ethical goals, and position IA as a consistent contributor to advancing the City's ethical culture.	C	R A	I	C	C	C

A.1. Ethics, Independence, and Professional Judgment > Ethics and Integrity

To support additional long-term efforts regarding Ethics and Integrity goals, refer to Action Points **B.2.1.LT Feedback-Driven Oversight Improvements** and **C.1.3.LT Strengthen Feedback and Continuous Improvement**

Benefits to Implementation • Strengthened trust and transparency between IA and City stakeholders through structured dialogue and clear communication. • Reinforced accountability and alignment of City ethical values across stakeholders enhances efficiency of fulfilling shared objectives. • Ethics performance metrics provides a documented framework (protocols, metrics, oversight mechanisms) that supports consistency, compliance with standards, and long-term effectiveness of outcomes. • Encourages a culture of ethical leadership within Internal Audit, positioning the function as a strategic partner rather than only a compliance enforcer.	Challenges to Implementation • Requires time and resource commitment from the CAE and staff to review training, develop metrics, and maintain structured engagement. • Success of implementation of ethical evaluation criteria, training, and assessment to staff depends on clearly communicating alignment with wider City objectives. • Sustaining ongoing communication and tracking (EG: FOAC/Council reporting) will require consistent follow-through and coordination across multiple stakeholders.
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 FOCUS: City of El Paso Hotline Practices

Current State

- The City of El Paso’s employee hotline to independently report concerns of unethical activity within the City, including fraud, waste, or abuse, is managed by the Chief Internal Auditor (CIA) and the internal audit team.
- Current information available for employees on how to use the hotline is dispersed across multiple sources (EG: employee handbook, website, training), however does not adequately detail **expected resolution timelines, conflict-of-interest protections, and anti-retaliation protocols**.
 - Communicating the performance and operations of the hotline results to oversight bodies (IE: FOAC) does not consistently present information pertinent to effective **governance of the program to ensure accountability**. Listings of calls presented quarterly to the FOAC include detailed incident descriptions and does not include **case statistics** such as response times and/or percentage of legitimate reports.
 - The ‘Internal Audit Department Employee Hotline Policies and Procedures Manual’ for the administrators of the program lacks several key elements, including:
 1. **Provisions for periodic independent review** of the hotline program's effectiveness;
 2. **Defined anti-retaliation controls**, such as definitions for retaliation and training requirements;
 3. Provisions for **independent or secondary review mechanisms** and governance oversight to ensure accountability and fairness in investigations. Currently, the CAE is solely responsible for receiving reports and determining whether they should be escalated and/or closed. The determination of when and how hotline incident reports are escalated is not detailed to ensure consistency of procedures by IA staff.

Missing Elements

- **Formalization of Hotline governance and oversight roles and responsibilities** including secondary review mechanisms and periodic review of the program. This should be communicated to all to City employees and governance stakeholders to facilitate accountability and transparency of procedures.
- **Detailed and transparent procedures communicated to all users** that establish uniform understanding of expected resolution timelines, conflict-of-interest protections, and anti-retaliation protocols.
- **Established program performance reporting** to the oversight bodies (IE: FOAC) that detail program performance statistics including average response times and exclude unnecessary or sensitive personnel/case details.

Opportunities for Improvement → Action Plan

- Establish a process to **periodically perform an independent review** over the City’s hotline program and establish provisions for **secondary review mechanisms** to validate program effectiveness and facilitate accountability. Performance results should be communicated to oversight bodies to identify trends or changes in employee fear to report concerns.
- **Enhance existing guidance** for both hotline users and administrators to facilitate transparency of procedures and encourage communication of employee concerns without fear of retaliation. Communication of hotline procedures should include detailed information about resolution timelines, and user protections including anti-retaliation controls and conflict-of-interest protections.

Benchmarking and Best Practices

- Association of Certified Fraud Examiners (ACFE)
- The Institute of Internal Auditors (IIA)

-  **Uniform Awareness of Hotline protocols**
-  **Clear and Consistent Handling and Investigative Processes**
-  **Continuous Monitoring, Reporting and Oversight for Effectiveness**
-  **Ensure Confidentiality and Protection from Retaliation**

A.2. Ethics, Independence, and Professional Judgment > Internal Audit Professionalism

The Core Themes:



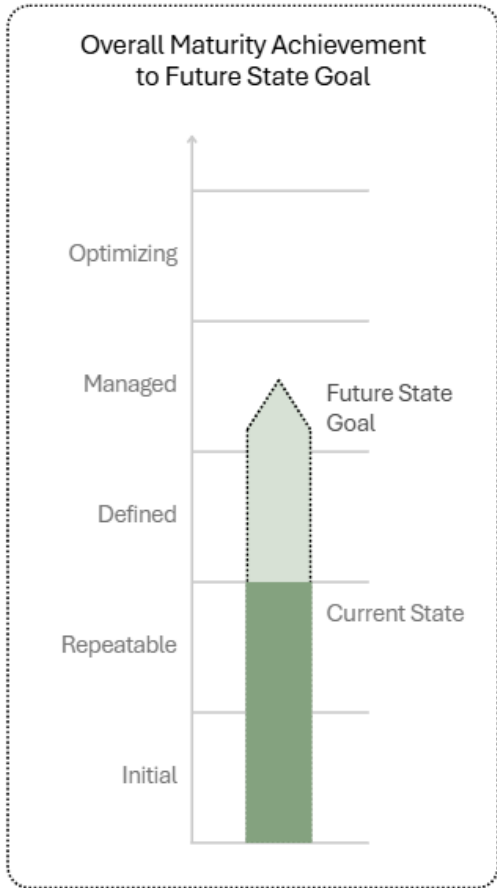
Transparency of Procedures



Strengthening Public Trust and Visibility



Performance Measurement and Accountability



Current State: Repeatable

Professional Credentials & CPE Compliance: Most IA staff hold relevant certifications (CIA, CPA, CGAP). The CAE is credentialed, and supervisors hold appropriate qualifications. CPE hours are logged and tracked, and staff meet minimum annual GAGAS and IIA CPE requirements.

Ethical Training & Upskilling: Staff training is limited to meeting credential requirements, with no tailored individual skills-gap approach. Certification attainment is not formally supported (EG: study leave or funding) by the City/department or tied to advancement/performance evaluations.

Competency & Supervision: Supervisor assignments are largely based on prior exposure to specific work types (EG: a manager with Procurement audit experience is consistently assigned only procurement audits). There is limited consideration of other key factors such as engagement sensitivity, risk profile, client dynamics, or specialized technical requirements.

Confidentiality, Records, & Transparency of Procedures: Audit workpapers (electronic/physical) are safeguarded and retained per City record retention policies, however final audit workpapers the evidence quality control are paper-based without consideration of backup and recovery needs. Procedures for report release are undefined. Stakeholders (Council, management) report confusion on timing of report finalization and release to the public, indicating inconsistency in information transparency.

Public Accountability: IA reports quarterly to FOAC, with public meetings and published reports. However, reporting is limited to technical updates, with no KPIs, dashboards, or accessible summaries to enhance stakeholder understanding. Public-facing communication does not proactively address corrective actions or build confidence in audit impact.

Missing Elements to Reach Future State: Managed

- Formal policy linking certification support (funding, study leave) or credential attainment to advancement.
- Structured process to evaluate auditor understanding of ethical standards and expectations and identifying any gaps to achieve audit plan objectives. Utilizing these results to implement intentional training plans, certification, or recourses outside of IA for specialized needs or audit topics, supported by leadership.
- Adaptive audit reporting for diverse audiences that focuses on enhancing accessibility of information, stakeholder understanding of results, and transparency of information (EG: use of summaries, live data-dashboards, and/or plain-language summaries).
- A consistent and formalized reporting protocol that clearly defines stakeholder roles and responsibilities regarding audit report dissemination that also balances public transparency of information and confidentiality of sensitive data.
- Secure, digital repository utilized to retain audit workpapers, evidence, and reporting.

RACI Key:

R

Responsible

C

Consulted

A

Accountable

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Informed

Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
A.2.1.ST	Certification Standards and Staff Qualification Gap Analysis: The CAE should develop a consolidated list of minimum expected certifications and professional credentials for each role and level within the IA team, aligned with industry best practices and professional standards. This baseline should then be used to conduct a gap analysis comparing current staff qualifications, including those of IA managers and leaders, against the defined expectations. Identified gaps should be quantified and used to design personalized development plans or learning tracks to strengthen team capabilities and align professional growth with the strategic needs of the IA function. Current IA policies/procedures should be reviewed and updated to reflect updates/changes to the minimum required certifications for each level within the IA function. This should include establishing an excepted pathway to certification or upskilling in alignment with the City professional development policies and integrated into the department annual budget.	R	A	I	C	C	
A.2.3.ST	Audit Reporting Protocol and Confidentiality: The CAE should establish a formal reporting and communication protocol that defines all reporting stages, including draft, review, final, and public release, and the related confidentiality requirements. This protocol should include: Draft Report Procedures: Specify which stakeholders (EG: auditee management, process owners, relevant directors) receive draft reports and their responsibilities in reviewing, providing feedback, and raising concerns. Feedback and Disagreement Resolution: Implement structured procedures to capture stakeholder feedback, document disagreements on findings or recommendations, and define a process for resolving these issues prior to finalization. All changes and decisions should be clearly recorded in the workpapers or a centralized tracking mechanism. Final Report Authorization and Distribution: Clarify roles and responsibilities for approving and distributing the final report, including guidance for public records requests, ensuring transparency while protecting sensitive information. Communication Consistency: Ensure all stakeholders are informed of the protocol, promoting standardized understanding and execution of reporting processes across the IA function.	R	A	I	I	I	
A.2.5.ST	Secure Audit Documentation and Record Management: In partnership with City IT personnel, the CAE should assess what secure file management and document control systems are already available through the City for potential use by the internal audit department. Based on this assessment, the department should implement a secure platform for audit documentation and version control. Access should be restricted using role-based and need-to-know principles. Supporting procedures should include encryption for sensitive data, periodic review of user access, and clear guidance for secure communication with auditees and external stakeholders.	R	A	I	I	I	C
To support additional short-term efforts regarding Internal Audit Professionalism goals, refer to Action Points A.1.1.ST Ethics & Training Program Review, B.2.3.ST Establishing Stakeholder Roles, and E.1.2.ST Adaptive and Accessible Audit Reporting							
LT Path to Goal Maturity (12+ months)							
A.2.1.LT	Professional Development Alignment: The IA function should implement a proactive process to identify and address emerging needs for credentialing and professional development, aligning staff skills and certifications with strategic objectives and evolving risks. Individual development plans should be tied to performance evaluations to strengthen accountability, track progress, and ensure growth is managed in line with organizational priorities.	R	A				

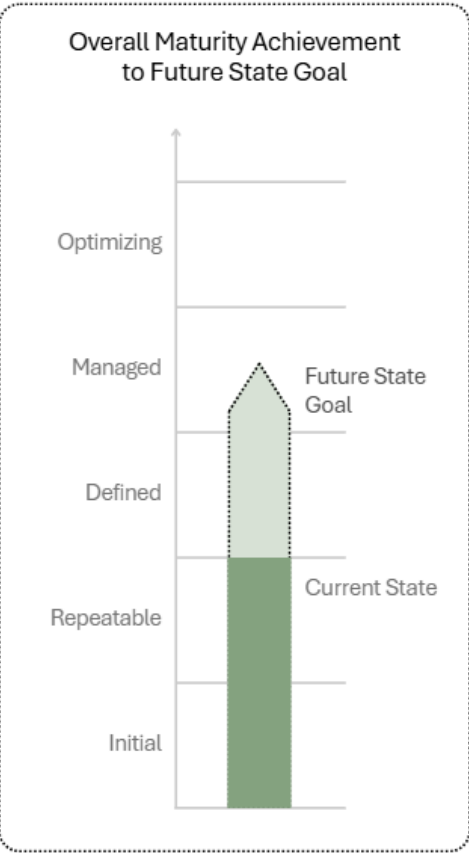
To support additional long-term efforts regarding Internal Audit Professionalism goals, refer to Action Point C.1.3.LT Strengthen Feedback and Continuous Improvement

A.2. Ethics, Independence, and Professional Judgment > Internal Audit Professionalism

Benefits to Implementation - Enhanced consistency, transparency, and stakeholder trust regarding audit results through clear audit reporting procedures and confidentiality expectations. - Strengthened staff capability and alignment with City priorities through strategic professional development and credentialing. - Embeds accountability of professional development within the IA function, by linking training and development goals directly to performance evaluation and City objectives. - Enhanced protection of sensitive audit records, facilitate more efficient document retrieval and management processes, and reduce the risk of unauthorized disclosure or data loss. - Strengthens public accountability by ensuring staff conduct and audit practices are consistently aligned with the City's ethical values and professional standards.	Challenges to Implementation - Cultural shift required to embedding ethics into performance expectations and audit activities. This may require additional planning, development, and alignment conversations with City leadership - Proactive monitoring and alignment of professional development programs requires sustained CAE oversight and consistent City leadership commitment and resources. - Labor and time investments to update and enhance reporting methodologies, stakeholder education, and update policies. - Resource requirements for transition to electronic workpapers for enhanced security and storage. - Collaboration required to assess and enhance public reporting of IA performance and results
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A.3. Ethics, Independence, and Professional Judgment > Structural Independence and Objectivity

The Core Themes:



Current State: Repeatable

Reporting & Charter: IA Charter defines clear reporting lines to the FOAC which supports structural independence. The CAE is adequately credentialed; however, the IA Charter does not include broader CAE competencies for continuous development of the department through its leadership.

Qualifications: Auditor job descriptions include education/certification requirements (IE: CIA, CGAP, CFE) aligned with audit standards, however these are framed as employment conditions rather than part of a structured competency/career framework including succession planning.

Non-Audit Services: Charter and IA policies/procedures define basic audit scope and applicable safeguards, with completion of audit objectivity checklists. The monitoring of safeguards and communication of impairments to stakeholders is inconsistent.

Stakeholder Communication Efficacy: Audit reports presented to the FOAC are historically text-heavy and not tailored to different audiences. The limited use of visuals (EG: graphs, PowerPoint summaries) reduces accessibility and impact. Communication practices lack consistency between stakeholders, with Council members outside the FOAC often receiving limited or delayed updates.

FOAC Engagement & Education: Currently, training and onboarding for FOAC members does not follow a structured stakeholder education strategy that aligns with City expectations for effective governance over the IA function. Engagement and education relies heavily on ad-hoc requests from individual members.

Management Interaction: Audit entrance and exit meetings occur, but management feedback and participation in FOAC presentations are inconsistent. Absence of formal guidance regarding the capture and integration of management responses with audit results and findings limits auditee participation and ownership.

Missing Elements to Reach Future State: Managed

- Formally defined CAE competency requirements within the IA Charter that align with long-term IA and City objectives.
- Systematic process to assess, document, and address threats and safeguards for non-audit services at a department-wide level on an ongoing basis.
- Agile and adaptive reporting to all governance stakeholders (EG: the FOAC) that enhances IA oversight through increased communication effectiveness and stakeholder understanding of results.
- Structured FOAC onboarding and refresher training that reflects the City's expectations for oversight committee responsibilities.
- Consistent inclusion of management responses in audit reports and formalized participation of management in FOAC meetings.

A.3. Ethics, Independence, and Professional Judgment > Structural Independence and Objectivity



Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
A.3.4.ST	FOAC and Council Oversight Training: The CAE should update onboarding and training materials for FOAC and Council members to improve understanding of their governance responsibilities over Internal Audit. The approach should include:						
	• Review of current onboarding content against professional standard guidance for Board Oversight to identify gaps in oversight roles, governance principles, and interactions with Internal Audit.						
	• Facilitate discussions with FOAC and Council members to assess their knowledge, prior experience, and information needs.	R	A	I	I	I	I
	• Revise and expand onboarding to clarify oversight responsibilities (EG: reviewing reports, setting audit priorities, supporting independence, interpreting results), supplemented with external resources for self-study.						
	• Establish periodic refresher sessions, briefings, and Q&As to promote continuous learning, active engagement, and transparency.						

To support additional short-term efforts regarding Structural Independence and Objectivity goals, refer to Action Points [A.1.1.ST Ethics & Training Program Review](#), [B.1.3.ST Strengthen Trust & Transparency](#), [D.1.1.ST Structured Independence Safeguards](#), [E.1.1.ST Standardize Management Response Process](#) and [E.1.2.ST Adaptive and Accessible Audit Reporting](#)

LT Path to Goal Maturity (12+ months)							
A.3.4.LT	Integrate Internal Audit into City Governance and Strategy: The City should adopt a phased and intentional approach to integrating the CAE and the Internal Audit function into strategic and governance-level discussions to realign mutual objectives, rebuild trust, and foster a collaborative environment at the leadership level.						
	The approach should consider:	R	R	A	C	C	C
	• Providing the CAE with a consistent presence in leadership forums, strategic planning sessions, and governance meetings focused on long-term priorities, risks, and resources.						
	• Repositioning Internal Audit as a strategic partner by facilitating consistent two-way dialogue, where audit insights inform decisions and leadership perspectives help refine Internal Audit’s risk focus.						

To support additional long-term efforts regarding Structural Independence and Objectivity goals, refer to Action Point [B.1.1.LT FOAC Oversight & Collaboration Metrics](#)

Benefits to Implementation - Enhanced consistency, transparency, and stakeholder trust regarding audit results through clear audit reporting procedures and confidentiality expectations. - Strengthened staff capability and alignment with City priorities through structured professional development and credentialing. - Embeds accountability of professional development within the IA function, by linking training and development goals directly to performance evaluation and City objectives.	Challenges to Implementation - Cultural shift required to embedding ethics into performance expectations and audit activities. This may require additional planning, development, and alignment conversations with City leadership. - Continuous monitoring and alignment of professional development programs requires sustained CAE oversight and consistent City leadership commitment. - Labor and time investments to review and re-develop training, updated and enhance reporting methodologies, stakeholder education, and update policies.
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B.1. Governance over the Internal Audit Function > Internal Audit Mandate

The Core Themes:



Strategic Alignment of Audit Outcomes

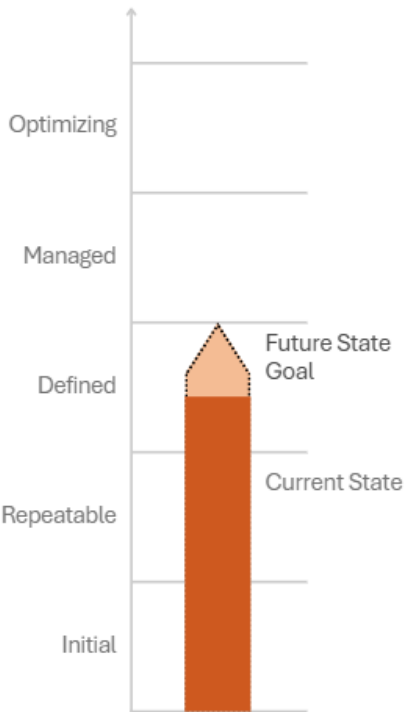


Transparency of Procedures



Performance Measurement and Accountability

Overall Maturity Achievement to Future State Goal



Current State: Defined

Approved & Established IA Charter: The Internal Audit Charter clearly defines purpose, authority, responsibilities, and access rights, with approval by FOAC and City Council endorsement. It aligns with IIA Standards and demonstrates organizational support.

Review Process Gaps: While the Charter is formally reviewed, updates appear procedural rather than strategic, with limited evidence it is revised in response to changes in risk appetite, priorities, or IA strategy.

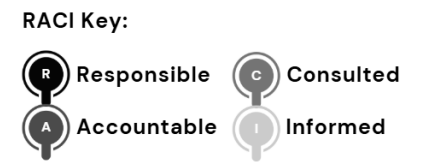
Organizational Support: FOAC provides visible support through charter approvals and participation in quarterly meetings. Members also engage informally with the CAE outside of scheduled meetings, indicating ongoing interest in IA activities.

Limited Ongoing Communication: Outside of required meetings, structured updates or briefings are inconsistent. Engagement with senior management is limited, with evidence of breakdown in trust and restricted communication.

Missing Elements to Reach Future State: Defined

- Strategic updates to the IA Charter between annual reviews that reflect evolving risks, shifting organizational priorities, stakeholder expectations, and alignment with City ethical culture.
- Structured Charter review process that incorporates input from senior leadership, City Manager’s Office, City Council, and the City Attorney to move beyond a compliance-driven approach.
- Formal mechanisms for FOAC engagement with Internal Audit outside of scheduled meetings to strengthen collaboration and oversight.
- Consistent provision of between-meeting updates, briefing materials, and executive summaries to governance stakeholders to ensure continuity of oversight and informed decision-making.
- Structured use of informal discussions with FOAC and Council to build trust, transparency, and alignment with City objectives.

B.1. Governance over the Internal Audit Function > Internal Audit Mandate



Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
B.1.1.ST	Risk & Control Frameworks: The CAE should develop two structured frameworks to regularly assess factors influencing the City's risk environment and internal control landscape: External Risk Framework – Incorporate political, economic, social, technological, legal, and environmental (PESTLE) factors to analyze changes in the external environment that may impact the City's strategy and risk profile. Internal Control Framework – Evaluate key internal environment components such as people, processes, and technology, focusing on how these factors influence the City's ability to meet strategic objectives and manage risk.	R	A	I	C	C	C
	Insights from both frameworks should be embedded into engagement planning procedures to ensure objectives, scope, and work programs are explicitly risk-aligned. The planning process should also incorporate an adaptive approach with mechanisms to update objectives and procedures in response to evolving risks, ensuring that Internal Audit work remains relevant and value-driven. Additionally, results should inform periodic reviews of the IA mandate and charter, maintaining alignment with the City's evolving priorities, emerging risks, and IA's role in supporting strategic initiatives, ethical objectives, and performance accountability.						
B.1.3.ST	Strengthen Trust & Transparency: The CAE should enhance communication and transparency with City leadership through a structured approach that clarifies IA's role, objectives, and value. This will reestablish trust, reduce misperceptions, and position IA as a strategic partner that supports governance, integrity, and public value. Specific actions may include: - Developing and delivering tailored IA orientation sessions with senior management and department leaders to discuss IA's mandate, methodology, and how its work aligns with the City's strategic priorities and risk management efforts and solicit feedback/questions from participants. - Creating accessible overviews of IA procedures and work products, using plain language summaries and process visuals to support clarity and transparency of procedures. - Establishing regular, informal engagement opportunities (EG: lunch-and-learn sessions, Q&A forums, or department-level visits) to promote open dialogue and build rapport between IA and operating departments. - Incorporating stakeholder feedback mechanisms to understand concerns or misconceptions about IA's work, and to co-create expectations around communication, escalation protocols, and collaboration norms. - Enhancing transparency in the risk assessment process that underpins the Annual Audit Plan, including communication of the scoring and weighting methodologies used, and explaining how audit priorities directly link to the City's broader risk environment.	R	A	C	C	R	C
LT Path to Goal Maturity (12+ months)							
B.1.1.LT	FOAC Oversight & Collaboration Metrics: To sustain accountability over strategic alignment of IA and City objectives, the FOAC should establish a formal oversight mechanism, supported by metrics and a joint working group with Senior Management and the CAE, to track collaboration, transparency, and alignment of IA objectives with City goals. These metrics should be designed to track: - The extent of Senior Management participation in the IA planning process - The degree of alignment between IA objectives and broader City goals - The frequency and quality of communication and feedback loops between IA and departments - The level of stakeholder satisfaction with IA's support, transparency, and responsiveness - Evidence of collaborative decision-making and co-ownership of risk mitigation strategies	C	R	A	C	C	C

B.1. Governance over the Internal Audit Function > Internal Audit Mandate

Benefits to Implementation • Strengthened alignment of IA mandate with evolving City risks and priorities to enhance achievement of City strategy and goals • Improves trust, transparency, and collaboration with City stakeholders. • Positions IA as a strategic partner and enhances effectiveness of overall governance.	Challenges to Implementation • Cultural shift and stakeholder buy-in is required to have open conversations about the future direction of the IA function, provide feedback to adjust strategic direction, and discuss expectations of IA value within the City and to its constituents. • Significant labor and time investments to develop frameworks, onboarding materials, and regular engagement activities.
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FOCUS: Internal Audit Charter Analysis

We performed a detailed analysis and review over **The City of El Paso Internal Audit Charter** (Publicly available, and effective: 07/20/2023) against criteria established by:

- COSO Integrated Risk Management Framework
- The International Professional Practices Framework (IPPF) and Global Internal Audit Standards
- GAO’s Generally Accepted Government Auditing Standards (GAGAS)

In alignment with the criteria above, we verified the quality of the IA Charter to include the following **mandatory provisions**:

- Mission and Purpose
- Authority and Responsibilities (scope of services)
- Independence and objectivity
- Access to Records
- Compliance with standards
- Alignment with current organizational structure
- Charter Proposal Process and Approval

The IA Charter Future State Recommendations:

- Establish a **review procedure** to update the IA Charter on a defined basis in collaboration with Governance stakeholders, including the FOAC, City Management, and other senior leadership to ensure strategic alignment with City priorities.
- Consideration for **greater clarity** of the IA’s purpose, authority, role, and responsibilities within the City defined within the Charter. Oversight responsibilities, including review of the CAE’s performance and expenses, should be included to support transparency and accountability. This also includes expectations for hotline monitoring and investigation.
- Establish a **communication channel** to ensure the final, approved charter is understood by all key stakeholders to reinforce Internal Audit’s governance role

Provision Reviewed	Procedure	Validation Outcome	Criteria
Mission and Purpose	Compared to IIA & GAGAS standards to confirm presence of clear mission statement and defined purpose.	Clearly defined & complies with IIA requirements	IIA 6.2
Authority & Responsibilities	Checked description of internal audit authority, responsibilities, and scope.	Fully documented; includes scope, authority, and responsibilities.	IIA 6.2
Independence & Objectivity	Evaluated reporting lines and safeguards to ensure functional independence from management.	Charter supports direct reporting to FOAC.	IIA 6.2, GAGAS 3.21-3.24
Access to Records	Verified that unrestricted access to records, personnel, and property is documented.	Access rights clearly established in the Charter.	IIA 6.2
Compliance with Standards	Reviewed references to IIA and GAGAS standards.	Charter references adherence to both IIA and GAGAS standards.	IIA 6.2
Alignment with Org Structure	Compared reporting relationship to the City of El Paso’s City Charter (Article III).	Reporting aligns with City Charter governance and FOAC oversight.	IIA 6.2
Charter Proposal and Approval	Reviewed discussions over charter and approval of the latest IA charter.	IA charter approved on 07/20/2023 by FOAC members and CAE, including input by legal counsel.	IIA 6.2

B.2. Governance over the Internal Audit Function > Authorization and Oversight of IA

The Core Themes:



Strategic Alignment of Audit Outcomes

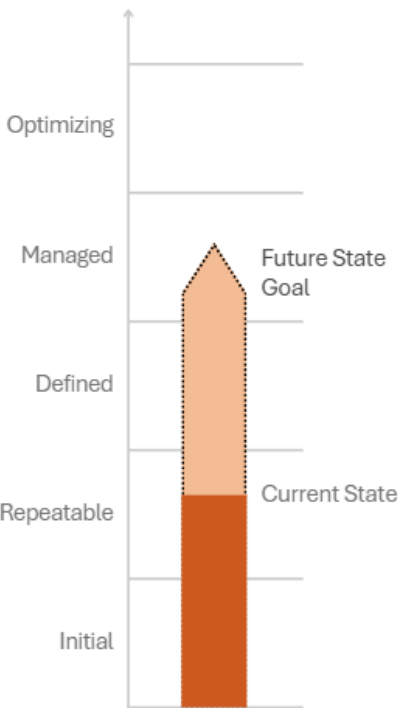


Stakeholder Engagement, Communication, and Collaboration



Technology and Resource Enablement

Overall Maturity Achievement to Future State Goal



Current State: Repeatable

Oversight activities are reactive and personnel-dependent: FOAC oversight is largely driven by the chair and conducted primarily through monthly meetings. While the committee reviews audit plan updates and reporting formats, there is no formalization of FOAC’s oversight responsibilities or evidence of strategic evaluation of IA’s direction.

Limited performance and resource governance: Audit hours and staffing allocations are documented in the Annual Audit Plan and approved by City Council, but there is no evidence of dialogue with FOAC or senior leadership on resource adequacy, strategic needs, or requests for enhanced tools/capacity. Oversight remains operational and compliance-focused.

Breakdown of trust and inconsistent engagement: Communication between senior management, FOAC, and the CAE is limited and inconsistent, with City Management generally minimizing interaction outside of audits. This restricts IA’s ability to align with organizational strategy, reduces its visibility, and weakens its perceived role as a strategic partner.

Missing Elements to Reach Future State: Managed

- Defined performance metrics, utilized by the FOAC that include dynamic and strategic evaluation of IA performance such as timeliness of audit work, responsiveness, stakeholder feedback, and corrective action implementation rates that align with fulfillment of City priorities. On-going and deliberate discussions between the FOAC and IA regarding audit impact and risk coverage that occur proactively rather than reactively.
- Written procedures documenting oversight practices for continuity across leadership changes.
- FOAC orientation and ongoing training regarding IA’s mandate, standards, and oversight expectations to strengthen their ability to provide strategic guidance and oversight.
- Intentional and strategic discussions with FOAC and senior leadership, to discuss department resource sufficiency and needs (EG: tools, technology, expertise) to fulfill annual audit plans and long-term City goals. These conversations should be structured and tied to City budget planning and adjustments.
- Explicit linkage of audit plan activities to City strategy and KPIs in reporting and communication, to directly highlight IA contributions to governance, risk management, and achievement of City priorities.

B.2. Governance over the Internal Audit Function > **Authorization and Oversight of IA**

RACI Key:

R

Responsible

C

Consulted

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Accountable

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Informed

Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
B.2.1.ST	Establish Performance Metrics for Oversight: In the short term, the FOAC, in consultation with the CAE, should define a core set of performance metrics to evaluate IA effectiveness (EG: timeliness of audit work, responsiveness to stakeholders, corrective action implementation rates, and quality of stakeholder feedback). These metrics should be documented and incorporated into FOAC oversight discussions on a standing basis to shift dialogue from reactive review of completed audits toward proactive monitoring of audit impact, organizational risk coverage, and alignment with City priorities.	C	RA	I			
B.2.2.ST	Evaluation of IA Resource Sufficiency: The CAE should initiate an initial formal discussion regarding resource sufficiency of the IA department with FOAC and senior management. The current audit plan should be presented alongside a clear summary of resource constraints (EG: number of staff, technological needs, on-going training costs, specialized skills), or resource sufficiency. Discussion should be backed up by the IA Mandate, IA Charter, and City strategic documentation to understand and explain resourcing objectives. The agenda for this discussion and minutes should be documented and retained.	R	A	I		C	C*
B.2.3.ST	Establishing Stakeholder Roles: The CAE and FOAC should assess and formally define the roles and responsibilities of each line of defense within the City’s risk governance and risk management framework (alignment with the IIA’s Three Lines Model). This should include clear articulation of stakeholder interdependencies, required coordination activities, and expectations for communication, ongoing engagement, and oversight. Establishing this structure will provide a consistent foundation for the Internal Audit function’s role within the City and enhance the value and impact of audit outcomes as recognized by all stakeholders.	R	RA	I	C	C	C
To support additional short-term efforts regarding Structural Independence and Objectivity goals, refer to Action Point A.3.4.ST FOAC and Council Oversight							
LT Path to Goal Maturity (12+ months)							
B.2.1.LT	Feedback-Driven Oversight Improvements: To proactively identify ineffective reporting and oversight processes in the long-term, the CAE should periodically obtain feedback from the Executive Team, Board, and other stakeholders regarding the adequacy and clarity of communication and reporting of key activities coordinated amongst the lines of defense. Identifying any discrepancies between stakeholders regarding IA Function results, reports, performance, ethics and integrity practices (including how the function demonstrates leadership in supporting and advancing the City’s ethical culture), and perceived value will help to target what roles and responsibilities should be reiterated or reassessed for necessary adjustments and ensure continued alignment with organizational structure and expectations.	R	A	I	C	C	C
B.2.2.LT	Proactive Resource Strategy: Future Internal Audit plans should include a dedicated section on resource strategy and workforce planning to proactively address emerging skill gaps, training needs, and succession planning. This section should outline how the IA function will remain agile and capable of meeting evolving audit demands in alignment with the City’s strategic direction. To support this, the CAE should: - Solicit and document input from the FOAC and Senior Management regarding anticipated changes in risk, strategic priorities, and resource needs. - Conduct a comprehensive IA resourcing and capability assessment every 2–3 years, using benchmarking data and staffing analysis to validate current resourcing levels, identify critical skill shortages, and determine areas that may require dedicated or specialized audit coverage. - Integrate IA resource planning with City-wide strategic planning discussions, ensuring the CAE is involved in broader organizational planning conversations to align audit capacity with upcoming initiatives, risks, and priorities.	R	A	C		C	C*

*C refers to consultation with the City Chief Financial Officer and IT personnel in the coordination of financial and technological resource discussions.

B.2. Governance over the Internal Audit Function > Authorization and Oversight of IA

Benefits to Implementation • Ensures Internal Audit resources, plans, and reporting are directly tied to City priorities, risks, and governance expectations to facilitate strategic alignment. • Clearer communication protocols and role definitions strengthen confidence in IA across FOAC, City Council, and senior management. • Defined responsibilities within the Three Lines model and performance metrics for IA create shared ownership of risk oversight. • Resource strategy, workforce planning, and regular feedback loops enable IA to remain agile to City needs as risks and priorities evolve. • Structured engagement, orientation, and interim updates support more informed FOAC decision-making and continuous improvement.	Challenges to Implementation • Competing City priorities to allocate finite resources may limit IA's ability to secure needed staffing, training, or technology investments. • Formalizing oversight roles, resource planning, and reporting protocols requires sustained effort, education, and enforcement from management, leadership, and the CAE. A level of dedication to change management also applies. • Different stakeholders (FOAC, Council, Management) may have varying views of IA's purpose, requiring time and effort to address and resolve cordially. • Momentum could be lost if efforts are personality-driven rather than institutionalized in formal processes.
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C.1. Management of the IA function > Performance Management

The Core Themes:



Strategic Alignment of Audit Outcomes

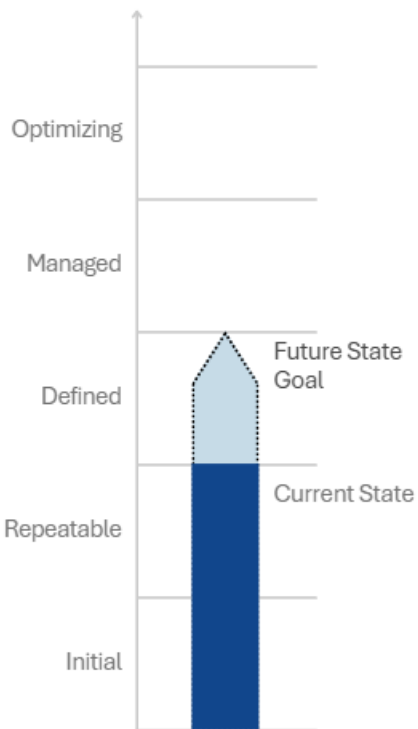


Stakeholder Engagement, Communication, and Collaboration



Performance Measurement and Accountability

Overall Maturity Achievement to Future State Goal



Current State: Repeatable

Undefined Engagement Objectives: IA does not have formally documented engagement-level objectives or performance goals that align with IA strategy or high-level City objectives. Current engagement-objectives exist (EG: 90 days for audits) however are informal and not actively monitored.

Limited Performance Metrics: Quarterly reporting to FOAC tracks completed engagements but does not evaluate adherence to timelines, quality, or impact

Supervisor Assignment Consistency: Engagements are assigned based on experience/skillset with managers performing initial reviews and the CAE performs final reviews, with documented sign-offs.

Weak Link to Training and Development: Performance feedback is not systematically tied to tailored training or upskilling plans. Engagement debriefs within the IA team exist, however lessons learned are inconsistently applied department-wide.

Client Feedback Underutilized: Client surveys capture basic metrics (EG: pre-audit communication participation, IA responsiveness to client input, and overall client relations) but do not measure auditor performance or translate into actionable improvements.

Staff End-of-Audit Evaluations: IA have policies in place to ensure end-of-audit evaluations are completed by audit staff and supervisors however there is no consistent mechanism to communicate or apply evaluation feedback across the department.

Missing Elements to Reach Future State: Defined

- Implementation of standardized and documented engagement-specific goals, including cycle times, report issuance deadlines, and recommendation implementation.
- Structured monitoring and tracking of progress toward engagement objectives and broader IA strategy, with consistent reporting of IA performance outcomes and trends to the FOAC.
- Systematic use of client survey insights and engagement debrief outcomes to drive department-wide improvements and individual auditor development.
- Defined criteria for supervisor assignment and clear escalation protocols for high-risk engagements.
- Performance evaluations formally linked to tailored training, skill development, and competency-building initiatives.

C.1. Management of the IA function > Performance Management

RACI Key:

R

Responsible

C

Consulted

A

Accountable

I

Informed

Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
C.1.1.ST	Develop Engagement-Specific Metrics: The CAE, in consultation with audit supervisors and understanding the City’s risk environment, should develop a core set of engagement-level performance metrics to track for all engagements (EG: audit cycle time, time to report issuance, number of high-impact findings, and management agreement rate) that align with internal expectations and IIA Standards. Goals should follow the SMART framework (Specific, Measurable, Achievable, Relevant, and Time-Bound) to ensure goals are clear, attainable, and increase the likelihood of success. These metrics should be communicated to IA staff with space for feedback on effectiveness of metrics in promoting efficiency, accountability, and transparency of audit work.	R	A	I			
C.1.2.ST	Enhance Supervisory Assignment Procedures: The IA team applies a standard procedure to reasonably assign supervisory resources to audits/engagements and should continue to do so. The IA function should enhance documented directives to better detail the existing methods to assign supervisory responsibilities at the engagement level including the considerations for engagement complexity, risk, technical requirements, and supervisory experience. These procedures should be communicated to management and IA governance stakeholders to ensure transparent and accurate understanding of procedures.	R	A				
C.1.3.ST	Strengthen Feedback and Continuous Improvement: Client surveys and post-engagement communications should be enhanced to more directly solicit feedback on specific aspects of engagement performance (EG: clarity of scope, communication, value of findings, and professionalism). The CAE should systematically review and analyze survey results to identify recurring themes, trends, and improvement opportunities. These findings should be clearly documented and integrated into both continuous improvement discussions with IA staff, and the broader Internal Audit performance framework, informing adjustments to audit methodology, communication practices, or reporting formats as needed. To ensure feedback leads to measurable improvements, common themes should be used to refine performance metrics and guide targeted monitoring of key engagement attributes. This approach will help ensure that stakeholder input is meaningfully incorporated into how the function measures and improves its effectiveness.	R	A	I	I	C	C
LT Path to Goal Maturity (12+ months)							
C.1.3.LT	Ongoing Performance Management: The IA function should continue to monitor and document the performance and progress of updated procedures to identify trends and initiate timely adjustments to performance through the lens of people, processes, and technology. IA performance results, including those from internal and external QA, should be summarized on an annual basis and presented in a formalized meeting with City Management and the FOAC for oversight. Year-on-year comparisons should be discussed to track long-term progress of goals and inform future decision/goal-setting.	R	A	I		I	
C.1.4.LT	Actioning Performance Insights Through Training: In the long term, the CAE should ensure that results from performance evaluations and FOAC oversight metrics are systematically analyzed to identify gaps, strengths, and emerging trends across the IA function. These insights should be translated into tailored training, skill development, and competency-building initiatives for staff, management, and leadership. By linking evaluation outcomes to targeted professional development, the IA function can address identified weaknesses, reinforce areas of strength, and continuously enhance its capacity to deliver high-quality, value-driven audit services aligned with City priorities and professional standards.	R	A	I			
Benefits to Implementation - Defined and communicated performance metrics provides formal oversight of IA performance, ensuring goals are met and progress is measurable. - Regular monitoring and reporting of performance enables the identification of year-on-year trends. This enables the CAE and City leadership to make informed decisions on resource allocation, audit priorities, and process improvements. - Timely identification of trends and gaps enables proactive adjustments to audit practices and staff development.		Challenges to Implementation - Labor and resource demands are required to collect, analyze, and present performance data. Additionally, enhanced resources may be required to ensure reliable data collection across audits and engagements. - Maintaining buy-in from City Management and FOAC to provide meaningful oversight and ongoing communication and education.					

C.2. Management of the IA function > Strategic and Organizational Alignment

The Core Themes:



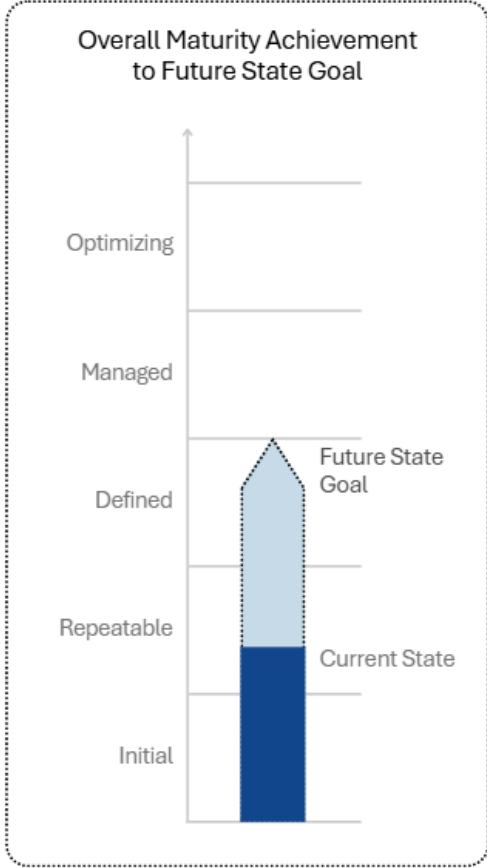
Strategic Alignment of Audit Outcomes



Stakeholder Engagement, Communication, and Collaboration



Technology and Resource Enablement



Current State: Repeatable	Missing Elements to Reach Future State: Defined
Lack of Defined IA Strategy: The IA Charter outlines the mission and professional standards alignment but does not define a comprehensive strategy, vision, or long-term objectives. No roadmap exists linking IA work to City priorities or emerging risks. Misalignment with City Objectives: Limited engagement between IA and governance stakeholders to align audits with the City’s risk appetite, strategic goals, or governance expectations. IA Charter and City strategic plan are not fully synchronized, and the Charter remains in draft form. Inconsistent Application of Methodologies: The IA Policies and Procedures Manual aligns with IIA Standards but lacks consistent practical application. Risk assessment processes are unclear, risk scores are inaccurately calculated, and documentation of rationale is insufficient. Audit Planning Gaps: Annual audit plan exists but does not reliably reflect strategic objectives. Stakeholders report inconsistent understanding of risk assessment methods, limited involvement in planning, and lack of context for risk scores and audit prioritization. Limited Stakeholder Collaboration: IA planning processes are ad-hoc, with little active engagement to validate risks, solicit feedback, or resolve differences of opinion between IA and City management or FOAC members.	- Currently the IA function does not have a formally documented strategy or roadmap with defined timeframes, KPIs, and clear linkage to City mission and priorities. - A systematic process for aligning the IA annual audit plan with strategic objectives, risk appetite, and key initiatives. - Clear, consistent application of IA methodology supported by periodic training to ensure methodology is repeatable and understood by all staff. - Intentional communication of risk assessment methods, context for risk scores, and prioritization rationale to City stakeholders. - Defined procedures for engaging governance and management stakeholders to validate risks, solicit feedback, and resolve conflicts.

C.2. Management of the IA function > Strategic and Organizational Alignment

RACI Key:

R

Responsible

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Consulted

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Accountable

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Informed

Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
C.2.1.ST	Develop and Approve IA Strategy: The CAE should initiate a planning session to review the current IA Charter, IA Mandate, and City Strategy to draft a mission, vision, and strategic pillars for the IA Strategy. The draft strategy should be clearly defined and documented, including current year and future objectives. Consideration of key concepts to facilitate developing the strategy should include: - IA function’s current role - Desired value contribution - City’s current and future strategic priorities - Roles and responsibilities (RACI) of stakeholders within each line of defense A formal communication channel should be established with the FOAC and Senior Management to review and approve of this strategy. Feedback should be discussed, documented, and integrated where appropriate. Progress against objectives, milestones, and KPIs aligned with the IA strategy and performance goals should be tracked and documented within a dashboard or tracking tool. Results should be included in internal check-ins and quarterly FOAC updates, and discussion/feedback should include assessment of the detail, format, and frequency of reporting regarding coordinated activities that is needed to adjust and align the strategy within the City.	R	A	I	C	C	C
C.2.3.ST	Define Department-Level Metrics: Develop a core set of department-level performance metrics (SMART Goals) to track internally, that assesses alignment with IA mandate, strategy (once developed), and City objectives. These metrics should extend beyond basic measures of engagement or audit plan completeness but should consider how IA outcomes fulfil City objectives. Some example metrics include assessing: - The level of alignment between audit findings/result risk themes to emerging risks faced by the City - Number of new/emerging risks identified - Degree in implementation of high-risk recommendations - Corrective plans regarding quality assessment results and effectiveness of implementation.	R	R A	I	I	I	I
C.2.5.ST	Standardized but Adaptive Methodology Training & Reinforcement: The CAE should implement periodic, structured training sessions to reinforce the consistent application of IA methodology across all staff, ensuring that planning and execution procedures are applied uniformly and effectively. Standardized templates and tools should be embedded into engagement planning and execution processes to guide scope definition, risk identification, and workpaper documentation, while supervisors emphasize methodology adherence through routine workpaper reviews and timely feedback discussions. At the same time, auditors should be trained and encouraged to think critically about adapting templates and procedures to the unique risks, processes, and objectives of each engagement. This balance of standardized methodology with adaptive application will strengthen audit quality, enhance risk relevance, and support continuous improvement across the IA function.	R	A	I			

LT Path to Goal Maturity (12+ months)

To support long-term efforts regarding Strategic and Organizational Alignment goals, refer to Action Points B.2.1.LT Feedback-Driven Oversight Improvements and C.1.3.LT Ongoing Performance Management

Benefits to Implementation - Promotion of clear alignment between IA activities and City strategic priorities for enhanced achievement of objectives. - Consistent and measurable indicators of IA performance will facilitate effective oversight and monitoring. - Enhanced transparency and trust with FOAC, Senior Management, and stakeholders through structured communication and feedback. - Improved consistency and quality of audit work, ensuring findings and recommendations are reliable, comparable, and aligned with professional standards.	Challenges to Implementation - Requires significant coordination and buy-in from FOAC, Senior Management, and audit staff to develop an IA strategy that considers multiple factors including City strategy and objectives, City responsibilities to constituents, and alignment with professional standards. - Employment of new tools or processes to track performance data and reporting against new metrics. - Adjusting strategy and metrics based on feedback may create additional administrative workload and require iterative refinements.
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C.3. Management of the IA function > Quality Management

The Core Themes:



Strategic Alignment of Audit Outcomes

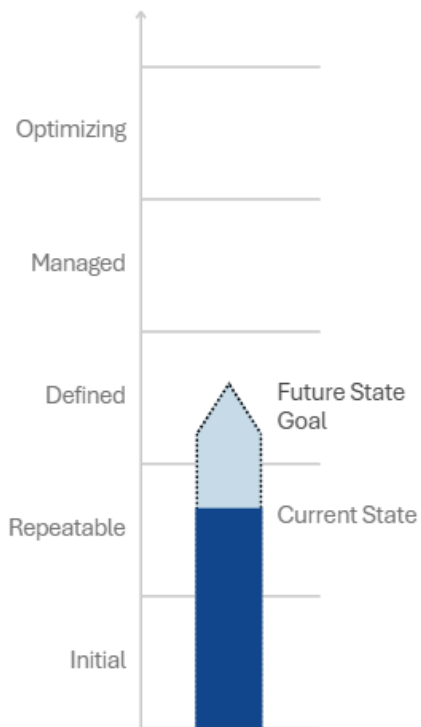


Stakeholder Engagement, Communication, and Collaboration



Performance Measurement and Accountability

Overall Maturity Achievement to Future State Goal



Current State: Repeatable

Established QAIP Framework: IA has a documented Quality Assurance and Improvement Program (QAIP) in the Policies and Procedures Manual, aligned with IIA Standards. It includes ongoing monitoring, client surveys, end-of-audit debriefs, and a Quality Assurance Program Worksheet checklist to standardize documentation.

Limited Quality KPIs: Current quality monitoring is mostly quantitative (audit hours, number of audits/projects, and follow-ups), lacking broader measures of audit impact or effectiveness.

External Assessments: IA participates in ALGA peer reviews every three years, presented to FOAC with response letters. However, results are not linked to formalized action plans with timelines or ownership.

Internal Assessments: While policies reference periodic self-assessments, there is no documented evidence of a comprehensive review across all IA activities or structured evaluation of progress against quality objectives.

Corrective Action Gaps: QA processes use checklists but lack formal documentation of corrective actions, ownership, and tracking of follow-up improvements.

Missing Elements to Reach Future State: Defined

- Clear alignment of IA QA objectives with IA's mission and the City's strategic goals.
- Defined qualitative and impact-driven metrics, such as audit value, stakeholder satisfaction, and organizational improvement.
- Documented periodic self-assessments that evaluate departmental effectiveness across planning, risk assessment, communication, stakeholder engagement, and follow-up.
- Structured corrective action process with defined ownership, timelines, and progress tracking to ensure continuous improvement from QA results.
- Formalized communication of QA results and improvement actions to FOAC, City Council, and senior management to strengthen accountability and oversight.

Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
C.3.1.ST	Strengthen QAIP Alignment and Metrics: The Internal Audit function should revisit its charter, mandate, and strategy (once developed) to realign quality objectives with the City’s broader strategic priorities. As part of this, the QAIP should be expanded to include clearly defined objectives and enhanced criteria that assess how audit outcomes contribute to organizational improvement, such as risk coverage effectiveness, audit cycle time, and the impact of recommendations. To begin this transition, the department should pilot at least one qualitative or impact-driven KPI (EG: stakeholder satisfaction trend or recommendation implementation rates) and formally document these new objectives and metrics within the Policies and Procedures Manual to ensure consistency, visibility, and accountability across the function.	R	A	I			
C.3.4.ST	Formalize Corrective Action Process for QA Results: The CAE should establish a structured corrective action process in response to QA results. This process should define responsible parties/ownership, implementation timelines, and a tracking mechanism to monitor progress. Results and corrective actions should be documented and incorporated into periodic updates provided to the FOAC, ensuring accountability and transparency in addressing improvement needs.	R	A	I			

To support additional short-term efforts regarding Quality Management goals, refer to Action Point C.2.3.ST Define Department-Level Metrics

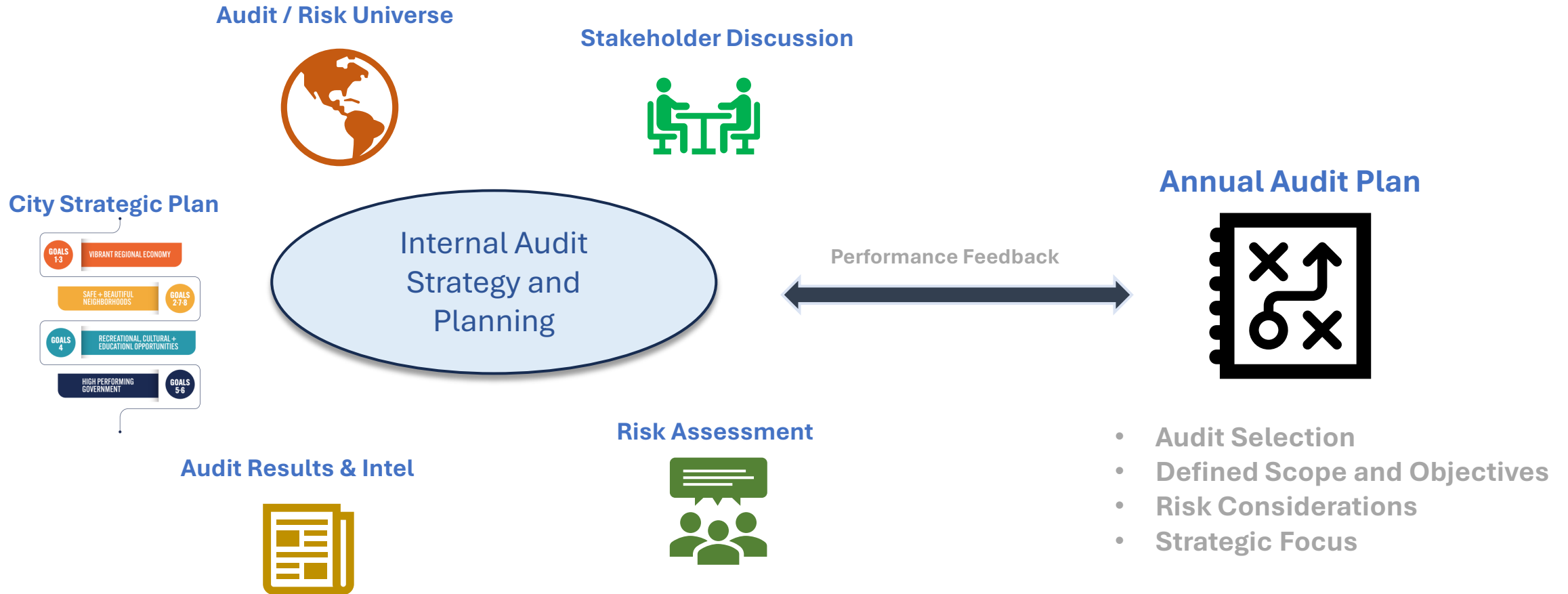
LT Path to Goal Maturity (12+ months)							
C.3.2.LT	Establish Periodic Self-Assessment Protocols: The CAE should implement documented self-assessments, conducted at least annually, to evaluate the IA function’s conformance with professional standards and overall departmental effectiveness. These assessments should extend beyond engagement-level reviews to include department-wide practices such as risk assessment, planning, communication, stakeholder engagement, and follow-up. Results should be formally documented, reported to the FOAC, and used to identify improvement opportunities and prepare for future external quality assessments.	R	A	I			I
C.3.4.LT	Institutionalize QA Results Communication & Oversight: The FOAC should implement an oversight protocol requiring regular reporting of QA results, corrective action progress, and completion status to governance stakeholders (FOAC, City Council, and senior management). This protocol should include standardized reporting templates, defined update frequencies, and clear expectations for management responses. Institutionalizing structured communication will ensure that QA assessments drive continuous improvement, enhance transparency, and reinforce accountability across the IA function and governance bodies.	R	R A	I			

To support long-term efforts regarding Quality Management goals, refer to Action Point C.1.3.LT Ongoing Performance Management

Benefits to Implementation • Strengthens alignment of IA activities with the City’s strategic objectives, demonstrating IA’s value beyond compliance. • Improves measurement of audit effectiveness by incorporating qualitative and impact-driven KPIs. • Enhances transparency and credibility with stakeholders through clear, documented objectives and consistent reporting. • A structured corrective action process ensures QA findings are actively tracked, owned, and resolved, leading to measurable improvements in audit quality and effectiveness • Regular, structured communication of QA results and progress to FOAC, City Council, and senior management reinforces trust, provides visibility into IA performance, and supports oversight bodies in making informed decisions tied to organizational priorities.	Challenges to Implementation • Personnel and time resources required to review, design, test, and validate new KPIs that meaningfully capture IA’s impact. • Cultural shift challenges may arise from staff or stakeholders who are accustomed to quantitative, output-focused metrics. • Commitment from leadership to coordinate across stakeholders to align strategic direction between personnel may be resource intensive.
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Management of the Internal Audit Function

FOCUS: Strategic Alignment of Audit Outcomes



D.1. Engagement Level Planning and Execution > Engagement Independence and Individual Objectivity

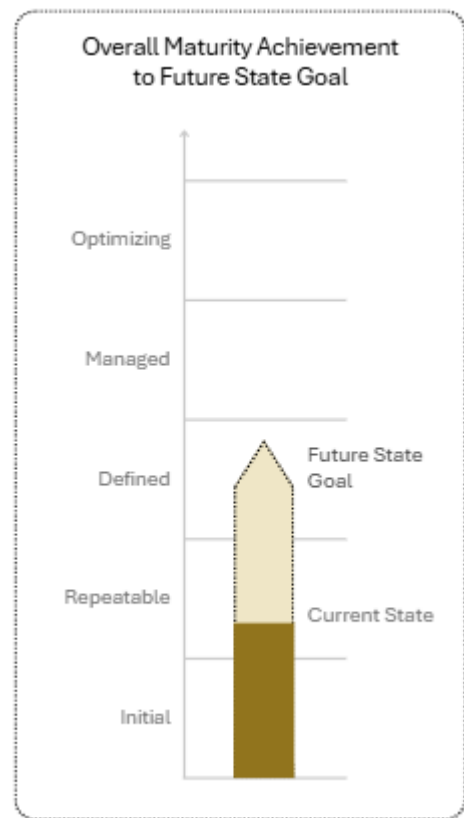
The Core Themes:



Strategic Alignment of Audit Outcomes

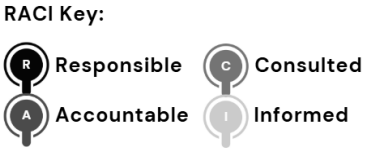


Performance Measurement and Accountability



Current State: Repeatable	Missing Elements to Reach Future State: Defined
Policies and training in place: IA has defined policies, procedures, and mandatory ethics/CPE training aligned with IIA standards. Independence directives and objectivity statements are required for each engagement, but these are generic and not tailored to specific engagement risks. Limited practical application: While auditors sign declarations and receive training, proactive identification and management of engagement-specific threats is not consistently practiced. This results in reactive approaches and limited collaboration with management when developing action plans. A lack of structured processes for developing action plans with management results in unclear ownership and limited collaboration, and may potentially undermine IA's objectivity and independence. Inconsistent disclosure of impairments: Policies require disclosure of impairments, but enforcement is inconsistent. Example: a CAE conflict of interest was not disclosed or documented in a recent engagement. Safeguards not fully aligned with standards: Safeguards listed in the IA P&P Manual reference GAGAS requirements but do not fully align with all examples outlined in GAGAS 3.50.	• Structured procedures to identify, document, and escalate engagement-specific independence or objectivity impairments, supported by defined safeguards. • Integration of independence practices into ongoing audit execution, including detailed objectivity statements and practical ethics training applicable to engagement risks. • Consistent documentation, tracking, and monitoring of safeguards and QA processes, with proactive reporting of objectivity impairments to the FOAC.

D.1. Engagement Level Planning and Execution > Engagement Independence and Individual Objectivity



Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							

D.1.1.ST	Structured Independence Safeguards: The CAE should implement a structured approach to identify, assess, and mitigate engagement-level threats to auditor independence, ensuring that appropriate safeguards are applied to maintain objectivity, transparency, and public trust. To facilitate this, the CAE should:						
	1. Update IA procedures to require identification, documentation, and escalation of common independence threats for all engagements—including audits, follow-ups, and advisory projects.						
	2. Establish expectations for assigning safeguards on a case-by-case basis, including documentation of rationale and intended outcomes (e.g., changes to engagement scope, staffing, or supervisory structure).						
	3. Define a clear escalation protocol for potential threats, including risk tiers or thresholds that determine the level of oversight required (e.g., high-risk cases escalated to the FOAC for awareness and review).						
	This process should aim to reduce independence risks to an acceptable level, ensure compliance with professional standards, and strengthen stakeholder confidence in the objectivity and integrity of the IA function within the City.						

To support additional short-term efforts regarding Engagement Independence and Individual Objectivity goals, refer to Action Point A.1.1.ST Ethics & Training Program Review, B.1.3.ST Strengthen Trust & Transparency, and E.1.1.ST Standardize Management Response Process

LT Path to Goal Maturity (12+ months)							
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D.1.1.LT	Independence Monitoring into Oversight: The IA function’s ability to identify, address, and resolve independence threats should be integrated into the continuous monitoring activities of the CAE, FOAC, and City Senior Management. Long-term trends in the types of independence issues and how they are being resolved (EG: mitigating activities and safeguards) should be analyzed to better understand the City’s changing risk environment. On-going reporting and monitoring of these trends and on-going efforts to identify, address, and mitigate engagement-level independence threats to the FOAC, as part of the quarterly update, will establish comfort that issues are addressed timely, consistently, and effectively.						
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To support additional long-term efforts regarding Engagement Independence and Individual Objectivity goals, refer to Action Point A.1.3.LT Ethical Culture Oversight and Integration and C.1.3.LT Ongoing Performance Management

Benefits to Implementation - A transparent and structured process for handling independence risks will enhance transparency and trust in IA’s objectivity and independence. - Consistent identification and mitigation of threats ensures recommendations are seen as impartial and will increase management buy-in and effective implementation of corrective actions. - Escalating higher-risk cases to FOAC and documenting safeguards provides decision-makers with a clearer picture of governance risks, enabling more informed oversight and policy decisions.	Challenges to Implementation - Time and labor commitments to collect documentation, monitor, and escalate threats on an engagement level basis. The introduction of new methods to review risks may also require training and education for staff. - Requirements for the CAE to commit to sustaining the consistency of practices over time will require ongoing training, regular monitoring, and reinforcement by leadership to prevent lapses or uneven application across engagements.
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D.2. Engagement Level Planning and Execution > Engagement Planning and Alignment

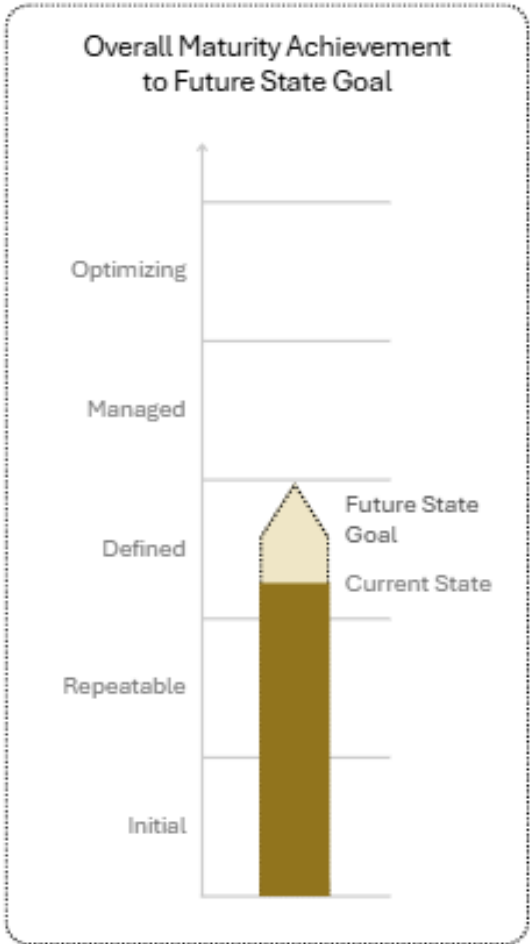
The Core Themes:



Stakeholder Engagement, Communication, and Collaboration



Transparency of Procedures



Current State: Defined	Missing Elements to Reach Future State: Defined
Structured but template-driven process: IA uses standardized templates, checklists, and planning memos for scope, objectives, and work programs, with evidence of CAE review and preparer/reviewer sign-offs. Although consistent, the approach is compliance-driven and lacks agility to include considerations for changes in risk environment or City objectives. Limited stakeholder involvement: Engagement scope and objectives are primarily developed by IA staff with minimal input from the auditee. Stakeholders report a lack of transparency into how organizational risks, the IA Plan, and the Risk Assessment are translated into engagement-level planning. Risk considerations: The connection between City-level risks, the IA Plan, and engagement-level objectives/work programs is unclear. Risk Assessment methodology is not transparent, and work steps do not consistently reflect identified risks or broader City priorities. Inconsistent execution of procedures: Some processes, such as litigation letters and stakeholder discussions, are inconsistently applied, limiting reliability of engagement pre-planning practices.	• Engagement objectives and work programs explicitly mapped to City-level risks, IA Plan priorities, and organizational strategies. • Documented methodology for selecting and prioritizing engagement-level risks, communicated transparently to stakeholders. • Systematic process for management and auditee validation of key risks, scope, and objectives to strengthen collaboration and buy-in. • Adaptive planning approach with mechanisms to update objectives and procedures in response to evolving risks. • Tailored work programs designed to reflect engagement-specific risk profiles rather than generic templates or checklists. • Consistent pre-planning practices incorporating litigation reviews, fraud risk considerations, and stakeholder interviews.

D.2. Engagement Level Planning and Execution > Engagement Planning and Alignment

RACI Key:

R

Responsible

C

Consulted

A

Accountable

I

Informed

Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
D.2.1.ST	Embedding Strategic Stakeholder Input into Engagement Planning: The IA function should integrate structured discussions with engagement area process owners, functional directors, and other relevant stakeholders into engagement planning procedures to actively seek input on pre-engagement information gathering, planning, and functional area risks. These discussions should be supported by a systematic process for management and auditee validation of key risks, scope, and objectives, strengthening collaboration and buy-in. Consistent pre-planning practices should also be applied across all engagements, incorporating elements such as litigation reviews, fraud risk considerations, and stakeholder interviews. All discussions and feedback should be documented within audit workpapers, supported by a structured agenda to ensure that key risk areas, including audit scope, objectives, and evaluation criteria, are consistently addressed.	R	A	I		C	C

To support additional short-term efforts regarding Engagement Planning and Alignment goals, refer to Action Points [B.1.1.ST Risk & Control Frameworks](#), [B.1.3.ST Strengthen Trust & Transparency](#), and [C.2.5.ST Standardized Methodology Training & Reinforcement](#)

LT Path to Goal Maturity (12+ months)

To support long-term efforts regarding Engagement Planning and Alignment goals, refer to Action Points [B.2.1.LT Feedback-Driven Oversight Improvements](#) and [C.1.3.LT Ongoing Performance Management](#)

Benefits to Implementation - Enhanced, agile planning will ensure engagement scope and objectives directly reflect the functional area’s inherent risks, leading to more targeted and value-added audit work. - Documented discussions and feedback with management regarding audit planning will provide management visibility into how risks are translated into scope, facilitating transparency and trust in the audit process. - By integrating management input into planning, IA can better link engagement objectives to broader City priorities and risk environment and create stronger alignment with wider goals.	Challenges to Implementation Intentional action to ensure the consistency of updated processes during planning may involve updating current templates. This will require critical thinking from a labor resource perspective.
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D.3. Engagement Level Planning and Execution > Engagement Resource Management

The Core Themes:



Strategic Alignment of Audit Outcomes

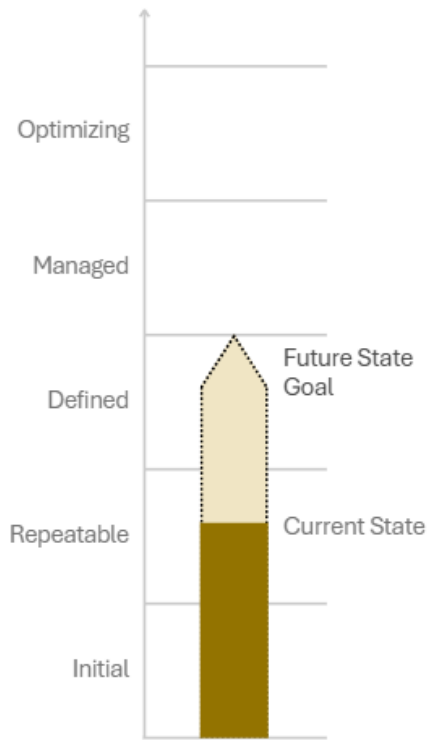


Transparency of Procedures



Technology and Resource Enablement

Overall Maturity Achievement to Future State Goal



Current State: Repeatable

Annual Hour-Based Planning: IA Plan budgets personnel hours across audits, follow-ups, and projects, serving as the department’s annual resource strategy.

Engagement-Level Monitoring: Documentation tracks budgeted vs. actual hours with CAE oversight, however there is limited strategic planning regarding the function’s financial resources and needs for continuous improvement.

Gaps in Financial Resourcing: The Annual Audit Plan is prepared by the CAE and presented to the FOAC for approval. Audit hours are detailed per proposed engagement or audit for the following year however lacks analysis of operating budgets or financial needs that facilitate the functions growth toward defined department and City goals.

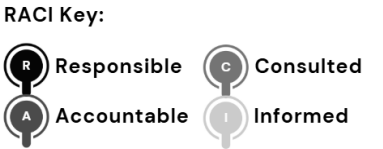
Limited CFO Collaboration: Minimal coordination between CAE and City CFO’s team regarding IA resourcing requirements, budgeting, and strategic planning.

Skill Gap or Succession Planning: Engagement staffing checklists assess competencies, but no tailored process exists to address skills gaps or succession planning.

Missing Elements to Reach Future State: Defined

- Multi-year resourcing strategy formally linking financial and staffing needs to City objectives, with defined intervals for review and adjustment.
- Structured collaboration process between the CAE, CFO, and City leadership to align IA budget requests with organizational priorities and long-term financial strategy.
- Formalized analysis of IA’s operating budget, resource utilization, and investment needs to support departmental growth and continuous improvement.
- Systematic approach to skills gap assessment, tailored training plans, and succession planning to ensure continuity of IA operations and leadership.
- Defined protocol for integrating resourcing considerations into annual audit planning, including analysis of financial, human capital, and technology needs.
- Documented framework to track and report resource utilization, performance against plan, and alignment of resourcing with defined City and IA goals.

D.3. Engagement Level Planning and Execution > Engagement Resource Management



Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
D.3.1.ST	Develop a Comprehensive IA Resourcing Strategy: The CAE should implement a structured process to define a full IA resourcing strategy that goes beyond audit hour planning to include financial, technological, and staffing needs. This should include: - Conducting a complete inventory of current IA resources, including finances, technology, and workforce capacity, aligned with City budgeting procedures. - Documenting the rationale for resource requirements and explicitly linking them to strategic priorities, risk coverage, and functional sustainability. - Establishing structured collaboration with the CFO, FOAC, and senior leadership during the City’s budget cycle to ensure transparent alignment of IA resource requests with organizational objectives. - Introducing a framework to track and report resource utilization, performance against plan, and variances, providing accountability and supporting continuous improvement.	R	A	I		I	C*
D.3.3.ST	Initiate Workforce and Succession Planning: The CAE should proactively assess IA human resources and develop a framework for succession planning to ensure continuity in leadership and key roles. This should include: - Conducting an initial human resource gap assessment to evaluate whether current staffing levels, skills, and experience meet the needs of the audit plan and IA strategy. - Developing a succession planning framework tailored to the CAE role and other critical positions, reflecting the City’s culture, values, and strategic direction. - Using the framework to support long-term workforce planning and ensure readiness for leadership transitions.	R	A	I		I	
To support additional short-term efforts regarding Engagement Resource Management goals, refer to Action Points B.1.3.ST Strengthen Trust & Transparency, and C.2.3.ST Define Department-Level Metrics							
LT Path to Goal Maturity (12+ months)							
D.3.1.LT	Institutionalize an Annual IA Budget and Resourcing Review Process: The City should formalize a recurring process to ensure IA resourcing remains strategically aligned and sustainable over time. This should include: - Annual Budget Review: Establishing a standing protocol requiring the CAE, CFO, FOAC, and senior leadership to jointly review and update the IA budget at least once per fiscal year, timed to the City’s budget cycle. - Strategic Alignment: Ensuring IA budget requests are explicitly tied to the City’s evolving strategic priorities, risk profile, and long-term financial strategy to maximize efficiency of shared goals. - Multi-year Planning: Incorporating forward-looking analysis (e.g., technology needs, succession planning, skills development) into the annual review to build a sustainable multi-year resourcing plan. - Governance and Accountability: Documenting decisions, rationales, and resource trade-offs to create transparency and a historical record that supports continuous improvement and informed governance.	R	A	I		I	C*
To support long-term efforts regarding Engagement Resource Management goals, refer to Action Points B.2.1.LT Feedback-Driven Oversight Improvements							

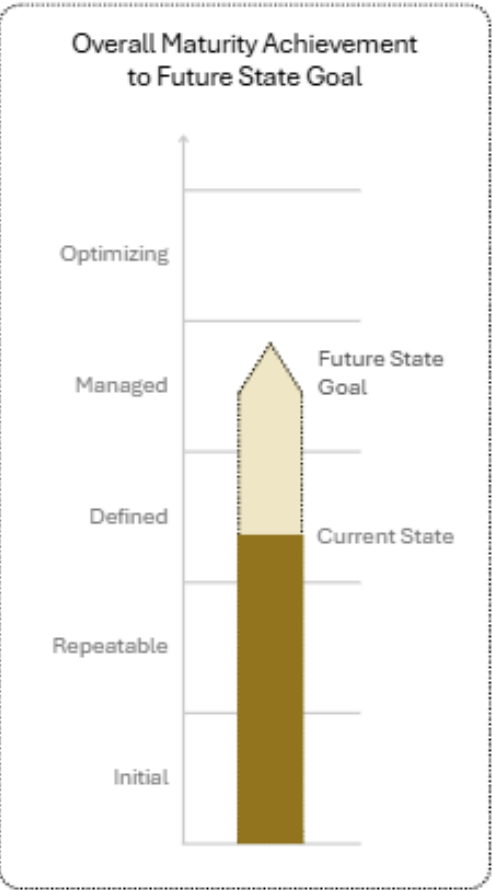
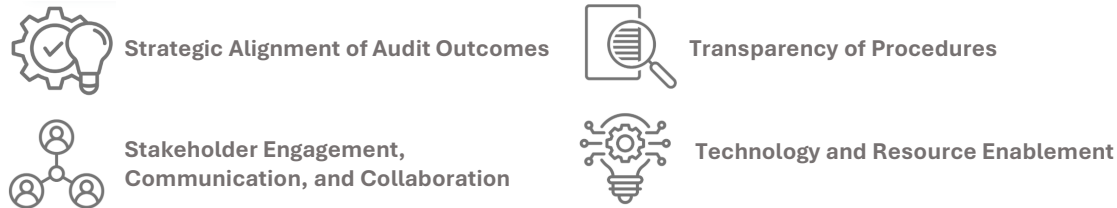
*C refers to consultation with the City Chief Financial Officer and Comptroller in the coordination of annual budget allocations and financial resource discussions.

D.3. Engagement Level Planning and Execution > Engagement Resource Management

Benefits to Implementation • A transparent and structured process for handling independence risks will enhance transparency and trust in IA’s objectivity and independence. • Consistent identification and mitigation of threats ensures recommendations are seen as impartial and will increase management buy-in and effective implementation of corrective actions. • Escalating higher-risk cases to FOAC and documenting safeguards provides decision-makers with a clearer picture of governance risks, enabling more informed oversight and policy decisions.	Challenges to Implementation • Time and labor commitments to collect documentation, monitor, and escalate threats on an engagement level basis. The introduction of new methods to review risks may also require training and education for staff. • Requirements for the CAE to commit to sustaining the consistency of practices over time will require ongoing training, regular monitoring, and reinforcement by leadership to prevent lapses or uneven application across engagements.
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D.4. Engagement Level Planning and Execution > Engagement Execution and Findings

The Core Themes:



Current State: Defined	Missing Elements to Reach Future State: Managed
Established Evidence-Gathering Methodology: IA P&P Manual outlines detailed steps for obtaining and retaining audit evidence. Templates and checklists are utilized consistently to guide information gathering, ensuring that all audit results are supported by evidence. Consistent Documentation Standards: Audit workpapers follow structured templates and checklists, are reviewed and signed by supervisors and the CAE. The physical retention of documents (paper copies scanned or photocopied) limits accessibility of workpapers and transparency of procedures. Inconsistent Communication of Findings: Audit results are communicated at exit conferences with management over the auditee’s functional area, however the discussion level points are inconsistent between meetings, and inclusion of personnel at the Director level is inconsistent. Draft vs. final results are also inconsistently communicated with findings disagreements resolved on an ad-hoc basis without a structured or replicable escalation or review process.	• Structured methodology for audit evidence collection and documentation that ensures relevance, validity, reliability, and sufficiency, with integration of technology and data-driven tools to enhance efficiency and quality. • Centralized, digital repository for audit workpapers and supporting evidence, designed to enable stakeholders to easily trace risk assessments, procedures performed, and rationale behind findings and recommendations. • Formalized process for communicating draft and final audit results to City management, directors, and other relevant stakeholders, including structured procedures for resolving disagreements and documenting feedback to improve recommendation efficacy. • Workpaper templates and methodologies that are standardized yet adaptable, enabling auditors to tailor procedures to the unique risk profile and operational context of each engagement while maintaining methodological consistency. • Systematic approach to capturing, documenting, and incorporating feedback from management and other stakeholders into the audit process, enhancing alignment of findings with organizational priorities and auditee expectations.

D.4. Engagement Level Planning and Execution > Engagement Execution and Findings



Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
D.4.1.ST	Enhance Evidence-Gathering and Documentation Practices: The CAE should implement a structured initiative to elevate audit execution by ensuring that workpapers and evidence-gathering procedures not only comply with the existing methodology but also maximize value to the City. This should include:						
	• Reviewing current templates, checklists, and guidance to ensure audit procedures directly support findings while identifying potential insights beyond initial planning assumptions.						
	• Integrating technology and data-driven processes into evidence collection, analysis, and documentation to improve efficiency, accuracy, and analytical depth.	R	A	I		I	I
	• Standardizing presentation and retention of workpapers to enable stakeholders to clearly trace how identified risks were assessed, addressed, and connected to audit results.						
	• Providing supervisors and staff with focused guidance and training on applying these enhanced procedures consistently across engagements.						

To support short-term efforts regarding Engagement Execution and Findings goals, refer to Action Points **A.2.3.ST. Audit Reporting Protocol and Confidentiality**, **A.2.5.ST Secure Audit Documentation and Record Management**, **C.2.5.ST Standardized but Adaptive Methodology Training & Reinforcement**, and **B.1.3.ST Strengthen Trust & Transparency**.

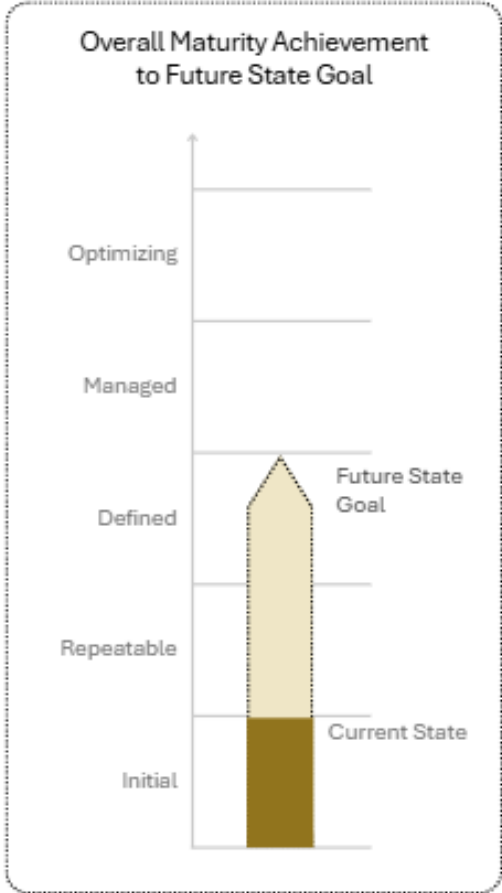
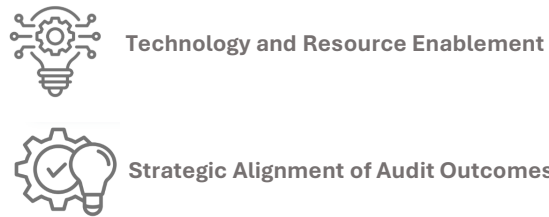
LT Path to Goal Maturity (12+ months)

To support long-term efforts regarding Engagement Execution and Findings goals, refer to Action Points **B.2.1.LT Feedback-Driven Oversight Improvements** and **C.1.3.LT Ongoing Performance Management**

Benefits to Implementation - Aligning workpapers and evidence with results through data-driven techniques enhances the relevance, validity, and analytical depth of findings, providing greater insight to decision-makers. - Transparent and traceable procedures enable stakeholders to clearly follow how risks were assessed and addressed, increasing confidence in IA’s work and decision-making processes. - Leveraging technology and structured templates streamlines evidence collection, reduces manual errors, and accelerates audit execution.	Challenges to Implementation - Labor and time effort to ensure staff buy in when adopting new technology and processes. - Resource requirements may be required for initial investments in technology tools and training, and time for supervisors to review and provide feedback. - Ongoing oversight and monitoring efforts by the CAE and IA Managers to ensuring workpapers are consistent while still allowing auditors to tailor procedures to unique risks or audit objectives. These procedures are dynamic, require additional critical thinking and can be complex. - Staff may require hands-on guidance and upskilling to use data analytics or integrate technology effectively into evidence collection.
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D.5. Engagement Level Planning and Execution > Technology

The Core Themes:



Current State: Initial	Missing Elements to Reach Future State: Defined
Lack of Strategic Technology Alignment: Limited evidence of the IA function initiating and coordinating technology initiatives to achieve broader City goals. IA function does not have a defined plan to integrate technology advancements into the execution of work/outcomes, and technological resource planning is not referenced in IA policies or the annual plan. Reliance on Basic Tools and Manual Processes: IA primarily uses spreadsheets, email, and paper copies for planning, execution, and documentation. Currently, there is no dedicated audit management system in place, limiting the efficiency and integration of modern practices. Limited Technological Proficiency and Training: Advancement of IA staff technical skills are limited, with Excel as the primary tool. There is no continuous training for technology upskilling. Recent stakeholder requests for advanced reporting formats (EG: PowerPoint) revealed uncertainty regarding staff familiarity with various tools and applications that could be used to advance the function. Minimal Collaboration with IT Stakeholders: No engagement with City IT personnel or data analysts for resource planning, audit automation, or strategic alignment. The CAE has not benchmarked the function's use of technology against peer functions, limiting forward-looking planning and continuous improvement of the function.	• Strategic technology integration plan aligned with City objectives, incorporated into IA policies, procedures, and annual planning cycles. • Consistent application of technology-enabled procedures across engagements while maintaining flexibility for engagement-specific objectives. • Structured upskilling plans linked to professional development, audit plan needs, and continuous improvement goals. • Formalized communication channels and processes to ensure alignment with City IT strategy, resource efficiency, and innovation adoption. • Benchmarking and continuous improvement framework for IA technology adoption, including review of peer practices, performance metrics, and lessons learned from prior technology integration initiatives.

D.5. Engagement Level Planning and Execution > Technology

RACI Key:

R

Responsible

C

Consulted

A

Accountable

I

Informed

Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
D.5.1.ST	Technology Gap Analysis and Structured Upskilling Plan: The CAE should initiate a technology gap analysis to assess the current state of technology integration within the IA department. This assessment should evaluate both: - The availability and use of technological tools across audit procedures, and - The technological proficiency and consistency of use across IA staff.						
	The analysis should be conducted with reference to the IA strategy, annual audit plan, and broader City objectives, and should clearly define the department’s technology needs to fulfill organizational goals. Based on the results of the gap analysis, the CAE should: - Collaborate with City IT personnel to identify existing tools that can address immediate skill or capability gaps. - Develop a structured, phased upskilling plan for IA staff, targeting technological proficiency gaps and linking training to professional development objectives, audit plan requirements, and continuous improvement goals. - Ensure the upskilling plan complements short-term solutions such as utilizing specialist resources to fill urgent technology needs, with staff training following to build internal capability. - Integrate accountability for technology adoption and proficiency into performance measures and report progress periodically to governance bodies such as the FOAC.	R	A	I		I	C*
D.5.2.ST	Implement a Strategic Technology Integration Plan: The CAE should develop a structured, short-term plan to integrate technology across the Internal Audit function in alignment with City objectives. Key actions should include: Alignment with City Objectives: Map IA technology initiatives to organizational priorities and incorporate these into IA policies, procedures, and the annual audit planning cycle.						
	Consistent Technology-Enabled Practices: Standardize the use of technology tools and data-driven processes across all audit engagements while retaining the ability to tailor procedures to engagement-specific risks and objectives. Governance and Monitoring: Establish periodic reporting to the FOAC or relevant governance stakeholders on technology adoption, consistency of application, and impact on audit quality and efficiency. This approach will ensure that technology adoption is strategic, consistent, and adaptable, enhancing audit effectiveness while supporting the IA function’s alignment with City priorities.	R	A	I		I	C*

To support additional short-term efforts regarding Technology goals, refer to Action Point D.3.1.ST Develop a Comprehensive IA Resourcing Strategy

*C refers to consultation with the IT personnel in the coordination of City technological resources resource discussions.

RACI Key:

R

Responsible

C

Consulted

A

Accountable

I

Informed

LT Path to Goal Maturity

D.5.1.LT	Establish a Technology Benchmarking and Continuous Improvement Framework: The CAE should develop a structured, long-term framework to guide ongoing assessment, optimization, and innovation in the Internal Audit function’s technology adoption. Key components should include:					
	• Peer Benchmarking: Review technology practices in comparable audit functions to identify best practices and emerging trends.					
	• Performance Metrics & Lessons Learned: Track adoption, efficiency, and impact, incorporating lessons from prior initiatives.	R	A	I	C	C
	• Stakeholder Engagement: Maintain communication with governance, City IT, and budget teams to align with City IT strategy and resource planning.					C*
	• Integration & Adaptiveness: Feed insights into IA policies, procedures, annual planning, and staff development while enabling flexible, engagement-specific technology use.					

To support long-term efforts regarding Technology goals, refer to Action Point C.1.3.LT Ongoing Performance Management

*C refers to consultation with the IT personnel in the coordination of City technological resources resource discussions.

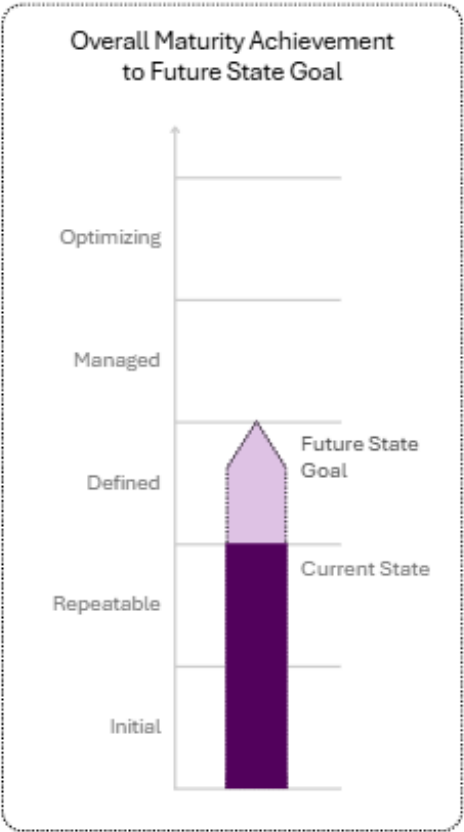
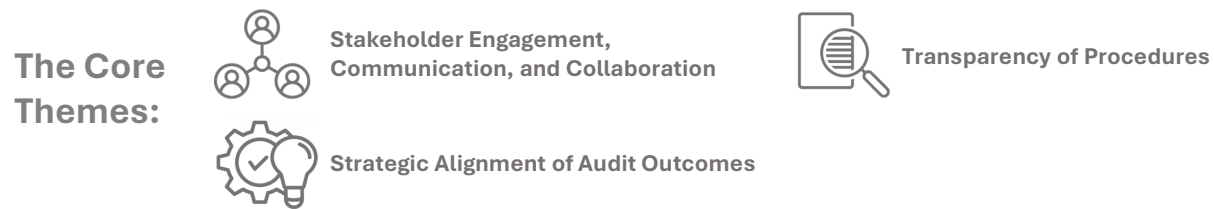
Benefits to Implementation

- Enables the IA function to strategically align technology with department objectives and broader City goals, improving audit efficiency and effectiveness.
- Identification of gaps in both tools and staff proficiency provides a clear roadmap for training, resource allocation, and technology adoption.
- Enhanced transparency and accountability through reporting progress to governance bodies, supporting data-driven decision-making and stakeholder confidence.

Challenges to Implementation

- Labor efforts to facilitate the coordination between IA, IT personnel, and governance stakeholders, which may demand time and resources.
- Updated staff training is required to adopt new tools.
- Budget and City resource constraints or limitations in existing IT infrastructure may impact the implementation of new systems or require phased rollouts.

E.1. Communication, Reporting, and Monitoring > Communicate Engagement Results and Monitor Action Plans



Current State: Repeatable

Inconsistent Management Response Process: IA conducts exit meetings and obtains responses for most audits; however, the execution of these processes are inconsistent, with no standardized guidance for clarity or completeness.

IA Reporting Format: Audit reports follow a standard template but lack adaptability for different audiences and rarely use visual aids, limiting accessibility.

Unclear Approach to Capturing Feedback: Management responses are inconsistently included in reports, and FOAC members expressed uncertainty about when they should be presented.

Audit Findings: Reports often focus on surface-level issues without structured analysis, risk prioritization, or tracking of recurring themes. There is inconsistent detail included regarding finding root cause and risk context for the City or functional area.

Follow-Up and Action Plan Monitoring: Follow-up audits lack clear linkage to original audits, management accountability regarding responses and action plans is unclear, and disagreements on corrective actions are addressed ad-hoc.

Limitation Disclosures: Reports include standard disclaimers, but these are generic and not tailored to specific engagement risks or constraints.

Inconsistent Stakeholder Inclusion at Exit Meetings: Participation in audit exit meetings is inconsistently determined, with process owners often included but higher-level stakeholders (e.g., City Directors) frequently absent. Without a clear process for selecting attendees, recommendations may lack practical feedback, authority for action, and alignment with effective implementation.

Missing Elements to Reach Future State: Defined

- Standardized management response framework that consistently incorporates root cause analysis, corrective actions, responsible parties, implementation timelines, and risk prioritization.
- Defined presentation protocols for agile reporting, including use of visual summaries, dashboards, or slide decks, to enhance stakeholder understanding and engagement at FOAC meetings.
- Systematic mechanism to track, monitor, and report recurring issues or control weaknesses beyond the engagement level to support continuous improvement across the IA function.
- Consistent communication and alignment process among FOAC, Department Directors, and IA to ensure mutual understanding of the value and appropriateness of recommendations, with standardized protocols applied across all engagement types.
- A systematic process to determine which stakeholders should attend IA Engagement exit meetings across engagement types. Clear criteria are needed to ensure inclusion of management levels with both the authority and practical insight to support effective implementation of recommendations.

E.1. Communication, Reporting, and Monitoring > **Communicate Engagement Results and Monitor Action Plans**

RACI Key:

R

Responsible

C

Consulted

A

Accountable

I

Informed

Ref #	Action Item	CAE	FOAC	City Council	City Attorney	City Manager	City Directors
ST Path to Goal Maturity (3-12 months)							
E.1.1.ST	Standardize Management Response Process: The CAE should formalize a consistent process for obtaining, validating, and integrating management responses into audit results by: - Defining clear roles and responsibilities (aligned with the Three Lines Model). - Using standardized templates and deadlines for responses. - Requiring SMART, actionable plans validated by Department Directors. - Ensuring exit meetings include the appropriate personnel (e.g., Department Directors and process owners) to clarify responses, resolve misconceptions, and discuss practical implementation. - Establishing procedures for reporting, dissemination, and monitoring of implementation progress.	R	A	I		I	C
E.1.2.ST	Adaptive and Accessible Audit Reporting: To strengthen stakeholder understanding and maximize the value of audit results, the CAE should develop an adaptive reporting approach that tailors report formatting and presentation methods to its key audiences (EG: FOAC, City Management, operational staff, and public stakeholders). While maintaining consistency in minimum report components, such as scope, objectives, findings, recommendations, and clarity of language, report design should incorporate adaptable features such as plain-language executive summaries, visual aids (tables, charts, risk heatmaps), and, where appropriate, live data dashboards. Reports should be agile enough to align with the needs and preferences of the intended audience, enhancing accessibility, transparency, and the practical application of audit results across the City and to its constituents.	R	A	C	I	C	C
E.1.3.ST	Strengthen Root Cause Analysis, Risk-Linked Reporting, and Alignment Protocols: The CAE should implement structured procedures to enhance the depth, strategic value, and alignment of audit reporting. This should include: - Incorporating root cause analysis for all findings to identify underlying issues rather than surface-level symptoms. - Including clear linkage of individual findings to broader governance, risk, and control themes within conclusions and executive summaries. - Engaging relevant management and operational stakeholders in a two-way dialogue to validate findings, recommendations, and risk assessments before finalizing reports. - Introducing a standardized approach to categorize findings by risk priority (e.g., high/medium/low) and ensuring recurring issues or trends are documented for future reference. IA reporting should also be supported by consistent communication of results and identified weaknesses between FOAC, Department Directors, and Internal Audit, utilizing a standardized communication protocol across all engagement types. This will ensure mutual understanding of the value, appropriateness, and implementation of recommendations.	R	A	I	I	I	I
E.1.5.ST	Tailored Identification and Transparent Disclosure of Engagement-Specific Limitations: The CAE should establish a structured and tailored approach to identifying, documenting, and communicating engagement-specific limitations to maximize the transparency and value of audit work. To implement this, Internal Audit should review the current standard disclaimer clauses and build off them to add additional sufficient insight into how limitations (EG: data access, timing, or resource constraints) may affect procedures, analyses, or conclusions. IA should: - Identify and assess engagement-specific limitations for each audit or review and evaluate their impact on risk coverage and alignment with the Audit Plan. - Clearly document these limitations in audit reports, with explanations of how they affect findings and conclusions. - Incorporate detailed discussions of limitations into communications with management and the FOAC to ensure mutual understanding, agree on mitigation steps, and strengthen confidence in the objectivity of audit results.	R	A	I	I	I	I

To support additional short-term efforts regarding Engagement Resource Management goals, refer to Action Points A.2.3.ST Audit Reporting Protocol and Confidentiality, B.1.3.ST Strengthen Trust & Transparency, and B.2.3.ST Establishing Stakeholder Roles

E.1. Communication, Reporting, and Monitoring > Communicate Engagement Results and Monitor Action Plans

LT Path to Goal Maturity (12+ months)

To support long-term efforts regarding Engagement Resource Management goals, refer to Action Points **B.2.1.LT Feedback-Driven Oversight Improvements**

Benefits to Implementation

- A transparent and structured process for handling independence risks will enhance transparency and trust in IA’s objectivity and independence.
- Consistent identification and mitigation of threats ensures recommendations are seen as impartial and will increase management buy-in and effective implementation of corrective actions.
- Escalating higher-risk cases to FOAC and documenting safeguards provides decision-makers with a clearer picture of governance risks, enabling more informed oversight and policy decisions.

Challenges to Implementation

- Time and labor commitments to collect documentation, monitor, and escalate threats on an engagement level basis. The introduction of new methods to review risks may also require training and education for staff.
- Requirements for the CAE to commit to sustaining the consistency of practices over time will require ongoing training, regular monitoring, and reinforcement by leadership to prevent lapses or uneven application across engagements.

Action Point & Recommendation Prioritization

Following review of the results and recommendations, the subsequent step is to establish an approach for implementation. Recognizing that recommendations vary in significance and the level of effort required, a prioritization schedule has been developed to evaluate each recommendation across two dimensions: **Potential Impact** and **Effort Required**.

This schedule is designed to help the City focus on the actions that will create the **greatest value** while also recognizing resource and capacity constraints. By visualizing recommendations through this lens, the City of El Paso can make informed decisions about **where to begin, how to allocate resources, and how to sequence implementation** for maximum benefit.

Potential Impact: The extent to which implementing a recommendation enhances the Internal Audit function's ability to provide value to the City. Higher-impact actions are those that meaningfully strengthen governance, risk management, accountability, and the overall efficiency of City operations.

- **High Impact:** Recommendations that significantly enhance the value or effectiveness of the Internal Audit function and deliver clear benefits to the City's strategic objectives.
- **Medium Impact:** Recommendations that provide noticeable improvements to processes or oversight but may be narrower in scope or incremental in benefit.
- **Low Impact:** Recommendations that address operational refinements or efficiencies but have less affect on broader City objectives or governance outcomes.

Effort Required: The level of resources, time, and change management needed to successfully implement a recommendation.

- **High Effort:** Requires significant resources, process redesign, or cultural change. Implementation may take multiple phases or extended timeframes.
- **Medium Effort:** Requires a moderate level of resources or coordination across stakeholders but can be achieved within a reasonable timeframe.
- **Low Effort:** Can be implemented relatively quickly with minimal resources or disruption.

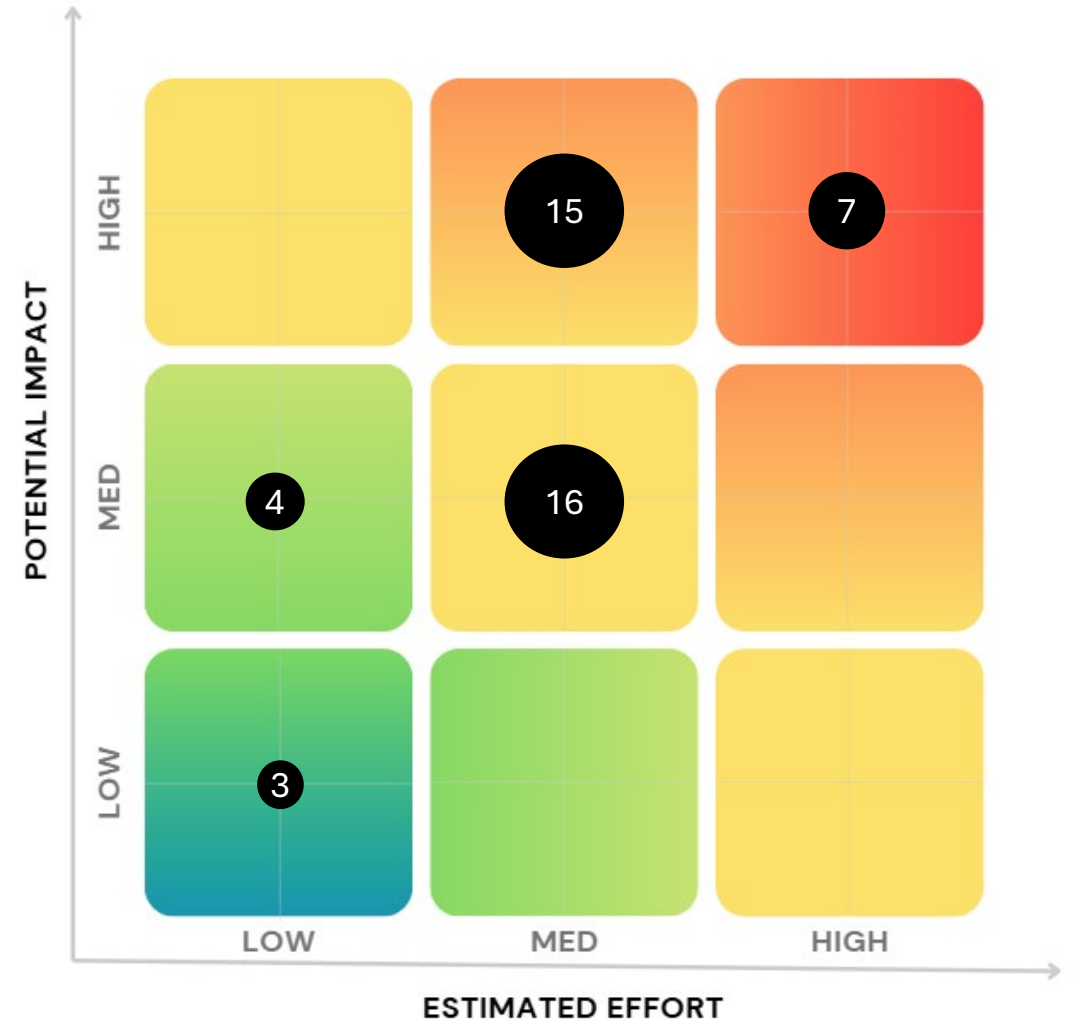
Action Point & Recommendation Prioritization

The heatmap provides a visual overview of how recommendations have been prioritized.

- The **x-axis represents the estimated effort** required to implement each recommendation;
- The **y-axis represents the potential impact** on the Internal Audit function and the City.

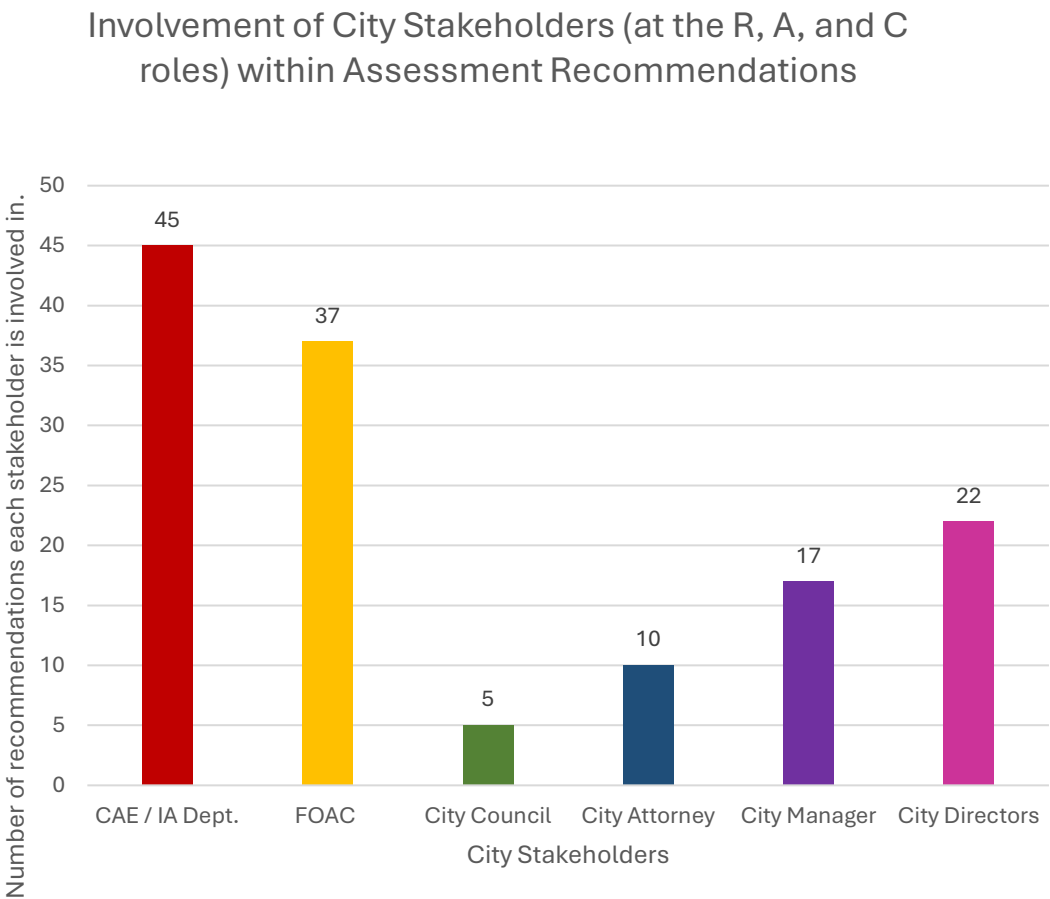
Each **dot size represents the number of recommendations at each priority level**. The **number in each quadrant indicates how many recommendations fall within that combination of impact and effort** (EG: 5 recommendations are categorized as High Impact / High Effort).

To make the tool interactive, each dot is linked directly to the relevant detail slide. By selecting a dot, you can view the specific recommendations it represents, including context, rationale, and next steps. This allows leadership to drill down from the overall prioritization view into actionable detail.



Stakeholder Involvement

Key involvement across stakeholders is beneficial for strengthening alignment between Internal Audit and City objectives. A broad base of engagement supports **transparency**, shared **ownership**, and **collaboration** in driving governance improvements.



The chart shows how often each stakeholder group is assigned **Responsible (R)**, **Accountable (A)**, or **Consulted (C)** roles across recommendations. These roles reflect the highest levels of effort and engagement, while **Informed (I)** roles were excluded since they require minimal workload.

This focus highlights where stakeholder capacity and coordination demands are greatest.

Benefits of Broad Stakeholder Involvement

- Shared responsibility encourages **buy-in and accountability**.
- Diverse perspectives lead to **more balanced and practical solutions**.
- Promotes **cross-department alignment** with City objectives.
- Builds **trust and stronger working relationships** with IA.

Challenges to Consider

- Higher **coordination demands** may slow implementation.
- Risk of **diffusion of responsibility** if roles are not clearly defined.
- Some stakeholders may experience **capacity constraints**.
- Potential for **conflicting priorities** across departments.

1. High Impact x Low Effort

						Stakeholder Involvement					
Element	Component	Ref #	Action Item	Potential Impact	Estimated Effort	CAE / IA Dept.	FOAC	City Council	City Attorney	City Manager	City Directors
		N/A		High	Low						

2. High Impact x Medium Effort

						Stakeholder Involvement					
Element	Component	Ref #	Action Item	Potential Impact	Estimated Effort	CAE / IA Dept.	FOAC	City Council	City Attorney	City Manager	City Directors
Ethics, Independence, and Professional Judgment	Ethics and Integrity	A.1.1.ST	Ethics & Training Program Review	High	Med	R	A	I	C	I	
Governance Over the IA Function	Internal Audit Mandate	A.2.5.ST	Secure Audit Documentation and Record Management	High	Med	R	A	I	I	I	C
Governance Over the IA Function	Authorization and Oversight of IA	B.1.3.ST	Strengthen Trust & Transparency	High	Med	R	A	C	C	R	C
Governance Over the IA Function	Authorization and Oversight of IA	B.2.1.ST	Establish Performance Metrics for Oversight:	High	Med	C	R A	I			
Management of the IA function	Performance Management	B.2.1.LT	Feedback-Driven Oversight Improvements	High	Med	R	A	I	C	C	C
Engagement Level Planning and Execution	Engagement Planning and Alignment	C.1.3.LT	Ongoing Performance Management	High	Med	R	A	I		I	
Engagement Level Planning and Execution	Technology	C.3.2.LT	Establish Periodic Self-Assessment Protocols	High	Med	R	A	I		I	
Communication, Reporting, and Monitoring	Communicate Engagement Results and Monitor Action Plans	C.3.4.LT	Institutionalize QA Results Communication & Oversight	High	Med	R	R A	I			
Communication, Reporting, and Monitoring	Communicate Engagement Results and Monitor Action Plans	D.2.1.ST	Embedding Strategic Stakeholder Input into Engagement Planning	High	Med	R	A	I		C	C
Engagement Level Planning and Execution	Technology	D.5.1.ST	Technology Gap Analysis and Structured Upskilling Plan	High	Med	R	A	I		I	C
Engagement Level Planning and Execution	Technology	D.5.2.ST	Implement a Strategic Technology Integration Plan	High	Med	R	A	I		I	C
Engagement Level Planning and Execution	Technology	D.5.1.LT	Establish a Technology Benchmarking and Continuous Improvement Framework	High	Med	R	A	I	C	C	C
Communication, Reporting, and Monitoring	Communicate Engagement Results and Monitor Action Plans	E.1.1.ST	Standardize Management Response Process	High	Med	R	A	I		I	C
Communication, Reporting, and Monitoring	Communicate Engagement Results and Monitor Action Plans	E.1.2.ST	Adaptive and Accessible Audit Reporting	High	Med	R	A	C	I	C	C
Communication, Reporting, and Monitoring	Communicate Engagement Results and Monitor Action Plans	E.1.3.ST	Strengthen Root Cause Analysis, Risk-Linked Reporting, and Alignment Protocols	High	Med	R	A	I	I	I	I

3. High Impact x High Effort

Element	Component	Ref #	Action Item	Potential Impact	Estimated Effort	Stakeholder Involvement					
						CAE / IA Dept.	FOAC	City Council	City Attorney	City Manager	City Directors
Ethics, Independence, and Professional Judgment	Internal Audit Professionalism	A.2.3.ST	Audit Reporting Protocol and Confidentiality	High	High	R	A	I	I	I	
Ethics, Independence, and Professional Judgment	Structural Independence and Objectivity	A.3.4.LT	Integrate Internal Audit into City Governance and Strategy	High	High	R	R	A	C	C	C
Governance over the Internal Audit Function	Internal Audit Mandate	B.1.1.LT	FOAC Oversight & Collaboration Metrics	High	High	C	R	A	C	C	C
Governance Over the IA Function	Authorization and Oversight of IA	B.2.3.ST	Establishing Stakeholder Roles	High	High	R	R A	I	C	C	C
Management of the IA function	Strategic and Organizational Alignment	C.2.1.ST	Develop and Approve IA Strategy	High	High	R	A	I	C	C	C
Management of the IA function	Strategic and Organizational Alignment	C.2.5.ST	Management of the IA function	High	High	R	A	I			
Engagement Level Planning and Execution	Engagement Resource Management	D.3.1.LT	Institutionalize an Annual IA Budget and Resourcing Review Process	High	High	R	A	I		I	C

4. Medium Impact x Low Effort

						Stakeholder Involvement					
Element	Component	Ref #	Action Item	Potential Impact	Estimated Effort	CAE / IA Dept.	FOAC	City Council	City Attorney	City Manager	City Directors
Ethics, Independence, and Professional Judgment	Ethics and Integrity	A.1.3.LT	Ethical Culture Oversight and Integration	Med	Low	A	R A	I	C	C	C
Ethics, Independence, and Professional Judgment	Internal Audit Professionalism	A.2.1.ST	Certification Standards and Staff Qualification Gap Analysis	Med	Low	R	A	I	C	C	
Management of the IA function	Quality Management	C.3.1.ST	Strengthen QAIP Alignment and Metrics	Med	Low	R	A	I			
Management of the IA function	Quality Management	C.3.4.ST	Formalize Corrective Action Process for QA Results	Med	Low	R	A	I			

5. Medium Impact x Medium Effort

Element	Component	Ref #	Action Item	Potential Impact	Estimated Effort	Stakeholder Involvement					
						CAE / IA Dept.	FOAC	City Council	City Attorney	City Manager	City Directors
Ethics, Independence, and Professional Judgment	Ethics and Integrity	A.1.1.LT	Institutionalize Ongoing Ethics Training Alignment	Med	Med	R	A	I	C	C	C
Ethics, Independence, and Professional Judgment	Ethics and Integrity	A.1.5.ST	Ethics Performance Metrics	Med	Med	R	A	I	C	I	
Ethics, Independence, and Professional Judgment	Internal Audit Professionalism	A.2.1.LT	Professional Development Alignment	Med	Med	R	A				
Ethics, Independence, and Professional Judgment	Structural Independence and Objectivity	A.3.4.ST	FOAC and Council Oversight Training	Med	Med	R	A	I	I	I	I
Governance over the Internal Audit Function	Internal Audit Mandate	B.1.1.ST	Risk & Control Frameworks	Med	Med	R	A	I	C	C	C
Governance Over the IA Function	Authorization and Oversight of IA	B.2.2.ST	Evaluation of IA Resource Sufficiency	Med	Med	R	A	I		C	C
Governance Over the IA Function	Authorization and Oversight of IA	B.2.2.LT	Proactive Resource Strategy	Med	Med	R	A	C		C	C
Management of the IA function	Performance Management	C.1.1.ST	Develop Engagement-Specific Metrics	Med	Med	R	A	I			
Management of the IA function	Performance Management	C.1.3.ST	Strengthen Feedback and Continuous Improvement	Med	Med	R	A	I	I	C	C
Management of the IA function	Performance Management	C.1.4.LT	Actioning Performance Insights Through Training	Med	Med	R	A	I			
Management of the IA function	Strategic and Organizational Alignment	C.2.3.ST	Define Department-Level Metrics	Med	Med	R	R A	I	I	I	I
Engagement Level Planning and Execution	Engagement Independence and Individual Objectivity	D.1.1.ST	Structured Independence Safeguards	Med	Med	R	A	I	I	I	I
Engagement Level Planning and Execution	Engagement Independence and Individual Objectivity	D.1.1.LT	Independence Monitoring into Oversight	Med	Med	R	R A	I	I	I	I
Engagement Level Planning and Execution	Engagement Resource Management	D.3.1.ST	Develop a Comprehensive IA Resourcing Strategy	Med	Med	R	A	I		I	C
Engagement Level Planning and Execution	Engagement Resource Management	D.3.3.ST	Initiate Workforce and Succession Planning	Med	Med	R	A			I	
Engagement Level Planning and Execution	Engagement Resource Management	D.4.1.ST	Enhance Evidence-Gathering and Documentation Practices	Med	Med	R	A	I		I	I

6. Medium Impact x High Effort

						Stakeholder Involvement					
Element	Component	Ref #	Action Item	Potential Impact	Estimated Effort	CAE / IA Dept.	FOAC	City Council	City Attorney	City Manager	City Directors
		N/A		Med	High						

7. Low Impact x Low Effort

						Stakeholder Involvement					
Element	Component	Ref #	Action Item	Potential Impact	Estimated Effort	CAE / IA Dept.	FOAC	City Council	City Attorney	City Manager	City Directors
Ethics, Independence, and Professional Judgment	Ethics and Integrity	A.1.2.ST	Strengthen Ethical Objective Alignment	Low	Low	R	A	I	C	C	C
Management of the IA function	Performance Management	C.1.2.ST	Enhance Supervisory Assignment Procedures	Low	Low	R	A				
Communication, Reporting, and Monitoring	Communicate Engagement Results and Monitor Action Plans	E.1.5.ST	Tailored Identification and Transparent Disclosure of Engagement-Specific Limitations	Low	Low	R	A	I	I	I	I

8. Low Impact x Medium Effort

						Stakeholder Involvement					
Element	Component	Ref #	Action Item	Potential Impact	Estimated Effort	CAE / IA Dept.	FOAC	City Council	City Attorney	City Manager	City Directors
		N/A		Low	Med						