



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

---

**March 13, 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: 451-789-842#**

If you wish to sign up to speak please contact Miguel Montiel at [MontielMA@elpasotexas.gov](mailto:MontielMA@elpasotexas.gov) no later than one day prior to the meeting date. 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 February 12, 2025. [Internal Audit, Edmundo Calderon, (915) 212-1365] [BC-445](#)
2. Discussion and Action on the 2025 Financial Oversight and Audit Committee Meeting Calendar. [FOAC Chair, Dr. Josh Acevedo, (915) 212-0002] [BC-472](#)
3. Discussion and Action on External Audit Results for Fiscal Year 2024. [Office of the Comptroller, Margarita Marin, (915) 212-1174] [BC-446](#)
4. Discussion on FY 2024-2025 Audit Plan 2nd Quarter Updates. [Internal Audit, Edmundo Calderon, (915) 212-1365] [BC-449](#)
5. Discussion and Action on the results of the Department of Public Health - Internal Control Review P2024-03. [Internal Audit, Edmundo Calderon, (915) 212-1365] [BC-447](#)
6. Discussion and Action on the results of the Sun Metro Money Room - Internal Control Review P2024-01. [Internal Audit, Edmundo Calderon, (915) 212-1365] [BC-448](#)
7. Discussion and Action on the results of the Division of Military Affairs - Travel and Accounts Payable Audit Report A2024-02. [Internal Audit, Edmundo Calderon, (915) 212-1365] [BC-485](#)
8. Discussion and Action on the results of the Sun Bowl Game Audit Report A2024-04. [Internal Audit, Edmundo Calderon, (915) 212-1365] [BC-486](#)
9. Discussion and Action on the results of the Vehicle Allowance Program Analysis. [Internal Audit, Edmundo Calderon, (915) 212-1365] [BC-487](#)
10. Discussion and Action on proposed amendments to the FY 2024-2025 Audit Plan to be sent to City Council for Final Approval at the April 1, 2025 Regular Council Meeting. [FOAC Chair, Dr. Josh Acevedo, (915) 212-0002] [BC-474](#)

## **ADJOURN**

## **CLOSED MEETING**

The Financial Oversight and Audit Committee of the City of El Paso may retire into CLOSED MEETING pursuant to Section 3.5A of the El Paso City Charter and the Texas Government Code, Chapter 551, Subchapter D, to discuss any of the following: (The items listed below are matters of the sort routinely discussed in Closed Meeting, but the Financial Oversight and Audit Committee of the

City of El Paso may move to Closed Meeting any of the items on this agenda, consistent with the terms of the Open Meetings Act.) The Financial Oversight and Audit Committee will return to open session to take any final action and may also, at any time during the meeting, bring forward any of the following items for public discussion, as appropriate.

Section 551.071 CONSULTATION WITH ATTORNEY

Section 551.072 DELIBERATION REGARDING REAL PROPERTY

Section 551.073 DELIBERATION REGARDING PROSPECTIVE GIFTS

Section 551.074 PERSONNEL MATTERS

Section 551.076 DELIBERATION REGARDING SECURITY DEVICES OR SECURITY AUDITS

Section 551.087 DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS

Section 551.089 DELIBERATION REGARDING SECURITY DEVICES OR SECURITY AUDITS;  
CLOSED MEETING

### **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 10th day of March, 2025 at 12:33 p.m., at City Hall, 300 N. Campbell Street by Sergio Carrillo.



El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

---

**File #: BC-445, Version: 1**

---

**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 February 12, 2025. [Internal Audit, Edmundo Calderon, (915) 212-1365]



**Financial Oversight and Audit Committee (“FOAC”)  
Meeting Minutes**

---

**Committee:** Financial Oversight and Audit Committee (“FOAC”)

**Members:** Committee Member Dr. Josh Acevedo (Chair)  
Committee Member Alejandra Chávez  
Committee Member Deanna Maldonado-Rocha  
Committee Member Ivan Niño  
Edmundo S. Calderon – Chief Internal Auditor (Non-Voting Member)  
Dionne Mack – City Manager (Non-Voting Member)

**Non-Members:** Karla Nieman – City Attorney

**Meeting Date/Time:** Wednesday, February 12, 2025 – 2:00 P.M.

---

**Call to order and introductions.**

The meeting was called to order at approximately 2:02 P.M. MST.

It was determined that there was a quorum.

**Pledge of Allegiance.**

**1. Selection of the FOAC Chairperson.**

Committee Member Chávez nominated Committee Member Acevedo, seconded by Committee Member Niño, and unanimously carried to approve Committee Member Dr. Josh Acevedo as the FOAC Chairperson.

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

NAYS: None

**2. Approval of Minutes for the Financial Oversight and Audit Committee meeting of November 14, 2024. [Internal Audit, Edmundo Calderon, (915) 212-1365]**

Motion made by Committee Member Maldonado-Rocha, seconded by Committee Member Chávez, and unanimously carried to approve the minutes for the Financial Oversight and Audit Committee (“FOAC”) meeting of November 14, 2024.

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

NAYS: None

**3. Presentation on the Financial Services function of the City. [City Manager’s Office, Robert Cortinas, (915) 212-1067]**

Mr. Robert Cortinas – Deputy City Manager of Support Services & Chief Financial Officer, Ms. Margarita Marin – City of El Paso Comptroller, Ms. Susan Jacobs – Assistant Comptroller, Ms. Elda Rodriguez-Hefner – Grants Administrator, Mr. Luis Mier – Treasury Services Coordinator and Ms. Bonnie Cordova – Interim Director of the Office of Management and Budget made a presentation to the Committee and answered questions.

Ms. Dionne Mack - City Manager, Committee Members Acevedo, Chávez, Maldonado-Rocha, and Niño commented.

Suggestion made by Mr. Cortinas to have the FOAC meet more regularly due to potentially time-sensitive matters.

Suggestion made by Committee Member Acevedo to develop a FOAC meeting schedule similar to that of City Council.

**4. Introduction of the Internal Audit Department. [Internal Audit, Edmundo Calderon, (915) 212-1365]**

Mr. Edmundo Calderon – Chief Internal Auditor, made a presentation to the Committee and answered questions.

Ms. Dionne Mack - City Manager, Ms. Karla Nieman – City Attorney, Committee Members Acevedo, Chávez, Maldonado-Rocha, and Niño commented.

Suggestion made by Committee Member Acevedo to send draft copies of completed Audit Reports with Management Responses to members of the FOAC. Suggestion was amended by Ms. Mack to include the City Manager in the Audit Report distribution list.

**5. Discussion and Action on FY 2024-2025 Audit Plan 1st Quarter Updates. [Internal Audit, Edmundo Calderon, (915) 212-1365]**

Mr. Edmundo Calderon – Chief Internal Auditor, made a presentation to the Committee and answered questions.

Ms. Dionne Mack - City Manager, Ms. Karla Nieman – City Attorney, Committee Members Acevedo, Chávez, Maldonado-Rocha, and Niño commented.

Suggestion made by Committee Member Chávez for the Internal Audit Department to present the Quarterly Updates as a more visually friendly “slideshow.” Suggestion was seconded by Committee Member Acevedo. Ms. Nieman noted that presentations would need to be compliant with the Americans with Disabilities Act (ADA).

Motion made by Committee Member Maldonado-Rocha, seconded by Committee Member Chávez, and unanimously carried to approve FY 2024-2025 Audit Plan 1<sup>st</sup> Quarter Update.

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

NAYS: None

Suggestion made by Ms. Nieman to consider making the Quarterly Updates a “Discussion” only item for future FOAC meetings due to the existence of pending items.

Motion made by Committee Member Niño, seconded by Committee Member Maldonado-Rocha, and unanimously carried to rescind the previous motion.

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

NAYS: None

**6. Discussion on Client Surveys. [Internal Audit, Edmundo Calderon, (915) 212-1365]**

Mr. Edmundo Calderon – Chief Internal Auditor, made a presentation to the Committee.

No action was taken on this item.

**7. Adjournment**

Motion made by Committee Member Maldonado-Rocha, seconded by Committee Member Chávez, and unanimously carried to adjourn.

The meeting was adjourned at approximately 4:46 P.M. MST.

**Submitted by:**

---

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

---

**Edmundo S. Calderon – Chief Internal Auditor,  
Internal Audit Department**



El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

---

**File #: BC-472, Version: 1**

---

**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.*

Discussion and Action on the 2025 Financial Oversight and Audit Committee Meeting Calendar. [FOAC Chair, Dr. Josh Acevedo, (915) 212-0002]



## **Regularly Scheduled FOAC Meetings for 2025**

Meetings will be held on the Thursdays below at 2pm.

- Thursday, March 13, 2025
- Thursday, April 10, 2025
- Thursday, May 8, 2025
- Thursday, June 5, 2025
- Thursday, July 17, 2025
- Thursday, August 14, 2025
- Thursday, September 11, 2025
- Thursday, October 9, 2025
- Thursday, November 13, 2025
- Thursday, December 11, 2025



El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

---

**File #: BC-446, Version: 1**

---

**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.*

Discussion and Action on External Audit Results for Fiscal Year 2024. [Office of the Comptroller, Margarita Marin, (915) 212-1174]



City of El Paso, Texas  
FY2024 Audit Presentation to the Financial Oversight and Audit Committee (FOAC)

March 13, 2025

# Introductions



**Rachel Ormsby, CPA**  
Partner and Market Industry Leader

# Firm Background – Who is Forvis Mazars?

**Top 10** **\$2bn**

U.S. Public  
Accounting Firm\*

Revenue (2023)

**79**

Markets

**28**

States

**600+**

Partners & Principals

**7,000+**

Employees

\*Source: Inside Public Accounting, based on most recent rankings

2023 combined revenues: FORVIS \$1.7bn, Mazars USA (expected) \$305M

Forvis Mazars, LLP is an independent member of Forvis Mazars Global, a leading global professional services network. Ranked among the largest public accounting firms in the United States, the firm's 7,000 dedicated team members provide an Unmatched Client Experience® through the delivery of assurance, tax, and consulting services for clients in all 50 states and internationally through the global network. Visit [forvismazars.us](https://forvismazars.us) to learn more.

# The Heart of Our Success: Our People, Our Culture, Our Promise

## The Forvis Mazars Way

### We Are Forvis Mazars

**Purpose**  
Our purpose is to help those we serve unlock their full potential.

**Mission**  
Our mission is to build remarkable careers and provide an **Unmatched Client Experience**® through an uncommon commitment to excellence.

**Vision**  
Our forward vision is to be known for creating engaging opportunities, delivering innovative solutions, and building unrivaled relationships.

### Be Bold

- Be Your Best Self
- Excel Always
- Be Builders
- Operate as One Firm
- Lead With Integrity
- Deliver an Unmatched Client Experience®

## UNMATCHED CLIENT EXPERIENCE

  
**Listen to understand**

  
**Be responsive**

  
**Consult with purpose to deliver value**

# Agenda



Audit Scope and Results



Future Pronouncements and Other Matters



Questions

# Audit Scope and Results



# Audit Deliverables Completed

City of El Paso, TX  
Annual Comprehensive  
Financial Report  
(ACFR)

Single Audit under  
Uniform Guidance and  
TxGMS

Passenger Facility  
Charge Audit Report –  
El Paso International  
Airport

Texas Commission on  
Environmental Quality:  
Agreed-Upon  
Procedures

Chapter 59 Asset  
Forfeiture Report by  
Law Enforcement:  
Agreed-Upon  
Procedures – El Paso  
Police Department

National Transit  
Database Report:  
Agreed-Upon  
Procedures – Sun Metro

# Audit Scope and Results

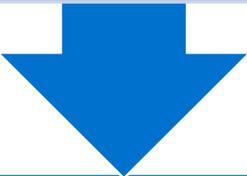
## Unmodified “Clean” Opinions

- Independent Auditor’s Report on Basic Financial Statements
- Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and TxGMS

# Audit Scope and Results (Continued)

For fiscal year 2024, the City had five (5) major federal and state award programs that required testing:

WIC: Special Supplemental Nutrition Program for Women, Infants, and Children - \$5.8M	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds - \$39.8M	ITS Infrastructure at Zaragosa and BOTA - \$1.4M	Texas Anti-Gang (TAG) Program - \$4.3M	Defense Economic Adjustment Assistance - \$3.1M
---	--	--	--	---



No significant deficiencies or material weaknesses were identified with respect to internal control over financial reporting, internal control over compliance or compliance.

# Audit Scope and Results (Continued)

## Achievements

- The City of El Paso, TX has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for **26 consecutive years!** The City believes their current report continues to conform to the Certificate of Achievement program requirements and submitted to GFOA for consideration at the end of February.
- The City has received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for the last **3 consecutive years.**
- The City has also received GFOA's Distinguished Budget Presentation Award.
- As a result of receiving all three of GFOA's reporting awards, the City of El Paso, TX is a GFOA Triple Crown Award Winner – 1 of only 27 Cities across the State of Texas to receive the GFOA Triple Crown Award!

# Audit Scope and Results (Continued)

## Audit Adjustments

- Proposed audit adjustments recorded:
  - None noted
- Proposed audit adjustments not recorded:
  - Environmental Services Fund – to adjust construction in progress at year-end to remove balances related to landfill closure expenditures that should have been expensed in prior years and beginning of year net position.

# Audit Scope and Results (Continued)

## Qualitative Aspects of Significant Accounting Policies and Practices

- Significant Accounting Policies
  - The City's significant accounting policies are described in *Note 1* of the audited financial statements.
- Alternative Accounting Treatments
  - No matters are reportable
- Management Judgements & Accounting Estimates
  - Accounts receivable and related allowance for uncollectible amounts
  - Fair values of investments
  - Other postemployment benefits (OPEB) liability and related deferred inflows and outflows of resources
  - Net pension liability and related deferred inflows and outflows of resources
  - Key estimates related to leases and subscription-based information technology arrangements - discount rate, term, and payments/receipts
  - Depreciation expense and useful lives on capital assets
  - Landfill closure and postclosure liabilities

# Qualitative Aspects of Significant Accounting Policies and Practices (Continued)

- Financial Statement Disclosures
  - Net pension liability
  - Other postemployment benefit liabilities
  - Leases
  - Subscription-Based Information Technology Arrangements

# Future Pronouncements and Other Matters



# Accounting Updates – GASB Statement No. 101, Compensated Absences

## Overview

- This statement updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.
- A liability for compensated absences should be accounted for and reported on a basis consistent with governmental fund accounting principles for financial statements prepared using the current financial resources measurement focus.
- This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

## Effective Date

- The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
- Effective for City’s Fiscal Year 2025.

# Accounting Updates – GASB Statement No. 102, Certain Risk Disclosures

## Overview

- This statement requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due.
- Governments should start planning for compliance by identifying potential constraints and concentrations, assessing risks related to these factors, developing processes to evaluate and monitor disclosure criteria, and preparing to gather and present the required information in financial statement notes.

## Effective Date

- The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.
- Effective for City's Fiscal Year 2025.

# Accounting Updates – GASB Statement No. 103, Financial Reporting Model Improvements

## Overview

- This statement improves the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity in practice and improve comparability.
- Impacted areas include management’s discussion and analysis, unusual or infrequent items, the definitions and presentation of operating and nonoperating revenues and expenses in enterprise funds, presentation of major component units, presentation of budgetary comparison information, and financial trends information within the statistical section of separately issued financial reports.

## Effective Date

- The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. Changes are required to be made retroactively to the earliest period presented.
- Effective for City’s Fiscal Year 2026.

# Accounting Updates – GASB Statement No. 104, Disclosure of Certain Capital Assets

## Overview

- This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34.
- The purpose is to provide users of government financial statements with essential information about certain types of capital assets. Impacted areas include lease assets, intangible right-to-use assets, subscription assets, intangible assets other than those three types, and capital assets held for sale.

## Effective Date

- The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.
- Effective for City's Fiscal Year 2026.

# Questions?



**Thank you!**





El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

---

**File #: BC-449, Version: 1**

---

**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.*

Discussion on FY 2024-2025 Audit Plan 2<sup>nd</sup> Quarter Updates. [Internal Audit, Edmundo Calderon, (915) 212-1365]



**2024-2025  
Annual Audit Plan  
2<sup>nd</sup> Quarter Update**

Issued by the  
Internal Audit Department  
As of February 28, 2025

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

---

### INTRODUCTION

According to Domain III & IV of the *Global Internal Audit Standards*, Principle 8 - Standard 8.1 and Principle 9 - Standard 9.4 as issued by the Institute of Internal Auditors, the Chief Internal Auditor must report periodically to the Financial Oversight and Audit Committee and Senior Management on the internal audit activity's purpose, authority, responsibility, and performance relative to its Audit Plan. The Chief Internal Auditor is also responsible for reporting significant risk exposures, control issues, fraud risks, governance issues, and other matters needed or requested by the Financial Oversight and Audit Committee and Senior Management.

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

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

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

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

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

As required by the *Global Internal Audit Standards*, Standard 7.1, the City of El Paso's Internal Audit Department continues to maintain its independence. Per the City Charter amended May 6, 2023, the Chief Internal Auditor reports operationally to the Chairman of the Financial Oversight and Audit Committee (FOAC) and legislatively to the FOAC. The FOAC reviews and recommends for approval by City Council the Internal Audit Charter and annual risk-based Audit Plan. The FOAC also receives quarterly updates to the Annual Audit Plan from the Chief Internal Auditor. The City Manager shall be responsible for the implementation of any audit recommendations for changes to City administrative procedures and operations as requested by City Council. Standard 8.3 requires the Internal Audit Department ensure conformance with the *Global Internal Audit Standards*, to include the Ethics and Professionalism Domain II. The Ethics and Professionalism Domain Principles includes Integrity, Objectivity, Confidentiality, Competency, and Due Professional Care. Any non-conformance will be reported.

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

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

---

## **PENDING AUDITS & PROJECTS**

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

### **1. Capital Improvement On-Call Services Agreement Audit**

The objectives of the Audit are 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*.

### **2. El Paso International Airport – Accounts Payable Audit**

The audit objectives for the El Paso International Airport – Accounts Payable Audit are to:

- Determine if Accounts Payable transactions are processed in accordance with the *City of El Paso Accounts Payable Policy* and the Texas Prompt Payment Act.
- Determine if appropriate documentation is in place to support Accounts Payable transactions.
- Determine if transactions are properly reviewed and approved for payment by authorized personnel.
- Determine if there are unallowable purchases (e.g., food and alcohol).
- Determine if the El Paso International Airport operates within budgetary limits.
- Determine if the El Paso International Airport has implemented adequate internal controls to limit exposure to unauthorized or inappropriate Accounts Payable transactions.

### **3. Parks and Recreation Department – Park Usage Permit Audit**

The objectives of the Park Usage Permit Audit are to determine if the Parks and Recreation Department:

- Has an established process for the issuance of Park Usage Permits.
- Has established criteria for the need of a Park Usage Permit.
- Has documented Policies and Procedures for the issuance of Park Usage Permits.
- Is charging the correct Permit Fees as determined by Schedule C or other fee schedule.
- Follows-up and enforces the use of Park Usage Permits.

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

---

**4. Vehicle Allowance and Take Home Cars Project**

The objectives of the Review are to assess Vehicle Allowance payments and Take Home Cars. To achieve the project objectives, the Internal Audit Department will:

- Review Vehicle Allowance payments for compliance with the *Vehicle Allowance Program Policy*.
- Determine if City employees who are assigned a Take-Home Vehicle do not receive a Vehicle Allowance.
- Determine Policies and Procedures for the use and assignment of City-Owned Take-Home Cars.
- Determine if departments monitor the usage of Take-Home Cars.

**5. Accounts Receivable – Hotel Occupancy Tax Review**

The objectives of this Review are to ensure that the City of El Paso’s Office of the Comptroller is properly collecting the Hotel Occupancy Tax (HOT) revenues owed to the City and adhering to the City of El Paso *Accounts Receivable Policy*.

**6. Hotel Occupancy Tax Audits – Round 9**

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

**7. Follow-Up Audit - Division of Military Affairs Accounts Payable & Travel**

The objectives of this Follow-Up Audit are to determine whether the findings and recommendations identified in the original Audit Report dated June 10, 2024 have been adequately addressed. Specifically the following two items:

- Ensuring invoices are paid within 30 days of receiving the invoice or services from the vendor.
- Ensuring compliance with the Travel Policy.

**8. Police Department – Cyber Security Audit**

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

**9. Franchise Fee Audit – El Paso Water Utility**

The objectives of the Franchise Fee Audit will help identify any issues with the payment of the City Franchise Fee from the El Paso Water Utility.

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

---

**10. Budget Transfer Audit**

The objectives of the Audit are to determine if the Office of Management and Budget department:

- Has comprehensive written Policies and Procedures for Budget Transfers.
- Is properly communicating and providing feedback to City departments.
- Is enforcing established Budget Transfer limits and approvals.
- Is ensuring City Departments are submitting proper documentation for Budget Transfers.
- Has processes in place to ensure the accuracy and timeliness of Budget Transfers.

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

---

**FINANCIAL OVERSIGHT AND AUDIT COMMITTEE (“FOAC”)**

The FOAC met on February 12, 2025 to discuss the 1<sup>st</sup> Quarter Audit Plan Update of Fiscal Year 2024-2025 Annual Audit Plan.

- Minutes for the Financial Oversight and Audit Committee meeting on November 14, 2024 were approved.
- Introduction of the Internal Audit Department.
- Discussion and Action on FY 2024-2025 Audit Plan 1<sup>st</sup> Quarter Updates.
- Discussion on Client Surveys.

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

### **MISCELLANEOUS ITEMS**

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

### **TRAINING SESSIONS**

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

Name	Position	CPE Hours
Edmundo Calderon	Chief Internal Auditor	7.80
Liz De La O	Deputy Chief Internal Auditor	8.80
Mike Montiel	Audit Manager	2.00
Martha Vargas	Auditor IV	7.80
Miguel Ortega	Auditor III	4.80
Sergio Carrillo	Auditor III	9.30
Esmeralda Herrera	Auditor II	6.80
Christian Castro	Auditor I	9.80
Miguel Olivas	Auditor I	7.80

### **SERVICE TO THE PROFESSION**

- I. Association of Government Accountants – El Paso Chapter  
Edmundo Calderon volunteered as a Board Member.
- II. Institute of Internal Auditors – El Paso Chapter  
Esmeralda Herrera volunteered as a Board Member.  
Martha Vargas volunteered as a Committee Member.
- III. Association of Certified Fraud Examiners – El Paso Chapter  
Miguel Montiel and Liz De La O volunteered as Board Members.
- IV. Association of Local Government Auditors  
Miguel Montiel lead a Peer Review of LA Metro - Management Audit Services the week of January 27, 2025  
Sergio Carrillo is scheduled to participate in a Peer Review of City of Tallahassee, FL the week of May 5, 2025

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

**AUDIT PLAN UPDATE**

*This section will provide the Financial Oversight and Audit Committee and the City Manager with an update on the progress of the 2024-2025 Annual Audit Plan. An analysis is provided listing the Audits/Projects scheduled by quarter with their associated budgeted hours. The actual audit hours worked per Audit/Project is provided. This analysis is a great management tool to demonstrate how the Internal Audit Department's resources are being used.*

	<b>BUDGETED HOURS</b>	<b>YTD as of 02/28/25</b>
<b>First Quarter</b>	-	-
(CarryFwds) Pension Office Digitization and Cybersecurity Review (P2023-07)	50.00	213.00
(CarryFwds) Sun Metro Money Room Internal Control Review (P2024-01)	50.00	201.25
(CarryFwds) Water Parks Follow Up Audit (A2024-09)	50.00	43.50
(CarryFwds) U-Matter Card Program Review (P2024-02)	50.00	26.25
(CarryFwds) Sun Bowl Game Audit (A2024-04)	50.00	16.75
(CarryFwds) Accounts Receivable Program Follow Up Audit (A2024-07)	100.00	18.25
(CarryFwds) Planning and Inspections - Permit Review Audit (A2024-03)	100.00	101.75
(CarryFwds) SAM - Cyber Security Assessment Follow Up Audit (A2024-10)	100.00	35.75
(CarryFwds) Health Department - Internal Control Review (P2024-03)	250.00	323.50
(CarryFwds) Accounts Receivable - Hotel Occupancy Tax Audits	250.00	197.25
(CarryFwds) On-Call Services Agreement Audit (A2024-08)	300.00	260.25
(CarryFwds) El Paso International Airport- Accounts Payable Audit	500.00	316.25
Citywide Sales Tax Analysis - Clearview	40.00	1.50
Hotel Occupancy Tax Audits - Administration	50.00	172.50
Franchise Fee Audits (Spectrum) - Administration	50.00	13.25
TX Sales Tax Discovery - Administration	50.00	14.75
City Employee Hotline	75.00	73.75
Tax Office Refund Review Project	100.00	94.00
Longevity Project	100.00	8.00
Cyber Audits - Administration	300.00	60.75
Contingency Hours	404.00	-
Audit Plan	-	543.75
Consulting	-	20.00
Division of Veteran and Military Affairs – Travel and Accounts Payable Audit	-	23.25
Economic Development – 380 Agreement Monitoring Audit	-	3.50
P-Card Reviews: City Council & City Manager's Office – P-Card & Travel Review	-	19.00
Vehicle Allowance Analysis	-	3.00
Weaver	-	5.00
Administrative Duties - Chief Internal Auditor	225.00	219.00
Administrative Duties – Audit Manager	90.00	120.25
Administrative Duties - Staff Auditors	560.00	612.50

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

	<b>BUDGETED HOURS</b>	<b>YTD as of 02/28/25</b>
<b>First Quarter (Continued)</b>		
Auditor Training	135.00	499.50
Vacation/Sick Leave/Holiday	651.00	875.50
<b>Total</b>	<b>4,680.00</b>	<b>5,136.25</b>
<b>Second Quarter</b>		
Take Home Cars & Use of City Vehicles Project	250.00	105.25
Executive Vacation Requests & Sick Leave Project	250.00	288.00
Follow Up Audit: Streets & Maintenance - Permits Review Audit	250.00	-
Parks Department - Permit Audit	500.00	361.25
Budget Transfer Audit	500.00	71.75
Citywide Sales Tax Analysis - Clearview	40.00	4.50
Hotel Occupancy Tax Audits - Administration	50.00	143.50
Franchise Fee Audits (Spectrum) - Administration	50.00	9.00
TX Sales Tax Discovery - Administration	50.00	5.50
City Employee Hotline	75.00	45.25
Tax Office Refund Review Project	100.00	93.00
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	74.50
Contingency Hours	504.00	-
Audit Plan	-	251.00
Consulting	-	82.00
FOAC	-	225.00
Weaver	-	229.50
Administrative Duties - Chief Internal Auditor	225.00	191.50
Administrative Duties - Audit Manager	90.00	173.50
Administrative Duties - Staff Auditors	560.00	329.75
Auditor Training	135.00	246.25
Vacation/Sick Leave/Holiday	651.00	812.25
<b>Total</b>	<b>4,680.00</b>	<b>3,742.25</b>
<b>Third Quarter</b>		
Yellow Book Self-Assessment	250.00	58.75
Red Book Self-Assessment	250.00	128.75
El Paso Zoo - Memberships, Fund-Raising Activities, Attendance, & Ticket Sales Audit	500.00	38.75
Animal Services Facilities Upgrade, Change Orders, & Construction Compliance Audit	500.00	-
P-Card Reviews: City Council & City Manager's Office - P-Card & Travel Review	250.00	128.00
Citywide Sales Tax Analysis - Clearview	40.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Franchise Fee Audits (Spectrum) - Administration	500.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	-
Tax Office Refund Review Project	100.00	-
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	-
Contingency Hours	504.00	-

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

<b>Third Quarter (Continued)</b>	<b>BUDGETED HOURS</b>	<b>YTD as of 02/28/25</b>
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Audit Manager	90.00	-
Administrative Duties - Staff Auditors	560.00	-
Auditor Training	135.00	-
Vacation/Sick Leave/Holiday	651.00	-
<b>Total</b>	<b>4,680.00</b>	<b>354.25</b>
<b>Fourth Quarter</b>		
Follow Up Audit: Division of Military Affairs - Travel & Acc. Payable Audit	250.00	87.75
Follow Up Audit: Economic Development - 380 Agreement Monitoring Audit	250.00	-
CID - Davis-Bacon Act Compliance & Certified Payroll Audit	500.00	-
Emergency Solutions Grant (ESG) Program Audit	500.00	-
SAM - Facility Maintenance Audit	500.00	-
Citywide Sales Tax Analysis - Clearview	40.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Franchise Fee Audits (Spectrum) - Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	-
Tax Office Refund Review Project	100.00	-
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	-
Contingency Hours	254.00	-
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Auditor IV	90.00	-
Administrative Duties - Staff Auditors	560.00	-
Auditor Training	135.00	-
Vacation/Sick Leave/Holiday	651.00	-
<b>Total</b>	<b>4,680.00</b>	<b>87.75</b>
<b>Totals for 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> &amp; 4<sup>th</sup> Quarters</b>		
	<b>18,720.00</b>	<b>9,320.50</b>

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

---

**CONCLUSION**

The 2<sup>nd</sup> Quarter of the 2024-2025 Audit Plan was another productive quarter for the Internal Audit Department. During the 2<sup>nd</sup> Quarter, 10 Audits/Projects are in various stages of planning or completion.

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

Respectfully Submitted



---

Edmundo S. Calderon, CIA, CGAP, CRMA, MBA  
Chief Internal Auditor  
City of El Paso

Distribution:

Financial Oversight and Audit Committee

Dionne Mack, City Manager

Karla Nieman, City Attorney

Robert Cortinas, Deputy City Manager/Chief Financial Officer



# Internal Audit Department 2<sup>nd</sup> Quarter Update

December 1, 2024 to February 28, 2025

# Reporting Statement

According to Domain III & IV of the Global Internal Audit Standards, Principle 8 - Standard 8.1 and Principle 9 - Standard 9.4 as issued by the Institute of Internal Auditors, the Chief Internal Auditor must report periodically to the Financial Oversight and Audit Committee and Senior Management on the internal audit activity's purpose, authority, responsibility, and performance relative to its Audit Plan.

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

# Independence Statement

As required by the Global Internal Audit Standards, Standard 7.1, the City of El Paso's Internal Audit Department continues to maintain its independence. Per the City Charter amended May 6, 2023, the Chief Internal Auditor reports operationally to the Chairman of the Financial Oversight and Audit Committee (FOAC) and legislatively to the FOAC. The FOAC reviews and recommends for approval by City Council the Internal Audit Charter and annual risk-based Audit Plan. The FOAC also receives quarterly updates to the Annual Audit Plan from the Chief Internal Auditor. The City Manager shall be responsible for the implementation of any audit recommendations for changes to City administrative procedures and operations as requested by City Council.

# Training Hours

January 1 to February 28, 2025

Name	Position	CPE Hours
Edmundo Calderon	Chief Internal Auditor	7.80
Liz De La O	Deputy Chief Internal Auditor	8.80
Mike Montiel	Audit Manager	2.00
Martha Vargas	Auditor IV	7.80
Miguel Ortega	Auditor III	4.80
Sergio Carrillo	Auditor III	9.30
Esmeralda Herrera	Auditor II	6.80
Christian Castro	Auditor I	9.80
Miguel Olivas	Auditor I	7.80

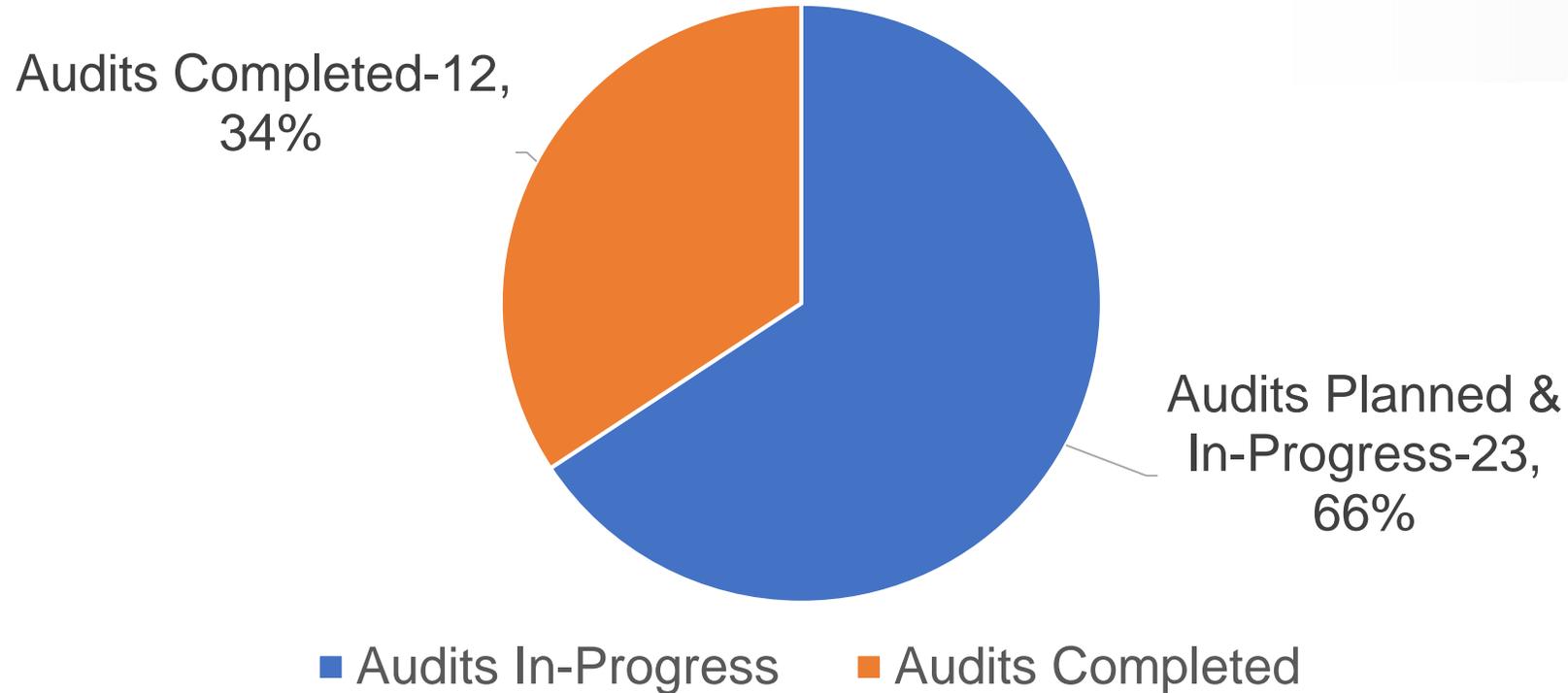
# Overview of FY 2024-2025 Audit Plan

September 1, 2024 to February 28, 2025

Audit Status	Audits
a. Number of Audits Completed	12
b. Number of Audits Planned & In-Progress	23
c. Total Number of Audits	35

# FY 2024-2025 Audit Plan Completion

September 1, 2024 to February 28, 2025



Audit Code	Audit Name	Status
P2024-01	Sun Metro Money Room – Internal Control Review	Complete
P2024-03	Dept. of Public Health – Internal Control Review	Complete
A2024-08	On-Call Services Agreement Audit	In-Progress
A2025-01	Parks and Recreation Dept. – Park Usage Permit Audit	In-Progress
A2025-02	El Paso International Airport – Accts. Payable Audit	In-Progress
A2025-03	Follow-Up Audit Division of Military Affairs – Travel & Accounts Payable Audit	In-Progress
A2025-04	Budget Transfer Audit	In-Progress
A2025-05	Police Department – Cyber Security Audit	In-Progress
P2025-01	Accounts Receivable – Hotel Occupancy Tax Review	In-Progress
P2025-02	Vehicle Allowance & Take-Home Cars	In-Progress
CoSourced	Hotel Occupancy Tax Audits – Round 9	In-Progress
CoSourced	Franchise Fee Audit – El Paso Water Utility	Not Started

# 2024-2025 Audits

**December 1, 2024 to February 28, 2025**

# City of El Paso – Employee Hotline

December 1, 2024 to February 28, 2025

Received 8 calls and 1 call remained open as of February 28, 2025.

# Tax Office Refund Review Project

December 1, 2024 to February 28, 2025

Conducted 25 Tax Office Refund Reviews  
during the 2<sup>nd</sup> Quarter.

# Client Surveys

December 1, 2024 to February 28, 2025

Audit Name	Survey Opened	Survey Closed	# Surveys Sent Out	# Surveys Completed	% Surveys Completed
Sun Metro Money Room - Internal Controls Review P2024-01	01/30/2025	02/10/2025	5	5	100%
DPH – Internal Control Review P2024-03	01/22/2025	02/05/2025	3	2	67%

# Q & A



El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

---

**File #: BC-447, Version: 1**

---

**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.*

Discussion and Action on the results of the Department of Public Health - Internal Control Review P2024-03.  
[Internal Audit, Edmundo Calderon, (915) 212-1365]



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

Issued by the  
Internal Audit Department  
December 3, 2024



# Internal Audit Department

**MAYOR**  
Oscar Leeser

**DATE:** December 3, 2024

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

**CITY COUNCIL**

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

**District 1**  
Brian Kennedy

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

**District 2**  
Dr. Josh Acevedo

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

**District 3**  
Cassandra Hernandez

**District 4**  
Joe Molinar

**District 5**  
Isabel Salcido

**Background:**

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

**District 6**  
Art Fierro

**District 7**  
Henry Rivera

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

**District 8**  
Chris Canales

**CITY MANAGER**  
Dionne Mack

**Objectives:**

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

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

**Methodology:**

To achieve our audit objectives, we:

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

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

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

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





# Internal Audit Department

## MAYOR

Oscar Leeser

## CITY COUNCIL

### District 1

Brian Kennedy

### District 2

Dr. Josh Acevedo

### 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

Dionne Mack

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

### Results:

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

#### **OBSERVATION 1**

##### **Strong Internal Controls**

City of El Paso Strategic Plan:

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

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

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

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

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

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

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

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

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



# Internal Audit Department

## MAYOR

Oscar Leeser

## CITY COUNCIL

### District 1

Brian Kennedy

### District 2

Dr. Josh Acevedo

### 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

Dionne Mack

The Internal Audit Department identified:

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

### Conclusion:

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

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

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

cc: Financial Oversight and Audit Committee

Dionne Mack, City Manager

Mario D'Agostino, Deputy City Manager

Robert Cortinas, Chief Financial Officer/Deputy City Manager

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

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)



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



# Department of Public Health


**MAYOR**

Renard U. Johnson

**DATE:** January 25, 2025

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

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

Alejandra Chávez

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

**District 2**

Dr. Josh Acevedo

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

**District 3**

Deanna M. Rocha

Mr. Calderon,

**District 4**

Cynthia Boyar Trejo

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

**District 5**

Ivan Niño

**Observation 1 – Strong Internal Controls**
**District 6**

Art Fierro

**DPH Response:**
**District 7**

Lily Limón

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

**District 8**

Chris Canales

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

**CITY MANAGER**

Dionne Mack

Thank you again for your professional expertise and valuable feedback.

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

Thank you.

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



DELIVERING EXCEPTIONAL SERVICES



# Internal Audit Department Department of Public Health – Internal Control Review P2024-03

# Objectives

1. Conduct audit work related to the internal controls over cash handling.
2. Determine if cash handling procedures are consistent with Departmental and City Policies.
3. Determine if DPH is operating in a control-conscious environment.
4. The review should include sufficient tests to ascertain whether internal controls are adequate.
5. Document areas where inefficiencies may exist, and internal controls strengthened.

# Scope

The time frame audited was Fiscal Year 2023 – 2024.

# Observation 1

A review of the *Daily Deposit Instructions Manual* identified the following internal control strengths:

1. The *Manual* is specific to the DPH clinics' cash operations.
2. The Policies were recently updated in June 2023.
3. No internal control weaknesses were identified.
4. The deposit documentation for June 24-28, 2024, was complete and accurate.
5. Financial, physical, and information assets are properly safeguarded.

# Conclusion

1. Confirmed that Cash Handling Procedures are consistent with the City and DPH Policies.
2. Confirmed that revenues are properly and accurately collected, reported, and deposited.
3. Determined that DPH is operating in a control-conscious environment.

# Management Response

## Observation 1 - Strong Internal Controls

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

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

# Q & A



El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

---

**File #: BC-448, Version: 1**

---

**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.*

Discussion and Action on the results of the Sun Metro Money Room - Internal Control Review P2024-01.  
[Internal Audit, Edmundo Calderon, (915) 212-1365]



## **Sun Metro Money Room – Internal Control Review P2024-01**

Issued by the  
Internal Audit Department  
January 09, 2025



# Internal Audit Department

**MAYOR**  
Renard U. Johnson

**DATE:** January 09, 2025

**TO:** Anthony R Dekeyzer – Director of Mass Transit

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

**CITY COUNCIL**

**SUBJECT:** Sun Metro Money Room – Internal Control Review P2024-01

**District 1**  
Alejandra Chávez

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

**District 2**  
Dr. Josh Acevedo

**District 3**  
Deanna M. Rocha

**District 4**  
Cynthia Boyar Trejo

**Background:**

Sun Metro operates 101 Fixed Route Vehicles, 48 LIFT vehicles, 3 Streetcars and serves more than 6.6 million passengers a year. Fares can be purchased on the bus using the correct change. In addition, Sun Metro sells daily, weekly, and monthly bus passes. A bus pass can be purchased on the Sun Metro App, at any of the 6 ticket offices, at Ticket Vending Machines (TVMs) located throughout the Brio Routes and 8 transit centers, or through U.S. Mail. The main office, Sun Metro Transit Operations Center, is located at 10151 Montana Ave., El Paso, TX 79925. Sun Metro operates a Money Room which counts revenue collected via Bus Fareboxes and TVMs then prepares funds for deposit.

**District 5**  
Ivan Niño

**District 6**  
Art Fierro

**District 7**  
Lily Limón

**District 8**  
Chris Canales

**Objectives:**

The objectives of the Sun Metro Money Room – Internal Control Review Project was to determine if cash handling procedures used in the Money Room are consistent with Department Policies and Procedures and the City of El Paso Cash Management Policy. In addition, to determine if the Sun Metro Money Room is operating in a control conscious environment as it relates to Cash Handling Procedures. We have characterized a control conscious environment as having the following:

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

**Scope:**

Fiscal Year 2023 - 2024.

**CITY MANAGER**  
Dionne Mack

**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

### Methodology:

To achieve our audit objectives, we:

- Obtained an understanding of the *Sun Metro – Mass Transit Accounting Manual* and the *City of El Paso Cash Management Policy*.
- Observed and interviewed Sun Metro Money Room staff, supervisors, and managers to get an understanding of their operations.
- Conducted a site visit to the Sun Metro Money Room to observe the daily operations.
- Conducted a review of applicable Sun Metro Money Room internal procedures and City of El Paso City-wide Cash Handling Procedures.
- Conducted an assessment of the daily balancing and deposit documentation to determine if revenues were accurately reported and deposited in a timely manner per Policy.
- Identified potential internal control weaknesses in the safeguarding and transfer of cash.
- Documented areas where inefficiencies exist and where internal controls need to be strengthened.

### Results and Conclusion:

Based on our review, we have identified two Observations regarding current Policies/Procedures Associated and internal controls at the Sun Metro Money Room. The following is a description of the Observations.

### OBSERVATION 1

#### Sun Metro Policies and Procedures Manual

City of El Paso Strategic Plan:

- Goal 6.3 *Implement programs to reduce organizational risk.*
- Goal 6.12 *Maintain systems integrity, compliance, and business continuity.*

*Sun Metro – Mass Transit Accounting Manual* updated January 2023 states:

- Section 11.23 - *Money Room Employees Uniforms and Lockers 1. Money room employees are required to wear pocketless uniforms provided by Sun Metro.*

A review of the *Sun Metro – Mass Transit Accounting Manual* updated January 2023, identified the following:

- The *Manual* requires personnel to use a pocketless uniform provided by Sun Metro. However, Sun Metro has not provided the uniforms to the Money Room staff.
- There are no documented procedures for when Farebox Revenues do not balance with the amounts counted and deposited by Money Room and Accounting staff.

**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

### RECOMMENDATION

The Sun Metro Management should:

- Provide pocketless uniforms to Money Room personnel as required by the *Manual*.
- Document procedures for when Farebox Revenues do not balance with the amounts counted and deposited by Money Room and Accounting staff.

### OBSERVATION 2

#### Revenue Accuracy and Deposits

City of El Paso Strategic Plan:

- Goal 6.3 *Implement program to reduce organizational risk.*
- Goal 6.12 *Maintain systems integrity, compliance, and business continuity.*

*City of El Paso Cash Management Policy* dated September 1, 2021:

- Section 5.1 - *In accordance with City Charter, Section 7.7 – Depositories, all monies received by any person in any department, in connection with the business of the City, shall be deposited promptly into a City depository account within one business day after its receipt.*
- Section 5.5 - *Under no circumstances are employees authorized to take from collected receipts to pay for expenses for any purpose.*
- Section 11.0 - *Change funds shall only be used to fund cashier's drawers and provide change after a transaction.*

*Sun Metro – Mass Transit Accounting Manual* updated January 2023 states:

- Section 11.27 - *Deposit Reconciliation and Revenue Reporting. The Summary of Farebox Revenue (Daily Summary Report) will show the following information necessary to balance and verify the total deposit: a. Total fare box revenue b. Total dollar bill count c. The balance in each mobile bin...*

#### Ticket Vending Machines (TVM)

During a review of a sample of 27 deposits of Ticket Vending Machine (TVM) Revenue from February 19 to March 01, 2024, the following was identified:

**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

### Ticket Vending Machine Balancing

- 21 out of 27 (78%) deposits of TVM Revenue reviewed did not balance against the TVM Revenue Report provided by the Sun Metro Accounting staff. An overall shortage of \$2,513.80 was identified.

Further analysis identified the following:

- Items #4 for (\$276.05) and #6 for \$276.75 were due to a clerical error.
- Item #8 for (\$1,291.10), #12 for (\$1,487.00), and #22 for \$104.00 were due to mechanical errors with the TVM equipment.
- The remaining 22 items are considered immaterial because the overage/shortage is less than \$100.00. Due to the nature of Sun Metro's business, we believe that a \$100.00 materiality level is appropriate.

#	Date	TVM #	Revenue per TVM Report	Amount Deposited	Difference
1	2/19/2024	TVM 101	\$2,176.55	\$2,175.20	\$(1.35)
2	2/19/2024	TVM 318	\$1,665.85	\$1,702.25	\$36.40
3	2/19/2024	TVM 316	\$1,613.05	\$1,612.85	\$(0.20)
4	2/20/2024	TVM 100	\$1,744.75	\$1,468.70	\$(276.05)
5	2/20/2024	TVM 102	\$1,655.10	\$1,654.25	\$(0.85)
6	2/20/2024	TVM 108	\$2,468.25	\$2,745.00	\$276.75
7	2/21/2024	TVM 213	\$1,947.55	\$1,948.10	\$0.55
8	2/21/2024	TVM 220	\$3,017.50	\$1,726.40	\$(1,291.10)
9	2/21/2024	TVM 301	\$1,548.60	\$1,548.60	\$0.00
10	2/22/2024	TVM 216	\$1,614.55	\$1,617.85	\$3.30
11	2/22/2024	TVM 324	\$1,836.40	\$1,882.10	\$45.70
12	2/22/2024	TVM 305	\$2,635.65	\$1,148.65	\$(1,487.00)
13	2/23/2024	DTC Bill	\$3,000.00	\$3,000.00	\$0.00
14	2/23/2024	TVM 101	\$2,117.40	\$2,117.40	\$0.00
15	2/23/2024	TVM 108	\$1,812.05	\$1,868.05	\$56.00
16	2/23/2024	TVM 415	\$1,722.00	\$1,727.00	\$5.00
17	2/26/2024	TVM 100	\$2,502.70	\$2,502.60	\$(0.10)
18	2/26/2024	TVM 307	\$1,284.65	\$1,285.75	\$1.10
19	2/26/2024	TVM 405	\$1,618.80	\$1,618.80	\$0.00
20	2/27/2024	TVM 101	\$2,338.15	\$2,335.05	\$(3.10)
21	2/27/2024	TVM 108	\$2,187.15	\$2,195.15	\$8.00
22	2/27/2024	TVM 323	\$1,970.30	\$2,074.30	\$104.00
23	2/28/2024	TVM 215	\$1,742.20	\$1,750.00	\$7.80
24	2/28/2024	TVM 311	\$1,727.70	\$1,727.70	\$0.00
25	3/1/2024	TVM 100	\$1,725.75	\$1,727.40	\$1.65
26	3/1/2024	TVM 102	\$1,521.75	\$1,521.45	\$(0.30)
27	3/1/2024	TVM 322	\$3,034.25	\$3,034.25	\$0.00
<b>Totals:</b>			<b>\$54,228.65</b>	<b>\$51,714.85</b>	<b>\$(2,513.80)</b>

**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)



DELIVERING EXCEPTIONAL SERVICES



# 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

Timely Deposits

- 3 out of 27 (11%) deposits of TVM Revenue reviewed were not deposited within 1 business day as required by the *Policy*.
  - Revenues totaling \$436.00 from 1/11/24 were deposited on 2/19/2024. The deposit was made 26 business days late.
  - Revenues totaling \$189.25 from 2/06/24 were deposited on 3/1/24. The deposit was made 19 business days late.
  - Revenues totaling \$55.10 from 2/14/24 were deposited on 2/27/24. The deposit was made 9 business days late.

Bus Farebox

During a review of a sample of 20 deposits of Bus Farebox Revenues from February 19 to March 01, 2024, the following discrepancies were identified:

Change Fund

- 3 out of 20 (15%) Bus Farebox Deposits reviewed were underreported. For each deposit, \$40.00 of quarters were removed to replenish a Ticket Vending Machine.

Date	Amount of Coins Counted	Revised Amount of Coins Deposited	Difference
2/20/2024	\$3,199.92	\$3,159.92	(\$40.00)
2/22/2024	\$4,706.90	\$4,666.90	(\$40.00)
3/01/2024	\$6,251.07	\$6,211.07	(\$40.00)
<b>Totals:</b>	<b>\$14,157.89</b>	<b>\$14,037.89</b>	<b>(\$120.00)</b>

Timing Issue

- Farebox Revenue collected daily from each bus does not match to the revenues listed on the Daily Summary Report (the Report). The Report captures fare revenues for the current day's operation (from 12:00AM to 11:59PM). The current process is to remove the Farebox Revenue from each bus and a report is captured from the Farebox indicating the amount of fares collected for the shift. The fares are safeguarded in a locked bin along with the fares collected from other buses. This process usually is extended to the early hours of the next day. Any fares removed from buses after midnight are captured in the next day's Report. This causes the total fares reported on the current day Report to not equal the fares counted in the locked bin.

**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

### **RECOMMENDATION**

The Sun Metro Management overseeing the Money Room should:

- Deposit Ticket Vending Machine Revenues within one business day after its receipt.
- Have a change fund dedicated to replenish TVMs and avoid taking monies out of the Bus Farebox deposit.
- Accurately reconcile Farebox Revenue utilizing the Daily Summary Report. The Report should be adjusted to include the total revenue inside the locked bin to include Farebox Revenue received after midnight.

### **Conclusion:**

Based on our review of the Sun Metro Money Room we were able to determine that:

- The Sun Metro Money Room is operating in a control conscious environment as it relates to cash handling.
- The Sun Metro Department has proper segregation of duties between persons receiving cash, preparing the bank deposits, and posting to the general ledger.

We identified the following areas where internal controls can be strengthened:

- The Sun Metro Department should provide pocketless uniforms to Money Room personnel as required by the *Sun Metro – Mass Transit Accounting Manual*, Section 11.23.
- The *Sun Metro – Mass Transit Accounting Manual* should document procedures in the event that Farebox Daily Revenue Reports do not reconcile with amounts counted and deposited by staff.
- The Sun Metro Department should ensure that Ticket Vending Machine (TVM) Revenue is deposited within one business day after its receipt.
- The Sun Metro Department should have a change fund dedicated to replenish TVMs and avoid taking monies out of the Bus Farebox deposit.
- Sun Metro should ensure that the Farebox Revenue is accurately reconciled to revenue reports.

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

cc: Financial Oversight Audit Committee  
 Dionne Mack, City Manager  
 Ellen Smyth, Chief Transit and Field Operations Officer  
 Jerry DeMuro, Deputy Transit Office

**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)



DELIVERING EXCEPTIONAL SERVICES

**Sun Metro Money Room –  
Internal Control Review P2024-01  
Management Response**

**City of El Paso Mass Transit Department - Sun Metro  
Management Response to  
Sun Metro Money Room Internal Control Review P2024-01 dated January 09, 2025**

**Observation 1: Sun Metro Policies and Procedures Manual**

Observation Area	Observation	Recommendation	Sun Metro Comment	Sun Metro Action
1	The Manual requires personnel to use a pocketless uniform provided by Sun Metro. However, Sun Metro has not provided the uniforms to the Money Room staff.	Provide pocketless uniforms to Money Room Personnel as required by the Manual.	Sun Metro provides pocketless shirts to Money Room staff. Pants can be casual wear either pocketless or pockets must be sewn closed. Sun Metro Accounting Receivable (Senior Accounting Specialist) conducts regular weekly audits (at least two) to confirm whether Money Room personnel comply with the requirement.	Sun Metro Accounting Manual section 11.23 article 1 has been revised to state:  "Money room employees are required to wear pocketless shirts provided by Sun Metro. Pants can be casual wear either pocketless or pockets must be sewwed closed."
2	There are no documented procedures for when Farebox Revenues do not balance with the amounts counted and deposited by Money Room and Accounting staff	Document procedures for when Farebox Revenues do not balance with the amounts counted and deposited by Money Room and Accounting staff.	We currently have a Weekly Farebox Reconciliation log to track all farebox variances which is located on SharePoint. This log shows all daily variances between the Money Room count and the Genfare Daily Summary Report and it goes back to 2006.  In addition, Sun Metro is in process of upgrading aged Genfare TVMs and Fareboxes with Flowbird TVMs and Validators equipped with contactless payment features and most of them will be operating with no cash. This will significantly reduce amount of cash being handled through TVMs.	Sun Metro is in process of developing an SOP to handle and investigate variances between the Money Room count and the Genfare / Flowbird Daily Summary Report.  - Based on FY2024 analysis (of all the Farebox variances - positive and negative) we have found that on average, the yearly positive variance is \$400 and negative \$(300).  - These averages will be used as a threshold that will trigger more research into any particular variance that goes above or below the threshold.

**Observation 2: Revenue Accuracy and Deposits**

Observation Area	Observation	Recommendation	Sun Metro Comment	Sun Metro Action
<p align="center"><b>Revenue Accuracy and Deposits</b></p>	<p>1 <u>Ticket Vending Machine Balancing</u></p> <ul style="list-style-type: none"> <li>• 21 out of 27 (78%) deposits of TVM Revenue reviewed did not balance against the TVM Revenue Report provided by the Sun Metro Accounting staff. An overall shortage of \$2,513.80 was identified.</li> </ul>	<p>Further analysis identified the following:</p> <ul style="list-style-type: none"> <li>• Items #4 for (\$276.05) and #6 for \$276.75 were due to a clerical error.</li> <li>• Item #8 for (\$1,291.10), #12 for (\$1,487.00), and #22 for \$104.00 were due to mechanical errors with the TVM equipment.</li> <li>• The remaining 22 items are considered immaterial because the overage/shortage is less than \$100.00. Due to the nature of Sun Metro's business, we believe that a \$100.00 materiality level is appropriate.</li> </ul>	<p>Most of the larger discrepancies are due to mechanical errors of the aged Genfare TVMs. Sun Metro investigates all larger overages /shortages.</p>	<p>Sun Metro will continue to investigate TVM shortages/overages. New \$100, threshold was recommended by Internal Audit.</p>
	<p>2 <u>Timely Deposits</u></p> <p>3 out of 27 (11%) deposits of TVM Revenue reviewed were not deposited within 1 business day as required by the Policy.</p> <ul style="list-style-type: none"> <li>- Revenues totaling \$436.00 from 1/11/24 were deposited on 2/19/24. The deposit was made 26 business days late.</li> <li>- Revenues totaling \$189.25 from 2/6/24 were deposited on 3/1/24. The deposit was made 19 business days late.</li> <li>- Revenues totaling \$55.10 from 2/14/24 were deposited on 2/27/24. The deposit was made 9 business days late.</li> </ul>	<p>Deposit Ticket Vending Machine Revenue within one business day after its receipt.</p>	<p>Revenues being held in vault are due to TVM malfunction. Changing procedure may not be feasible to Sun Metro and Treasury.</p> <p>Current City of El Paso Cash Management Policy does not address the specifics for TVMs.</p> <p>Sun Metro contacted Treasury regarding this observation. Assistant Treasury Coordinator will review pros and cons of changing current cash policy for Ticket Vending Machines.</p>	<p>Upon OTC review and their decision Sun Metro will adjust its procedures to be in accordance with the decision / changes to Cash Management Policy</p>

<p>1</p> <p><b>Change Fund</b> 3 out of 20 (15%) Bus Farebox deposits reviewed were underreported. For each deposit, \$40.00 of quarters were removed to replenish a Ticket Vending Machine</p>	<p>Have a change fund dedicated to replenish TVMs and avoid taking monies out of the Bus Farebox deposit.</p>	<p>Sun Metro concurs with the observation and immediately changed the procedure.</p>	<p>Procedure was revised to: overages/shortages and replenishment of TVM's coin tekpak will be taken from Change Fund.</p>
<p>2</p> <p><b>Timing Issue</b> Farebox Revenue collected daily from each bus does not match to the revenues listed on the Daily Summary Report (the Report). The Report captures fare revenues for the current day's operation (from 12:00AM to 11:59PM). The current process is to remove the Farebox Revenue from each bus and a report is captured from the Farebox indicating the amount of fares collected for the shift. The fares are safeguarded in a locked bin along with the fares collected from other buses. This process usually is extended to the early hours of the next day. Any fares removed from buses after midnight are captured in the next day's Report. This causes the total fares reported on the current day Report to not equal the fares counted in the locked bin.</p> <p><b>Bus Fareboxes</b></p>	<p>Accurately reconcile Farebox Revenue Utilizing the Daily Summary Report. The report should be adjusted to include the total revenue inside the locked bin to include Farebox Revenue received after midnight.</p>	<p>Due to the nature of Sun Metro's process of collecting, processing and counting farebox revenues there will be an inherent variance that will be present due to the timing of how busses are probed as they arrive after completing their routes. Genfare system is operating on a 24-hour clock which defines the day as 12am to 11:59pm. Currently the probing of the arriving busses often extends well beyond the 11:59pm cutoff which pushes the reporting into the following day. This timing issue is suspected of being the major cause of the farebox variances Sun Metro is experiencing.</p>	<p>Sun Metro will work more closely with Operations and Maintenance section to see if the probing timing issue can be lessened thus improving our variances.</p> <p>We are also working with Sun Metro IT department and Genfare to see if the Daily Summary Report can be modified so we can select modified time frame other than the midnight to midnight currently available in order to capture those instances when the probing goes beyond the midnight cutoff.</p> <p>Sun Metro is in process of developing an SOP to handle and investigate variances between the Money Room count and the Genfare / Flowbird Daily Summary Report.</p> <p>- Based on FY2024 analysis (of all the Farebox variances - positive and negative) we have found that on average, the yearly positive variance is \$400 and negative \$(300).</p> <p>- These averages will be used as a threshold that will trigger more research into any particular variance that goes above or below the threshold.</p>



# Internal Audit Department Sun Metro Money Room – Internal Control Review P2024-01

# Objectives

1. Review internal controls to ascertain if procedures currently being utilized are operating as intended.
2. Determine if cash handling procedures used are consistent with Departmental and City Policies.
3. Determine if the Money Room is operating in a control conscious environment.
4. The review should include sufficient tests to ascertain whether internal controls are adequate.

# Scope

The time frame audited was Fiscal Years 2023 and 2024.

# Observation 1

1. The *Accounting Manual* requires personnel to use pocketless uniforms.
2. There are no documented procedures for when Farebox Revenues do not balance with the amounts counted and deposited.

# Recommendation

## Observation 1 - Sun Metro Policies and Procedures Manual

The Sun Metro Management Staff should:

1. Provide pocketless uniforms to Money Room personnel as required by their *Manual*.
2. Document procedures for when Farebox Revenues do not balance with the amounts counted and deposited by Money Room and Accounting staff.

# Observation 2

## Revenue Accuracy and Deposits

1. 21 out of 27 (78%) deposits of Ticket Vending Machine (TVM) Revenue did not balance. An overall shortage of \$2,513.80 was identified. Shortage due to clerical and mechanical errors with equipment.
2. 3 out of 27 (11%) deposits of TVM Revenue were not deposited within one business day.
3. 3 out of 20 (15%) Bus Farebox Deposits had \$40.00 of quarters removed to replenish the Change Box.
4. Daily Farebox collected does not match to the revenues listed on the Daily Summary Report.

# Recommendation

## Observation 2 – Revenue Accuracy and Deposits

The Sun Metro Management Staff overseeing the Money Room should:

1. Deposit Ticket Vending Machine (TVM) Revenues within one business day after its receipt.
2. Have a change fund dedicated to replenish TVMs and avoid taking monies out of the Bus Farebox deposit.
3. Accurately reconcile Farebox Revenue utilizing the Daily Summary Report. The Report should be adjusted to include the total revenue inside the locked bin to include Farebox Revenue received after midnight.

# Conclusion

1. Sun Metro Money Room is operating in a control conscious environment.
2. Sun Metro has proper segregation of cash handling duties.
3. Sun Metro should provide pocketless uniforms to Money Room Staff.
4. *The Accounting Manual* should document procedures in the event that Farebox Daily Revenue Reports do not reconcile with amounts deposited.

# Conclusion (Cont.)

5. Revenue should be deposited within one business day after its receipt.
6. A change fund should be created to replenish Ticket Vending Machines.
7. The Farebox Revenue should be accurately reconciled to revenue reports.

# Management Response

## Observation 1 - Sun Metro Policies and Procedures Manual

1. *Sun Metro Accounting Manual* section 11.23 article 1 has been revised to state:
  - *“Money room employees are required to wear pocketless shirts provided by Sun Metro. Pants can be casual wear either pocketless or pockets must be sewed closed.”*
2. Sun Metro is in process of developing an SOP to handle and investigate variances between the Money Room count and the Genfare/Flowbird Daily Summary Report.

# Management Response (Cont.)

## Observation 2 – Revenue Accuracy and Deposits

1. Sun Metro will continue to investigate Ticket Vending Machine shortages/overages.
2. Upon Office of The Comptroller review and their decision Sun Metro will adjust its procedures to be in accordance with the decision/changes to Cash Management Policy.
3. Procedure was revised to overages/shortages and replenishment of Ticket Vending Machine's coin tekpak will be taken from Change Fund.

# Management Response (Cont.)

## Observation 2 – Revenue Accuracy and Deposits

4. Sun Metro will work more closely with Operations and Maintenance section to see if the probing timing issue can be lessened thus improving our variances.

We are also working with Sun Metro IT Department and Genfare to see if the Daily Summary Report can be modified so we can select modified time frame other than the midnight to midnight currently available in order to capture those instances when the probing goes beyond the midnight cutoff.

Sun Metro is in process of developing an SOP to handle and investigate variances between the Money Room count and the Genfare/Flowbird Daily Summary Report.

# Q & A



El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

---

**File #: BC-485, Version: 1**

---

**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.*

Discussion and Action on the results of the Division of Military Affairs - Travel and Accounts Payable Audit Report A2024-02. [Internal Audit, Edmundo Calderon, (915) 212-1365]



**Division of Military Affairs – Travel and  
Accounts Payable Audit  
No. A2024-02**

Issued by the  
Internal Audit Department  
June 10, 2024

**City of El Paso**  
**Internal Audit Department**  
**Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

( ; ( & 8 7 , 9 ( 6 8 0 0 \$ 5 <

The Internal Audit Department has concluded the Division of Military Affairs – Travel and Accounts Payable Audit. Based on the results of the audit, two findings were identified. Both findings are considered significant in nature due to violations of the City of El Paso 7 U D Y H O a n d 3 R O L F \ 3 D \ D E O H 3 R O L F \

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

1. A sample of ten (10) payment vouchers from the Division of Veteran and Military Affairs for the period of September 1, 2022 to January 23, 2024 were reviewed for compliance with the City of El Paso \$ F F R X Q W V 3 D \ D E O H 3 R O L F \. Our review identified the following non-compliance issues:
  - x Ten (10) out of 10 (100%) vouchers reviewed included invoices with no evidence that mathematical accuracy of quantities and dollar amounts paid were confirmed by the department.
  - x Four (4) out of 10 (40%) vouchers reviewed included invoices that were not paid within 30 calendar days of receiving the invoice. Below is a breakdown of the four invoices not paid on time:

#	Invoice #	Invoice Amount	Invoice Date	Payment Date	# of Calendar Days Payment was made after Invoice Date
1	27202	\$ 2,637.60	April 27, 2023	June 14, 2023	48
2	14353	\$ 2,500.00	April 19, 2023	June 14, 2023	56
3	31221	\$ 672.00	March 15, 2023	May 19, 2023	65
4	2310005	\$ 257.59	June 14, 2023	November 2, 2023	141

2. A sample of eight (8) business trips conducted by the Division of Veteran and Military Affairs during the period of September 1, 2022 to January 23, 2024 were reviewed for compliance with the City of El Paso 7 U D Y H O a n d 3 R O L F \. Our review identified the following non-compliance issues:
  - x Three (3) out of 8 (38%) business trips reviewed had a Travel Request Form that was not reconciled within five (5) working days after the completion of the travel. The Travel Request Forms were reconciled nine (9) to fourteen (14) working days after the trip ended.
  - x One (1) out of 8 (13%) business trips reviewed was missing the After-Travel Approval signature required on the Travel Request Form. A reimbursement of \$147.90 for Uber expenses was paid to the Military Program Administrator even though there was no After-Travel Approval on the Travel Request Form.
  - x One (1) out of 8 (13%) business trips reviewed included a \$36.00 overpayment of per diem paid to the Military Program Administrator for meal expenses.
    - R The Military Program Administrator purchased and attended the October 12, 2022 – Marshall Memorial Reception & Dinner during the trip. The reception included dinner, which was not deducted from the per diem allowance used to calculate the traveler's meals.

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

**City of El Paso**  
**Internal Audit Department**  
**Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

---

% \$ & . \* 5 2 8 1 '

The City of El Paso Division of Veteran and Military Affairs serves as a Liaison between the City of El Paso, Fort Bliss and other outside agencies, including but not limited to, federal, state, and local military organizations. The office provides guidance, direction, and coordination of regional military issues and Veterans related issues.

General duties of the Division of Veteran and Military Affairs include:

- x Serving as a Liaison for the City's Veteran Affairs Advisor Committee, community organizations, businesses, and media to publicize services.
- x Advising and assisting Veterans in matters pertaining to their rights and benefits under the law.
- x Responding to requests for information and provide guidance on eligibility and entitlement requirements for federal, state, and local Veterans services, programs, or benefits.
- x Counseling, advising and explaining to the City's large Veteran population current laws and regulations for federal, state, and local Veteran's services, benefits, and/or programs.

A Veterans Affairs Advisor Committee has been established to serve as a source of information, review and strengthen Veteran programs and services, and report status of activities for El Paso's Veteran population. The Committee consists of nine members appointed by the Mayor and each City Council Representative. According to the most recent City Council briefing provided by the Committee on April 22, 2024, the Committee along with the Division of Veteran and Military Affairs are working on implementing the following programs for the Veteran Community:

- x Homelessness – provide immediate shelter and long-term housing solutions for homeless Veterans.
- x Mental Health – provide mental health services focused on equity and access to mental health options within our City.
- x Employment – provide to the transitioning service members and military spouses access to meaningful employment options that will result in the retention and recruitment of military talent in the City.

In 2023, the City of El Paso was one of the five communities across the country selected as a “ \* U H D W \$ P H U L F D Q ' H I H Q ” by the Department of Defense as a Defense Community. A designation given to those cities who demonstrate an exceptional commitment to improve the lives of service members, Veterans, and their families.

The Division of Veteran and Military Affairs hosts and/or participates in the following City Military and Veteran Events:

- x Veterans Day Parade.
- x Texas Women Veterans Day.
- x Council Day at Bliss – an event that gave City Council members and City leaders an opportunity to visit Fort Bliss and engage with soldiers. The event helped City leaders and Ft. Bliss obtain a mutual understanding of how they can help each other.
- x Sun City Bliss – a show aimed at providing updates, event information, and City happenings to Veterans, military families, and El Paso residents.

**City of El Paso  
Internal Audit Department  
Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

---

- x El Paso Texas Flags Across America – an organization that promotes and gives respect and courtesy owed to the United States Flag.
- x Welcome the Honor Flight at the El Paso International Airport – event honors and welcomes over 30 Korean War and Vietnam War Veterans returning home from Washington, D.C.
- x Our Community Salutes of El Paso – recognizes high school graduates who have enlisted in the military.

A review of the Division of Veteran and Military Affairs' Travel and Accounts Payable transactions was scheduled as part of the Internal Audit Department's ) L V F D O < H D U \$ Q Q X D O 5 L V N \$ V V H V V P H Q W

\$ 8', 7 2 % - ( & 7, 9 ( 6

The Audit consisted of reviewing both Travel and Accounts Payable transactions.

The objectives of the Travel review were to:

1. Obtain an understanding of the City of El Paso 7 U D Y H O a n 3 B O R F X U H P H Q W & D U G 3
2. Obtain and review a sample of Travel related expenditures paid via a City of El Paso Procurement Card and/or through an Accounts Payable voucher.
3. Determine if Travel Requests were properly approved before travel and reconciled after travel.
4. Determine if Travel related transactions served a municipal purpose for the City of El Paso.
5. Verify that appropriate documentation (ex. Travel Request Forms, pre-travel estimates, original receipts, etc.) supported travel expenditures.
6. Document areas where inefficiencies may exist and where internal controls may be strengthened.

The objectives of the Accounts Payable review were to:

1. Obtain an understanding of the City of El Paso \$ F F R X Q W V 3 D \ D E O H 3 R O L F \
2. Obtain and review a sample of Accounts Payable transactions.
3. Determine if Accounts Payable transactions were processed in a timely manner in accordance with the \$ F F R X Q W V 3 D \ D E O H 3 R O L F \
4. Verify that appropriate documentation (ex. original receipts) supported Accounts Payable transactions.
5. Determine if Accounts Payable transactions were reviewed and approved for payment by authorized personnel.
6. Determine if Accounts Payable transactions served a municipal purpose for the City of El Paso.
7. Document areas where inefficiencies may exist and where internal controls may be strengthened.

\$ 8', 7 6 & 2 3 (

Travel and Accounts Payable transactions incurred by the Division of Veteran and Military Affairs during Fiscal Years 2023 & 2024.

**City of El Paso**  
**Internal Audit Department**  
**Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

---

\$ 8',7 0 (7 + 2' 2/2 \* <

To achieve our audit objectives, we:

- x Obtained an understanding of the Policies and Procedures outlined in the City of El Paso's 7 U D Y H O a n d 3 8 D E R X Q W V 3 D \ D E O H 3 R O L F \
- x Interviewed the Military Program Administrator to obtain an understanding of the procedures for purchasing goods/services and booking travel for the Division of Veteran and Military Affairs.
- x Downloaded voucher transactions from the City's PeopleSoft – Financial System to obtain a listing of Account Payable Vouchers for travel and non-travel expenditures.
- x Selected two samples of vouchers to review travel and non-travel expenditures.
- x Utilized the sample of vouchers to review if expenditures were consistent with the Policies and Procedures outlined in the City of El Paso 7 U D Y H O a n d 3 8 D E R X Q W V 3 D \ D E O H 3 R O L F \

We conducted this audit in accordance with \* H Q H U D O O \ \$ F F H S W H G \* R Y H U Q P H Q W and the , Q W H U Q D W L R Q D O 6 W D Q G D U G V I R U W K H . T h o s e s t a n d a r d s r e q u i r e 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.

**City of El Paso**  
**Internal Audit Department**  
**Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

6 , \* 1 , ) , & \$ 1 7 ) , 1 ' , 1 \* 6 5 ( & 2 0 0 ( 1 ' \$ 7 , 2 1 6  
 \$ 1 ' 0 \$ 1 \$ \* ( 0 ( 1 7 ¶ 6 5 ( 6 3 2 1 6 ( 6

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**

**Accounts Payable - Vouchers**

City of El Paso Strategic Plan:

- x Goal 6.6 ( Q V X U H F R Q W L Q X H G I L Q D Q F L D O V W D E L O L W \ D Q G D  
 P D Q D J H P H Q W E X G J H W L Q J D Q G U H S R U W L Q J
- x Goal 6.12 0 D L Q W D L Q V \ V W H P V L Q W H J U L W \ F R P S O L D Q F H D Q G E

City of El Paso Accounts Payable Policy dated August 2022:

- x Section 5.2 – General Procedures for all Types of Purchases: 7 K H L Q Y R L F H V K R X O G E H  
 F U R V V I R R W H G W R H Q V X U H W K H D F F X U D F \ R I W K H F D O F X O
- x Section 18.0 – Conclusion: \$ O O & L W \ G H S D U W P H Q W V D U H U H V S R Q V L E O  
 R I D O O L Q Y R L F H V
- x Section 2.0 – Purpose: 7 K H & L W \ F R P S O L H V Z L W K W K H 6 W D W H R I 7 H  
 \* R Y H U Q P H Q W & R G H 7 L W O H 6 X E W L W O H ) & K D S W H U

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

- x \$ S D \ P H Q W E \ D J R Y H U Q P H Q W H Q W L W \ X Q G H U D F R Q W U D F  
 R Y H U G X H R Q W K H V W G D \ D I W H U W K H O D W H U R I W K H G D  
 W K H J R R G V R U V H U Y L F H V

State of Texas Government Code, Title 10, Subtitle F, Subchapter B., Chapter 2251.025 – Interest on Overdue Payment:

- x \$ S D \ P H Q W E H J L Q V W R D F F U X H L Q W H U H V W R Q W K H G D W H
- x 7 K H U D W H R I L Q W H U H V W W K D W D F F U X H V R Q D Q R Y H U G X H  
 W K H I L V F D O \ H D U L Q Z K L F K W K H S D \ P H Q W E H F R P H V R Y H  
 H T X D O W R W K H V X P R I  
 R R Q H S H U F H Q W D Q G  
 R W K H S U L P H U D W H D V S X E O L V K H G L Q W K H : D O O 6 W U H  
 S U H F H G L Q J I L V F D O \ H D U W K D W G R H V Q R W I D O O R Q D
- x , Q W H U H V W R Q D Q R Y H U G X H S D \ P H Q W V W R S V D F F U X L Q J R  
 P D L O V R U H O H F W U R Q L F D O O \ W U D Q V P L W V W K H S D \ P H Q W

A sample of ten (10) payment vouchers from the Division of Veteran and Military Affairs for the period of September 1, 2022 to January 23, 2024 were selected for review. The purpose of our review was to determine if the expenditures incurred by the department were paid in accordance with the City of El Paso \$ F F R X Q W V 3 D . D E O I H B R O I E F H the following non-compliance issues:

**City of El Paso  
Internal Audit Department  
Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

- x Ten (10) out of 10 (100%) vouchers reviewed included invoices with no evidence that mathematical accuracy of quantities and dollar amounts paid were confirmed by the department. The ten vouchers were:

#	Voucher #	Invoice #	Invoice Amount
1	23023441	63970	\$ 2,085.00
2	23065094	31221	\$ 672.00
3	23069100	061423	\$ 2,398.15
4	23072107	20246	\$ 4,556.70
5	23074850	20230614	\$ 550.00

#	Voucher #	Invoice #	Invoice Amount
6	24002463	9889610	\$ 1,000.00
7	23073798	27202	\$ 2,637.60
8	23073804	14353	\$ 2,500.00
9	24016483	2310005	\$ 257.59
10	23084900	1361337	\$ 3,035.08

- x Four (4) out of 10 (40%) vouchers reviewed included invoices that were not paid within 30 calendar days of receiving the invoice as required by the \$ F F R X Q W V 3 D \ D E O H 3 R O L F \ vouchers were:

#	Voucher #	Invoice #	Invoice Amount	Invoice Date	Payment Date	# of Calendar Days Payment was made after Invoice Date
1	23073798	27202	\$ 2,637.60	April 27, 2023	June 14, 2023	48
2	23073804	14353	\$ 2,500.00	April 19, 2023	June 14, 2023	56
3	23065094	31221	\$ 672.00	March 15, 2023	May 19, 2023	65
4	24016483	2310005	\$ 257.59	June 14, 2023	November 2, 2023	141

**Recommendation**

The Division of Veteran and Military Affairs should adhere to the Policies and Procedures outlined on the City of El Paso \$ F F R X Q W V 3 D \ D E O H 3 R O L F \

- x Check marking or noting invoices to document evidence of mathematical review of quantities and dollar amounts on invoices.
- x Paying invoices within 30 days of receiving the invoice.

**City of El Paso**  
**Internal Audit Department**  
**Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

---

**Management's Response**

The Division of Veteran and Military Affairs will continue to review and adjust processes as necessary. Although the division's budget resides in and receives oversight by the Department of Community and Human Development, the division is committed to identifying process improvements to ensure fiscal responsibility is always a priority. To further prove the commitment of fiscal responsibility and to assist the Accounting Division in Community and Human Development, the division recently hired a Research and Management Assistant as of 01/24 with a specification to focus on the accounting and finances of the division.

Many of the identified invoices reflect a date that the invoice was created and not the date the service was performed. As a best practice, the division reaches out to vendors to receive an estimate or quote for services well prior to services needed. This allows time for budget approvals. Once accepting the vendors quote, an invoice will be sent by the vendor even though they understand that services will not be paid in advance. Many of the identified invoices reflected a date the invoice was created but not the date services were rendered. Vendors are not authorized to be paid prior to the date and time services are rendered as per City Policy. Overlooking the invoice date directly affected the 30-day policy compliance.

The below outlines the upcoming tasks in this particular area for the Division of Veteran and Military Affairs to ensure policy compliance:

- x The week of August 2,2024, the entire division, whether previously trained or not, was enrolled into City of El Paso's Accounting and Financial Basics Training Plan. This training includes:
  - R Introduction to City of El Paso Accounting and Financial Basics,
  - R City of El Paso Food and Beverage Policy Training,
  - R City of El Paso Travel Policy Training,
  - R City of El Paso P-card Policy Training,
  - R City of El Paso Accounts Payable Policy Training,
  - R Grants Management Policy Training,
  - R PeopleSoft Financial Journal Entry,
  - R How to Enter an Unencumbered Voucher in PeopleSoft Financial,
  - R How to Enter an Encumbered Voucher in PeopleSoft Financial,
  - R PeopleSoft Queries - Job Aid,
  - R Budget Status Reports - Job Aid,
  - R Internal Controls.
- x All future invoices will have the vendors math verified effective immediately.
- x The Division Manager, as well as the Research and management assistant, will ensure the date of invoices reflect the date services were rendered and not the date an invoice was created. The division will continuously monitor the applicable departments responsible to pay invoices within the 30-day requirement.

**Responsible Party**

Military Program Administrator

**Implementation Date**

Immediately

**City of El Paso  
Internal Audit Department  
Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

**Finding 2**

**Travel Expenditures**

City of El Paso Strategic Plan:

- x Goal 6.6 (QVXUH FRQWLQXHG ILQDQFLDO VWDELQW\ PDQDJHPHQW EXGJHWLQJ DQG UHSRUWLQJ
- x Goal 6.12 0DLQWDLQ V\ VWHPV LQWHJULW\ FRPSOLDQFH DQG E

Per the City of El Paso Travel Policy Manual dated September 2022:

- x Section 7.2 – After Travel: \$IWHU HDFK WUDYHO WKH 7UDYHO 5HTX FRPSOHWHG ZLWKLQ ILYH EXVLQHVV GD\ DIWHU WKH FRQ
- x Section 4.0, (b) – Principles and General Travel Guidelines: \$OO WUDYHO UHTXHVWV RII E\ WKH 'HSDUWPHQW 'LUHFWRU SULRU WR WKH WUDYHO
- x Section 12.0 – Meals: 0HDOV LQFOXGHG LQ WKH UHJLVWUDWLRQ IHI VKRXOG EH GHGXFWHG IURP WKH SHU GLHP UHLPEXUVHPH
- x Section 15.0 – Travel Request Preparation and Reconciliation: , I IXQGV DUH GXH WR WKH LV D UHIXQG PRQLHV VKDOO EH SDLG ZLWKLQ WHQ EXVL DPRXQW ZLOO EH GHGXFWHG IURP WKH HPSOR\HH\ V SD\FK

A sample of eight (8) business trips conducted by the Division of Veteran and Military Affairs during the period of September 1, 2022 to January 23, 2024 was selected for review. The purpose of our review was to determine if the travel was in compliance with the City of El Paso 7UDYHO 3ROD\ review identified the following non-compliance issues:

- x Three (3) out of 8 (38%) business trips reviewed had a Travel Request Form that was not reconciled within five (5) working days after the completion of the travel. The Travel Request Form prepared for the:
  1. \$QQXDO \$86\$ & RQ Washington, D.C. From October 9-13, 2022 was reconciled on November 2, 2022, fourteen (14) working days after the trip ended.
  2. 9HWHUDQ 5HVRXU Nashvill, Tennessee On July 25-27, 2023 was reconciled on August 9, 2023, nine (9) working days after the trip ended.
  3. , QVWDOODWLRQ , QRYD World from November 5-8, 2023 was reconciled on November 21, 2023, nine (9) working days after the trip ended.
- x One (1) out of 8 (13%) business trips reviewed was missing the After-Travel Approval signature required on the Travel Request Form. A reimbursement of \$147.90 for Uber expenses was paid to the Military Program Administrator even though there was no After-Travel Approval signature on the Travel Request Form. The trip was for the \$QQXDO \$86\$ & RQ Washington, D.C. from October 9-13, 2022.
- x One (1) out of 8 (13%) business trips reviewed included a \$36.00 overpayment of per diem paid to the Military Program Administrator for meal expenses. The trip was for the \$QQXDO \$86\$ & RQ Washington, D.C. from October 9-13, 2022.
  - R The Military Program Administrator purchased and attended the October 12, 2022 - Marshall Memorial Reception & Dinner during the trip. The reception included dinner, which was not deducted from the per diem allowance used to calculate the traveler's meals.
  - R The per diem rate for “Dinner” was \$36.00 for the timeframe and area traveled.

**City of El Paso**  
**Internal Audit Department**  
**Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

---

**Recommendation**

The Division of Veteran and Military Affairs should adhere to the Policies and Procedures outlined on the City of El Paso 7 U D Y H Oby3 R O L F \

- x Reconciling travel expenses within five business days after completing the travel.
- x Obtaining the required After-Travel Approval signature on the Travel Request Form to acknowledge the final reconciliation and approval of travel expenses incurred by the traveler.
- x Ensuring the Military Program Administrator reimburses the City of El Paso for the \$36.00 overpayment for meal expenses.

**Management's Response**

As a newly formed division in the City of El Paso, Veteran and Military Affairs has utilized three different departments over the last 5 years to coordinate travel expenditures. Travel is paramount to the success of the division in order to identify key resources, programs, and policies implemented across the nation that have an opportunity to prove invaluable to the quality of life for our Veteran and Military Community. Relying on other department personnel to process travel in a timely, accurate, and effective manner in accordance with the published policies is not a best practice. The below outlines the upcoming tasks in this particular area for the Division of Veteran and Military Affairs to ensure policy compliance:

- x The division recently hired a Research and Management Assistant as of 01/24 who has been specifically trained to process all travel performing the duties as a travel hub. Having a travel hub employed by the division allows the division manager to personally hold the employee accountable for errors in travel processing if warranted.
- x Prior to travel, the traveler, and travel hub will discuss all aspects of the travel packet to ensure accuracy prior to obtaining a before travel signature.
- x The Division Manager will follow up with supervisors outside of the division who are responsible for approving travel to obtain the required signature for after travel.
- x The Military Program Administrator has reimbursed the City of El Paso for the \$36.00 overpayment on 8/13/24.

**Responsible Party**

Military Program Administrator

**Implementation Date**

Immediately

**City of El Paso  
Internal Audit Department  
Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

---

, 1 + ( 5 ( 1 7 / , 0 , 7 \$ 7 , 2 1 6

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.

& 2 1 & / 8 6 , 2 1

We have concluded our work on the objectives of the Division of Military Affairs – Travel and Accounts Payable 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 \* H Q H U D O O \ \$ F F I \* R Y H U Q P H Q W \$ X G, L W 1 r Q r e q u e r e d C o n d e C h e whether the Division of Veteran and Military Affairs met the objectives of this audit. Based on our audit work, we have determined that:

1. The Division of Veteran and Military Affairs met the audit objectives in the following areas:
  - x Properly submitting and obtaining approval for travel expenditures before the travel is done.
  - x Expenditures serving a Municipal Purpose for the City of El Paso.
  - x Not incurring unallowable purchases.
2. The Division of Veteran and Military Affairs did not meet the audit objectives in the areas of:
  - x Paying invoices within 30 calendar days of receiving the invoice from the vendor.
  - x Check marking or noting vendor invoices to document evidence of mathematical review of quantities and dollar amounts on invoices.
  - x Reconciling travel expenses within five business days after completing the travel.
  - x Obtaining the required After-Travel Approval signature on the Travel Request Form to acknowledge the final reconciliation and approval of travel expenses incurred by the traveler.
  - x Ensuring that meals included in the registration fees or provided by other agencies are deducted to from the traveler’s per diem reimbursement allowance. The City of El Paso needs to be reimbursed for the \$36.00 overpayment paid to the Military Program Administrator for meal expenses.

We wish to thank the Division of Veteran and Military Affairs management and staff for their assistance and courtesies extended during the completion of this audit.

6 L J Q D W X U H R Q ) L O H  
Edmundo S. Calderón, CIA, CGAP, CRMA, MBA  
Chief Internal Auditor

6 L J Q D W X U H R Q ) L O H  
Miguel Ortega, CGAP  
Auditor III

6 L J Q D W X U H R Q ) L O H  
Miguel Montiel, CIA, CGAP  
Audit Manager

**City of El Paso**  
**Internal Audit Department**  
**Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

---

Distribution:

Financial Oversight and Audit Committee

Cary Westin, Interim City Manager

Dionne Mack, Deputy City Manager

Paul Albright, Military Program Administrator



# **Internal Audit Department Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

# Objectives (Travel)

1. Determine if Travel Requests were properly approved/reconciled before and after travel.
2. Determine if Travel related transactions served a municipal purpose.
3. Verify that documentation supports travel expenditures.
4. Document areas where inefficiencies exist and internal controls are effective.

# Objectives (Accounts Payable)

1. Determine if transactions were processed in accordance with the *Policy*.
2. Verify that documentation supports transactions.
3. Determine if transactions were reviewed and approved.
4. Determine if transactions served a municipal purpose.
5. Document areas where inefficiencies exist and internal controls are effective.

# Scope

The time frame audited was Fiscal Years 2023 and 2024.

# Finding 1

1. Ten (10) out of 10 vouchers had invoices with no evidence of mathematical review.
2. Four (4) out of 10 vouchers were not paid within 30 calendar days.

# Recommendation

The Division of Veteran and Military Affairs Staff should:

1. Make notations to show the invoices were reviewed.
2. Pay invoices within 30 calendar days of receipt.

# Finding 2

1. Three (3) out of 8 Travel Request Forms were not reconciled within five (5) days.
2. One (1) out of 8 Travel Request Forms were missing the After-Travel Approval.
3. One (1) out of 8 Travel Request Forms included a \$36.00 overpayment of Per-Diem expenses.

# Recommendation

The Division of Veteran and Military Affairs Staff should:

1. Reconcile travel expenses within five business days.
2. Obtain the After-Travel Approval.
3. Ensure the Military Program Administrator reimburses the City for the \$36.00 overpayment.

# Conclusion

The Division of Military Affairs met the audit objectives in the following areas:

1. Properly obtaining approval for expenditures before travel.
2. Expenditures served a Municipal Purpose.
3. Not incurring unallowable purchases.

# Conclusion (Cont.)

The Division of Veteran and Military Affairs **did not meet** the audit objectives in the following areas:

1. Paying invoices within 30 calendar days.
2. Vendor invoices contained no evidence of review.
3. Reconciling expenses within five business days after travel.
4. Obtaining the required After-Travel Approval.
5. Ensuring meals provided by event are deducted from the Per-Diem payment.

# Management Response

## Finding 1 – Accounts Payable Vouchers

1. The week of August 2, 2024, the entire division, whether previously trained or not, was enrolled into City of El Paso's Accounting and Financial Basics Training Plan.
2. All future invoices will have the vendors math verified effective immediately.
3. The Division Manager, as well as the Research and Management Assistant, will ensure the date of invoices reflect the date services were rendered and not the date an invoice was created. The division will continuously monitor the applicable departments responsible to pay invoices within the 30-day requirement.

# Management Response (Cont.)

## Finding 2 – Travel Expenditures

1. The division recently hired a Research and Management Assistant as of 01/24 who has been specifically trained to process all travel performing the duties as a travel hub. Having a travel hub employed by the division allows the Division Manager to personally hold the employee accountable for errors in travel processing if warranted.
2. Prior to travel, the traveler, and travel hub will discuss all aspects of the travel packet to ensure accuracy prior to obtaining a before travel signature.
3. The Division Manager will follow up with supervisors outside of the division who are responsible for approving travel to obtain the required signature for after travel.
4. The Military Program Administrator has reimbursed the City of El Paso for the \$36.00 overpayment on 8/13/24.

# Q & A



El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

---

**File #: BC-486, Version: 1**

---

**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.*

Discussion and Action on the results of the Sun Bowl Game Audit Report A2024-04. [Internal Audit, Edmundo Calderon, (915) 212-1365]



# **Sun Bowl Game Audit No. A2024-04**

Issued by the  
Internal Audit Department  
June 26, 2024

**City of El Paso  
Internal Audit Department  
Sun Bowl Game Audit A2024-04**

---

***EXECUTIVE SUMMARY***

The Internal Audit Department has concluded the Sun Bowl Game Audit. Based on the results of the audit, two findings were identified. The findings are considered “Regular Findings.”

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

1. The following reporting requirements are contained in the *Agreement between the City of El Paso and the Sun Bowl Association*:
  - The Office of the Comptroller is providing reports to the Sun Bowl Association detailing the amount of Motor Vehicle Rental Tax Revenue collected. The reports are not constructed in a user-friendly format.
  - The Sun Bowl Association is submitting payment requests on an annual basis versus quarterly as required by the *Agreement between the City of El Paso and the Sun Bowl Association*.
2. A review of the Motor Vehicle Tax Venue “Project Fund” and the Sun Bowl Association’s Consolidated Financial Statements identified that the Sun Bowl Association has \$8,740,836.13 available for Sun Bowl Game Team Payments and authorized expenses:
  - As of April 30, 2024, the Motor Vehicle Tax Venue Project Fund had a balance of \$4,214,836.93 maintained in the City of El Paso Treasury.
  - As of December 31, 2023, the escrow account of \$4,525,999.20 is on deposit with a local bank in a Certificate of Deposit.

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

**City of El Paso  
Internal Audit Department  
Sun Bowl Game Audit A2024-04**

---

***BACKGROUND***

The Sun Bowl Association is a volunteer based 501(c)(3) organization founded in 1934. The creation of the Sun Bowl Association served to present a football attraction of national importance, promote El Paso and the Southwest and to generate income for the area. The Sun Bowl Association is assisted by over 700 volunteers who help promote and serve the El Paso community year-round events culminating with the Annual Tony the Tiger Sun Bowl football game. The first Sun Bowl football game was played on January 1, 1935 as a fundraising event. New Mexico State University and Hardin-Simmons University were invited to play the following year and the Sun Bowl has been a college game ever since.

The Sun Bowl Association partners with the Atlantic Coast Conference (ACC) and the Pac-12 Conference to bring teams and fans to El Paso. The Sun Bowl Association is governed by a President and Board of Directors that oversee operations related to Tony the Tiger Sun Bowl and other Sun Bowl core events. The Sun Bowl Association's Mission Statement reads "The Sun Bowl Association is committed to improve the quality of life by presenting, through its volunteers, the Southwest's friendliest bowl game and a series of festive events appealing to El Paso's diverse cultural heritage."

A referendum was approved on November 4, 1997 by El Paso voters authorizing the City of El Paso to add a 5% tax on the rental of motor vehicles, effective January 1, 1998. On August 11, 1998, the City of El Paso and the Sun Bowl Association signed the current Agreement to "remit the proceeds of the Tax to the Association for purposes consistent with Chapter 3.40 of the El Paso City Code." The "Motor Vehicle Rental Tax", as noted in the Agreement is used "to pay for the costs associated with collecting the tax, operating one or more athletic events in the City, and any costs associated with such an athletic event.". The Sun Bowl Association currently uses the Motor Vehicle Rental Tax for payment to the participating teams in the annual Sun Bowl and for any expenses associated with the Sun Bowl game.

***AUDIT OBJECTIVES***

The objectives of the Sun Bowl Game Audit were to perform an assessment of the Agreement between the City of El Paso and the Sun Bowl Association to:

- Determine if the Sun Bowl Association is compliant with the following major requirements of the Agreement:
  - Using the Motor Vehicle Rental Tax only for Qualified Expenses,
  - Required quarterly and annual financial reports are provided to the City on a timely basis,
  - Securing personnel at its own expense,
  - Proper insurance coverage is maintained.
- Document any "considerations" made between the City and the Sun Bowl Association outside the Agreement.

***AUDIT SCOPE***

*Active Agreement between the City of El Paso and Sun Bowl Association #GINER/56729/SUN BOWL ASSN dated August 11, 1998.*

**City of El Paso  
Internal Audit Department  
Sun Bowl Game Audit A2024-04**

---

***AUDIT METHODOLOGY***

To achieve our audit objectives, we:

- Obtained an understanding of the Terms and Conditions contained in the Agreement between the City of El Paso and the Sun Bowl Association.
- Reviewed the City's and the Association's processes and applicable procedures for monitoring the performance and management of the Agreement.
- Interviewed City and Association management and staff responsible for monitoring the performance and management of the Agreement.
- Documented any areas where:
  - Monetary obligations were not met.
  - Funds were not used for stated purpose.
  - Proper insurance coverage was not maintained.
  - Adequate amount of fidelity bond was not maintained.
  - Agreed terms were not performed by the City or the Association.
- Conducted a review of the Motor Vehicle Tax Venue Project Fund.
- Selected a sample of Sun Bowl Association reimbursement payments made by the City and tested that:
  - Valid invoices with support documentation were submitted.
  - Expenditures were used for supporting the Sun Bowl Game.
  - No expenditures were used for personnel, office space, equipment or supplies.
  - The City is paying amounts available in the Motor Vehicle Tax Venue Project Fund.
  - Payment amounts matched up with the Association's financial statements.
- Obtained an understanding of the Sun Bowl Association's reporting requirements.
- Determined if the Sun Bowl Association was providing:
  - Quarterly reports of expenditures.
  - Annual Financial Statements.
- Conducted an analysis of the Sun Bowl Association Financial Statements.
- Evaluated the operational performance of the Sun Bowl Association.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. 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.

**City of El Paso  
Internal Audit Department  
Sun Bowl Game Audit A2024-04**

---

***REGULAR 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**

**Sun Bowl Association Agreement Reporting Requirements**

City of El Paso Strategic Plan:

- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*

*Agreement between the City of El Paso and the Sun Bowl Association #GINER/56729/SUN BOWL ASSN dated August 11<sup>th</sup>, 1998:*

- Section 1. *COLLECTION OF TAX*
  - *As provided under Chapter 3.40 of the El Paso City Code, the City shall collect the Tax and shall report to the Association, upon the Association’s written request, the amount of tax revenue collected for the immediately preceding quarter.*
- Section 5. *PAYMENT OF THE TAX*
  - *Before the 30<sup>th</sup> day of July, October, January and April of each year, the Association shall deliver the Director of Office of Management and Budget for the City, (“Director”), a payment request and a copy of the Association’s “Qualified Expenditures”, certified by an officer of the Association, for the Association’s expenditures for the preceding three month period.*
- Section 13. *FINANCIAL INFORMATION*
  - *...The Association shall report quarterly to the Director of the Office of Management and Budget on such expenditures, and on request of the City Council or the Director of the Office of Management and Budget shall make the records available for inspection.*

The following reporting requirements are contained in the *Agreement between the City of El Paso and the Sun Bowl Association*:

- The Office of the Comptroller is providing reports to the Sun Bowl Association detailing the amount of Motor Vehicle Rental Tax revenue collected by the City of El Paso. The reports list the total Gross Rental Receipts and Motor Vehicle Rental Tax collected from all El Paso Car Rental Agencies for each quarter of the fiscal year. However, the reports are not constructed in a user-friendly format.
- The Sun Bowl Association is required to submit quarterly payment requests and copies of the Sun Bowl Association’s Qualified Expenditures for the preceding three-month period. Payment requests and expense reports are being submitted on an annual basis for Team Payments by the Sun Bowl Association.

**City of El Paso  
Internal Audit Department  
Sun Bowl Game Audit A2024-04**

---

**Recommendation**

The Office of the Comptroller should ensure that:

- User-friendly reports are provided to the Sun Bowl Association to report the amount of Motor Vehicle Rental Tax revenue collected quarterly by the City of El Paso.

The Sun Bowl Association is currently submitting one payment requests and expense report annually. This payment request is related to the Annual Sun Bowl Football Game Team Payments:

- The Sun Bowl Association should request an update to the Agreement to reflect the current practice of a single payment request and expense report.

**Management's Response**

Office of the Comptroller was not aware about the reports not being user friendly. Sun Bowl Association has not communicated their need for a different report. We will work with the Sun Bowl Association to provide them with reports that align with their expectations.

Refer to the attached memo documenting the Management Responses from the Sun Bowl Association dated August 8, 2024.

**Responsible Party**

City of El Paso Comptroller.

**Implementation Date**

Next Motor Vehicle Rental Tax Report.

**City of El Paso  
Internal Audit Department  
Sun Bowl Game Audit A2024-04**

**Finding 2**

**Motor Vehicle Tax Venue Project Fund**

City of El Paso Strategic Plan:

- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*

The Agreement between the City of El Paso and the Sun Bowl Association #GINER/56729/SUN BOWL ASSN dated August 11<sup>th</sup>, 1998 states:

- *WHEREAS, pursuant to Chapter 3.40 of the El Paso City Code, Motor Vehicle Rental Tax, the City has imposed a 5% tax on the rental of motor vehicles in El Paso, Texas (the "Tax") to pay for the costs associated with collecting the tax, operating one or more athletic events in the City, and any costs associated with such an athletic event;*
- Section 2. *SCOPE*
  - *The Association agrees that all Tax revenue paid to it by the City shall be used only to conduct an Athletic Event held in the City. "Athletic Event" is defined as the post season intercollegiate athletic football bowl game, commonly known as the Sun Bowl Game... including payment of the costs of planning, acquiring, establishing, developing, advertising, promoting, conducting, sponsoring or otherwise supporting the Athletic Event.*
- Section 5. *PAYMENT OF THE TAX*
  - *...the Director shall pay all such amounts to the Association, to the extent that such funds are available in the City's Motor Vehicle Tax Venue "Project Fund".*

A review of the Motor Vehicle Tax Venue “Project Fund” and the Sun Bowl Association’s Consolidated Financial Statements identified that the Sun Bowl Association currently has \$8,740,836.13 available for Sun Bowl Game Team Payments and authorized expenses.

1. The Internal Audit Department completed an analysis of the Motor Vehicle Tax Venue Project Fund dating back to City of El Paso Fiscal Year ending August 31, 2002. As of April 30, 2024, the Motor Vehicle Tax Venue Project Fund has a balance of \$4,214,836.93.

Deposits to Motor Vehicle Tax Venue Project Fund since August 31, 2002				Disbursements	Balance
Beginning Fund Balance	Investment Interest Revenue	Motor Vehicle Rental Tax Revenue	Penalties and Interest	Sun Bowl Association Payments	Balance as of 4/30/2024
\$4,088,930.00	\$96,378.75	\$69,296,712.26	\$20,744.01	\$69,287,928.09	\$4,214,836.93
<b>Total</b>		\$73,502,765.02		\$69,287,928.09	\$4,214,836.93

2. The Sun Bowl Association was authorized in 2001 by the City of El Paso to withdraw monies from the Motor Vehicle Tax Venue Project Fund to deposit into an escrow account. A Certificate of Deposit was established in 2002 at WestStar Bank as part of an agreement with the participating NCAA football conferences. The escrow account was established for the sole purpose of guaranteeing future Sun Bowl Game Team Payments. As of December 31, 2023, the escrow account had a balance of \$4,525,999.20.

**City of El Paso  
Internal Audit Department  
Sun Bowl Game Audit A2024-04**

<b>Motor Vehicle Tax Venue Project Fund Balance as of 4/30/2024</b>	\$4,214,836.93
<b>Escrow Account Balance in a Certificate of Deposit at WestStar Bank as of 12/31/2023</b>	\$4,525,999.20
<b>Total</b>	<b>\$8,740,836.13</b>

**Recommendation**

The City of El Paso and the Sun Bowl Association should quarterly monitor the Motor Vehicle Tax Venue Project Fund balances maintained by both the City of El Paso and the Sun Bowl Association.

**Management's Response**

Refer to the attached memo documenting the Management Responses from the Sun Bowl Association dated August 8, 2024.

**Responsible Party**

**Implementation Date**

**City of El Paso  
Internal Audit Department  
Sun Bowl Game Audit A2024-04**

---

***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 Sun Bowl Game Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the findings and conclusion. In reviewing the current agreement between the City of El Paso and the Sun Bowl Association, the requirements contained in the agreement do not match up with the current practices. The Agreement was executed August 11, 1998 and is in need of an update to document the current practices.

<b>Current Agreement Requirements</b>	<b>Current Practices</b>
Section 2 & Section 5 – Provides a definition of allowable expenses as “payment of the costs of planning, acquiring, establishing, developing, advertising, promoting, conducting, sponsoring or otherwise supporting the Athletic Event”.	Only 1 disbursement is requested annually by the Sun Bowl Association and disbursed by the City of El Paso. This payment represents the amount paid to the participating Football Teams of the annual Athletic Event.
Section 5 – Requires Quarterly Reports and allows Quarterly Disbursement from the Motor Vehicle Rental Tax Account.	Only 1 Annual Report is submitted and 1 Payment Disbursement is requested by the Sun Bowl Association.
Section 5 – The Association and the City agree that the City shall make withdrawals from the Tax revenue for reimbursement to the City for the actual cost of the City associated with the collection of the tax. Such Cost may include indirect cost allowed per the approved A-87 Indirect Cost Recovery Plan and direct cost, which shall include but not limited to personnel cost, election costs, or other costs administering and collecting the Tax.	The City of El Paso is currently not invoicing the Sun Bowl Association for the cost associated with Collecting, Administering, or Monitoring the Motor Vehicle Rental Tax. This to include the cost associated with this audit. The Internal Audit Department has expended 483 Audit Hours in the completion of this audit.
No mention of an Escrow Account.	A Certificate of Deposit was created in 2002 and increased in 2011 at WestStar Bank to guarantee future payments to the participating Football Teams. This Certificate of Deposit was established as a result of separate agreements with the participating College Football Conferences. A review of the requests to withdraw the funds from the Motor Vehicle Rental Tax Account was conducted by the City Attorney’s Office in 2001.

**City of El Paso  
Internal Audit Department  
Sun Bowl Game Audit A2024-04**

<p>No mention of a required analysis on the performance of Motor Vehicle Tax Account</p>	<p>A trend analysis of the Motor Vehicle Tax Account and the upcoming Team Payouts for the 2024 Football Game indicates the following:</p> <ul style="list-style-type: none"> <li>• The Motor Vehicle Tax Account is generating a little over \$4 Million a year.</li> <li>• Based on the agreed Team Payouts beginning in 2024, a total of \$5.2 Million will be needed to fund the Team Payouts.</li> </ul> <p>Both the City of El Paso and the Sun Bowl Association need to be aware of the required amount for the Team Payouts.</p>
--	--

In accordance with Generally Accepted Government Auditing Standards, we are required to conclude on whether the Sun Bowl Association met the objectives of this audit. Based on our audit work, we have determined that:

1. The Sun Bowl Association is compliant with the following major requirements of the Agreement:
  - The Association submits proper support documentation for reimbursements.
  - The Association uses only uses the Motor Vehicle Rental Tax funds to support the Sun Bowl Game.
  - The Association is providing Annual Financial Statements to the City.
  - The Association accurately reports reimbursement payment amounts received from the City of El Paso in their Financial Statements.
  - The Association maintains proper insurance and fidelity bond coverage.

We wish to thank Sun Bowl Association Staff for their assistance and numerous courtesies extended during the completion of this audit.

Signature on File

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

Signature on File

Sergio Carrillo, Jr., CGAP, MBA  
Auditor II

Signature on File

Liz De La O, CFE, CIA, CGAP, MPA  
Auditor IV

Distribution:  
Financial Oversight and Audit Committee  
Cary Westin, Interim City Manager  
Bernie Olivas, Executive Director – Sun Bowl Association  
Robert Cortinas, Deputy City Manager of Support Services & Chief Financial Officer

**Sun Bowl Game Audit A2024-04  
Management Responses from  
the Sun Bowl Association**



August 8, 2024

The Sun Bowl Association is a volunteer based 501(c)(3) organization founded in 1934. The Sun Bowl is committed to improve the region's quality of life by presenting the Southwest's friendliest bowl game and multiple festive events highlighting the region's cultural heritage.

At the request of Mayor Oscar Leeser, the Internal Audit Department of the City of El Paso conducted an audit of the Sun Bowl Association, to include the use of the Motor Vehicle Rental Tax. In addition, the Audit was to include required reporting and handling of the funds by the applicable entities within the City of El Paso.

The Sun Bowl Association is very aware of the qualified expenses in which the Rental Car Tax can be used to include the costs of planning, establishing, developing, advertising, promoting, conducting, sponsoring or otherwise supporting the athletic event. It can also be used for payments to the colleges and universities that participate in the athletic event. The Association is very diligent in tracking the monies collected and requested. As per the contract between the City of El Paso and the Sun Bowl Association, it states that the Association shall request payment before the 30<sup>th</sup> day of July, October, January, and April. However, to avoid any confusion as to where the money is spent and to simplify the request, the Association requests payment once a year and is only used for payment to teams that participate in the annual Sun Bowl Football game. This request is made before March 31, when the team payments are due. The Association would like to continue to make one request a year, unless unknown circumstances occur that would require additional money be requested.

The Association would, however, like to have quarterly reports so that both parties are aware of the balance of the Rental Car Tax.

The Sun Bowl Association accepts the findings of the Internal Audit department of the City of El Paso. The Sun Bowl Association continues to be prudent stewards of the funds provided through the Motor Vehicle Rental Tax revenue.

Thank you,

Bernie Olivas  
Executive Director  
Sun Bowl Association

Michael Guerra  
President  
Sun Bowl Association



# Internal Audit Department Sun Bowl Game Audit A2024-04

# Objectives

Determine if the Sun Bowl Association is compliant with the requirements of the Agreement.

1. Using the Motor Vehicle Rental Tax only for Qualified Expenses.
2. To provide the required Quarterly Expenditure and Annual Financial Reports to the City.
3. Securing personnel at its own expense.
4. Proper insurance coverage is maintained.

# Scope

Agreement between the City and Sun Bowl Association dated August 11, 1998.

# Finding 1

1. The City is providing reports to the Sun Bowl detailing the amount of Motor Vehicle Rental Tax collected. Reports need to be in an easy to read format.
2. The Sun Bowl is submitting one payment request versus quarterly as required.

# Recommendation

1. The City should provide easy to read quarterly reports to the Sun Bowl.
2. The Sun Bowl should request an update to the Agreement to reflect current practices.

# Finding 2

1. As of April 30, 2024, the Motor Vehicle Tax has a balance of \$4,214,836.93 in the City Treasury.
2. As of December 31, 2023, a Certificate of Deposit in the amount of \$4,525,999.20, is held at a local bank in the name of the Sun Bowl Association.

# Recommendation

1. The City and the Sun Bowl should review quarterly the Motor Vehicle Tax balances.

# Conclusion

1. The Sun Bowl only uses the Motor Vehicle Rental Tax to support the Sun Bowl Game.
2. The Sun Bowl is providing Annual Financial Statements to the City.
3. The Sun Bowl accurately reports reimbursement payments received from the City on their Annual Financial Statements.
4. The Sun Bowl maintains proper insurance coverages.
5. The current Agreement is in need of an update.

# Management Response From Sun Bowl

“The Sun Bowl Association is very aware of the qualified expenses in which the Rental Car Tax can be used to include the costs of planning, establishing, developing, advertising, promoting, conducting, sponsoring or otherwise supporting the athletic event. It can also be used for payments to the colleges and universities that participate in the athletic event. The Association is very diligent in tracking the monies collected and requested. As per the contract between the City of El Paso and the Sun Bowl Association, it states that the Association shall request payment before the 30<sup>th</sup> day of July, October, January, and April.”

# Management Response (Cont.) From Sun Bowl

“However, to avoid any confusion as to where the money is spent and to simplify the request, the Association requests payment once a year and is only used for payment to teams that participate in the annual Sun Bowl Football game. This request is made before March 31, when the team payments are due. The Association would like to continue to make one request a year, unless unknown circumstances occur that would require additional money be requested.

The Association would, however, like to have quarterly reports so that both parties are aware of the balance of the Rental Car Tax.”

# Q & A



El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

---

**File #: BC-487, Version: 1**

---

**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.*

Discussion and Action on the results of the Vehicle Allowance Program Analysis. [Internal Audit, Edmundo Calderon, (915) 212-1365]



## **Vehicle Allowance Program Analysis**

Issued by the  
Internal Audit Department  
July 8, 2024



# Internal Audit Department

**MAYOR**  
Oscar Leeser

**DATE:** July 8, 2024

**TO:** Members of the Financial Oversight and Audit Committee

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

**CITY COUNCIL**

**SUBJECT:** Vehicle Allowance Program Analysis

**District 1**  
Brian Kennedy

The Internal Audit Department conducted an analysis of all City employees and elected Municipal Court Judges who receive a Vehicle Allowance. The analysis was performed based on inquiries by Financial Oversight and Audit Committee members regarding the City's Vehicle Allowance Program.

**District 2**  
Dr. Josh Acevedo

**Background:**

**District 3**  
Cassandra Hernandez

The current *Vehicle Allowance Program Policy* is dated August 31, 2015. Per the Policy, the Vehicle Allowance Program was designed for executive-level employees to receive an allowance intended to cover the cost of an automobile, vehicle insurance, maintenance, repairs and fuel. The City Manager is responsible for designating those positions that are eligible to participate in the Program.

**District 4**  
Joe Molinar

**District 5**  
Isabel Salcido

The Policy states a Vehicle Allowance in the amount of \$350.00 per month is established for Department Head positions and above and a \$250.00 per month allowance for Assistant Department Heads. The allowance will be paid bi-weekly and added to the employee's paycheck which is subject to payroll taxes.

**District 6**  
Art Fierro

**District 7**  
Henry Rivera

The Policy does not include employees who are entitled to receive a Vehicle Allowance in accordance to their respective Employment Contract or elected Municipal Court Judges whose Vehicle Allowance is established by the City's Budget Resolution.

**District 8**  
Chris Canales

The Policy states "...an employee may not receive both a car allowance and a City vehicle" except for the need to use special equipment, a marked City vehicle, or other special type of vehicle.

**INTERIM CITY  
MANAGER**  
Cary Westin

**Objectives:**

The objective of this engagement was to perform an analysis of all City employees and elected Municipal Court Judges receiving a Vehicle Allowance payment in their payroll check.

**Methodology:**

To achieve our audit objectives, we:

- Obtained a listing from the Human Resources Department of all City employees and elected Municipal Court Judges receiving a Vehicle Allowance including the dollar amount received by each person.
- Identified the City Departments and position titles of each Vehicle Allowance recipient.
- Performed an analysis of Vehicle Allowance recipient payments.
- Created tables to convey the results of the analysis.

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

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

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





# Internal Audit Department

**MAYOR**  
Oscar Leoser

**Results:**  
Based on our analysis, we have identified the following Observations:

**CITY COUNCIL**

**District 1**  
Brian Kennedy

**District 2**  
Dr. Josh Acevedo

**District 3**  
Cassandra Hernandez

**District 4**  
Joe Molinar

**District 5**  
Isabel Salcido

**District 6**  
Art Fierro

**District 7**  
Henry Rivera

**District 8**  
Chris Canales

**INTERIM CITY  
MANAGER**  
Cary Westin

**OBSERVATION 1**

**Budget Resolution**

The *Vehicle Allowance Program Policy* dated August 31, 2015 states that: "...elected Municipal Court Judges whose vehicle allowance is established by the City's Budget Resolution."

Our analysis of the City's Fiscal Year 2024 Budget Resolution revealed that the Resolution does not address Vehicle Allowance for Municipal Court Judges.

We reviewed the City's Fiscal Year 2023 Budget Resolution which also did not address Vehicle Allowance for Municipal Court Judges.

We identified six (6) Municipal Court Judges each receiving \$277.33 in a monthly Vehicle Allowance.

**OBSERVATION 2**

**Salary Plan Classification**

The Human Resources Department (HR) provided a listing of Vehicle Allowance recipients as of April 30, 2024. The listing contained the names of 96 recipients. The analysis identified that the City of El Paso is providing a yearly total of \$367,766.88 in Vehicle Allowance payments to civilian City employees, Fire Department personnel, and Municipal Court Judges.

The table below shows five (5) City Salary Plan classifications included in the Vehicle Allowance listing provided by HR and the count of how many recipients are included within each classification.

No.	Salary Plan Classification	Description	Recipient Count	Total Yearly Pmts. for all Participants within each Salary Plan
1	"A"	City Attorney Office	3	\$13,799.76
2	"EX"	Executive Level	68	\$254,198.36
3	"FMS002"	Fire Paramedic	2	\$8,400.08
4	"FS8-"	Fire Personnel	17	\$71,400.68
5	"Judge"	Municipal Court Judge	6	\$19,968.00
Total Amount of Vehicle Allowance Pmts. per Yr.			96	\$367,766.88

**Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor**  
Internal Audit Department | 218 N. Campbell | El Paso, TX 79901  
O: (915) 212-0069 | D: (915) 212-1365 | Email: [calderones@elpasotexas.gov](mailto:calderones@elpasotexas.gov)





# Internal Audit Department

**MAYOR**  
Oscar Leoser

**CITY COUNCIL**

**District 1**  
Brian Kennedy

**District 2**  
Dr. Josh Acevedo

**District 3**  
Cassandra Hernandez

**District 4**  
Joe Molinar

**District 5**  
Isabel Salcido

**District 6**  
Art Fierro

**District 7**  
Henry Rivera

**District 8**  
Chris Canales

**INTERIM CITY  
MANAGER**  
Cary Westin

**OBSERVATION 3**

**Vehicle Allowance Payments**

The analysis identified that 61 of 96 recipients (63.5%) are receiving a monthly Vehicle Allowance payment governed by either the *Vehicle Allowance Program Policy* or is provided by an Employee Contract.

Line #:	Monthly Vehicle Allowance Pmt.	Recipient Count	Recipient Description	Comment
1	\$250.00	32	Assistant Department Heads	Vehicle Allowance Program
2	\$350.00	26	Department Heads	Vehicle Allowance Program
3	\$500.00	2	City Manager and CRRMA Exec. Director	Provided by Employee Contract
4	\$650.00	1	City Attorney	Provided by Employee Contract
	# Recipients	61		

The remaining 35 of 96 recipients (36.5%) are receiving Vehicle Allowance payments not specified by the *Vehicle Allowance Program Policy*.

- Six (6) Municipal Court Judges are receiving monthly Vehicle Allowance payments of \$277.33. The amount of the allowance payments are not specified by the *Policy*. The City of El Paso Budget Resolution does not address the amount of payments either.
- Nineteen (19) Fire Personnel are receiving monthly Vehicle Allowance payments of \$350.00. The Human Resources Department provided an email to the Internal Audit Department dated September 2010 regarding payments to Fire Personnel. The email stated Fire Personnel would receive a \$350.00 monthly payment instead of using a City of El Paso vehicle to save on future vehicle replacement costs.
- Three (3) City employees are receiving a \$350.00 monthly Vehicle Allowance payment. Per the *Policy*, the \$350.00 monthly allowance payment has been established for Department Head positions and above. The 3 employees identified do not hold Department Head positions.
  1. Parks & Recreation Assistant Director – Parks & Recreation Department
  2. International Bridges Strategic Project Manager – International Bridges Department
  3. Special Projects Manager – Public Information Office – PEG
- Seven (7) recipients are receiving monthly Vehicle Allowance payments of \$400.00. The recipients include 4 Deputy City Managers, a Chief Operations Officer, a Chief Transit Officer and the City of El Paso Employees Retirement Trust (CERT) Executive Director. The *Vehicle Allowance Program Policy* does not specify criteria regarding the amount of monthly allowance payments provided to these recipients.

**Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor**  
Internal Audit Department | 218 N. Campbell | El Paso, TX 79901  
O: (915) 212-0069 | D: (915) 212-1365 | Email: [calderones@elpasotexas.gov](mailto:calderones@elpasotexas.gov)





# Internal Audit Department

**MAYOR**  
Oscar Leeser

**CITY COUNCIL**

**District 1**  
Brian Kennedy

**District 2**  
Dr. Josh Acevedo

**District 3**  
Cassandra Hernandez

**District 4**  
Joe Molinar

**District 5**  
Isabel Salcido

**District 6**  
Art Fierro

**District 7**  
Henry Rivera

**District 8**  
Chris Canales

**INTERIM CITY  
MANAGER**  
Cary Westin

**OBSERVATION 4**

**Vehicle Allowance per City Department**

The table below shows the City Departments with staff receiving a Vehicle Allowance and the approximate total dollar amount of payments paid per year.

No.	Department	Vehicle Allowance Paid per Year	Recipient Count
1	Fire Department	\$79,800.76	19
2	City Manager's Ofc.	\$22,000.42	5
3	Municipal Court Judges	\$19,968.00	6
4	MCAD	\$19,800.04	5
5	Capital Improvement	\$17,399.72	5
6	Environmental Svcs.	\$14,999.92	4
7	International Bridges	\$14,399.84	4
8	City Attorney Ofc.	\$13,799.76	3
9	Economic Development	\$10,199.80	3
10	Human Resources Dept.	\$10,199.80	3
11	Planning and Inspections	\$10,199.80	3
12	Streets & Maintenance	\$10,199.80	3
13	Sun Metro	\$10,199.80	3
14	Purchasing	\$8,999.64	3
15	Public Information Ofc.	\$8,400.08	2
16	Parks and Recreation	\$8,400.08	2
17	City Clerk Ofc.	\$7,199.92	2
18	DoITS	\$7,199.92	2
19	Library	\$7,199.92	2
20	Municipal Court	\$7,199.92	2
21	OTC	\$7,199.92	2
22	Tax Ofc.	\$7,199.92	2
23	CRRMA	\$6,000.02	1
24	Airport	\$4,800.12	1
25	CERT	\$4,800.12	1
26	Animal Services	\$4,200.04	1
27	Community & Human Dev.	\$4,200.04	1
28	OMB	\$4,200.04	1
29	Internal Audit Dept.	\$4,200.04	1
30	Zoo	\$4,200.04	1
31	Veteran & Military Affairs	\$2,999.88	1
32	Public Health	\$2,999.88	1
33	Transformational Ofc.	\$2,999.88	1
Total		\$367,766.88	96

**Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor**  
Internal Audit Department | 218 N. Campbell | El Paso, TX 79901  
O: (915) 212-0069 | D: (915) 212-1365 | Email: [calderones@elpasotexas.gov](mailto:calderones@elpasotexas.gov)





# Internal Audit Department

---

## **MAYOR**

Oscar Leoser

---

## **CITY COUNCIL**

### **District 1**

Brian Kennedy

### **District 2**

Dr. Josh Acevedo

### **District 3**

Cassandra Hernandez

### **District 4**

Joe Molinar

### **District 5**

Isabel Salcido

### **District 6**

Art Fierro

### **District 7**

Henry Rivera

### **District 8**

Chris Canales

---

## **INTERIM CITY MANAGER**

Cary Westin

### **Conclusion:**

Our analyses indicate non-compliance with the City's Vehicle Allowance Program with non-executives being paid a vehicle allowance. An in-depth audit of the Vehicle Allowance Program will be scheduled in the FY2024-2025 Audit Plan. The planned audit will compare Vehicle Allowance payments vs. the use of City Vehicles vs. the use of Take Home Vehicles.

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

cc: Cary Westin, Interim City Manager  
Robert Cortinas, Deputy City Manager & Chief Financial Officer  
Mary Wiggins, Chief Human Resources Officer

**Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor**  
Internal Audit Department | 218 N. Campbell | El Paso, TX 79901  
O: (915) 212-0069 | D: (915) 212-1365 | Email: [calderones@elpasotexas.gov](mailto:calderones@elpasotexas.gov)

**Vehicle Allowance Program Analysis  
Management Responses from  
the Human Resources Department**

## Response to Audit of Vehicle Allowance Program

August 16, 2024

### Observation 1 –

The vehicle allowance for Municipal Court Judges was originally established and governed by the Budget Resolution. It may have been mistakenly omitted from last year's version, or a previous version. We are updating the Vehicle Allowance policy and will add the judges and their corresponding amount to the policy to ensure consistency.

### Observation 2 –

There are different classifications listed in this report.

A – Attorneys are in a separate pay plan, so they are included under this classification, separate from other Unclassified employees.

EX – Executive level employees including Department Directors and Assistant Directors.

FMS002 - Fire employees who were included beginning in 2010. The decision was made to pay a car allowance rather than purchasing a new fleet.

FM8 - Fire employees who were included beginning in 2010. The decision was made to pay a car allowance rather than purchasing a new fleet.

Judges – These employee salaries are governed by the Budget Resolution and are in a different classification.

### Observation 3 -

The remaining 35 of 96 recipients (36.5%) are receiving Vehicle Allowance payments not specified by the *Vehicle Allowance Program Policy*.

- (1) The City Judges are addressed in Observation #1. These will be added to the revised policy instead of relying on the Budget Resolution.

(2) In 2010, Leadership directed us to add specific Fire personnel to the policy. This decision was made due to vehicles that were being sent to auction and the direction to not replace those vehicles.

(3) The 3 employees identified do not hold Department Head positions.

- Parks & Recreation Assistant Director – Parks & Recreation Department - Joel McKnight was grandfathered into the policy because he already received the \$350 monthly allowance when the new policy was established. The City Manager, Tommy Gonzalez, did not want to take money away from him. Mr. McKnight terminated his employment with the City on July 5, 2024.
- International Bridges Strategic Project Manager – International Bridges Department – Carlos Olmedo was hired on August 17, 2015. His Offer letter contained a monthly Car Allowance. I questioned this allowance through email and was told Mr. Gonzalez authorized it. He referenced the following section:  
*“Additional employees authorized and approved to participate in the program will be paid the amount designated by the City Manager or his designee.”*
- Special Projects Manager – Public Information Office – PEG – Julie Lozano was grandfathered into the policy because she already received the \$350 monthly allowance when the new policy was established. The City Manager, Tommy Gonzalez, did not want to take money away from her.

(4) These amounts do not correspond to the policy:

- Deputy City Managers, Chief Operations Officer, and Chief Transit Officer – The City Manager, Mr. Gonzalez, increased the amount to \$400 per month to these titles through an amended Offer letter. He referenced the following section:  
*“Additional employees authorized and approved to participate in the program will be paid the amount designated by the City Manager or his designee.”*
- City of El Paso Employees Retirement Trust (CERT) Executive Director - Mr. Ash is not a City employee. His contract governs his amount, but we can add wording in the revised to policy to include his allowance.



# Internal Audit Department Vehicle Allowance Program Analysis

# Objectives

1. The objective was to perform an analysis of City employees and elected Municipal Court Judges receiving a Vehicle Allowance payment.

# Scope

The time frame audited was Fiscal Year 2023-2024.

# Observation 1

1. The FY2024 Budget Resolution does not address Vehicle Allowance payments for Municipal Court Judges, as required.
2. Six (6) Municipal Court Judges received a monthly Vehicle Allowance.

# Observation 2

1. The analysis identified 96 employees receiving a total of \$367,766.88 annually.

# Observation 3

1. The analysis identified 61 of 96 employee paid in accordance with *Policy*.
2. Remaining 35 consisted of:
  - 6 Municipal Court Judges.
  - 19 Fire Department personnel.
  - 3 City employees receiving payments per their Employment Agreement.
  - 7 City employees receiving payments in excess of the maximum.

# Observation 4

1. We identified 33 departments with employees receiving a Vehicle Allowance.

# Conclusion

1. Our analyses indicate non-compliance with the current City's Vehicle Allowance Program regarding payments.
2. A detail audit of the Vehicle Allowance Program will be scheduled in the FY2024-2025 Audit Plan.

# Management Response

## Observation 1

1. The Vehicle Allowance for Municipal Court Judges was originally established and governed by the Budget Resolution. It may have been mistakenly omitted from last year's version, or a previous version. We are updating the Vehicle Allowance policy and will add the judges and their corresponding amount to the policy to ensure consistency.

# Management Response (Cont.)

## Observation 2

There are different classifications listed in this report.

A - Attorneys are in a separate pay plan, so they are included under this classification, separate from other Unclassified employees.

EX - Executive level employees including Department Directors and Assistant Directors.

FMS002 - Fire employees who were included beginning in 2010. The decision was made to pay a car allowance rather than purchasing a new fleet.

# Management Response (Cont.)

## Observation 2 (Cont.)

FM8 - Fire employees who were included beginning in 2010. The decision was made to pay a car allowance rather than purchasing a new fleet.

Judges - These employee salaries are governed by the Budget Resolution and are in a different classification.

# Management Response (Cont.)

## Observation 3

The remaining 35 of 96 recipients (36.5%) are receiving Vehicle Allowance payments not specified by the Vehicle Allowance Program Policy.

1. The City Judges are addressed in Observation #1. These will be added to the revised policy instead of relying on the Budget Resolution.
2. In 2010, Leadership directed us to add specific Fire personnel to the Policy. This decision was made due to vehicles that were being sent to auction and the direction to not replace those vehicles.

# Management Response (Cont.)

## Observation 3 (Cont.)

3. The 3 employees identified do not hold Department Head positions.
  - Parks & Recreation Assistant Director – Parks & Recreation Department – Joel McKnight was grandfathered into the policy because he already received the \$350 monthly allowance when the new policy was established. The City Manager, Tommy Gonzalez, did not want to take money away from him. Mr. McKnight terminated his employment with the City on July 5, 2024.

# Management Response (Cont.)

## Observation 3 (Cont.)

- International Bridges Strategic Project Manager – Internal Bridges Department – Carlos Olmedo was hired on August 17, 2015. His Offer Letter contained a monthly Car Allowance. I questioned this allowance through email and was told Mr. Gonzalez authorized it. He reference the following section:

*“Additional employees authorized and approved to participate in the program will be paid the amount designated by the City Manager or his designee.”*

- Special Projects Manager – Public Information Office – PEG – Julie Lozano was grandfathered into the policy because she already received the \$350 monthly allowance when the new policy was established. The City Manager, Tommy Gonzalez, did not want to take money away from her.

# Management Response (Cont.)

## Observation 3 (Cont.)

4. These amounts do not correspond to the Policy:

- Deputy City Managers, Chief Operations Officer, and Chief Transit Officer – The City Manager, Mr. Gonzalez, increased the amount to \$400 per month to these titles through an amended Offer Letter. He referenced the following section:

*“Additional employees authorized and approved to participate in the program will be paid the amount designated by the City Manager or his designee.”*

- City of El Paso Employees Retirement Trust (CERT) Executive Director – Mr. Ash is not a City employee. His contract governs his amount, but we can add wording in the revised to policy to include his allowance.

# Q & A



El Paso, TX

300 N. Campbell  
El Paso, TX

Legislation Text

---

**File #: BC-474, Version: 1**

---

**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.*

Discussion and Action on proposed amendments to the FY 2024-2025 Audit Plan to be sent to City Council for Final Approval at the April 1, 2025 Regular Council Meeting. [FOAC Chair, Dr. Josh Acevedo, (915) 212-0002]

**City of El Paso  
Internal Audit Department  
FY2024-2025 Audit Plan  
-Attachment 1-**

\*As of 2/27/25

	Audit Hours	Admin Hours	Training Hours	Holiday/Leave Hours
<b>First Quarter</b>				
(CarryFwds) Pension Office Digitization and Cybersecurity Review (Start Date: 2/8/23; Report Date: 10/30/24)	50			
(CarryFwds) Sun Metro Money Room Internal Control Review (Start Date: 2/6/24; Report Date: 10/30/24)	50			
(CarryFwds) Water Parks Financial Review Follow Up Audit (Start Date: 5/23/24; Report Date: 7/22/24)	50			
(CarryFwds) U-Matter Card Program Review (Start Date: 6/3/24; Report Date: 7/30/24)	50			
(CarryFwds) Sun Bowl Game Audit (Start Date: 2/5/24; Report Date: 6/26/24)	50			
(CarryFwds) Accounts Receivable Program Follow Up Audit (Start Date: 6/13/24; Report Date: 7/31/24)	100			
(CarryFwds) Planning and Inspections - Permit Review Audit (Start Date: 1/29/24; Report Date: 10/22/24)	100			
(CarryFwds) SAM - Cyber Security Assessment Follow Up Audit (Start Date: 6/17/24; Report Date: 8/20/24)	100			
(CarryFwds) Health Department - Internal Control Review (Start Date: 6/26/24; Report Date: 12/3/24)	250			
(CarryFwds) Accounts Receivable - Hotel Occupancy Tax Audits (Start Date: 11/12/24; Report Date: In Progress)	250			
(CarryFwds) On-Call Services Agreement Audit (Start Date: 6/11/24; Report Date: In Progress)	300			
(CarryFwds) El Paso International Airport- Accounts Payable Audit (Start Date: 11/20/24; Report Date: In Progress)	500			
Citywide Sales Tax Analysis - Clearview	40			
Hotel Occupancy Tax Audits - Administration	50			
Franchise Fee Audits (Spectrum) - Administration	50			
TX Sales Tax Discovery - Administration	50			
City Employee Hotline	75			
Tax Office Refund Review Project	100			
Longevity Project	100			
Cyber Audits - Administration	300			
Contingency Hours	404			
Administrative Duties - Chief Internal Auditor		225		
Administrative Duties - Audit Manager		90		
Administrative Duties - Staff Auditors		560		
Auditor Training			135	
Vacation/Sick Leave/Holiday				651
<b>Total for Quarter</b>	<b>3,019</b>	<b>875</b>	<b>135</b>	<b>651</b>
<b>Second Quarter</b>				
Take Home Cars & Use of City Vehicles Project	250			
Executive Vacation Requests & Sick Leave Project	250			
Follow Up Audit: Streets & Maintenance - Permits Review Audit	250			
Parks Department - Permit Audit	500			
Budget Transfer Audit	500			
Citywide Sales Tax Analysis - Clearview	40			
Hotel Occupancy Tax Audits - Administration	50			
Franchise Fee Audits (Spectrum) - Administration	50			
TX Sales Tax Discovery - Administration	50			
City Employee Hotline	75			
Tax Office Refund Review Project	100			
Longevity Project	100			
Cyber Audits - Administration	300			
Contingency Hours	504			
Administrative Duties - Chief Internal Auditor		225		
Administrative Duties - Audit Manager		90		
Administrative Duties - Staff Auditors		560		
Auditor Training			135	
Vacation/Sick Leave/Holiday				651
<b>Total for Quarter</b>	<b>3,019</b>	<b>875</b>	<b>135</b>	<b>651</b>

**City of El Paso  
Internal Audit Department  
FY2024-2025 Audit Plan  
-Attachment 1-**

\*As of 2/27/25

	Audit Hours	Admin Hours	Training Hours	Holiday/Leave Hours
<b>Third Quarter</b>				
Yellow Book Self-Assessment	250			
Red Book Self-Assessment	250			
El Paso Zoo - Memberships, Fund-Raising Activities, Attendance, & Ticket Sales Audit	500			
Animal Services Facilities Upgrade, Change Orders, & Construction Compliance Audit	500			
P-Card Reviews: City Council & City Manager's Office - P-Card & Travel Review	250			
Citywide Sales Tax Analysis - Clearview	40			
Hotel Occupancy Tax Audits - Administration	50			
Franchise Fee Audits (Spectrum) - Administration	50			
TX Sales Tax Discovery - Administration	50			
City Employee Hotline	75			
Tax Office Refund Review Project	100			
Longevity Project	100			
Cyber Audits - Administration	300			
Contingency Hours	504			
Administrative Duties - Chief Internal Auditor		225		
Administrative Duties - Audit Manager		90		
Administrative Duties - Staff Auditors		560		
Auditor Training			135	
Vacation/Sick Leave/Holiday				651
<b>Total for Quarter</b>	<b>3,019</b>	<b>875</b>	<b>135</b>	<b>651</b>
<b>Fourth Quarter</b>				
Follow Up Audit: Division of Military Affairs - Travel & Acc. Payable Audit	250			
Follow Up Audit: Economic Development - 380 Agreement Monitoring Audit	250			
CID - Davis-Bacon Act Compliance & Certified Payroll Audit	500			
Emergency Solutions Grant (ESG) Program Audit	500			
SAM - Facility Maintenance Audit	500			
Citywide Sales Tax Analysis - Clearview	40			
Hotel Occupancy Tax Audits - Administration	50			
Franchise Fee Audits (Spectrum) - Administration	50			
TX Sales Tax Discovery - Administration	50			
City Employee Hotline	75			
Tax Office Refund Review Project	100			
Longevity Project	100			
Cyber Audits - Administration	300			
Contingency Hours	254			
Administrative Duties - Chief Internal Auditor		225		
Administrative Duties - Audit Manager		90		
Administrative Duties - Staff Auditors		560		
Auditor Training			135	
Vacation/Sick Leave/Holiday				651
<b>Total for Quarter</b>	<b>3,019</b>	<b>875</b>	<b>135</b>	<b>651</b>
<b>Grand Total</b>	<b>12,076</b>	<b>3,500</b>	<b>540</b>	<b>2,604</b>

Note: Budgeted hours estimate based on 9 fulltime staff members.



CITY OF EL PASO

# FY 2024-2025 Annual Audit Plan - Deletions

# Objectives

1. Executive Vacation Request and Sick Leave Project – 2<sup>nd</sup> Quarter
2. El Paso Zoo – Memberships, Fund Raising Activities, Attendance, Ticket Sales Audit – 3<sup>rd</sup> Quarter
3. P-Card Review – City Council and City Manager's Office – 3<sup>rd</sup> Quarter

# Q & A