

Exhibit 3

CITY CLERK DEPT
2023 AUG 28 AM 10:05



**City Council & City Manager's
Commercial Fuel Card Review
No. P2023-06**

Issued by the
Internal Audit Office
May 1, 2023



Internal Audit Office

MAYOR
Oscar Leeser

DATE: May 1, 2023

TO: Robert Cortinas, Chief Financial Officer/Deputy City Manager

FROM: Edmundo S. Calderon, Chief Internal Auditor *Edmundo S. Calderon*

CITY COUNCIL

Subject: Commercial Fuel Card Review

District 1
Brian Kennedy

As part of the 2022-2023 Annual Audit Plan, the Internal Audit Office scheduled a review of P-Card Purchases, Travel Expenses, and Fuel Card Purchases for City Council and City Manager's Staff. This memorandum was prepared to report the results of the Fuel Card Review since only members of City Council have City Fuel Cards. This memo will be separate from the P-Card Purchases and Travel Expenses Review since both City Council and City Manager's Staff have P-Cards and Travel on City Business.

District 2
Alexandra Annelo

District 3
Cassandra Hernandez

Background

District 4
Joe Molinar

The City of El Paso began using 7-11 Convenience Stores – ALON Gas Pumps in August 2019 under Contract #2019-474 in order to increase efficiency for fueling City Vehicles. The program includes City Departments and members of the City Council. The City of El Paso had 2 previous contracts with Western Refinery and C&R Distributing.

District 5
Isabel Salcido

A detailed analysis was completed on all Members of the City Council for Calendar Year 2022. This analysis includes: Amount of fuel purchased, Number of transactions (fill-ups), and Net Cost to the City of El Paso. A detailed monthly analysis is included as an attachment to this memorandum. Listed below is the recap of our analysis for Calendar Year 2022.

District 6
Art Fierro

District 7
Henry Rivera

District 8
Chris Canales

Fuel Purchases by City Council Members by District for Calendar Year 2022

District #	Total # of Gallons Purchased	Total # of Transactions in 2022	Net Cost to City of El Paso in 2022	Percentage (%) of Net Cost
District 1	0	0	\$0.00	0%
District 2	707.750	60	\$2,397.19	12.60%
District 3	1,943.972	112	\$6,691.49	35.19%
District 4	224.787	14	\$754.24	3.97%
District 5	428.450	30	\$1,543.85	8.12%
District 6	1,458.963	86	\$5,293.94	27.84%
District 7	0	0	\$0.00	0%
District 8	278.588	21	\$1,076.20	5.66%
Mayor's Office	326.438	19	\$1,260.16	6.62%
Totals	5,368.948	342	\$19,017.07	100.00%

CITY MANAGER
Tommy Gonzalez

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

MAYOR
Oscar Leeser

CITY COUNCIL

District 1
Brian Kennedy

District 2
Alexandra Annello

District 3
Cassandra Hernandez

District 4
Joe Molinar

District 5
Isabel Salcido

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Henry Rivera

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CITY MANAGER
Tommy Gonzalez

The City of El Paso's Commercial Fuel Card Policy & Use Procedures (ALON) effective July 5, 2021 and revised June 21, 2022 contains the following sections:

- **Section 1: Policy Purpose** states "Each fuel card will be assigned to a specific City vehicle and city employee and is to be used exclusively for that vehicle by that employee for official City business."
- **Section 3: Fuel Card Purpose** states "Fuel cards will be restricted to purchase fuel for the city vehicle to which they are assigned. A fuel card is not to be used for personal vehicles. Other city vehicles for which the card is not assigned, or rental vehicles."
- **Section 4: Procedures:** requires "a Statement of Understanding acknowledging the understanding of this policy, and the sanctions for misuse, must be signed and kept in a file by a department's card administrator for each individual utilizing a card."
- **Section 4: Procedures:** states "The card is never to be used for non-fuel, personal, non-City related purchases and/or securing of goods or services."
- **Section 7: Documenting Purchases:** "Commercial Fuel Card User Departments are encouraged to maintain a log of fuel purchases and receipts."
- **Section 8: Mileage Entry:** states "Drivers of City of El Paso vehicles are required to enter the correct odometer reading at the time of fuel purchase when prompted."
- **Section 16: Sanctions** states "Employees having been investigated and found to have violated this policy will be disciplined in accordance with the City of El Paso's Personnel Policy and/or any applicable collective bargaining agreement. Users suspected of possible fraudulent use, misuse, or abuse of the fuel card shall have their PIN suspended...."

This engagement was accepted based on the engagement's potential to improve management of risks, add value, and/or improve the organization's operations (IIA 2010.C1). 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.

The results of the analysis provided us with a comprehensive database of fuel purchases by each Member of the City Council. Three Observations were developed based on fuel purchases in Calendar Year 2022. Observation 1 addresses deficiencies in the current Commercial Fuel Card Policy & Use Procedure (ALON). Observation 2 & 3 addresses the significant fuel usage by two City Council Districts for Calendar Year 2022.

A detailed analysis is included as Attachment 1 at the end of this memorandum for the entire City Council of the City of El Paso.





Internal Audit Office

MAYOR
Oscar Leeser

OBSERVATION 1 – Commercial Fuel Card Policy & Use Procedure (ALON)

The current Commercial Fuel Card Policy & Use Procedure (ALON) became effective July 5, 2021 and was revised June 21, 2022. The following deficiencies were identified within the Policy during our review.

CITY COUNCIL

District 1
Brian Kennedy

District 2
Alexandra Annello

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Cassandra Hernandez

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Isabel Salcido

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District 7
Henry Rivera

District 8
Chris Canales

1. The Policy addresses the use of the Commercial Fuel Card by City Employees. The Policy is specific on use of the Commercial Fuel Card by City Employees on City owned vehicles while conducting City business. The Policy does not address the use of the Commercial Fuel Card by Members of the City Council. Also, the Policy does not provide guidance on the use of the Commercial Fuel Card on Privately Owned Vehicles (POV) used by Members of the City Council.
2. The current policy does not require the use of the Department Record of Fuel Purchases Log. It is only "encouraged" to use the Department Record of Fuel Purchases Log under Section 7.
3. Current odometer readings are not consistently entered when prompted at the time of purchase.
4. Also, the required Statement of Understanding acknowledging the understanding of this policy could not be located for each Member of the City Council for Calendar Year 2022. In April 2023, the Streets and Maintenance Department began distributing new Fuel Cards and is attempting to obtain a Statement of Understanding from each Member of the City Council.
5. The log used to document the delivery of the Fuel Cards to each individual City Council District is not signed by Members of the City Council. It is signed by either a Staff Member of the specific District or a member of the City Manager's Staff.

CITY MANAGER
Tommy Gonzalez

RECOMMENDATION

1. The City of El Paso should create a program of offering Members of the City Council a Vehicle Allowance instead of providing a Commercial Fuel Card. This would limit the use of large amounts of fuel by Members of the City Council. The City of El Paso currently has a program of paying Executives a monthly Vehicle Allowance for using their POV for conducting City business. A similar program should be created for Members of the City Council.
2. Require the use of the "Log of Fuel Purchases" instead of only encouraging the use of the log as listed in Section 7 in the Commercial Fuel Policy.
3. The City of El Paso's Commercial Fuel Policy & Use Procedure (ALON) should be revised to require users of the Commercial Fuel Card to enter their Mileage at the time of purchase when prompted.
4. Require a Statement of Understanding for every employee who is issued or uses a Commercial Fuel Card. This should include the Police Department and Fire Department personnel.





Internal Audit Office

MAYOR
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OBERVATION 2 – City Council District 3 Fuel Purchases

For Calendar Year 2022, City Council District 3 purchased 1,943.97 gallons of fuel in 112 transactions at a cost of \$6,691.49. The amount of fuel purchased was the highest among all members of the City Council for Calendar Year 2022.

CITY COUNCIL

An analysis of the Fuel Purchasing trends identified the following:

- District 1
Brian Kennedy
- District 2
Alexsandra Annelo
- District 3
Cassandra Hernandez
- District 4
Joe Molinar
- District 5
Isabel Salcido
- District 6
Art Fierro
- District 7
Henry Rivera
- District 8
Chris Canales

Month/Year	Total Monthly purchases (Footnotes 1 & 2)	Instances of Fuel Purchases made on Consecutive Days	Dates	Number of Gallons Purchased
January 2022	8 purchases	2	12-26-2021 & 12-27-2021	14.819 & 4.182
February 2022	10 purchases	2	1-9-2022 & 1-9-2022	14.608 & 5.081
March 2022	7 purchases	2	2-8-2022 & 2-9-2022	17.268 & 11.18
April 2022	7 purchases	None	2-13-2022 & 2-14-2022	15.902 & 17.893
May 2022	7 purchases	1	2-24-2022 & 2-25-2022	16.821 & 20.885
June 2022	13 purchases	2	3-10-2022 & 3-11-2022	17.21 & 17.404
July 2022	8 purchases	2	N/A	N/A
August 2022	12 purchases	3	4-27-2022 & 4-28-2022	17.799 & 17.916
			5-25-2022 & 5-26-2022	17.861 & 17.264
			6-5-2022 & 6-6-2022	16.415 & 24.613
			6-16-2022 & 6-17-2022	24.644 & 15.859
			7-5-2022 & 7-6-2022	16.908 & 14.319
			7-16-2022 & 7-17-2022	21.059 & 14.631
			7-19-2022 & 7-20-2022	16.947 & 24.275
			7-22-2022 & 7-23-2022	5.367 & 11.848

CITY MANAGER
Tommy Gonzalez





Internal Audit Office

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CITY COUNCIL

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Tommy Gonzalez

September 2022	8 purchases	3 consecutive days in a row	8-24-2022 & 8-25-2022 & 8-26-2022	23.686 & 22.81 & 12.591
October 2022	15 purchases	5	9-15-2022 & 9-16-2022	24.032 & 16.974
			9-27-2022 & 9-28-2022	24.835 & 17.302
			10-2-2023 & 10-3-2023	26.996 & 20.697
			10-12-2022 & 10-13-2022	16.762 & 19.906
November 2022	10 purchases	2	10-25-2022 & 10-26-2022	24.294 & 16.011
			11-2-2022 & 11-3-2022	16.953 & 24.519
December 2022	7 purchases	1	11-21-2022 & 11-22-2022	19.244 & 4.620
			12-1-2022 & 12-2-2022	17.243 & 19.324
Totals	112 purchases	23 instances	23 instances	819,777 gallons

1. From January 2022 to September 2022, the billing cycle consisted of the 16th of the previous month to the 15th of the current month.
2. From October 2022 to December 2022, the billing cycle changed to the 1st day of the current month to the last day of the current month. This change was due to a new contract being awarded to ALON

Based on the amount of fuel being purchased and the frequency of fuel purchases on consecutive days in Calendar Year 2022, the data indicates 2 or more vehicles are being fueled. The amount of fuel purchased by District 3 for Calendar Year 2022 appears excessive.

RECOMMENDATION

The use of the Commercial Fuel Cards should be eliminated for use by Members of the City Council. Initiate a policy or program should be started to pay each member of the City Council a Vehicle Allowance, which should be added to their paychecks. A "Vehicle Allowance Program Policy" already exists for City Executives.



Internal Audit Office

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OBSERVATION 3 – City Council District 6 Fuel Purchases

For Calendar Year 2022, City Council District 6 purchased 1,458.96 gallons of fuel in 86 transactions at a cost of \$5,293.94. This amount of fuel purchased was the second highest among all the members of the City Council for Calendar Year 2022.

CITY COUNCIL

- District 1
Brian Kennedy
- District 2
Alexandra Anello
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Art Fierro
- District 7
Henry Rivera
- District 8
Chris Canales

An analysis of the Purchasing trends identified the following:

Month/Year	Total Monthly Purchases (Footnotes 1 & 2)	Average Days between Fill-Ups	Types of Fuel Purchased
January 2022	6 purchases	4.33 days	6 purchases of Supreme Unleaded
February 2022	5 purchases	4.20 days	5 purchases of Supreme Unleaded
March 2022	7 purchases	3.29 days	7 purchases of Regular Unleaded
April 2022	7 purchases	4.14 days	3 purchases of Regular Unleaded + 4 purchases of Supreme Unleaded
May 2022	7 purchases	3.43 days	7 purchases of Supreme Unleaded
June 2022	8 purchases	2.25 days	8 purchases of Supreme Unleaded
July 2022	6 purchases	3.67 days	5 purchases of Supreme Unleaded + 1 purchase of Regular Unleaded
August 2022	7 purchases	3.71 days	7 purchases of Supreme Unleaded
September 2022	8 purchases	3.50 days	8 purchases of Supreme Unleaded
October 2022	9 purchases	5.38 days	9 purchases of Supreme Unleaded
November 2022	10 purchases	2.78 days	5 purchases of Supreme Unleaded + 5 purchases of Regular Unleaded
December 2022	6 purchases (1 purchase was conducted 1/2/2023, the representative's last day in office)	6.20 days	4 purchases of Regular Unleaded + 2 purchases of Supreme Unleaded
Totals	86 Total Purchases		

1. From January 2022 to September 2022, the billing cycle consisted of the 16th of the previous month to the 15th of the current month.
2. From October 2022 to December 2022, the billing cycle changed to the 1st day of the current month to the last day of the current month. This change was due to a new contract being awarded to ALON





Internal Audit Office

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CITY COUNCIL

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CITY MANAGER
Tommy Gonzalez

During our analysis we also identified the following:

- On May 22, 2022, a purchase of 13.891 gallons of fuel was conducted at a gas station in Van Horn, TX. We were unable to determine the reason for this fuel purchase in Van Horn, TX.
 - On August 11, 2022, a 2nd purchase of 19.314 gallons of fuel was conducted at a gas station in Van Horn, TX. We were unable to determine the reason for this fuel purchase in Van Horn, TX.
 - We identified fuel purchases on consecutive days or same day for the following dates:
 - May 21, 2022 (15.467 + 0.206 gallons) and May 22, 2022 (13.891 gallons)
 - August 31, 2022 (18.481 gallons) and September 1, 2022 (20.563 gallons)
 - November 7, 2022 (17.202 gallons) and November 8, 2022 (20.715 gallons)
 - November 13, 2022 (19.588 gallons) and November 13, 2022 (14.215 gallons) (Same day purchases)
 - November 28, 2022 (14.917 gallons) and November 28, 2022 (21.06 gallons) (Same day purchases)
- *We were unable to determine the reason for gas purchases on consecutive days.

Based on the amount of fuel being purchased, the frequency of fuel purchases on consecutive/same days, and the type of fuel purchased in Calendar Year 2022; the data indicates 2 or more vehicles are being fueled. The amount of fuel purchased by District 6 for Calendar Year 2022 appears excessive.

RECOMMENDATION

The use of the Commercial Fuel Cards should be eliminated for use by Members of the City Council. A policy or program should be started to pay each member of the City Council a Vehicle Allowance, which should be added to their paychecks. A "Vehicle Allowance Program Policy" already exists for City Executives.

CONCLUSION

The current Commercial Fuel Card Policy & Use Procedures (ALON) should be updated to reflect the recommendations contained in this memorandum. Annual training should be provided on the Policy and Procedures. The Commercial Fuel Cards should not be used by Members of the City Council in fueling their Privately Own Vehicles. Based on the data used in the completion of the memorandum, it appears that that multiple vehicles are being fueled by 2 City Council Districts in 2022.

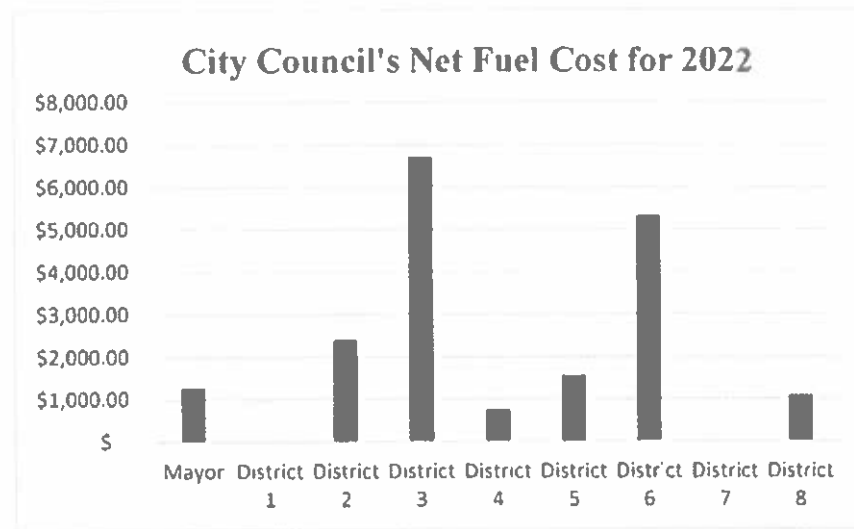
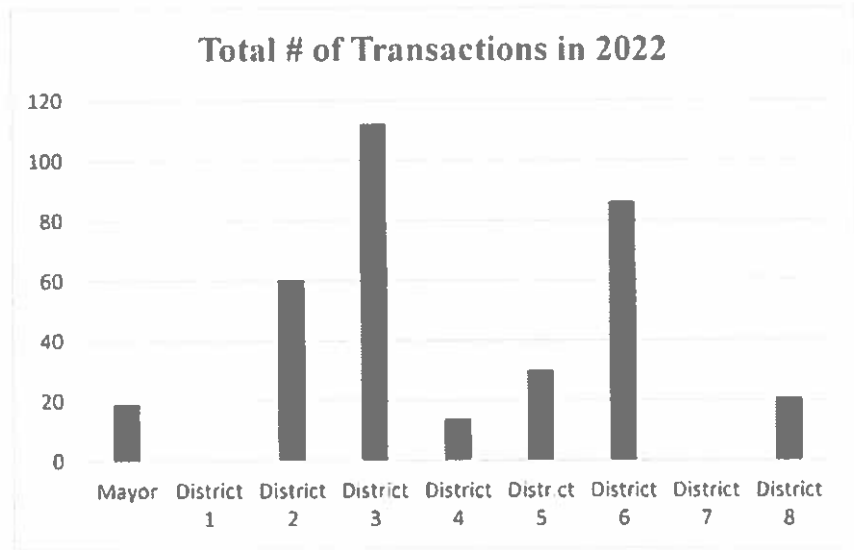
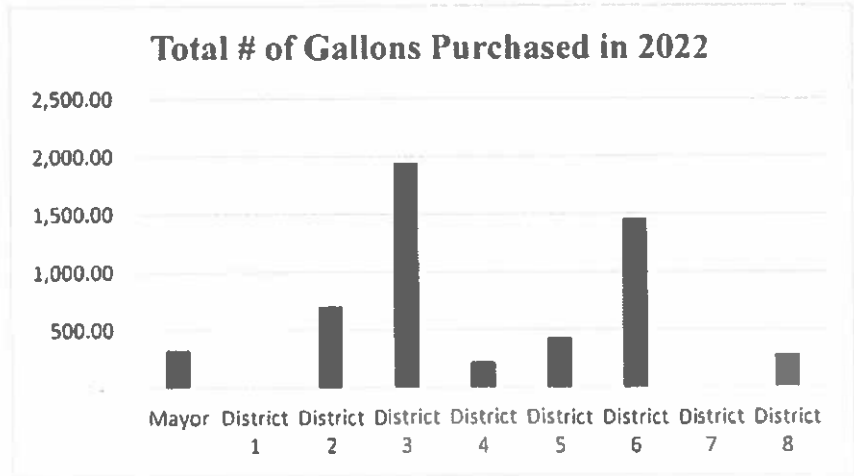
cc: Financial Oversight & Audit Committee
Tommy Gonzalez, City Manager
Cary Westin, Chief Transition Officer
Ellen Smyth, Chief Transit & Field Operations Officer
Richard Bristol, Director, Streets & Maintenance Department
Margarita Marin, City Comptroller



**City Council & City Manager's
Commercial Fuel Card Review
P2023-06**

Attachment # 1

City of El Paso
Internal Audit Office
City Council & City Manager's Office P-Card, Travel, and Fuel Card Review P2023-06
Fuel Usage Summary From January 2022 to December 2022



City of El Paso
Internal Audit Office
City Council & City Manager's Office P-Card, Travel, and Fuel Card Review P2023-06
Fuel Usage Summary from January 2022 to December 2022

District 1
Fuel Usage Summary from January 2022 to December 2022

Month/Year	# of Fill-Ups	Average Days Between Fill-Ups	Total Gallons Purchased	Net Cost
Jan-22	0	N/A	0.000	\$0.00
Feb-22	0	N/A	0.000	\$0.00
Mar-22	0	N/A	0.000	\$0.00
Apr-22	0	N/A	0.000	\$0.00
May-22	0	N/A	0.000	\$0.00
Jun-22	0	N/A	0.000	\$0.00
Jul-22	0	N/A	0.000	\$0.00
Aug-22	0	N/A	0.000	\$0.00
Sep-22	0	N/A	0.000	\$0.00
Oct-22	0	N/A	0.000	\$0.00
Nov-22	0	N/A	0.000	\$0.00
Dec-22	0	N/A	0.000	\$0.00
Totals	0		0.000	\$0.00

District 2
Fuel Usage Summary from January 2022 to December 2022

Month/Year	# of Fill-Ups	Average Days Between Fill-Ups	Total Gallons Purchased	Net Cost
Jan-22	3	8.00	29.117	\$80.13
Feb-22	4	7.67	53.049	\$158.62
Mar-22	4	4.33	38.876	\$134.24
Apr-22	4	6.67	51.812	\$198.96
May-22	4	7.33	53.207	\$208.13
Jun-22	5	6.75	50.769	\$212.61
Jul-22	4	8.67	48.982	\$195.83
Aug-22	5	6.00	50.183	\$166.45
Sep-22	6	5.00	74.855	\$234.94
Oct-22	11	4.20	127.234	\$426.34
Nov-22	5	5.25	61.446	\$196.80
Dec-22	5	5.25	68.220	\$184.14
Totals	60		707.750	\$2,397.19

District 3
Fuel Usage Summary from January 2022 to December 2022

Month/Year	# of Fill-Ups	Average Days Between Fill-Ups	Total Gallons Purchased	Net Cost
Jan-22	8	3.43	98.873	\$273.39
Feb-22	10	3.44	172.345	\$512.47
Mar-22	7	3.50	122.209	\$423.85
Apr-22	7	4.17	116.055	\$451.25
May-22	7	4.17	118.897	\$463.23
Jun-22	13	2.58	217.056	\$918.94
Jul-22	8	3.43	153.177	\$609.16
Aug-22	12	2.55	207.976	\$691.43
Sep-22	8	3.29	157.838	\$494.20
Oct-22	15	3.08	298.076	\$987.39
Nov-22	10	2.78	162.472	\$521.25
Dec-22	7	4.33	118.998	\$344.93
Totals	112		1,943.972	\$6,691.49

City of El Paso
Internal Audit Office
City Council & City Manager's Office P-Card, Travel, and Fuel Card Review P2023-06
Fuel Usage Summary from January 2022 to December 2022

District 4

Fuel Usage Summary from January 2022 to December 2022

Month/Year	# of Fill-Ups	Average Days Between Fill-Ups	Total Gallons Purchased	Net Cost
Jan-22	0	N/A	0.000	\$0.00
Feb-22	0	N/A	0.000	\$0.00
Mar-22	0	N/A	0.000	\$0.00
Apr-22	0	N/A	0.000	\$0.00
May-22	0	N/A	0.000	\$0.00
Jun-22	1	30.00	13.997	\$60.97
Jul-22	3	11.00	44.733	\$174.60
Aug-22	3	8.50	44.259	\$145.46
Sep-22	1	30.00	15.436	\$48.73
Oct-22	1	30.00	22.033	\$73.47
Nov-22	3	13.50	55.164	\$172.25
Dec-22	2	7.00	29.165	\$78.76
Totals	14		224.787	\$754.24

District 5

Fuel Usage Summary from January 2022 to December 2022

Month/Year	# of Fill-Ups	Average Days Between Fill-Ups	Total Gallons Purchased	Net Cost
Jan-22	5	6.50	57.918	\$169.22
Feb-22	3	12.00	47.455	\$146.48
Mar-22	4	7.67	59.181	\$213.36
Apr-22	3	10.00	45.828	\$180.11
May-22	4	6.67	61.889	\$248.28
Jun-22	3	10.00	47.143	\$207.39
Jul-22	3	13.00	46.425	\$189.96
Aug-22	2	13.00	29.184	\$99.85
Sep-22	1	30.00	1.907	\$6.33
Oct-22	0	N/A	0.000	\$0.00
Nov-22	0	N/A	0.000	\$0.00
Dec-22	2	7.00	31.520	\$82.87
Totals	30		428.450	\$1,543.85

District 6

Fuel Usage Summary from January 2022 to December 2022

Month/Year	# of Fill-Ups	Average Days Between Fill-Ups	Total Gallons Purchased	Net Cost
Jan-22	6	4.33	104.838	\$312.27
Feb-22	5	4.20	79.664	\$250.96
Mar-22	7	3.29	67.190	\$233.61
Apr-22	7	4.14	117.607	\$461.79
May-22	7	3.43	115.505	\$480.72
Jun-22	8	2.25	110.526	\$502.54
Jul-22	6	3.67	119.127	\$493.30
Aug-22	7	3.71	129.382	\$477.81
Sep-22	8	3.50	160.898	\$565.66
Oct-22	9	5.38	180.145	\$648.14
Nov-22	10	2.78	167.628	\$562.33
Dec-22	6	6.20	106.453	\$304.81
Totals	86		1,458.96	\$5,293.94

City of El Paso
Internal Audit Office
City Council & City Manager's Office P-Card, Travel, and Fuel Card Review P2023-06
Fuel Usage Summary from January 2022 to December 2022

District 7

Fuel Usage Summary from January 2022 to December 2022

Month/Year	# of Fill-Ups	Average Days Between Fill-Ups	Total Gallons Purchased	Net Cost
Jan-22	0	N/A	0.000	\$0.00
Feb-22	0	N/A	0.000	\$0.00
Mar-22	0	N/A	0.000	\$0.00
Apr-22	0	N/A	0.000	\$0.00
May-22	0	N/A	0.000	\$0.00
Jun-22	0	N/A	0.000	\$0.00
Jul-22	0	N/A	0.000	\$0.00
Aug-22	0	N/A	0.000	\$0.00
Sep-22	0	N/A	0.000	\$0.00
Oct-22	0	N/A	0.000	\$0.00
Nov-22	0	N/A	0.000	\$0.00
Dec-22	0	N/A	0.000	\$0.00
Totals	0		0.000	\$0.00

District 8

Fuel Usage Summary from January 2022 to December 2022

Month/Year	# of Fill-Ups	Average Days Between Fill-Ups	Total Gallons Purchased	Net Cost
Jan-22	2	15.00	28 673	\$79.95
Feb-22	2	14.00	24 078	\$76.83
Mar-22	1	30.00	13 224	\$45.40
Apr-22	3	10.50	38 708	\$158.74
May-22	0	N/A	0.000	\$0.00
Jun-22	2	20.00	23 038	\$107.73
Jul-22	2	8.00	26 115	\$125.01
Aug-22	3	10.50	40 008	\$143.90
Sep-22	2	8.00	29 449	\$119.09
Oct-22	2	26.00	28 676	\$114 88
Nov-22	1	30.00	14 920	\$59.77
Dec-22	1	30.00	11 699	\$44.90
Totals	21		278 588	\$1,076.20

Mayor

Fuel Usage Summary from January 2022 to December 2022

Month/Year	# of Fill-Ups	Average Days Between Fill-Ups	Total Gallons Purchased	Net Cost
Jan-22	1	30.00	13 791	\$42.37
Feb-22	1	30.00	19 335	\$61.63
Mar-22	2	17.00	35 013	\$143.41
Apr-22	1	30.00	15 526	\$68.25
May-22	1	30.00	16 211	\$63.16
Jun-22	3	7.00	40 374	\$209.78
Jul-22	1	30.00	21 635	\$108.09
Aug-22	1	30.00	23 662	\$82.74
Sep-22	2	10.00	31 457	\$108.43
Oct-22	3	8.00	53 439	\$199.95
Nov-22	2	15.00	31 214	\$108.55
Dec-22	1	30.00	24 771	\$63.80
Totals	19		326 428	\$1,260.16

**City Council & City Manager's
Commercial Fuel Card Review
P2023-06**

Management Responses



Streets and Maintenance

MAYOR
Oscar Leeser

Date: May 2, 2023
To: Edmundo S. Calderon, Chief Internal Auditor
From: Richard Bristol, Director, Streets and Maintenance
Subject: Commercial Fuel Card Review – Departmental Response

CITY COUNCIL

District 1
Brian Kennedy

District 2
Alexsandra Annelo

District 3
Cassandra Hernandez

District 4
Joe Molinar

District 5
Isabel Salcido

District 6
Art Fierro

District 7
Henry Rivera

District 8
Chris Canales

CITY MANAGER
Tommy Gonzalez

The Streets and Maintenance Department has reviewed your memorandum dated May 1, 2023, detailing the Auditor's findings on the Commercial Fuel Card Review and this memorandum is the departmental response to the Observations and Recommendations identified in the document.

Observation 1

- The Streets and Maintenance Department concurs with the Audit recommendation to discontinue the use of the fuel cards for City Council members and supports the recommendation to utilize a Vehicle Allowance similar to that currently in place for City executives as an effective and efficient alternative.
- The Streets and Maintenance Department will revisit the City of El Paso's Commercial Fuel Policy and Use Procedures and make revisions to introduce the requirement that all card users maintain fuel logs (specific to each vehicle) and enter correct information for vehicle mileage and other relevant data at every refueling occasion. These logs will be reviewed annually by Streets and Maintenance Financial Staff for compliance.
- On an annual basis, employees that operate City vehicles to which a fuel card is assigned will receive a brief refresher training on the authorized uses of off-site fueling cards. Employees will also be required to sign, on an annual basis, a Statement of Understanding that they will comply with City Commercial Fuel Policies and Use Procedures.

Observation 2

- The Streets and Maintenance Department concurs with the Audit recommendation to discontinue the use of commercial fuel cards for members of the City Council and replacing that practice with a vehicle allowance program to effectively prevent the issues identified in Observation 2 from repeating.

Observation 3

- The Streets and Maintenance Department concurs with the Audit recommendation to discontinue the use of commercial fuel cards for members of the City Council and replacing that practice with a vehicle allowance program to effectively prevent the issues identified in Observation 3 from repeating.

In addition to the responses to the Audit Observations, the Streets and Maintenance Department will also be modifying the Commercial Fuel Policies and Use Procedures to prevent transferring the use fuel cards to persons or other vehicles not identified in the policy.



**City Council & City Manager's
P-Card and Travel Review
No. P2023-06**

Issued by the
Internal Audit Office
May 1, 2023



Internal Audit Office

MAYOR
Oscar Leeser

DATE: May 1, 2023

TO: Nicole Cote, Director of Office Management & Budget

CITY COUNCIL

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

District 1
Brian Kennedy

SUBJECT: City Council & City Manager's Office – P-Card & Travel Review

District 2
Alexsandra Anello

The Internal Audit Office has completed its City Council and City Manager's Office P-Card and Travel Review. This engagement was accepted based on the engagement's potential to improve management of risks, add value, and/or improve the organization's operations (IIA 2010.C1). The work performed does not constitute an audit 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

Objectives:

The objectives of our review were to:

District 6
Art Fierro

- Obtain an understanding of the City of El Paso's City Council and City Manager's Office Travel Request approval process and P-Card Program.
- Determine if the current City Council and City Manager's Office P-Card primary approvers and reconcilers are properly reviewing and monitoring the expenditures related to the respective purchases.
- Determine if Travel Requests are properly approved and reconciled.
- Determine if P-Card transactions are for proper expenditures to include travel. (Travel paid by using the P-Card, or a voucher).
- Verify that original receipts properly support travel expenditures and P-Card transactions.
- Identify if sales tax was paid using the P-Card.
- Determine if purchase limits on P-Card transactions have been followed.

District 7
Henry Rivera

District 8
Chris Canales

CITY MANAGER
Tommy Gonzalez

Scope:

The review included P-Card transactions and related travel expenditures that occurred from September 1, 2021 to December 31, 2022. Per the discretion of the Chief Internal Auditor, the scope was expanded to include four (4) transactions related to travel that occurred in Fiscal Year 2023.

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Internal Audit Office

MAYOR
Oscar Leaser

Results and Conclusion:

Our review identified five (5) Observations regarding P-Card and Travel compliance. The following is a description of the Observations:

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District 1
Brian Kennedy

District 2
Alexsandra Annello

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Cassandra Hernandez

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District 7
Henry Rivera

District 8
Chris Canales

CITY MANAGER
Torimay Gonzalez

OBSERVATION 1

P-Card Support Documentation

The City of El Paso's Procurement Card Policy dated July 2020:

- **Section 4.1 Purchase:** "The authorized cardholder uses the PCard to purchase needed goods and services and submits the vendor original itemized receipt, and any other required supporting documentation to the Reconciler."
- **Section 13.1 Unauthorized purchases:** "Computer hardware and software are not to be purchased without prior approval and backup documentation from IT."
- **Section 14.1 Receipt Retention:** "It is a requirement of the program that a Cardholder keep all receipts for goods and services purchased on the PCard... It is extremely important to request and retain purchase receipts, as this is the only original documentation. If receipts are absent, an individual is held personally liable for the purchase(s) and will be required to reimburse the City."

The City Council and City Manager's Office conducted 2,309 transactions totaling \$543,571.61 during the review period of September 1, 2021 to December 31, 2022.

- 334 out of 2,309 (14.47%) P-Card transactions totaling \$67,595.52 did not have a description in the Description Field in the Wells Fargo Commercial Card Expense Reporting System (CCER).

A review of 25 P-Card transactions from September 1, 2021 to December 31, 2022 identified the following:

- Two (2) receipts were not found/provided to the Internal Audit Office. The 2 receipts that were not provided totaled \$320.06.

City Department	Merchant Name	Transaction Date	Amount
District 6	Dick's Sporting Goods	7/28/2022	\$ 293.00
District 6	Sheraton Ft Worth	5/23/2022	\$ 27.06
		Total	\$ 320.06

- One P-Card transaction totaling \$1,706.85 included the purchase of a computer priced at \$899.99. The supporting documentation for the transaction did not include a Technology Purchase Request (TPR) form. The computer was purchased due to an emergency with City of El Paso livestreaming.

City Department	Merchant Name	Transaction Date	Amount
Public Information Office	Best Buy	6/9/2022	\$ 899.99

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CITY MANAGER
Tommy Gonzalez

Recommendation

We recommend adherence to the City of El Paso P-Card Policy by:

- Having all receipts safeguarded and properly documented.
- Acquiring an approved Technology Purchase Request Form from DoITS prior to the purchase of computer hardware and software.
- Completing all fields during the P-Card reconciliation process in the Wells Fargo Commercial Card Expense Reporting System.

OBSERVATION 2

Sales Tax Charged

The City of El Paso's Procurement Card Policy dated July 2020:

- **Section 17.0 Sales and Use Tax:** *"Merchants are required by tax authorities to include the applicable sales or use tax at the time of purchase. The City's Tax Exempt number is listed on each card. The authorized user should make sure that sales tax is not assessed at the time that the purchase is made."*

25 transactions were selected for review. Five (5) receipts paid sales tax. The 5 transactions that paid sales tax totaled \$839.28.

City Department	Merchant Name	Transaction Date	Amount	Amount of Sales Tax
City Manager's Office	House of Pizza Downtown	3/24/2022	\$ 85.88	\$ 5.48
	501 Bar and Bistro	6/2/2022	\$ 31.14	\$ 2.14
	Ripe Eatery	4/12/2022	\$ 60.07	\$ 3.82
District 5	Overstock.com	11/1/2021	\$ 251.95	\$ 19.20
	Best Buy	5/6/2022	\$ 410.24	\$ 31.26
		Total	\$ 839.28	\$ 61.90

Recommendation

We recommend P-Card holders ensure that sales tax is not incurred on P-Card purchases.

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CITY MANAGER

Tommy Gonzalez

OBSERVATION 3

Travel Request Approval

The City of El Paso's Travel Policy dated November 2021:

- **Section 4.0 Principles and General Travel Guidelines:** *"It is recommended that anyone traveling fill out a Travel Request at least ten business days prior to the travel date."*
- **Section 7.1 Prior to Travel:** *"A Travel Request must be submitted in advance of the travel. All Travel should be booked at least ten business days in advance of the travel date in order to minimize the cost of the airfare."*
- **Section 7.2 After Travel:** *"After each travel, the Travel Request reconciliation shall be completed within five business days after the conclusion of the travel."*
- **Section 17.1 Individually-Managed Travel:** *"Only after approval has been obtained, should a traveler proceed with incurring actual costs for the trip."*

A review of 5 Travel Requests related to P-Card purchases during the review period of September 1, 2021 to December 31, 2022 identified that the Travel Requests were not properly approved.

- One Travel Request reviewed was not approved at least 10 business days prior to travel.
 - A Travel Request for the Representative from District 1 was submitted 6 business days prior to travel with no approval signature.
- Two Travel Requests reviewed were not properly approved after travel for:
 - An employee from the Performance Office.
 - The Representative from District 1.
- Three Travel Requests reviewed incurred travel expenses before the Travel Requests were approved.
 - A Travel Request for an employee from the Performance Office incurred expenses totaling \$1,595.00 before the Travel Request was approved.
 - A Travel Request for the City Manager incurred expenses totaling \$361.68 before the Travel Request was approved.
 - A Travel Request the Representative for District 2 incurred expenses totaling \$158.90 before the Travel Request was approved.

Recommendation

The City Council and City Manager's Office should ensure that:

- Travel Requests are submitted at least 10 business days in advance of travel.
- Travel Requests are approved before expenses are incurred.
- Travel Requests are approved after returning from travel.

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Internal Audit Office

MAYOR

Oscar Leeser

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Henry Rivera

District 8

Chris Canales

CITY MANAGER

Tommy Gonzalez

OBSERVATION 4

Travel Request Reconciliation

The City of El Paso's Travel Policy dated November 2021:

- **Section 7.2 After Travel:** "After each travel, the Travel Request reconciliation shall be completed within five business days after the conclusion of the travel."
- **Section 10.1 Commercial Air Transportation:** "Extra fees such as early check-ins, upgrades, reserved seating, etc. are not allowed."

The City of El Paso's Travel Manual dated September 2021:

Appendix A: Travel Forms: B. Travel Request Form

A review of 5 Travel Requests related to P-Card purchases during the review period of September 1, 2021 to December 31, 2022 identified that the Travel Requests were not properly reconciled.

- Three Travel Requests reconciliations were not performed within five business days after the conclusion of travel.
 - A Travel Request for an employee from the Performance Office was not reconciled after the conclusion of travel.
 - A Travel Request for the Representative from District 1 was reconciled 7 business days after the conclusion of travel.
 - A Travel Request for the City Manager was reconciled 11 business days after the conclusion of travel.
- One Travel Request for the City Manager's Office contained a travel expense for an early bird check-in fee of \$15.00.
- One Travel Request used the incorrect Travel Request form. The correct Travel Request form was revised as of 7/22/21.

Recommendation

The City Council and City Manager's Office should ensure:

- Travel Requests are reconciled after the conclusion of travel.
- Extra fees such as early check-in fees are not incurred.
- The use of the correct Travel Request Form.

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Internal Audit Office

MAYOR
Oscar Leaser

CITY COUNCIL

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OBSERVATION 5

Closed P-Card

The City of El Paso’s Procurement Card Policy dated September 2022:

- **Section 7.1 General Guidelines:** “Once an employee has separated from the City, their credit card will be cancelled.”
- **Section 7.4 Issuance Duties of the Department P-Card Approver:** “In the event of termination or transfer to another department of an authorized user, the Approver will be responsible for filling out the same form, PCM-1, collecting the issued PCard and submitting the card and forms to the PCard Administrator in the Fiscal Operations Division immediately.”

There were four (4) P-Cards with a delayed inactivation:

City Department	Card Number	Termination/ Transfer Date	Date Credit Limit Reduced to \$1.00	Disable Date	# of Calendar Days
District 1	XXXX-XXXX-XXXX-2992	1/2/2023	1/20/2023	4/17/2023	105
District 6	XXXX-XXXX-XXXX-2826	1/2/2023	3/7/2023	4/17/2023	105
District 8	XXXX-XXXX-XXXX-7701	1/2/2023	3/7/2023	4/17/2023	105
PIO to Fire Department - Communications	XXXX-XXXX-XXXX-9717	3/20/2022	N/A	11/2/2022	227

Credit limits were reduced to \$1.00 to allowing pending transactions to be processed. No transactions were conducted after the termination date.

Recommendation

We recommend a periodic active P-Card holder analysis be conducted to ensure that all active P-Card holders are current employees.

If you have, any questions please feel free to contact me at 212-1365.

cc: Financial Oversight and Audit Committee
 Tomas Gonzalez, City Manager
 Cary Westin, Chief Transition Officer
 Robert Cortinas, Deputy City Manager of Support Services & Chief Financial Officer
 Margarita Marin, Comptroller

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**City Council & City Manager's
P-Card & Travel Review P2023-06
Management Responses**



Office of Management & Budget

MAYOR
Oscar Leeser

DATE: May 2, 2023

TO: Edmundo S. Calderon, Internal Auditor

CITY COUNCIL

FROM: K. Nicole Cote, Managing Director

District 1
Brian Kennedy

THRU: Robert Cortinas, Chief Financial Officer & DCM of Support Services

District 2
Alexandra Anello

SUBJECT: Annual P-Card and Travel Review for the time period
September 1, 2021 – December 31, 2022

District 3
Cassandra Hernandez

This communication serves to provide feedback regarding the review of the draft report provided on May 1, 2023. The feedback and comments correspond to the numbers assigned for the observations.

District 4
Joe Molinar

Thank you for the opportunity to review and provide feedback on this draft. Please find the feedback in numerical order:

District 5
Isabel Salcido

Observation #1 and #2

District 6
Art Fierro

Feedback:

District 7
Henry Rivera

- Refresher training will be given to all members of City Council and City Manager's office to reinforce the policy to include the following requirements to provide the description of the transaction in Wells Fargo, itemized receipts for all transactions, Technology Purchase Requests Forms, when applicable and reimburse the City for any sales tax paid. Also, a process will be developed to implement a re-training protocol if the policy is not followed.

District 8
Chris Canales

CITY MANAGER
Tommy Gonzalez

Observation #3 and #4

Feedback:

- OMB will coordinate a training session on the Travel Policy, for the Mayor and City Council and the City Manager's Office with the Office of the Comptroller (OTC). Also, a process will be developed to implement a re-training protocol if the policy is not followed.

Observations #5

Feedback:

- As part of the off-boarding process OMB will work with Human Resources and OTC to ensure that proper documentation is submitted timely and any personnel transfers include the P-Card between the two departments.

