



## **AGENDA FOR THE FINANCIAL OVERSIGHT AND AUDIT COMMITTEE**

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**September 11, 2025**  
**COUNCIL CHAMBERS, CITY HALL, 300 N. CAMPBELL - FIRST FLOOR**  
**2:00 PM**

Notice is hereby given that a meeting of the Financial Oversight and Audit Committee (FOAC) will be conducted on the above date and time.

Members of the public may view the meeting via the following means:

Via the City's website. <http://www.elpasotexas.gov/videos>

Via television on City15,

YouTube: <https://www.youtube.com/user/cityofelpasotx/videos>

In compliance with the requirement that the City provide two-way communication for members of the public, members of the public may communicate with the Financial Oversight and Audit Committee during public comment, and regarding agenda items by calling the following number:

1-915-213-4096 or Toll Free Number: 1-833-664-9267

**At the prompt please enter the corresponding Conference ID: 643-604-776#**

If you wish to sign up to speak please contact Miguel Montiel at [MontielMA@elpasotexas.gov](mailto:MontielMA@elpasotexas.gov) no later than two (2) hours prior to the meeting date and time. Please provide your name, phone number, email address and the agenda item(s) you wish to speak on.

**A quorum of the Financial Oversight and Audit Committee must be present and participate in the meeting.**

### **ROLL CALL**

### **PLEDGE OF ALLEGIANCE**

## **AGENDA**

1. Approval of Minutes for the Financial Oversight and Audit Committee meeting of August 28, 2025. [Internal Audit, Elizabeth De La O, (915) 212-1371] [BC-1097](#)
2. Presentation and Discussion on the City's unfunded pension liabilities for the City of El Paso Employees Retirement Trust and the El Paso Police and Fire Pension Funds. [Millman, Inc., William Strange, FSA, EA Principal and Consulting Actuary, (214) 863-5056] [BC-1098](#)
3. Discussion and Action on the results of the Vehicle Allowance & Take-Home Cars Project P2025-02. [Internal Audit, Miguel Montiel, (915) 212-1367] [BC-993](#)
4. Discussion and Action on the results of the On-Call Services Agreement Audit A2024-08. [Internal Audit, Elizabeth De La O, (915) 212-1371] [BC-990](#)

## **ADJOURN**

## **NOTICE TO THE PUBLIC**

This is a meeting of the Financial Oversight and Audit Committee of the El Paso City Council. The committee ordinarily consists of 4 Council members for purposes of establishing a quorum and the voting membership on the committee. However, any other member of the City Council may, on an ad hoc basis, join the meeting and participate in the discussions.

Sign language interpreters will be provided for this meeting upon request. Requests must be made to Miguel Montiel at [MontielMA@elpasotexas.gov](mailto:MontielMA@elpasotexas.gov) a minimum of 48 hours prior to the date and time of this hearing.

If you need Spanish Translation Services, please email [MontielMA@elpasotexas.gov](mailto:MontielMA@elpasotexas.gov) at least 48 hours in advance of the meeting.

Posted this 5th day of September, 2025 at 1:56 p.m., at City Hall, 300 N.Campbell Street by Sergio Carrillo.



El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

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**File #:** BC-1097, **Version:** 1

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**CITY OF EL PASO, TEXAS**  
**LEGISTAR AGENDA ITEM SUMMARY FORM**

**AGENDA LANGUAGE:**

*This is the language that will be posted to the agenda. Please use ARIAL 11 Font.*

Approval of Minutes for the Financial Oversight and Audit Committee meeting of August 28, 2025. [Internal Audit, Elizabeth De La O, (915) 212-1371]



## FINANCIAL OVERSIGHT AND AUDIT COMMITTEE MINUTES

August 28, 2025

COUNCIL CHAMBERS, CITY HALL

11:00 AM

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The Financial and Oversight and Audit Committee members of the City of El Paso met at the above place and date. Meeting was called to order at 11:03 a.m. Committee Chair Dr. Josh Acevedo was present and presiding and the following Committee Members answered roll call: Dr. Josh Acevedo, Alejandra Chávez, Deanna Maldonado-Rocha, Ivan Niño, Elizabeth De La O – Deputy Chief Internal Auditor, and Dionne Mack – City Manager.

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### PLEDGE OF ALLEGIANCE

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### AGENDA

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1. Motion made by Committee member Chávez, seconded by Committee member Niño, and unanimously carried to **APPROVE** the Minutes for the Financial Oversight and Audit Committee meeting of July 28, 2025.

AYES: Committee Members Acevedo, Chávez, Maldonado-Rocha, and Niño  
NAYS: None

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2. **Presentation on the preparation of the 2025-2026 Annual Audit Plan.**

Mr. Miguel Montiel – Audit Manager, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Dr. Josh Acevedo, Committee Chair.
- Ms. Alejandra Chávez, Committee Member.
- Ms. Deanna Maldonado-Rocha, Committee Member.
- Mr. Ivan Niño, Committee Member.

**NO ACTION** was taken on this item.

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**3. Discussion and Action on the results of the Budget Transfer Audit A2025-04.**

Mr. Mike Montiel – Audit Manager, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Dr. Josh Acevedo, Committee Chair.
- Ms. Alejandra Chávez, Committee Member.
- Ms. Maldonado-Rocha, Committee Member.
- Ms. Dionne Mack, City Manager.

The following staff member commented:

- Mr. Sasho Andonoski – Office of Management and Budget Director.

Motion made by Committee Member Chávez, seconded by Committee Member Niño, and unanimously carried to **ACCEPT** the results of the Budget Transfer Audit A2025-04 and send to City Council for action.

AYES: Committee Members Acevedo, Chávez, Maldonado-Rocha, and Niño

NAYS: None

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**4. Discussion and Action on the preparation of the results of the Streets and Maintenance (SAM) – Permits Review Follow-Up Audit A2025-06.**

Ms. Elizabeth De La O – Deputy Chief Internal Auditor, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Dr. Josh Acevedo, Committee Chair.
- Ms. Alejandra Chávez, Committee Member.
- Ms. Maldonado-Rocha, Committee Member.
- Mr. Ivan Niño, Committee Member.
- Ms. Dionne Mack, City Manager.

The following staff member commented:

- Mr. Randy Garcia – Streets and Maintenance Director.

Motion made by Committee Member Chávez, seconded by Committee Member Niño, and unanimously carried to **ACCEPT** the results of the Streets and Maintenance (SAM) – Permits Review Follow-Up Audit A2025-06 and send to City Council for action.

AYES: Committee Members Acevedo, Chávez, Maldonado-Rocha, and Niño

NAYS: None.

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**ADJOURN**

Motion made by Committee Member Maldonado-Rocha seconded by Committee Member Chávez and unanimously carried to **ADJOURN** the meeting at 11:55 a.m.

AYES: Committee Members Acevedo, Chávez, Maldonado-Rocha, and Niño

NAYS: None

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APPROVED AS TO CONTENT:

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Dr. Josh Acevedo – Committee Chair,  
Financial Oversight and Audit Committee

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Elizabeth De La O – Deputy Chief Internal Auditor,  
Internal Audit Department



El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

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**File #:** BC-1098, **Version:** 1

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**CITY OF EL PASO, TEXAS**  
**LEGISTAR AGENDA ITEM SUMMARY FORM**

**AGENDA LANGUAGE:**

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Presentation and Discussion on the City's unfunded pension liabilities for the City of El Paso Employees Retirement Trust and the El Paso Police and Fire Pension Funds. [Millman, Inc., William Strange, FSA, EA Principal and Consulting Actuary, (214) 863-5056]

# City of El Paso: Funding Policy Development

Overview of the development of the proposed pension funding policy for the Financial Oversight and Audit Committee

**William Strange**

SEPTEMBER 11, 2025





# Agenda

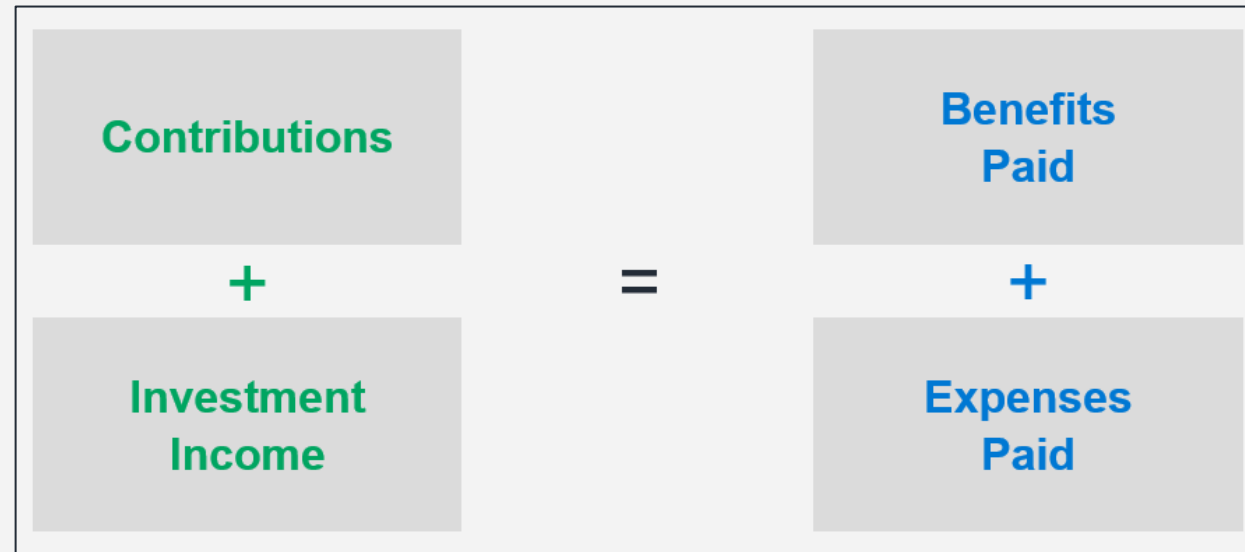
- Big Picture
- Making Reforms Last
- Current Situation for El Paso
- Actuarially Determined Funding

# Big Picture

## “Plans cost what the plans cost”

- Funding policy and actuarial assumptions help to allocate the contributions as reasonably as possible
- Modifying the funding policy is ultimately a discussion about changing the ‘pattern’ of contributions

### *Fundamental DB Plan Funding Formula*



## Making Reforms Last

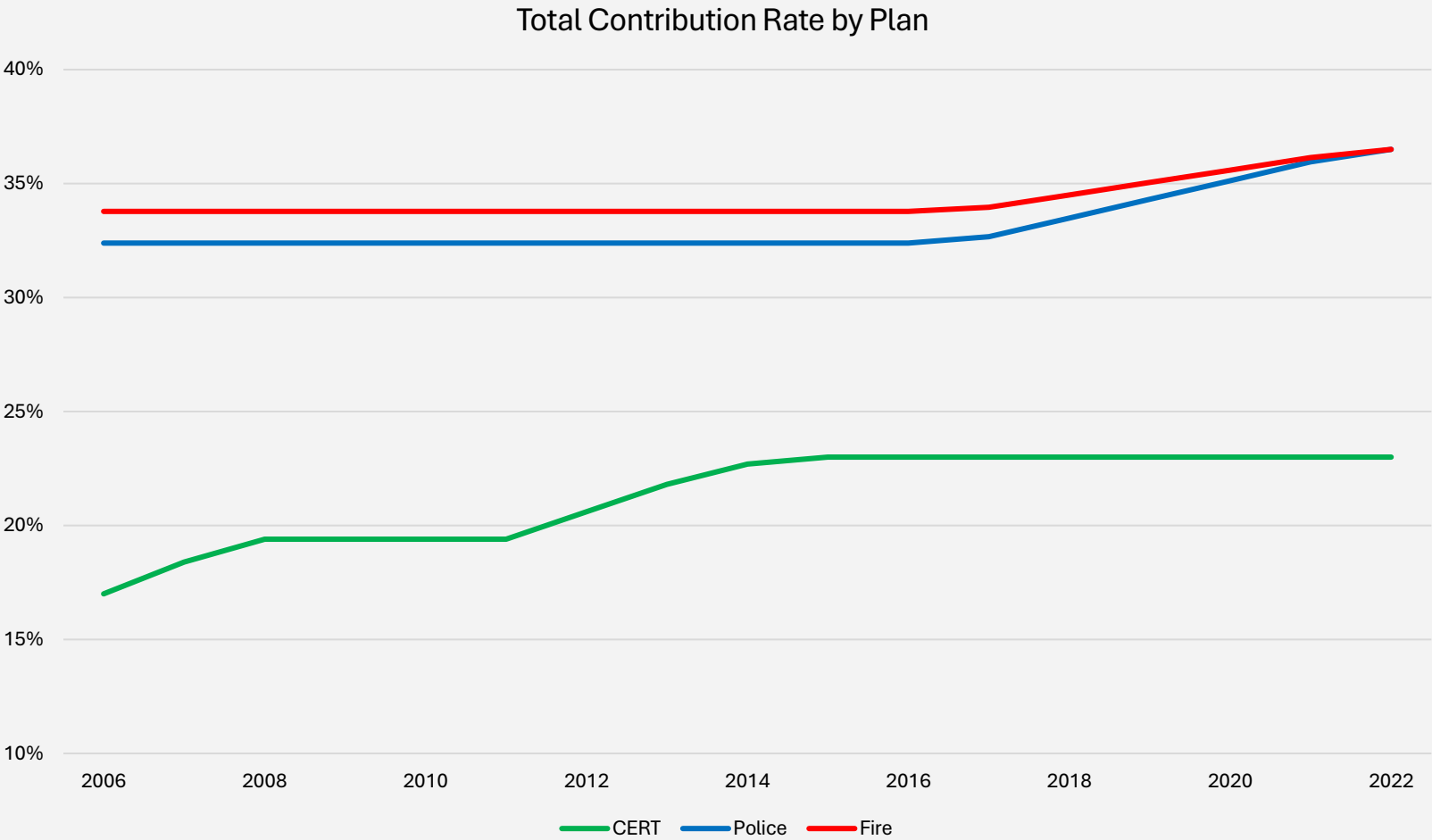
### Lasting plan reform must include risk-sharing and adjustable plan provisions

- Current structure for all three City pension funds is a traditional final average pay benefit formula with no automatic risk sharing, funded by a fixed contribution rate
- Funding and/or benefit structure needs a mechanism to keep the Funding Formula in balance
  - Most common approach is for the employer to contribute the **Actuarially Determined Contribution** to keep the Funding Formula in balance
  - Can also be addressed through putting certain **benefit provisions “at risk”** depending on the funded status of the plan
- Texas Pension Review Board strongly recommends (and requires in some cases) for plan reform to include **automatic risk-sharing mechanisms**
  - Defined as “changes to plan provisions upon meeting or exceeding certain preestablished criteria **without needing additional approval at the time of the change**”

# Increased Contribution Rates Drive Down Funding Period

**Increased contribution rates helping to pay down the Unfunded Liability**

- City Employees
  - 8.95% for members
  - 14.05% for City
  - Members and City both increased contribution rates from 2006 to 2014
- Police
  - 18% for members
  - 18+% for City
  - Members scaled up from 14% to 18% from 2018 to 2022
- Fire
  - 18% for members
  - 18+% for City
  - Members scaled up from 15% to 18% from 2018 to 2022

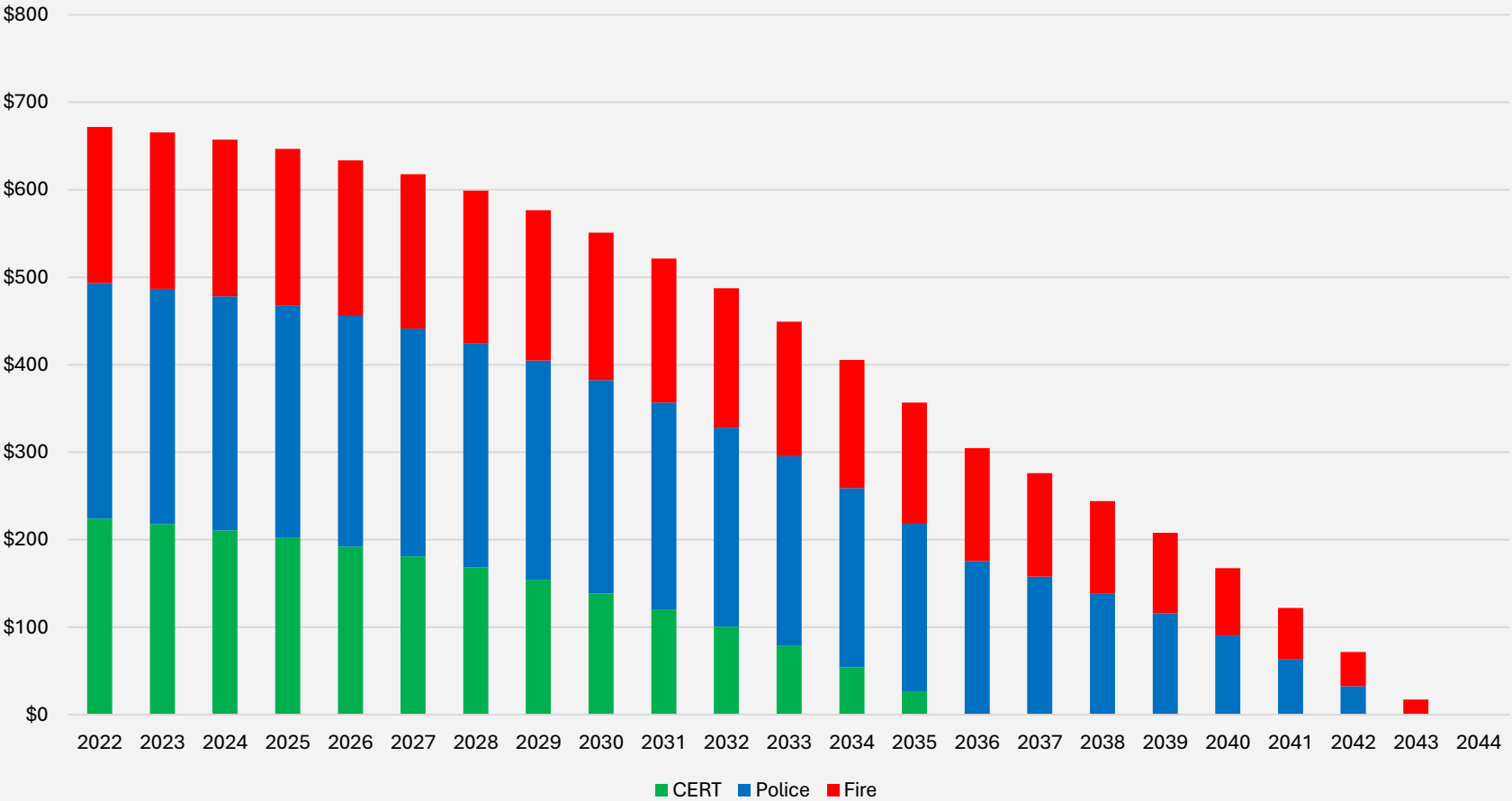


# Projection of Aggregate Unfunded Liability

## Aggregate unfunded liability expected to decrease each year

- CERT Funding Period is 16 years
- Police Funding Period is 19 years
- Fire Funding Period is 21 years
- Path if all assumptions are met
  - Incorporates a change in the investment return assumption for Police & Fire to 7.50% that was adopted by the Board in June 2025

Projected Unfunded Liability (In millions)



*Based on FY2025 valuation results and prior to public safety enhancements.*

# Actuarially Determined Funding

## Components of Actuarially Determined Funding

**The Actuarially Determined Employer Contribution (ADEC) is calculated as:**

- The normal cost (i.e., benefit accrual cost) for the year, plus
- The estimated administrative expenses for the year, plus
- The payment towards existing unfunded liability based on funding policy, minus
- The expected member contribution

**Biggest policy decision when setting funding policy:**

- Goal for eliminating unfunded liability

# Actuarially Determined Funding

## Generic Straight-Forward Example Funding Policy

### Employer makes actuarially determined contributions to pension fund

- Funding Policy for eliminating unfunded liability
  - Layered amortization of unfunded liability
    - Initial liability layer will be established over a 20-year period
    - 20-year layers established for each subsequent unexpected change in unfunded liability
    - **KEY:** *Plan in place to pay for every dollar of current unfunded liability*
  - Amortization payments intended to remain level as a percentage of pay
- This ADEC will ensure that the unfunded liability is expected to be reduced every year

### Once calculated, employer agrees to pay the ADEC every year

- Similar structure currently in place for every municipality in the Texas Municipal Retirement System

# Actuarially Determined Funding

## Funding Policy Customized for three City of El Paso Funds

### City begins making actuarially determined contributions to all three pension funds in 2026

- Funding Policy for eliminating unfunded liability
  - Layered and level percentage of pay
  - **Initial liability layer will be established over a period equal to the Funding Period implied by the next actuarial valuation (not to exceed 25 years)**
  - 20-year layers established for each subsequent unexpected change in unfunded liability
- ADEC cannot be lower than the current statutory fixed contribution rate for each Fund
- Investment return assumption no greater than 7.50%

### Policy would ensure that ADEC in first year is very similar the current statutory fixed contribution rate for each Fund

- If all assumptions are met, ADEC will remain similar to the statutory fixed contribution rate
- Unexpected changes in unfunded liability result in additional contribution “layers”



# Actuarially Determined Funding

## Example Funding Policy Customized for three City of El Paso Funds

### Additional features

- ADEC cannot be lower than current statutory contribution rates
- Annual change in the Employer contribution (i.e., annual change in ADEC) is limited to 2% of pay
- When funded ratio of an individual pension fund reaches 105%, the City and the individual pension fund should discuss the feasibility of reducing the minimum ADEC
- Future benefit enhancements approved by the City will automatically be incorporated into the Funding Policy and funded over time

# Thank you

**Ryan Falls**

[ryan.falls@milliman.com](mailto:ryan.falls@milliman.com)

**William Strange**

[william.strange@milliman.com](mailto:william.strange@milliman.com)



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El Paso, TX

## Legislation Text

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**File #: BC-993, Version: 1**

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### **CITY OF EL PASO, TEXAS LEGISTAR AGENDA ITEM SUMMARY FORM**

**AGENDA LANGUAGE:**

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Discussion and Action on the results of the Vehicle Allowance & Take-Home Cars Project P2025-02. [Internal Audit, Miguel Montiel, (915) 212-1367]



CITY OF EL PASO

# Internal Audit Department Vehicle Allowance & Take- Home Cars Project P2025-02

# Objectives

- Review Vehicle Allowance payments for compliance with City Policy.
- Determine if City employees who received a Vehicle Allowance are not assigned a Take-Home Car.
- Review Policies for the use and assignment of Take-Home Cars.
- Determine if the usage of Take-Home Cars is monitored.

# Scope

The scope of Fiscal Years 2024 and 2025 included:

- Reviewing City Policies and Procedures.
- Reviewing Vehicle Allowance recipients as of January 11, 2025.
- Interviewing Fire Department Management.
- Reviewing Fire Department due to high number of Vehicle Allowance recipients and assigned Take-Home Cars.

# Observation 1

- On March 13, 2025 the City of El Paso updated the Vehicle Allowance Program Policy to include Municipal Court Judges, Fire Department Personnel, additional employees authorized and approved to participate in the Program will be paid the amount designated by the City Manager or his designee.
- There is no City-wide program for monitoring the use of Take-Home Cars. Currently, City Departments manage their own vehicle fleet.

# Recommendation

Management should decide if a City-wide policy should be created for departments to adhere to or continue allowing each department to self-manage their vehicle fleet.



# Management Response

## Observation 1

The Human Resources Department is creating a Take-Home Vehicle Policy to clearly outline the rules and regulations regarding the assignment, use, and accountability of City vehicles. This policy aims to ensure consistency, promote fairness, and provide clear guidance to both employees and supervisors about expectations and responsibilities. Additionally, a process will be established in conjunction with the policy.

Through the policy and process, each City department will have the authority to manage the assignment of fleet vehicles in accordance with the policy. This approach will ensure consistency and fairness across the City while allowing departments the flexibility to address their specific operational needs.

# Conclusion

- An Updated Vehicle Allowance Program Policy was implemented on March 13, 2025.
- There is an existing but undocumented process for issuing Take-Home Cars, which allows City departments to manage their own fleets and determine vehicle assignments based on operational needs. However, there is no City-wide program in place to monitor Take-Home Cars.

# Requested Action

To accept the results of the Vehicle Allowance & Take-Home Cars Project and forward the Special Request Project Memo to City Council for action.



# **Vehicle Allowance & Take-Home Cars Project P2025-02**

**Draft**

Issued by the  
Internal Audit Department  
April 9, 2025



# Internal Audit Department

## MAYOR

Renard U. Johnson

## CITY COUNCIL

### District 1

Alejandra Chávez

### District 2

Dr. Josh Acevedo

### District 3

Deanna M. Rocha

### District 4

Cynthia Boyar Trejo

### District 5

Ivan Niño

### District 6

Art Fierro

### District 7

Lily Limón

### District 8

Chris Canales

## CITY MANAGER

Dionne Mack

**DATE:** April 9, 2025

**TO:** Araceli Guerra – Deputy City Manager  
Mary Wiggins – Chief Human Resources Officer

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

**SUBJECT:** Vehicle Allowance & Take-Home Cars Project P2025-02

The Internal Audit Department conducted a review of Vehicle Allowance Payments & Take-Home Cars. 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.

### **Background:**

The City Of El Paso's *Vehicle Allowance Program Policy (The Program)* is intended to cover the cost of an automobile, vehicle maintenance, vehicle insurance, repairs, and fuel. This allowance is part of the employee's compensation package. On March 13, 2025, the City of El Paso updated the *Vehicle Allowance Program Policy* to include Municipal Court Judges, Fire Department Personnel, and Employees with offer letters. *The Program* addresses this by stating *additional employees authorized and approved to participate in the Program will be paid the amount designated by the City Manager or his designee.*

The City of El Paso has a fleet of city-owned vehicles assigned to various City departments. Take-Home Cars are issued to employees to complete their job duties. Department Heads currently decide who is assigned a Take-Home Car. These vehicles are allowed to be driven home and used after normal business hours. Per the *Vehicle Allowance Program Policy*, an employee may not receive both a car allowance and a City vehicle.

### **Objectives:**

The objectives of the Vehicle Allowance & Take-Home Cars Project were to review Vehicle Allowance recipients and Take-Home Cars Policies and Procedures. To achieve the project objectives, the Internal Audit Department:

- Reviewed Vehicle Allowance payments for compliance with the *Vehicle Allowance Program Policy*.
- Determined if City employees who received a Vehicle Allowance are not assigned a Take-Home Car.
- Reviewed Policies and Procedures for the use and assignment of City-Owned Take-Home Cars.
- Determined if the usage of Take-Home Cars is monitored.

**Edmundo S. Calderón, 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](mailto:calderones@elpasotexas.gov)



# Internal Audit Department

## MAYOR

Renard U. Johnson

## CITY COUNCIL

### District 1

Alejandra Chávez

### District 2

Dr. Josh Acevedo

### District 3

Deanna M. Rocha

### District 4

Cynthia Boyar Trejo

### District 5

Ivan Niño

### District 6

Art Fierro

### District 7

Lily Limón

### District 8

Chris Canales

## CITY MANAGER

Dionne Mack

### Scope and Methodology:

Our scope for Fiscal Years 2024 and 2025 will include:

- Conducting a review of applicable City Policies and Procedures regarding the receipt of Vehicle Allowances and the use of Take-Home Cars.
- Obtaining an understanding of any regulatory requirements regarding Take-Home Cars.
- Conducting a review of Vehicle Allowance recipients.
- Conducting interviews with Fire Department management.
- Conducting a review of the Fire Department's Vehicle Allowance recipients and assigned Take-Home Cars.

### Results:

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

#### OBSERVATION 1

##### Take-Home Cars

*City of El Paso Strategic Plan:*

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

There is no City-wide program for monitoring the use of Take-Home Cars. Currently, City Departments manage their own vehicle fleet. Department Heads determine who is assigned a Take-Home Car. There is no specific department with overall responsibility over Take-Home Cars. Per the *Vehicle Allowance Program Policy*, an employee may not receive both a car allowance and a City vehicle.

#### RECOMMENDATION

Management should decide if a City-wide policy should be created for departments to adhere to or continue allowing each department to self-manage their vehicle fleets.

### Conclusion:

Based on our review of the Vehicle Allowance and Take-Home Cars we determined:

- An updated Vehicle Allowance Program Policy was implemented on March 13, 2025.
- There is an existing but undocumented process for issuing Take-Home Cars, which allows City departments to manage their own fleets and determine vehicle assignments based on operational needs. However, there is no City-wide program in place to monitor Take-Home Cars.

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

cc: Financial Oversight Audit Committee

Dionne Mack, City Manager

Robert Cortinas, Deputy City Manager & Chief Financial Officer

**Edmundo S. Calderón, 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](mailto:calderones@elpasotexas.gov)

**Vehicle Allowance & Take-Home Cars  
Project P2025-02  
Management Responses from the Human  
Resources Department**



# Department of Human Resources

**MAYOR**

Renard U. Johnson

**CITY COUNCIL****District 1**

Alejandra Chávez

**District 2**

Dr. Josh Acevedo

**District 3**

Deanna M. Rocha

**District 4**

Cynthia Boyar Trejo

**District 5**

Ivan Niño

**District 6**

Art Fierro

**District 7**

Lily Limón

**District 8**

Chris Canales

**CITY MANAGER**

Dionne Mack

**TO:** Eliabeth De La O, Deputy Chief Internal A  
**FROM:** Mary Wiggins, Chief Human Resources Officer  
**DATE:** August 21, 2025  
**SUBJECT:** Take Home Vehicles Audit

The Human Resources Department is creating a Take-Home Vehicle Policy to clearly outline the rules and regulations regarding the assignment, use, and accountability of City vehicles. This policy aims to ensure consistency, promote fairness, and provide clear guidance to both employees and supervisors about expectations and responsibilities. Additionally, a process will be established in conjunction with the policy.

Through the policy and process, each City department will have the authority to manage the assignment of fleet vehicles in accordance with the policy. This approach will ensure consistency and fairness across the City while allowing departments the flexibility to address their specific operational needs.

**Mary Wiggins PHR, SHRM-CP – Chief Human Resources Officer**  
**Department of Human Resources** | 300 N. Campbell | El Paso, TX 79901  
O: (915) 212-0045 | Email: WigginsML@elpasotexas.gov





El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

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**File #:** BC-990, **Version:** 1

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**CITY OF EL PASO, TEXAS**  
**LEGISTAR AGENDA ITEM SUMMARY FORM**

**AGENDA LANGUAGE:**

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Discussion and Action on the results of the On-Call Services Agreement Audit A2024-08. [Internal Audit, Elizabeth De La O, (915) 212-1371]



# **Internal Audit Department On-Call Services Agreement Audit A2024-08**

# Objectives

- Determine how the on-call contracting process is administered.
- Identify how the Capital Improvement Department (CID) determines when to use on-call contracting.
- Determine if CID has controls in place to monitor compliance.
- Determine if Accounts Payable transactions for on-call services are processed according to City Policy.

# Scope

The scope of FY2023 and FY2024 included:

- Reviewing five active On-Call Agreements for Professional Services awarded to 18 Consultants.
- Conducting interviews with CID personnel.
- Reviewing CID's Policies and Procedures.
- Analyzing a sample of invoices for On-Call Professional Services.
- Conducting a review of the CID's monitoring processes.

# Finding 1

CID's internal procedures "for the selection of Professional services" need to be updated.

- Procedures do not have an "effective date".
- Procedures reference former job titles.
- Weblinks cited in the procedures are no longer active.
- Procedures do not reflect current practices in place.

# Recommendation

The Capital Improvement Department should update their Procedures to:

- Include an “effective date”.
- Contain current job titles and working weblinks.
- Reflect current practices in place, unique to the selection of On-Call Consultants.



# Management Response

## Finding 1

Staff has updated job titles and included an effective date on the procedure.

Regarding the procedure to the selection of on-call consultants: Staff has included that rotation of tasks are specifically for city-funded projects, and deviation from this assignment shall follow the defined federal process for task order requirement notices. The document directs staff to utilize an alternate task order requirement notices (TORN) approach. The term “rotational” in and of itself would be the proposed methodology.

Section 5 references policy of the City of El Paso to check if a vendor has been debarred prior to entering into a contract. During the audit was discovered that the checks were not saved to the file correctly. Debarment and Indebtedness checks are mentioned in the policy, however staff will update the sam.gov link and clearly outline the process.

# Management Response (Cont.)

## Finding 1

The review process of proposals for the Task Order may reference the project specific process. Will add within procedures to reference “Scoping Meeting and Fee Proposal Negotiations”

Proposal review, cost estimate practices, and project monitoring are defined in current procedures and follow standard processes: “The scoping meeting will be held with the preliminary selected firm to discuss the project scope and the deadline for the submittal of the fee proposal. The project manager will review and negotiate the fee proposal with the firm. The project manager will prepare an independent cost estimate, record of negotiations, and make a recommendation to the City Engineer to accept the final fee proposal.”



# Management Response (Cont.)

## Finding 1

How staff monitors the progress of the Task Order is defined in the RFQ under section Project Schedule. The section requires for the consultant to submit a detailed preliminary schedule based on project scope including review time by the owner. The schedule will also identify phases included within the contract.

# Finding 2

Eighteen On-Call Consultants were selected for review with the following results:

- Eighteen Consultant files did not contain evidence of a debarment check.
- Twelve Consultant files (66.67%) did not contain evidence of verification of indebtedness to the City.
- Three Consultants (16.67%) did not submit all required certificates of insurance.

# Recommendation

The Capital Improvement Department should ensure that:

- Debarment checks,
- City indebtedness verifications, and
- Insurance policy requirements,

are conducted and documented for On-Call Agreement Consultants in accordance with *City Policy* and *On-Call Agreements for Professional Services*.

# Management Response

## Finding 2

Checks were not consistently saved in the appropriate files. To strengthen the procedure, staff will reference [sam.gov](https://sam.gov) and seamless docs form and guideline to properly save documentation.

# Finding 3

Four out of 9 (44.45%) invoices were not paid within 30 calendar days.

## Recommendation

The Capital Improvement Department should ensure that invoices are paid within 30 days of receiving the invoice.

# Management Response

## Finding 3

Within our process we ask all vendors to submit invoices to [Payapplication@elpasotexas.gov](mailto:Payapplication@elpasotexas.gov). Staff has been assigned to critically evaluate the Application Status Log.

This change of assignment to the CIPS has resulted in invoices paid within 30 days of receipt.

# Finding 4

- Three out of 9 (33.34%) invoices did not contain documentation to confirm tasks were completed by established deadlines.
- Two out of 9 (22.23%) invoices could not be matched to the *Consultant's Fee Proposal Hourly Rates*.
- One out of 9 (11.12%) invoices did not contain the total project budget, amount billed to date, and percentage of completion.

# Recommendation

The Capital Improvement Department should ensure that:

- Documentation supports tasks were completed by established deadlines.
- Invoices match the *Consultant's Fee Proposal Hourly Rates* or notate the cause of variance.
- Invoices include details required by the *On-Call Services Agreement*.



# Management Response

## Finding 4

- *Section 3.1 The parties agree and understand that all fees and compensation to the Consultant shall only become due and payable in accordance with the terms of this Agreement and fees to be charged for each Project shall be pursuant to the Consultant's fee proposal for such Basic and Additional Services at the rates which is attached hereto as Attachment "B".*
- *Section 3.3.1 Each invoice shall contain a brief summary indicating, at a minimum, the total Project budget, the total amount authorized for the Consultant, the current invoiced amount and the amount billed by date. In addition to the Summary, each invoice shall provide a Progress Report. The Progress Report shall describe, at a minimum, the progress of the Project to date also indicating the percentage of completion of each phase.*

# Management Response (Cont.)

## Finding 4

Procedures identified to address the required documentation. Training will be provided to remind staff of policy that is in place.

# Conclusion

CID met the audit objectives in the following areas:

- Establishing and documenting procedures for selecting On-Call Services providers.
- Establishing proper internal controls to monitor compliance.

CID did not meet the audit objectives in the following areas:

- Ensuring procedures reflect current practices in place.
- Processing Accounts Payable transactions for on-call service in accordance with *City Policy* and *On-Call Agreement for Professional Services*.
- Ensuring debarment checks, indebtedness verifications, and insurance confirmations are conducted and documented for all On-Call Consultants.

# Requested Action

To accept the results of the On-Call Services Agreement Audit and forward the Audit Report to City Council for action.



# **On-Call Services Agreement Audit No. A2024-08**

# Draft

Issued by the  
Internal Audit Department  
February 27, 2025

**City of El Paso  
Internal Audit Department  
On-Call Services Agreement Audit A2024-08**

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***EXECUTIVE SUMMARY***

The Internal Audit Department has concluded the On-Call Services Agreement Audit. Based on the results of the audit, four findings were identified. The findings are considered significant in nature due to internal control breakdowns and violations of City Policy.

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

1. The Capital Improvement Department's internal procedures "for the selection of Professional Services" need to be updated to reflect current practices in place.
2. The Capital Improvement Department is not ensuring debarment checks, indebtedness verifications, and insurance confirmations are conducted and documented for all On-Call Consultants.
  - Eighteen (18) out of eighteen (18) On-Call Consultant (100%) files did not contain evidence that a debarment check was conducted.
  - Twelve (12) out of eighteen (18) On-Call Consultant (66.67%) files did not contain evidence of verification of indebtedness to the City.
  - Three (3) out of eighteen (18) On-Call Consultants (16.67%) did not submit all required certificates of insurance.
3. Nine (9) invoices paid by the Capital Improvement Department (CID) from February 29, 2024 to June 25, 2024 for On-Call Professional Services were selected for review. Our review identified the following non-compliance issue with the *City of El Paso Accounts Payable Policy*:
  - Four (4) out of nine (9) invoices (44.45%) were not paid within 30 calendar days of receiving the invoice. Payments were posted 32 to 56 days from the date of the invoice.
4. Nine (9) invoices paid by the Capital Improvement Department (CID) from February 29, 2024 to June 25, 2024 for On-Call Professional Services were selected for review. Our review identified the following non-compliance issues with the *On-Call Agreements for Professional Services*:
  - Three (3) out of nine (9) invoices (33.34%) did not have documentation to confirm that tasks were completed by established deadlines.
  - Two (2) out of nine (9) invoices (22.23%) could not be matched to the *Consultant's Fee Proposal & Hourly Rates*.
  - One (1) out of nine (9) invoices (11.12%) did not contain the total project budget, amount billed to date, and percentage of completion.

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

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***BACKGROUND***

The City of El Paso utilizes On-Call Agreements to retain Consultants to perform professional services for City capital projects with a budget less than \$3.5 million. Pursuant to the Professional Services Procurement Act, Subchapter A, Chapter 2254 of the Texas Local Government Code, professional services cannot be procured using competitive bidding. “Professional Services” include architecture, land surveying, professional engineering, and real estate appraising. In procuring professional services, a governmental entity shall select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications to perform the requested services.

Professional services are procured by the City of El Paso via Request for Qualifications (RFQ). RFQs identify the scope of services, required offer qualifications, and criteria by which Statements of Qualifications (SOQ) are evaluated. The criteria include, but are not limited to the following:

- Professional qualifications necessary for satisfactory performance of required services;
- Specialized experience and technical competence in the type of work required;
- Capacity to accomplish the work in the required time;
- Past performance on contracts with Government agencies and private industry in terms of cost control, quality of work, and compliance with performance schedules;
- Location in the general geographical area of the project and knowledge of the locality of the project; provided, that application of this criterion leaves an appropriate number of qualified firms, given the nature and size of the project.

On-Call Agreements are awarded in two (2) year cycles to the highest ranked firms. In general, for each discipline e.g., civil engineering, the City will award three to five On-Call Agreements. For most services, On-Call assignments are given on a Task Order basis to the most qualified for the specific scope of work. Task Order notices are issued to all of the On-Call providers of the specific discipline (e.g., civil engineering). Responses to Task Order notices are evaluated by the project team and the most qualified is selected to initiate negotiations. Each On-Call Agreement has an established budget with authorization for the City Engineer to approve additional services and reimbursables up to an established amount, when deemed necessary. The City Engineer provides general oversight and direction over professional services for the City’s capital projects.

***AUDIT OBJECTIVES***

The audit objectives for the On-Call Services Agreement Audit were to perform an assessment of the On-Call Agreements issued and managed by the Capital Improvement Department (CID) to:

- Determine how the on-call contracting process is administered.
- Identify how CID determines when on-call contracting is the preferred contract arrangement and determine when specific vendors are used.
- Determine if CID has proper internal controls in place to monitor and ensure that on-call consultants are compliant with the terms of their *On-Call Agreements for Professional Services*.
- Determine if Accounts Payable transactions for on-call services are processed in accordance with the applicable *City of El Paso Accounts Payable Policy*.

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***AUDIT SCOPE AND METHODOLOGY***

The scope of this audit included reviewing active On-Call Agreements for Professional Services as of FY 2024. The following five (5) On-Call Agreements for Professional Services awarded to 18 Consultants were selected for review:

No.	Consultants	Professional Service	Solicitation #
1	Alvidrez Architecture	Architecture	2022-0872
2	Brown Reynolds Watford Architects		
3	Carl Daniels Architects		
4	Countryman & Co		
5	In *Situ Architecture		
6	MNK Architects		
7	WSP USA Environment & Infrastructure, Inc.	Environmental (Engineering) EPIA	2023-0332
8	Professional Service Industries	TXDOT Civil (Engineering)	2023-0398
9	AECOM Technical Services		
10	CEA Group		
11	GRV Integrated Engineering Solutions	Mechanical & Electrical (Engineering)	2023-0587R
12	Bath Group		
13	CARDINA Engineering Commissioning		
14	JMT	Construction (Engineering) Management	2024-0422R
15	Nuraami		
16	Garver		
17	Huitt-Zollars		
18	Moreno Cardenas		

To achieve our audit objectives, we:

- Conducted interviews with Capital Improvement Department (CID) management and staff,
- Conducted a review of CID's applicable Policies and Procedures,
- Analyzed a sample of active On-Call Agreements monitored by CID staff,
- Analyzed a sample of invoices paid by CID staff for On-Call Professional Services,
- Conducted a review of CID's monitoring processes.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards and the Global Internal Audit Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



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***SIGNIFICANT FINDINGS, RECOMMENDATIONS,  
AND MANAGEMENT'S RESPONSES***

The definition of a “Significant Finding” is one that has a material effect on the City of El Paso’s financial statements, identifies an internal control breakdown, is a violation of a City procedure, or a violation of a law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as a “Regular Finding”.

**Finding 1**

**Department Policies and Procedures**

*City of El Paso Strategic Plan:*

- *Goal 6.12 Maintain systems integrity, compliance and business continuity.*

*A strong system of internal controls requires that Policies and Procedures be developed that document routine or repetitive activity followed by an organization. The development and use of Policies and Procedures are an integral part of a successful quality system as it provides individuals with the information and guidance to perform a job properly.*

A review of the Capital Improvement Department’s (CID) internal procedures “for the selection of Professional Services” provided on July 2, 2024 identified the following:

- The procedures do not have an “effective date.”
- The procedures reference the former job title of the Business Contracts Manager.
- The Sam.gov weblink cited in the procedures for debarment checks is no longer active.
- The procedures unique to the selection of On-Call Consultants do not reflect the current practices in place. The procedures do not address:
  - Specific steps in performing City indebtedness verifications.
  - Specific steps in performing vendor debarment checks.
  - The methodology used for rotating the selection of Consultants.
  - The review process of proposals for Task Orders.
  - Situations when a Consultant’s price quote for Task Orders do not match the approved hourly rates in the Consultant’s On-Call Agreement.
  - How CID staff monitor the progress of Task Orders.

**Recommendation**

The Capital Improvement Department (CID) should update their *Procedures for the Selection of Professional Services* to:

- Include an “effective date.”
- Contain updated job titles and working weblinks.
- Reflect current practices in place unique to the selection of On-Call Consultants. The manual should be updated to include:
  - Specific steps in performing City indebtedness verifications. These completed steps should be documented in the On-Call Consultant’s file.
  - Specific steps in performing vendor debarment checks. These completed steps should be documented in the On-Call Consultant’s file.
  - Methodology used for rotating the selection of Consultants.
  - The review process of proposals for Task Orders.
  - When a Consultant’s price quote for Task Orders do not match the approved hourly rates in the Consultant’s On-Call Agreement.
  - How CID staff monitor the progress of Task Orders.

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**Management's Response**

Staff has updated job titles and included an effective date on the procedure.

Regarding the procedure to the selection of on-call consultants: Staff has included that rotation of tasks are specifically for city-funded projects, and deviation from this assignment shall follow the defined federal process for task order requirement notices. The document directs staff to utilize an alternate task order requirement notices (TORN) approach. The term "rotational" in and of itself would be the proposed methodology.

Section 5 references policy of the City of El Paso to check if a vendor has been debarred prior to entering into a contract. During the audit was discovered that the checks were not saved to the file correctly. Debarment and Indebtedness checks are mentioned in the policy, however staff will update the sam.gov link and clearly outline the process.

The review process of proposals for the Task Order may reference the project specific process. Will add within procedures to reference "Scoping Meeting and Fee Proposal Negotiations"

Proposal review, cost estimate practices, and project monitoring are defined in current procedures and follow standard processes: "The scoping meeting will be held with the preliminary selected firm to discuss the project scope and the deadline for the submittal of the fee proposal. The project manager will review and negotiate the fee proposal with the firm. The project manager will prepare an independent cost estimate, record of negotiations, and make a recommendation to the City Engineer to accept the final fee proposal."

How staff monitors the progress of the Task Order is defined in the RFQ under section Project Schedule. The section requires for the consultant to submit a detailed preliminary schedule based on project scope including review time by the owner. The schedule will also identify phases included within the contract.

**Responsible Party**

Elsa Rodriguez

**Implementation Date**

July 7, 2025

**City of El Paso  
Internal Audit Department  
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**Finding 2**

**On-Call Consultant Review**

*City of El Paso Strategic Plan:*

- *Goal 6.12 Maintain systems integrity, compliance and business continuity.*

*City of El Paso Procurement Sourcing Policy dated May 9, 2023,*

- *Section 13.1 Vendor Indebtedness to the City:*

*For all formal bids, in accordance with Ordinance No. 016529, it is the policy of the City to refuse to do business with a contracting entity, or any owner of 5% or more of such entity, who is indebted to the City... In the context the Indebtedness Ordinance, debt shall mean any delinquent sum of money in an amount greater than one hundred dollars (\$100.00)...*

*This Ordinance is applicable to all purchases and contracts, formal bids, proposals or otherwise, that require City Council approval. Contracts that are awarded without the submission of a proposal, including but not limited to, contract for engineering and architectural services, shall be subject to this Policy and shall not be approved by Council until a determination as to any indebtedness of the contracting entity or any owner to the City has been made as provided for in this Policy.*

- *Section 13.2 Debarment Check:*

*It shall be the policy of the City of El Paso to check if a vendor has been debarred prior to entering into a contract.*

*On-Call Agreement for Professional Services,*

- *Section 5.1 INSURANCE. Consultant shall not commence work under this Agreement until the Consultant has obtained the required insurance and such insurance has been approved by the Owner...Failure to maintain said insurance shall be considered a material breach of this Agreement.*
  - *5.1.1 WORKERS' COMPENSATION INSURANCE. The Consultant shall procure and shall maintain during the life of this Agreement, Worker's Compensation Insurance...*
  - *5.1.2 COMMERCIAL LIABILITY, PROPERTY DAMAGE LIABILITY AND AUTOMOBILE LIABILITY INSURANCE. The Consultant shall procure and shall maintain during the life of this Agreement...The minimum limits of liability and coverages shall be as follows...*

Five (5) *On-Call Agreements for Professional Services* awarded to 18 Consultants were selected for review with the following results:

- Eighteen (18) out of eighteen (18) On-Call Consultant (100%) files did not contain evidence that a debarment check was conducted.
- Twelve (12) out of eighteen (18) On-Call Consultant (66.67%) files did not contain evidence of verification of indebtedness to the City.
- Three (3) out of eighteen (18) On-Call Consultants (16.67%) did not submit all required certificates of insurance. The On-Call Consultants were:

#	On-Call Consultant	Professional Service	Insurance Policy Missing
1	Countryman & Co	Architecture	Auto & Worker's Compensation
2	MNK Architects	Architecture	Auto & Worker's Compensation
3	CARDINA Engineering	Mechanical & Electrical	Auto Insurance

**City of El Paso  
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**Recommendation**

The Capital Improvement Department should ensure that:

- Debarment checks,
- City indebtedness verifications, and
- Insurance Policy confirmations

are conducted and documented for all On-Call Agreement Consultants in accordance with the *Procurement Sourcing Policy* and the *On-Call Agreements for Professional Services*.

**Management's Response**

Checks were not consistently saved in the appropriate files. To strengthen the procedure, staff will reference [sam.gov](https://sam.gov) and seamless docs form and guideline to properly save documentation.

**Responsible Party**

Elsa Rodriguez

**Implementation Date**

Indebtedness form was recreated in seamless docs and in use, also, the new file structure to include the sam.gov registration and indebtedness verification is in effect.

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**Finding 3**

**Payment of On-Call Professional Services**

*City of El Paso Strategic Plan:*

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

*City of El Paso Accounts Payable Policy dated August 2022:*

- Section 2.0 Purpose: ...the City complies with the State of Texas Prompt Payment Act Texas Government Code, Title 10, Subtitle F, Chapter 2251.

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

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

Nine (9) invoices paid by the Capital Improvement Department (CID) from February 29, 2024 to June 25, 2024 for On-Call Professional Services were selected for review. Our review identified the following non-compliance issue with the *City of El Paso Accounts Payable Policy*:

- Four (4) out of nine (9) invoices (44.45%) were not paid within 30 calendar days of receiving the invoice. Payments were posted 32 to 56 days from the date of the invoice.

#	On-Call Consultant	Invoice #	Invoice Amount	Date Invoice Received	Payment Date	# of Calendar Days Payment was made after date Invoice Received
1	In*Situ Architecture	24017	\$48,537.00	5/1/2024	6/25/2024	55
2	Countryman & Co	2024-06.01	\$38,156.00	5/6/2024	6/25/2024	50
3	AECOM Technical Services	2000881589	\$11,556.00	4/25/2024	6/6/2024	42
4	GRV Integrated Engineering Solutions	24-070	\$12,800.00	5/3/2024	6/4/2024	32

**Recommendation**

The Capital Improvement Department should ensure that invoices are paid within 30 days of receiving the invoice.

**Management's Response**

Within our process we ask all vendors to submit invoices to [Payapplication@elpasotexas.gov](mailto:Payapplication@elpasotexas.gov). Staff has been assigned to critically evaluate the Application Status Log.

This change of assignment to the CIPS has resulted in invoices paid within 30 days of receipt.

**Responsible Party**

Marisol Carranza

**Implementation Date**

November 2024

**City of El Paso  
Internal Audit Department  
On-Call Services Agreement Audit A2024-08**

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**Finding 4**

**Invoicing & Payment of On-Call Professional Services**

*City of El Paso Strategic Plan:*

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

*Each On-Call Agreement for Professional Services is unique with different terms and criteria for professional services. Each On-Call Agreement contains the following:*

- *Attachment "B" Consultant's Fee Proposal and Hourly Rates.*
- *Section 2.1 The Owner hereby agrees to retain the Consultant and the Consultant agrees to perform on-call professional services on a Task Order basis...*
- *Section 3.1 The parties agree and understand that all fees and compensation to the Consultant shall only become due and payable in accordance with the terms of this Agreement and fees to be charged for each Project shall be pursuant to the Consultant's fee proposal for such Basic and Additional Services at the rates which is attached hereto as Attachment "B".*
- *Section 3.3.1 Each invoice shall contain a brief summary indicating, at a minimum, the total Project budget, the total amount authorized for the Consultant, the current invoiced amount and the amount billed by date. In addition to the Summary, each invoice shall provide a Progress Report. The Progress Report shall describe, at a minimum, the progress of the Project to date also indicating the percentage of completion of each phase.*
- *Section 3.3.2 The Owner agrees to pay invoices for all services performed as soon as reasonably possible, but no later than thirty (30) days from receipt....The total amount paid to Consultant shall not exceed Consultant's fee proposal, except by written amendment to this Agreement...*
- *Section 4.1 Period of Service... The services called for by each Task Order shall begin upon the issuance of a Notice to Proceed from the City Engineer and shall continue through the completion of the construction of the Project, including any required extensions beyond the contract time...*

Nine (9) invoices paid by the Capital Improvement Department (CID) from February 29, 2024 to June 25, 2024 for On-Call Professional Services were selected for review. Our review identified the following non-compliance issues with the *On-Call Agreements for Professional Services*:

- Three (3) out of nine (9) invoices (33.34%) did not have documentation to confirm that tasks were completed by established deadlines.
  - Carl Daniel Architects Invoice #8928 for \$20,774.00
  - WSP USA Invoice #S59605506 for \$14,940.00
  - AECOM Technical Services Invoice #20008815890 for \$11,556.00
- Two (2) out of nine (9) invoices (22.23%) could not be matched to the *Consultant's Fee Proposal & Hourly Rates*.
  - In\*Situ Invoice #24017 for \$48,537.00
  - WSP USA Invoice #S59605506 for \$14,940.00
- One (1) out of nine (9) invoices (11.12%) did not contain the total project budget, amount billed to date, and percentage of completion.
  - WSP USA Invoice #S59605506 for \$14,940.00

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**Recommendation**

The Capital Improvement Department should ensure that:

- There is documentation to support tasks were completed by established deadlines.
- Invoices match the *Consultant's Fee Proposal & Hourly Rates* or notate the cause of variance.
- Invoices include the detail required of the terms in their *On-Call Services Agreement*.

**Management's Response**

- *Section 3.1 The parties agree and understand that all fees and compensation to the Consultant shall only become due and payable in accordance with the terms of this Agreement and fees to be charged for each Project shall be pursuant to the Consultant's fee proposal for such Basic and Additional Services at the rates which is attached hereto as Attachment "B".*
- *Section 3.3.1 Each invoice shall contain a brief summary indicating, at a minimum, the total Project budget, the total amount authorized for the Consultant, the current invoiced amount and the amount billed by date. In addition to the Summary, each invoice shall provide a Progress Report. The Progress Report shall describe, at a minimum, the progress of the Project to date also indicating the percentage of completion of each phase.*

Procedures identified to address the required documentation. Training will be provided to remind staff of policy that is in place.

**Responsible Party**

Division Manager

**Implementation Date**

Host training prior to August 1, 2025

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***INHERENT LIMITATIONS***

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

***CONCLUSION***

We have concluded our work on the objectives of the On-Call Services Agreement Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the findings and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude whether the Capital Improvement Department (CID) met the objectives of this audit. Based on our audit work, we have determined that:

1. CID met the audit objectives in the following areas:
  - Establishing and documenting internal procedures for “the selection of professional services providers for the City’s capital projects.”
  - Establishing proper internal controls to monitor and ensure that On-Call Consultants are compliant with the terms of their *On-Call Agreements for Professional Services*.
2. CID did not meet the audit objectives in the following areas:
  - Ensuring specific steps are created for performing City indebtedness verifications and debarment checks. The steps should include documentation requirements of what should be placed in the On-Call Consultant’s file.
  - Processing Accounts Payable transactions for on-call services in accordance with the *City of El Paso Accounts Payable Policy* and *On-Call Agreements for Professional Services*.
  - Ensuring debarment checks, indebtedness verifications, and insurance confirmations are conducted and documented for all On-Call Agreement Consultants.

We wish to thank the Capital Improvement Department management and staff for their assistance and courtesies extended during the completion of this audit.

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

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