

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**



DEPARTMENT: Internal Audit

AGENDA DATE: 4/1/25

PUBLIC HEARING DATE:

CONTACT PERSON NAME: Edmundo Calderon - Internal Audit

PHONE NUMBER: 915-212-1365

2nd CONTACT PERSON NAME: Elizabeth De La O

PHONE NUMBER: 915-212-1371

DISTRICT(S) AFFECTED: All Districts

STRATEGIC GOAL:

Goal 6: Set the Standard for Sound Governance and Fiscal Management

SUBGOAL:

SUBJECT:

Discussion and Action to accept the results of the Department of Public Health – Internal Control Review P2024-03.

BACKGROUND / DISCUSSION:

The timeframe for this review was Fiscal Year 2023-2024 and involved analysis of internal controls over cash handling, determination if cash handling procedures were consistent with Departmental and City Policies, if the Department was operating in a control conscious environment, and to document where inefficiencies may exist.

This review involved analyzing the Internal Control Environment at the Department of Public Health. The results were very positive, and we found a strong system of Internal Controls.

COMMUNITY AND STAKEHOLDER OUTREACH:

Not applicable

PRIOR COUNCIL ACTION:

Not applicable

AMOUNT AND SOURCE OF FUNDING:

Not applicable

REPORTING OF CONTRIBUTION OR DONATION TO CITY COUNCIL:

Not applicable



NAME	AMOUNT (\$)

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:

Edmundo S. Calderin 3-24-2025

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



**Department of Public Health
- Internal Control Review
P2024-03**

Issued by the
Internal Audit Department
December 3, 2024



Internal Audit Department

MAYOR
Oscar Leeser

DATE: December 3, 2024

TO: Dr. Veerinder Taneja, Director of Department of Public Health

CITY COUNCIL

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

District 1
Brian Kennedy

SUBJECT: Department of Public Health - Internal Control Review P2024-03

District 2
Dr. Josh Acevedo

The Internal Audit Department has completed an internal control review of the City's Department of Public Health. This engagement was accepted based on the engagement's potential to support the evaluation and improvement of the organization's governance, risk management, and control processes (IIA 9.4). The work performed does not constitute an engagement conducted in accordance with Generally Accepted Government Auditing Standards (GAS 1.16). The observations and conclusions that are reported in this memorandum do not require Management Responses.

District 3
Cassandra Hernandez

District 4
Joe Molinar

District 5
Isabel Salcido

Background:

The City of El Paso Department of Public Health's mission is to deliver high-quality health and well-being services to the citizens of El Paso and the region through research, evaluation, education, prevention, intervention, and preparedness.

District 6
Art Fierro

District 7
Henry Rivera

The scope of this review included nine of the sites operated by the department: El Paso Community Respiratory Disease Clinic, Sexual Health Clinic, Rawlings Dental Clinic, HIV/STD Program (this location is not a clinic and does not handle cash), El Paso Community Clinics at Lower Valley, Henderson, Northeast, and Westside, and Food Inspection (with a satellite cashier at the One Stop Shop). The Department of Public Health (DPH) collects revenues through fees charged for the various services provided. The council-approved budget for Fiscal Year 2024 was \$18,646,927.

District 8
Chris Canales

CITY MANAGER
Dionne Mack

Objectives:

The objectives of the Department of Public Health – Internal Control Review Project were to determine if DPH is operating in a control-conscious environment as it relates to Cash Handling Procedures. We have characterized a control-conscious environment as having the following:

- An adequate level of internal control awareness.
- Proper separation of duties.
- Existence of a proper monitoring system.
- Appropriate authorization/approval of fee discounts, deposits/expenditures.
- Adequate safeguarding of financial, physical, and information assets.

Methodology:

To achieve our audit objectives, we:

- Observed and interviewed Health staff at the Food Inspection office, El Paso Community Clinics at Lower Valley and Westside, and HIV/STD Program, to get an understanding of their operations.

Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor

Internal Audit Department | 218 N. Campbell | El Paso, TX 79901

O: (915) 212-0069 | D: (915) 212-1365 | Email: calderones@elpasotexas.gov





Internal Audit Department

MAYOR

Oscar Leeser

CITY COUNCIL

District 1

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District 2

Dr. Josh Acevedo

District 3

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CITY MANAGER

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- Conducted a review of the Cash Handling Procedures at the Administrative and Food Inspection offices, as well as the Lower Valley Community Clinic, Sexual Health Clinic, and El Paso Community Respiratory Disease clinic. These five sites had deposit activity for the time under review.
- Conducted an assessment of the daily balancing documentation to determine if revenues are accurately reported and deposited.
- Documented areas where inefficiencies exist and where internal controls need to be strengthened.

Results:

Based on our review, we have identified the following Observation:

OBSERVATION 1

Strong Internal Controls

City of El Paso Strategic Plan:

- Goal 6.3 *Implement programs to reduce organizational risk*
- Goal 6.4 *Implement leading-edge practices for achieving quality and performance excellence.*
- Goal 6.12 *Maintain systems integrity, compliance, and business continuity.*

City of El Paso Cash Management Policy dated June 1, 2024:

- Section 5.1: *...Depositories, all monies received by any person in any department, in connection with the business of the City, shall be deposited promptly into a City depository account and, whenever possible, within one business day after its receipt...*
- Section 5.2: *Department directors or their designees must ensure that all monies are safeguarded at all times in a safe secured lockbox or secured money bag. Access to all safes should be limited to no more than four individuals, one being a supervisor.*
- Section 5.3: *Deposits may be submitted to the bank via armored car at the department's expense...*
- Section 5.6: *...All collected receipts are to be reconciled to the pre-numbered deposit slip system in place and any discrepancies are to be documented by the collector and approved by the supervisor in charge.*
- Section 5.8: *Access to the cashing area is restricted to cashing personnel only...*
- Section 5.9: *Each cashier is assigned his or her own cash box and must not allow anyone to access his or her cashier box...*

A strong system of internal controls requires that Policies and Procedures be developed and updated regularly to document routine or repetitive activity followed by an organization.

The Department of Public Health (DPH) *Daily Deposit Instructions Manual*, revised June 2023, documents its Cash Handling and Collections Procedures. A review of these Policies and Procedures identified the following internal control strengths:

- The *Daily Deposit Instructions Manual* is specific to the DPH clinics' cash operations.
- The Policies and Procedures were recently updated in June 2023.

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CITY MANAGER

Dionne Mack

The Internal Audit Department identified:

- No internal control weaknesses in the cashiering functions. The cashiering processes followed the City of El Paso's *Cash Management Policy* dated June 1, 2024.
- The deposit documentation reviewed for June 24-28, 2024 was complete and included the following:
 - Revenues collected are properly reconciled to the point-of-sale (POS) reports.
 - Revenue collected by the cashiers is tracked to ensure it is deposited at the bank and reflected on the City of El Paso's General Ledger. Deposits are reviewed by a second person.
 - There is proper segregation of duties between persons collecting cash, preparing bank deposits, and posting to the City of El Paso's General Ledger.
- Financial, physical, and information assets are safeguarded.
 - Cash drawers are closed and the safe boxes are locked when not in use.
 - An armored car service is used to transport cash deposits to the bank.
 - Access to certain areas within the various DPH sites visited is restricted to staff and requires badge access to enter.
 - Access to computers is password protected and each cashier has their own login credentials.

Conclusion:

Based on our review of the internal controls of the DPH, we were able to:

- Confirm that Cash Handling Procedures are consistent with the City of El Paso *Cash Management Policy* and with DPH's *Daily Deposit Instructions Manual*.
- Confirm that revenues at DPH are properly and accurately being collected, reported, and deposited.
- Determine that DPH is operating in a control-conscious environment as it relates to Cash Handling Procedures.

If you have any questions please feel free to contact me at extension 21365.

cc: Financial Oversight and Audit Committee

Dionne Mack, City Manager

Mario D'Agostino, Deputy City Manager

Robert Cortinas, Chief Financial Officer/Deputy City Manager

Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor

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**Department of Public Health
Internal Control Review P2024-03
Management Response**



Department of Public Health



MAYOR
Renard U. Johnson

DATE: January 25, 2025

TO: Edmundo S. Calderon,
Chief Internal Auditor, Internal Audit Office

CITY COUNCIL

District 1
Alejandra Chávez

FROM: Veerinder Taneja, MBBS; MPH
Director, Department of Public Health

District 2
Dr. Josh Acevedo

RE: Response to Internal Control Review (P2024-03) of Cash Handling Procedures

District 3
Deanna M. Rocha

Mr. Calderon,

District 4
Cynthia Boyar Trejo

We appreciate your department's time and effort in performing an internal audit of the Department of Public Health's (DPH's) cash handling procedures. This memo serves as DPH's response to the positive observation as documented in your draft report provided on January 9, 2025.

District 5
Ivan Niño

Observation 1 – Strong Internal Controls

District 6
Art Fierro

DPH Response:

District 7
Lily Limón

- We are very pleased to receive the positive results of your recent audit, and value your department's thorough review of our cash handling procedures. We particularly value the recognition of our strong internal controls, which demonstrate the effectiveness of the implementation of our Daily Deposit Instruction Manual.

District 8
Chris Canales

We remain committed to consistently performing effective cash handling measures that ensure the proper receipt and reconciliation of revenues to appropriately safeguard the City's assets.

CITY MANAGER
Dionne Mack

Thank you again for your professional expertise and valuable feedback.

You may contact myself, Sara Cera, Assistant Director, or Sarah Ortiz, Administrative Services Manager, if any additional information is required on this matter.

Thank you.

Veerinder Taneja, MBBS; MPH – Director
Department of Public Health | 200 N. Kansas St. | El Paso, TX 79901
O: (915) 212-6502 | ephealth.com

