AGENDA FOR THE FINANCIAL OVERSIGHT AND AUDIT COMMITTEE

October 22, 2026
COUNCIL CHAMBERS, CITY HALL, 300 N. CAMPBELL - FIRST FLOOR
12:30 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: 734-426-797#

If you wish to sign up to speak please contact Elizabeth De La O at DelaoEX@elpasotexas.gov no later than two (2) hours prior to the meeting date and time. Please provide your name, phone number, email address and the agenda item(s) you wish to speak on.

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

ROLL CALL

PLEDGE OF ALLEGIANCE

AGENDA

1.	Approval of Minutes for the Financial Oversight and Audit Committee meeting of September 10, 2026. [Internal Audit, Adrian Serrano, (915) 212-1365]	**BC-2580**
2.	Discussion and Action on the Update to the City of El Paso Donation Policy. [Office of the Comptroller, Margarita Marin, (915) 212-1174]	**BC-2461**
3.	Discussion and Action on the results of the Single-Family Owner-Occupied Renovation Program Audit Report A2026-06. [Internal Audit, Elizabeth De La O, (915) 212-1371]	**BC-2581**
4.	Discussion and Action on the FY 2026-2027 Annual Internal Audit Plan. [Internal Audit, Adrian Serrano, (915) 212-1365]	**BC-2421**

ADJOURN

NOTICE TO THE PUBLIC

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

Sign language interpreters will be provided for this meeting upon request. Requests must be made to Elizabeth De La O at DelaoEX@elpasotexas.gov a minimum of 48 hours prior to the date and time of this hearing.

If you need Spanish Translation Services, please email DelaoEX@elpasotexas.gov at least 48 hours in advance of the meeting.

Posted this 15th day of October, 2026 at 4:01 p.m., at City Hall, 300 N. Campbell Street by Sergio Carrillo.

File #: BC-2580, **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 September 10, 2026. [Internal Audit, Adrian Serrano, (915) 212-1365]

FINANCIAL OVERSIGHT AND AUDIT COMMITTEE MINUTES
September 10, 2026
COUNCIL CHAMBERS, CITY HALL
12:30 PM

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The Financial and Oversight and Audit Committee Members of the City of El Paso met at the above place and date. Meeting was called to order at 12:32 p.m. Committee Chair Alejandra Chávez was present and presiding and the following Committee Members answered roll call Alejandra Chávez, Chris Canales, Deanna Maldonado-Rocha, Ivan Niño, Adrian Serrano – Chief Internal Auditor, and Dionne Mack – City Manager.

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PLEDGE OF ALLEGIANCE

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AGENDA

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1. Approval of Minutes for the Financial Oversight and Audit Committee meeting of June 18, 2026.

Motion made by Committee Member Maldonado-Rocha, seconded by Committee Member Niño, and carried to **APPROVE** the Minutes for the Financial Oversight and Audit Committee meeting of June 18, 2026.

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

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2. Discussion and Action on the Update to the City of El Paso Donation Policy.

Motion made by Committee Member Maldonado-Rocha, seconded by Committee Member Niño, and carried to **POSTPONE** the Update to the City of El Paso Donation Policy to a future FOAC meeting.

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

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3. Discussion and Action on the Update to the City of El Paso Debt Service Policy.

Ms. Margarita Marin – Deputy CFO/Comptroller, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Ms. Alejandra Chávez, Committee Chair.
- Mr. Ivan Niño, Committee Member.

Motion made by Committee Member Maldonado-Rocha, seconded by Committee Member Canales, and unanimously carried to **ACCEPT** the Update to the City of El Paso Debt Service Policy and send to City Council for action.

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

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4. Discussion and Action on the Update to the City of El Paso Post-Issuance Compliance Policy.

Ms. Margarita Marin – Deputy CFO/Comptroller, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Ms. Alejandra Chávez, Committee Chair.
- Ms. Deanna Maldonado-Rocha, Committee Member.

Motion made by Committee Member Canales, seconded by Committee Member Niño, and unanimously carried to **ACCEPT** the Update to the City of El Paso Post-Issuance Compliance Policy and send to City Council for action.

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

……

5. Discussion on FY 2025-2026 Audit Plan 4th Quarter Update.

Mr. Adrian Serrano – Chief Internal Auditor, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Ms. Alejandra Chávez, Committee Chair.
- Mr. Chris Canales, Committee Member.
- Ms. Deanna Maldonado-Rocha, Committee Member.
- Mr. Ivan Niño, Committee Member.

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

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6. Discussion on External Quality Assurance Review (Peer Review).

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

The following member of the FOAC commented:

- Ms. Alejandra Chávez, Committee Chair
- Mr. Ivan Niño, Committee Member.

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

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7. Discussion on the Round 10 Hotel Occupancy Tax Redeterminations.

Mr. Miguel Ortega – Auditor IV, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Ms. Alejandra Chávez, Committee Chair.
- Mr. Chris Canales, Committee Member.
- Ms. Deanna Maldonado-Rocha, Committee Member.
- Mr. Ivan Niño, Committee Member.
- Mr. Adrian Serrano, Chief Internal Auditor

The following City of El Paso staff commented:

- Mr. Jose Espino, Financial Reporting Coordinator.

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

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8. Discussion and Action on the Streets and Maintenance – Facility Maintenance Audit A2026-08.

Mr. Adrian Serrano – Chief Internal Auditor, delivered a PowerPoint presentation.

The following members of the FOAC commented:

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

The following City of El Paso staff commented:

- Mr. Randy Garcia, Director – Streets and Maintenance.
- Mr. Rene Barraza, Assistant Director – Streets and Maintenance.

Motion made by Committee Member Niño, seconded by Committee Member Canales, and unanimously carried to **ACCEPT** the Streets and Maintenance – Facility Maintenance Audit A2026-08 and send to City Council for action.

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

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9. Discussion on the Status of Certificates of Obligation and General Obligation Bonds.

Ms. Yvette Hernandez – Deputy City Manager/City Engineer, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Ms. Alejandra Chávez, Committee Chair.
- Ms. Deanna Maldonado-Rocha, Committee Member.
- Ms. Dionne Mack, City Manager.

The following City of El Paso staff commented:

- Mr. Robert Cortinas, Deputy City Manager/CFO

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

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10. Discussion and Action on the El Paso Department of Public Health – Cybersecurity Assessment.

Motion made by Committee Member Canales, seconded by Committee Member Maldonado-Rocha, and unanimously carried to **RETIRE** into Closed Meeting at 1:54 p.m. pursuant to Section 3.5A of the El Paso City Charter and the Texas Government Code, Sections 551.071 – 551.089.

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

Motion made by Committee Member Niño, seconded by Committee Member Canales, and unanimously carried to **RECONVENE** the meeting at 2:09 p.m.

AYES: Committee Members Chávez, Canales, and Niño

NAYS: None
ABSENT: Committee Member Maldonado-Rocha

Motion made by Committee Member Canales, seconded by Committee Member Niño, and carried to **ACCEPT** the results of the El Paso Department of Public Health – Cybersecurity Assessment and send to City Council for action.

AYES: Committee Members Chávez, Canales, and Niño
NAYS: None
ABSENT: Committee Member Maldonado-Rocha

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ADJOURN

Motion made by Committee Member Canales, seconded by Committee Member Niño and unanimously carried to **ADJOURN** the meeting at 2:31 p.m.

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

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APPROVED AS TO CONTENT:

_____
Alejandra Chávez – Committee Chair,
Financial Oversight and Audit Committee

_____
Adrian Serrano – Chief Internal Auditor,
Internal Audit Department

File #: BC-2461, **Version:** 1

CITY OF EL PASO, TEXAS
LEGISTAR AGENDA ITEM SUMMARY FORM

AGENDA LANGUAGE:

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Discussion and Action on the Update to the City of El Paso Donation Policy. [Office of the Comptroller, Margarita Marin, (915) 212-1174]

DONATION POLICY

Office of the Comptroller

Susan Jacobs, Comptroller

FOAC October 22, 2026

Donation Policy
Presentation Agenda

- Purpose of the Policy
- Donation Guidelines
- Criteria to Accept Donations
- Authority to Accept Donations
- Reporting Requirements
- Donations from the City
- Conclusion

Purpose of the Policy

- To establish guidelines for the acceptance, recognition, and reporting of in-kind and cash donations to the City of El Paso, ensuring compliance with budget resolutions and maintaining the integrity of the City's financial records.

Donation Guidelines

Eligible Donations:

- Monetary donations from individuals or legal entities
- In-kind donations such as capital assets, non-capital items, services, and volunteer time

Ineligible Donations

- Donations that conflict with the City's operational capacity
- Donations that fund programs not offered by the City unless approved by the City Manager or authorized designee

Criteria to Accept Donations

- Alignment with City programs
- Legal and ethical considerations
- The City has no obligation to accept any donation proposed by a donor

Authority to Accept
Donations

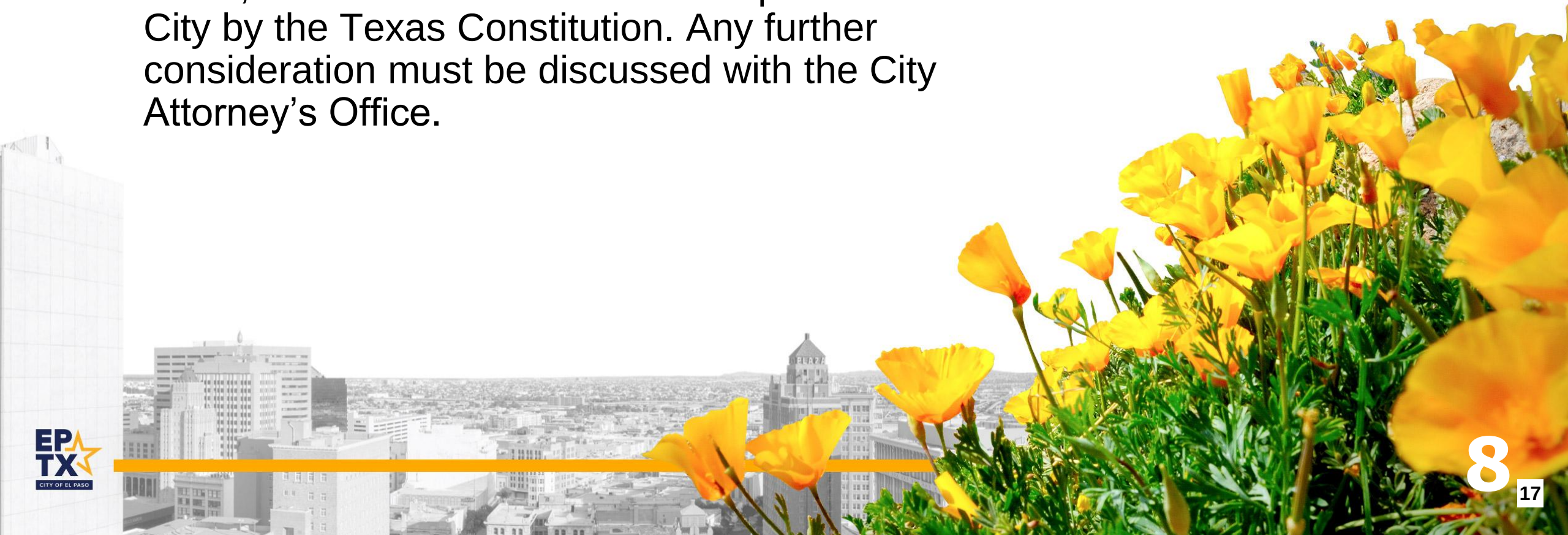
- Cash donations must follow the budget resolution.
- The City Manager or designee can accept in-kind donations up to $49,999.99.
- Cash, gift cards, or in-kind donations $50,000.00 or more require formal acceptance by the Mayor and Council.
- A council member may not independently accept donations on behalf of the City.

Reporting Requirements

- The donor is required to provide proof of a donated item's value if the value is $5,000 or more.
- Any single in-kind donation of items with a value of $10,000 or more will be classified as a capital asset.
- City Council members must abide by the Ethics Ordinance provision in Section 2.92.080 – Disclosure of Campaign Contributions and Donations.

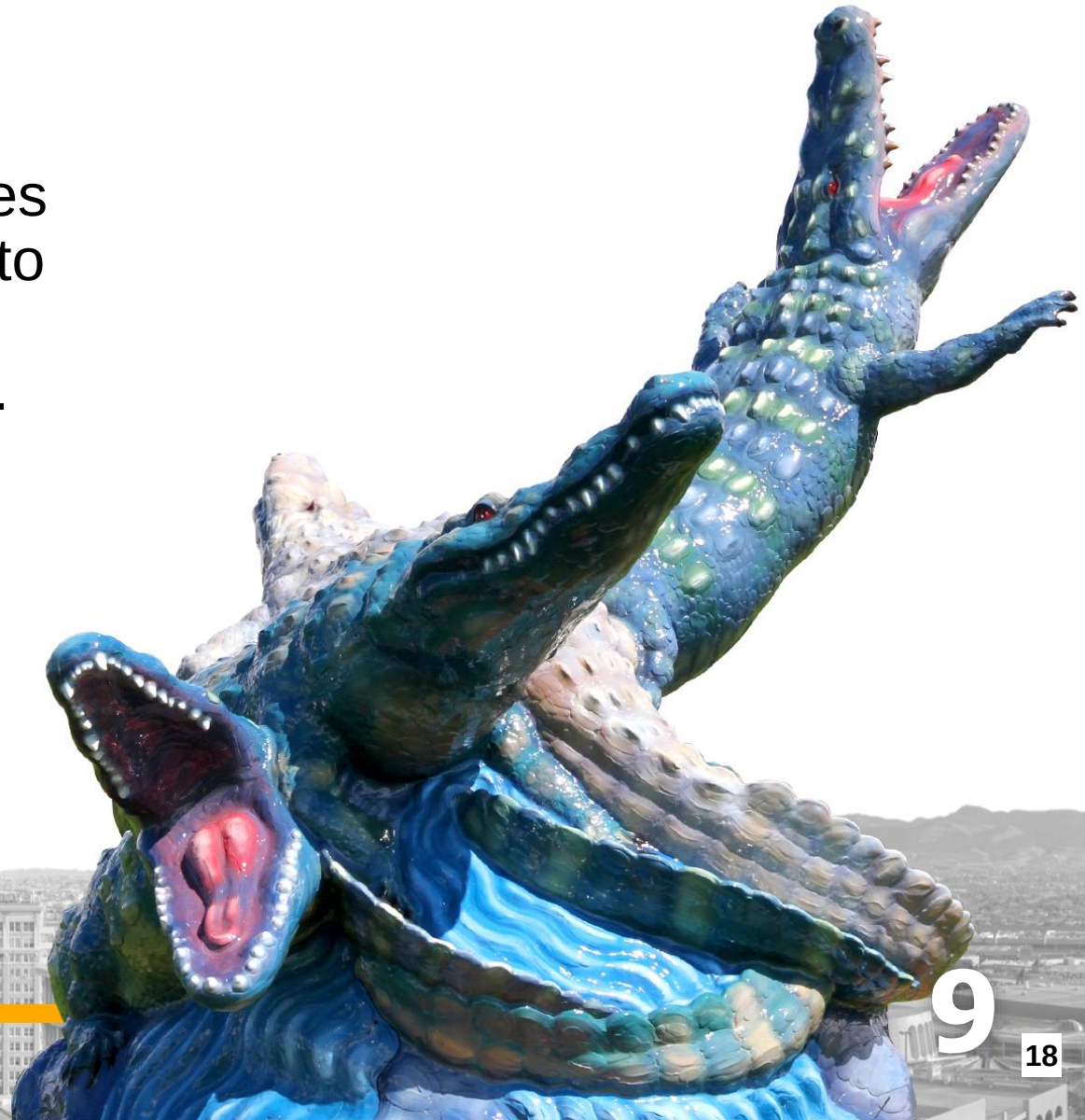
Donations from the City

- If you are seeking to donate City resources or funds, there are certain restrictions placed on the City by the Texas Constitution. Any further consideration must be discussed with the City Attorney's Office.



Conclusion

- This donation policy outlines the principles and procedures for accepting donations to ensure transparency, fairness, and alignment with our organizational values.



MISSION

Deliver exceptional services to support a high quality of life and place for our community.

VISION

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.

VALUES

Integrity, Respect, Excellence, Accountability, People

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MISIÓN

Brindar servicios excepcionales para respaldar una vida y un lugar de alta calidad para nuestra comunidad

VISIÓN

Desarrollar una economía regional vibrante, vecindarios seguros y hermosos y oportunidades recreativas, culturales y educativas excepcionales impulsadas por un gobierno de alto desempeño

VALORES

Integridad, Respeto, Excelencia, Responsabilidad, Personas

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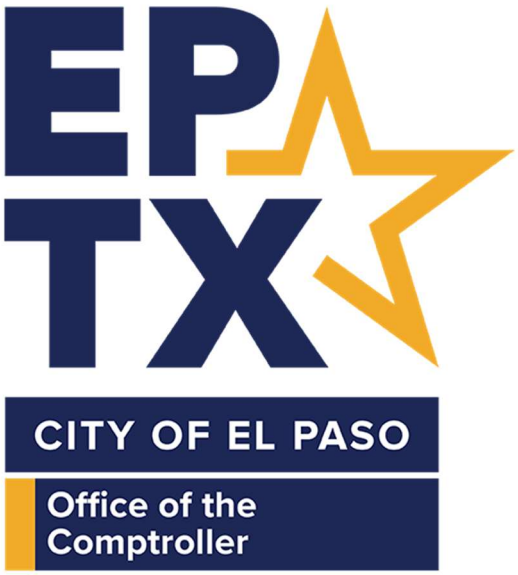
City of El Paso

Donation Policy

November 1, 2026

Prepared by:
Office of the Comptroller
Fiscal Operations Division



The Office of the Comptroller (OTC) ensures the timely and accurate recording, classification, and reporting of all financial transactions. We are committed to developing and maintaining strong internal controls and financial policies that safeguard public assets, promote compliance with applicable laws and regulations, and support effective cash and investment management.

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CITY OF EL PASO
Donation Policy

1.0 Introduction

This donation policy outlines the principles and procedures for accepting donations to ensure transparency, fairness, and alignment with the City of El Paso's organizational values.

2.0 Purpose

To establish uniform guidelines for the acceptance, recognition, use, and reporting of donations made to the City of El Paso ("City"), in compliance with applicable law, the annual budget resolution, and City policies. This Policy governs donations to the City and does not authorize the City to make donations or gifts of public funds or City resources.

3.0 Definitions

- Authorized Designee - All Deputy City Managers, Managing Directors, and Department Directors.
- Capital Assets – Long-term assets such as land, buildings, machinery, and equipment with a value of $10,000 or more.
- Council Member - All district representatives, the Mayor, and their staff.
- Donation – Any item of value given to the City by a donor in the form of cash, gift card, services, real or personal property.
- Donor - A person or any legal entity that gives a donation to the City.
- In-Kind Donations – Non-cash contributions of goods (tangible items) or services.
- Municipal Public Purpose – A lawful purpose within the City's authority that primarily benefits the City or the public. A municipal public purpose determination does not, by itself, authorize the use of City funds or resources to a private person or entity.
- Non-Capital Items – Supplies or other items that are not classified as capital assets.

- Operating Section – Each department, council office, legal office, or internal audit office within the City of El Paso.

- Report a Donation Form – A required document for Operating Sections that receive cash or cash equivalents, valued at $49,999.99 and below, or all in-kind donations. The form can be found on my.elpasotexas.gov in the documents section. Completed forms automatically route to Office of the Comptroller (OTC) for processing.

- Restricted Donation – A donation that the donor designates in writing for a specific City department, location, program, activity, or purpose. Donor-restricted funds must be recorded in a special revenue (including discretionary funds) or proprietary grant fund. The receiving Operating Section is responsible for ensuring compliance with all accepted donor restrictions and for establishing a dedicated project number to track expenditures. Donations of $50,000 and above must follow the Grants Management Policy.

- Services - An intangible activity, effort, or benefit provided by an individual or organization that does not result in ownership of a physical item. For purposes of this donation policy, “services” include professional expertise, labor, time, technical assistance, training, consulting, or other nontangible support offered to the City without exchange of goods or cash.

- Unrestricted Donation – A contribution accepted by the City without donor-imposed conditions or limitations on its use. Unrestricted donations shall be accounted for in accordance with applicable accounting requirements and City financial policies to include recording in either the special revenue donation fund (including discretionary funds) or proprietary grant fund and tracked by the Operating Section receiving the donation.

4.0 Donation Guidelines

Eligible Donations

- Monetary Donations – Cash, checks, electronic payments, and other monetary contributions.

- Cash Equivalents and Financial Assets – Gift cards, gift certificates, securities, or other financial assets that can lawfully be accepted by the City.

- Personal Property and Goods – Equipment, supplies, materials, furniture, technology, vehicles, artwork, and other tangible personal property.

- Real Property – Land, buildings, easements, or other interests in real property, subject to appropriate review and acceptance requirements.

- Professional or Other Services – Donated professional, technical, labor, or other services, provided that acceptance complies with applicable law and City requirements.

- Use of Property or Facilities – Donated or temporary use of facilities, equipment, vehicles, or other property.

- Donor Ownership and Authority - The donor must have legal title to, ownership of, or other legal authority to donate the funds, property, or other item being offered to the City. The City may require documentation sufficient to verify the donor's ownership or authority to make the donation prior to acceptance.

Ineligible Donations

- Donations that conflict with the City's operational capacity.

- Donations that fund programs not offered by the City unless approved by the City Manager or authorized designee.

- Donations offered on the condition that the donor, or any person or entity designated by the donor, receive preferential treatment, special consideration, or any benefit in connection with City procurement, contracts, permits, licenses, or regulatory matters.

- Donations from any person or entity that has a pending or reasonably anticipated procurement, bid, contract, permit, license, enforcement, or other regulatory matter before the City, where acceptance would create a conflict of interest or the appearance of impropriety.

- Donations that would create an actual or perceived conflict of interest, or an appearance of impropriety, for the City or any City official or employee.

- Donations of illegal, stolen, hazardous, or unsafe items, or any item or substance the possession, use, transfer, or disposal of which would violate applicable law.

No Operating Section, employee, or official representing the City shall formally or informally solicit funds, goods or services, from any outside individual, corporation, or organization without the express written authorization of the City

Manager or a Deputy City Manager. Prior to initiating any solicitation efforts, the Operating Section must submit a written request detailing the purpose of the donation, the target entities, and the intended use of the funds or resources. This pre-approval process is required to ensure that all outside outreach aligns with City values, prevents potential conflicts of interest, and maintains strict transparency and tracking of municipal assets.

The City may accept anonymous donations at its discretion, provided that the source and legality of the donation can be reasonably verified and that acceptance is otherwise consistent with this policy. Donor information submitted to the City is subject to the Texas Public Information Act, and the City cannot guarantee the confidentiality of a donor's identity or related records except to the extent such information is excepted from required public disclosure under applicable law. The City will not accept a donation conditioned on confidentiality that the City is legally unable to provide.

The City reserves the right to decline, or to return, any donation, in whole or in part, at any time and for any reason, including when acceptance or retention would be inconsistent with this policy, applicable law, or the City's best interest. The refusal or return of a donation does not create any liability or obligation on the part of the City.

5.0 Evaluation Criteria to Accept Donations

Alignment with City Programs – The donation supports official City business and a lawful municipal public purpose and is consistent with applicable City programs, policies, ordinances, resolutions, and strategic priorities.

Legal and Ethical Considerations – The donation presented is consistent with applicable law, City policies, and ethical requirements, and any donor restrictions or conditions are lawful, reasonable, and administratively feasible.

6.0 Authority to Accept Donations

- The acceptance of a cash or cash equivalent donations must follow the budget resolution specific to the fiscal year in which the donation is received. Approval must be documented in writing using the Report a Donation form. Donations exceeding the authority provided by the applicable fiscal-year budget resolution require City Council approval unless otherwise authorized by law or City Council action.

- The City Manager or authorized designee can accept in-kind donations or gift cards regardless of value. Approval must be documented in writing using the

Report a Donation form. Acceptance of any donation shall remain subject to applicable law, the City Charter, ordinances, the applicable budget resolution, and any other City Council-approved limitations.

- A Council Member may not independently accept donations on behalf of the City. All donations offered to a Council Member must be directed through the City Manager or authorized designee for review and acceptance in accordance with this policy.

- OTC will issue an official donation acknowledgement letter, signed by the Chief Financial Officer if requested by the donor. OTC will mail the letter on behalf of the Operating Section.

- Donations are not considered City property until formally accepted per this policy.

- The City may accept donations that enhance City services, facilities, programs, or operations; reduce costs the City would otherwise incur; or otherwise provide a demonstrable benefit to the City or the public. Any private benefit to the donor must be incidental to the City's municipal public purpose in accepting and using the donation.

- Before accepting any donation, the City must evaluate whether acceptance will require the expenditure of City funds or the use of City staff, equipment, or materials, including any anticipated maintenance, operating, replacement, insurance, or other ongoing or future costs. The Operating Section must document the anticipated costs, the funding source for those costs, and determine that any associated cost burden does not exceed the benefit of the donation and can be supported through available appropriations.

- Any donor seeking to do business with the City must comply with applicable disclosure requirements, including the Purchasing and Strategic Sourcing's Disclosure of Campaign Contributions and Donation Form, as applicable.

- Individuals accepting the donation must refrain from providing legal, accounting, or tax advice to donors. Each donor is ultimately responsible for ensuring the donor's proposed donation meets and furthers the donor's charitable, financial, and estate planning goals.

- The donation, and any associated recognition of or public association with the donor, is consistent with the City's public image, reputation, and values, and will not create an appearance of impropriety or otherwise reflect negatively on the City.

- Acceptance of the donation will not confer on the donor any control over, or improper influence upon, City operations, personnel, procurement, regulatory decisions, or the use of City resources. The City retains control over the administration and use of the donated funds or property, subject to any donor restrictions accepted by the City in accordance with this Policy.

- The City may condition acceptance of any donation on completion of diligence, receipt of required documentation, and review by the Office of the Comptroller and the City Attorney Office where applicable. No communication by City personnel will constitute acceptance unless and until approval is documented in accordance with this policy.

7.0 Revenue Recognition

OTC will centrally manage the accounting for all donations, including in-kind contributions, to ensure proper recording and reporting of funds contingent to the Operating Section properly notifying OTC of such donation through the Report a Donation Form.

Cash donations shall be deposited in a timely manner in accordance with the requirement of the City Charter Section 7.7 and the Cash Management Policy.

If a restricted cash or cash equivalent donation cannot be used for the accepted purpose, the City Manager or designee may direct OTC to return the funds or seek the donor's written approval for an alternate lawful use. If the donor cannot be reached after reasonable efforts, the City Manager, or designee, may, after consultation with the City Attorney's Office and confirmation that the proposed transfer is legally permissible under applicable law or the governing donation instrument, authorize the transfer of the funds from the special revenue or grant fund to the General Fund or another appropriate fund or purpose.

8.0 Threshold for Recognition

All cash donations will be recognized regardless of value in account 450600 in the general ledger.

OTC will recognize the asset and corresponding in-kind revenue in the City's accounting records, once in-kind donation is accepted by the City Manager or authorized designee.

In-kind unrestricted donations, non-capital items, or services will be recorded in the accounting records in the government-wide financial statements if the value is $5,000 or more.

9.0 Reporting Requirements

- The donor is required to provide proof of a donated item's value if the value is $5,000 or more. Acceptable methods of valuation include a formal appraisal or the use of other factors, such as the asset's original cost, a recent selling price, the price of comparable properties, or the replacement cost. Failure to provide this justification will result in the City assigning a donation value of $4,999.99 or less.

- Any single donated item with a fair market value of $10,000 or more will be classified as a capital asset.

- Any donations requiring the City to sign an agreement for acceptance (excluding IRS Form 8283) should be reviewed by the participating Operating Section's director and the City Attorney's Office prior to acceptance.

- The City Attorney's Office must review donations of Trust and Perpetuity Funds before acceptance. Compliance with the donation terms must fall on the Operating Section benefiting from such donation. Restricted donations must follow the requirements stated in this policy.

- Donations of investments must follow the budget resolution for cash donations. Donations of investments that are not allowed under the City's Investment Management Policy shall be liquidated within a reasonable time by OTC to avoid issues of noncompliance with the Public Funds Investment Act. Investment proceeds will be assigned to the benefiting Operating Section upon redemption.

- City Council members must abide by the Ethics Ordinance provision in Section 2.92.080 - Disclosure of Campaign Contributions and Donations.

- The Operating Section must retain documentation supporting acceptance, valuation, restrictions, approvals, expenditures, and compliance with donor terms in accordance with the City's records retention requirements.

- OTC will prepare a periodic summary of donations accepted by the City and provide it to the City Council and/or the Financial Oversight and Audit Committee no less frequently than annually for transparency and oversight purposes.

- Issuance and handling of donor acknowledgment letters and any related tax-receipt documentation shall be governed by Section 6.0 of this Policy, and nothing in this Section is intended to duplicate or modify those requirements.

- Donor information shall be maintained, used, disclosed in accordance with applicable law and City recordkeeping, privacy, and information-security requirements. The City may publicly acknowledge donations in a manner determined by the City, subject to any lawful donor anonymity request. Any naming or special recognition requires approval through the appropriate City process.

10.0 Prohibition on City Donations and Gifts of Public Funds:

The City shall not make donations or gifts of public funds, property, services, or other things of value to any individual, association, corporation, or other private person or entity. Gratuitous transfers of City funds or resources are prohibited by Article III, Section 52(a) of the Texas Constitution and other applicable law. Nothing in this Policy authorizes the City to make a donation, gift, contribution, or other gratuitous transfer of public money or a thing of value.

An expenditure or transfer of City funds or resources under this Policy may be made only when City Council determines that: (1) the predominant purpose of the expenditure is to accomplish a legitimate municipal public purpose and not to benefit a private party; (2) the City retains sufficient public control to ensure that the public purpose is accomplished and the public investment is protected; and (3) the City receives an adequate return benefit or consideration so that the expenditure is not gratuitous.

Any such expenditure or transfer must be supported by appropriate documentation or an agreement, as applicable, establishing the municipal purpose, the City's public controls, the return benefit, and any other conditions necessary to protect the City's investment. Nothing in this section creates or expands authority to expend City funds. Any expenditure must be separately authorized by applicable law, the City Charter, City ordinance, the applicable Fiscal Year Budget Resolution, or other City Council action and must comply with applicable City policies and procedures.

11.0 Review and Revision of the Policy

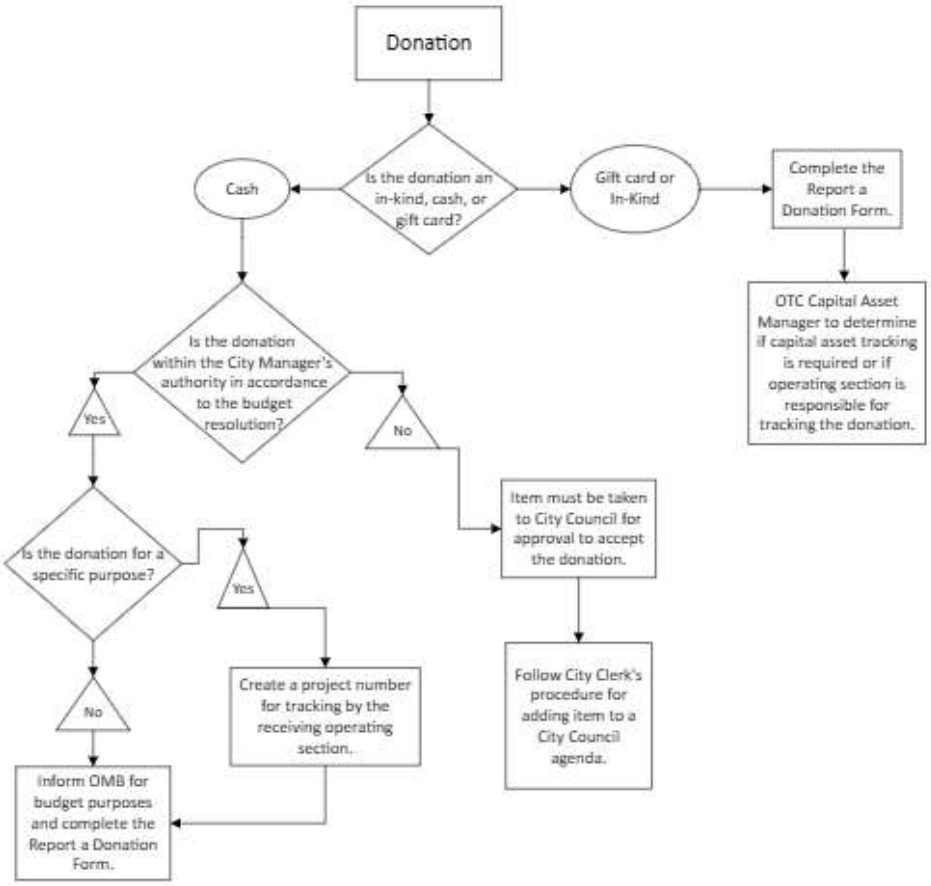
Policy will be reviewed by the Financial Oversight and Audit Committee and approved by the City Manager at least every two years or sooner if needed. This Policy may be amended administratively from time to time by the City Manager, or designee, as deemed necessary, provided that no administrative amendment may conflict with or expand authority beyond the City Charter, state or federal law, City ordinance, an applicable budget resolution, or other City Council action. Nothing in this Policy, or any administrative amendment to this Policy, shall be construed to authorize the City to make a donation or gift of public funds, property, services, or other City resources in violation of the Texas Constitution

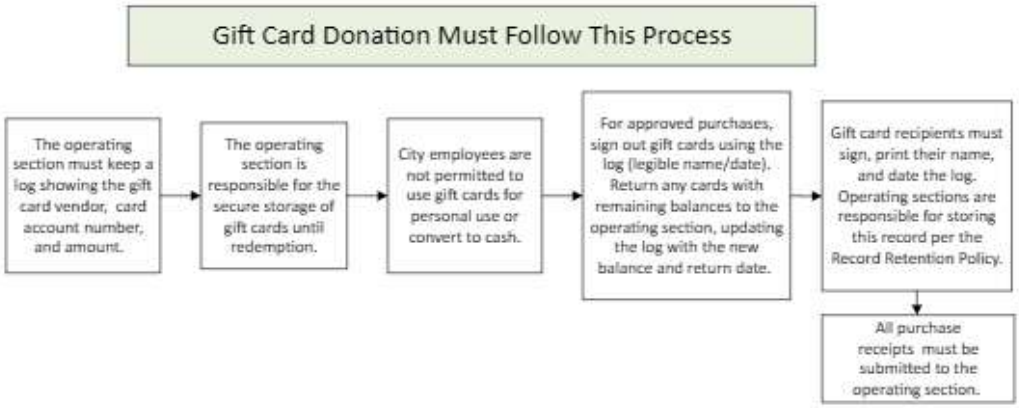
or other applicable law.

Severability - If any provision of this Policy is held to be invalid, illegal, or unenforceable by a court or other tribunal of competent jurisdiction, the remaining provisions of this Policy shall continue in full force and effect and shall not be affected or impaired thereby.

Conflicts In the event of any conflict between this Policy and applicable law, the City Charter, City ordinances, an applicable budget resolution, or other City financial policies, the controlling legal authority shall govern, and this Policy shall be applied and construed to be consistent with that authority.

Appendix A: Donation Flowchart





File #: BC-2581, **Version:** 1

CITY OF EL PASO, TEXAS
LEGISTAR AGENDA ITEM SUMMARY FORM

AGENDA LANGUAGE:

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Discussion and Action on the results of the Single-Family Owner-Occupied Renovation Program Audit Report A2026-06. [Internal Audit, Elizabeth De La O, (915) 212-1371]

CITY OF EL PASO

Audit No. A2026-06

Single-Family Owner-Occupied Renovation Program

Internal Audit Department
October 22, 2026

Objectives

The audit's objective was to determine whether the Single-Family Owner-Occupied (SFOO) Renovation Program was administered by the Department of Community and Human Development (DCHD) in compliance with applicable grant and program requirements. To achieve this, the audit assessed the following:

- Applicant intake and eligibility processing,
- Individual project execution,
- Project contracting and procurement,
- Financial management and closeout; and,
- Administrative oversight and reporting.

Scope

The audit scope covered Calendar Years 2023 – 2025. To achieve the audit objectives, we:

- Interviewed program management and staff.
- Reviewed applicable *City of El Paso* and *HUD* guidance.
- Analyzed project files for alignment with *SFOO Renovation Program Close-Out Guidelines*.
- Reviewed coordination efforts related to procurement activities.
- Analyzed decisions on denied or disqualified applicants for alignment with *SFOO Renovation Program Close-Out Guidelines*.
- Reviewed reporting filings for completeness, accuracy, timeliness, and proper review.

Positive Finding 1

Effective Administration of the SFOO Renovation Program

The SFOO Renovation Program is complex and not a routine “check the box” initiative. Because it serves vulnerable households and requires rigorous compliance, strong administrative processes are essential. Our review indicates that the department excels in this area, as shown by:

- DCHD has well-established, effective processes that ensure administration aligns with HUD and state requirements.
- Staff are highly knowledgeable and proficient in HUD requirements.
- Internal procedures are thoroughly documented and consistently applied.
- Applicant eligibility was carefully verified in accordance with HUD and *Texas Department of Housing and Community Affairs* grant policies.

Positive Finding 1 (Cont'd)
Effective Administration of the SFOO Renovation Program

A review of six approved SFOO applicants and their corresponding files confirmed compliance with required guidelines, including verification of:

- Property eligibility criteria
- Ownership and length of ownership
- Residency
- Household members
- HUD income limits
- After-rehabilitation values
- Agreements and disclosure forms
- Initial assessment establishing the scope of work.
- Final inspections completed prior to processing contractor payments.

Positive Finding 1 (Cont'd)
Effective Administration of the SFOO Renovation Program

Additionally, the Department of Community and Human Development:

- Ensured disqualifications aligned with the *SFOO Renovation Program Close-Out Guidelines*. A review of all eight denied or disqualified applicants from January 1, 2023 through December 31, 2025, confirmed adherence to the disqualification criteria.
- Submits reporting requirements that are complete, accurate, timely, and properly reviewed.

Finding 1 Recommendation

Effective Administration of the SFOO Renovation Program

The Department of Community and Human Development should continue to maintain the strong processes, controls, and oversight practices demonstrated in the SFOO Renovation Program to ensure all programs are administered in compliance with applicable grant and program requirements.

No Management Response is required.

Finding 2
Indebtedness Verification Process

As of March 24, 2026, 23 applicants had achieved approved client status. A review of six (6) approved SFOO applicants identified incomplete indebtedness verifications:

- All six files (100%) lacked documentation of property tax checks and City indebtedness verifications.

Property tax searches are performed but only documented when amounts are owed, and the process does not include checking for outstanding debt with other City departments; which is necessary to ensure applicants do not owe delinquent fees, fines, or other obligations to the City.

Finding 2 Recommendation
Indebtedness Verification Process

The Department of Community and Human Development should:

- Ensure that applicants with outstanding indebtedness to the City or who are not on an active deferment with the Tax Office, are deemed ineligible for any programs.
- Obtain and retain proof of good standing for property taxes owed to the City of El Paso; and,
- Require applicants to remedy any delinquent property taxes or other City debt prior to proceeding with an application for assistance.

Conclusion

DCHD substantially **met** the audit objectives in the administration of the Single-Family Owner-Occupied Renovation Program related to:

- Applicant intake and eligibility processing.
- Individual project execution.
- Project contracting and procurement.
- Financial management and closeout; and,
- Administrative oversight and reporting.

DCHD **did not meet** the audit objectives in ensuring that property tax reviews and City indebtedness checks are consistently performed and properly documented.

Management Response
Finding 2
Indebtedness Verification Process

DCHD currently reviews City indebtedness as part of its eligibility process, with the results documented in the client's Credit Report. Through the audit process, it was clarified that certain City indebtedness with different Departments may not be reflected in the Credit Report and therefore requires separate verification.

Although the SFOO Program is in closeout and no longer accepting new applicants, DCHD will develop an indebtedness verification form as recommended by Internal Audit for other applicable programs. This will provide additional assurance that outstanding City indebtedness is identified and appropriately documented.

Requested Action

To accept the results of the Single-Family Owner-Occupied Renovation Program Audit (A2026-06) and forward the Audit Report to City Council for action.

Single-Family Owner-Occupied Renovation Program Audit No. A2026-06

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Issued by the
Internal Audit Department
September 11, 2026

EXECUTIVE SUMMARY

The Internal Audit Department has concluded the Single-Family Owner-Occupied Renovation Program Audit. The audit was approved as part of the Fiscal Year 2026 Annual Audit Plan. The scope for this audit was January 1, 2023 to December 31, 2025. The audit's objective was to determine whether the Single-Family Owner-Occupied Renovation Program was administered in compliance with applicable grant and program requirements. To achieve this, the audit assessed the following:

- Applicant intake and eligibility processing,
- Individual project execution,
- Project contracting and procurement,
- Financial management and closeout; and,
- Administrative oversight and reporting.

Based on the results of the audit, two findings were identified, one positive finding and one finding that highlights an area for improvement. Listed below is a summary of the findings identified in this report:

1. **Program Compliance**
   The Department of Community and Human Development has processes in place to ensure that that the Single-Family Owner-Occupied Renovation Program was administered in accordance with applicable grant and program requirements.

2. **Indebtedness Verification Process**
   An area of improvement was identified in the current indebtedness verification process. A review of a sample of six (6) Single-Family Owner-Occupied applicants approved between November 28, 2024 to May 20, 2025, identified that indebtedness verification is limited to conducting property tax searches, which are only documented when amounts are due. The process does not include verifying debt with other City departments, resulting in an incomplete eligibility review.

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

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BACKGROUND

The purpose of the Single-Family Owner-Occupied (SFOO) Renovation program is to assist low-to-moderate income homeowners in improving the safety, sanitation, and functionality of their homes. The Department of Community and Human Development (DCHD) administers the program using funds from the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program, a federal funding source designed to help communities provide decent housing and expand economic opportunities for low- and moderate-income residents. Through this funding, DCHD develops and implements policies and procedures that meet the needs of El Paso homeowners while ensuring full compliance with federal regulations.

The SFOO Program offers four distinct types of assistance:

- **Sewer Connection**: Supports homeowners in establishing an initial connection to local sewer lines. Assistance is capped at $25,000.00 and funded through CDBG; no repayment is required.
- **Minor Repair**: Addresses conditions that pose an imminent threat to the health, safety, or welfare of the occupants (as determined by HUD). Assistance is capped at $25,000.00, funded through CDBG, and requires no repayment.
- **Rehabilitation**[1]: Provides major renovation assistance to address conditions that pose an imminent threat to the health, safety, and welfare of the occupants (as determined by HUD) ranging in cost from a minimum of $25,001.00 - $90,000.00.
- **Reconstruction**[1]: Provides assistance for addressing conditions that pose an imminent threat to the health, safety, and welfare of the occupants AND exceeds the $90,000.00 rehabilitation threshold. Maximum assistance is based on a HUD-provided formula.

The program entered its close-out phase in 2023 and is no longer accepting new applicants. An applicant refers to an individual who applied to one of the four SFOO programs; however, application alone did not guarantee approval. An applicant was certified as eligible only after meeting all of the following criteria:

- Property location, characteristics, and value requirements,
- Verified homeownership with a minimum three-year occupancy prior to applying,
- Proof of residency within El Paso city limits,
- Income and asset qualification, with no outstanding property taxes or City debt,
- Number of eligible household members residing at the address.

An applicant becomes an approved client only after a three-party agreement is executed. As of March 24, 2026, a total of 23 applicants had achieved approved client status.

SFOO projects were procured through two primary methods:

- **Competitive Procurement**: Vendors and contractors submitted bids or proposals evaluated by the City's Purchasing and Strategic Sourcing Department (PSSD) using predefined criteria such as pricing, qualifications, compliance with specifications, timeliness, quality,

[1] The Rehabilitation and Reconstruction assistance programs each require a Forgivable Deferred Payment Loan Note and a recorded Deed of Trust, which establishes a lien on the property.

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regulatory adherence, and past performance. Each project was subject to a maximum of three (3) bidding rounds.

- **Job Order Contract (JOC)**: DCHD established pre-negotiated contracts with JOC contractors. When a qualifying project was identified, DCHD issued a task order to the awarded contractor for project execution.

After the application process was completed and all information verified, projects were either assigned through a JOC task order or submitted for competitive bidding by PSSD. Because PSSD plays a significant role in the execution of SFOO renovation projects, a separate review of their processes was conducted.

As a result of this review, a management letter was issued to the Purchasing Director, with a copy provided to Calyptus Consulting Group, Inc., an external consultant engaged to perform an assessment of PSSD. This letter outlines recommendations related to minor observations that, while not substantial, were important enough to bring to management's attention. These items were presented to management at the conclusion of the audit work, and management acknowledged receipt.

AUDIT OBJECTIVES

The objective of this audit was to determine whether the Single-Family Owner-Occupied Renovation Program was administered in compliance with applicable grant and program requirements. To achieve this, the audit assessed the following:

- Applicant intake and eligibility processing,
- Individual project execution,
- Project contracting and procurement,
- Financial management and closeout; and,
- Administrative oversight and reporting.

AUDIT SCOPE AND METHODOLOGY

The scope for this audit covered Calendar Years 2023 through 2025. To achieve the audit objectives, we performed the following procedures:

- Conducted interviews with Department of Community and Human Development management and staff to gain an understanding of the SFOO Renovation Program Guidelines and reporting requirements.
- Reviewed the *City of El Paso Single Family Housing Owner Occupied Renovation Program Close Out Guidelines* and *City of El Paso Community & Human Development Policies & Procedures for U.S. Department of Housing and Urban Development & Texas Department of Housing and Community Affairs Grants* effective September 01, 2025.
- Analyzed a judgmental sample, which cannot be extrapolated to the full population, of the six (6) most recently approved SFOO applicants for compliance with the *Close-Out Guidelines*, including verification that:
    - Properties met required location and characteristic criteria.
    - Property ownership and length of ownership were properly documented.

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  - Documentation supported residency requirements, and property tax and City indebtedness checks were cleared.
  - Eligible household members and HUD household income limits were properly verified.
  - After-rehabilitation property values remained at or below HUD-established limits.
- Reviewed the sample of six (6) approved client files to ensure each contained:
  - Executed three-party agreements and required disclosure forms.
  - Initial assessments establishing the scope of work.
  - Evidence of final job site inspections completed prior to processing contractor payments.
- Reviewed DCHD's coordination efforts with the Purchasing and Strategic Sourcing Department related to procurement activities.
- Analyzed all eight (8) denied or disqualified SFOO applicants between January 1, 2023 to December 31, 2025 to confirm disqualification decisions aligned with the criteria outlined in the *Close-Out Guidelines*[2].
- Conducted a review of DCHD's reporting requirements for completeness and accuracy, timeliness, and proper review.

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

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[2] A separate review and confidential communication were prepared for the City Manager regarding a conflict-of-interest allegation raised by one of the disqualified applicants.

FINDING, CRITERIA, RECOMMENDATION, AND MANAGEMENT'S RESPONSE

Finding 1 (Positive Finding)

Effective Administration of the Single-Family Owner-Occupied Renovation Program

Based on our review of the Single-Family Owner-Occupied Renovation Program (the program), we identified that the Department of Community and Human Development (DCHD) has effective processes in place to ensure the program was administered in compliance with applicable grant and program requirements. Specifically, the Department of Community and Human Development:

- Employs knowledgeable staff who are proficient in HUD requirements.
- Has established procedures documenting both internal processes and HUD requirements for administering the program.
- Ensured applicants met the requirements of the *Single Family Housing Owner Occupied Renovation Program Close-Out Guidelines* and the *DCHD Policies & Procedures for U.S. Department of Housing and Urban Development & Texas Department of Housing and Community Affairs Grants*.

  We analyzed a sample of the six (6) most recently approved SFOO applicants and their corresponding files and confirmed compliance with the guidelines noted above, including verification that:
  - Properties met required location and characteristic criteria.
  - Property ownership and length of ownership were properly documented.
  - Residency documentation was complete.
  - Eligible household members and HUD household income limits were properly verified.
  - After-rehabilitation property values were within HUD-established limits.
  - Executed three-party agreements and required disclosure forms were included.
  - Initial assessments were completed to establish the scope of work.
  - Final job site inspections were documented prior to processing contractor payments.
- Additionally, DCHD:
  - Ensured disqualifications aligned with the *SFOO Renovation Program Close Out Guidelines.* A review of all eight (8) denied or disqualified applicants from January 1, 2023 through December 31, 2025, confirmed adherence to the disqualification criteria.
  - Submits reporting requirements that are complete, accurate, timely, and properly reviewed.

Standard/Criteria

- 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*
- *City of El Paso Single Family Housing Owner Occupied Renovation Program Close Out Guidelines*

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- *City of El Paso Community & Human Development Policies Procedures for U.S. Department of Housing and Urban Development & Texas Department of Housing and Community Affairs Grants* effective September 01, 2025.

Recommendation

The Department of Community and Human Development should continue to maintain the strong processes, controls, and oversight practices demonstrated in the SFOO Renovation Program to ensure all programs are administered in compliance with applicable grant and program requirements.

Management's Response

None Required

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Finding 2

Indebtedness Verification Process

As of March 24, 2026, a total of 23 applicants had achieved approved client status. A review of a sample of six (6) Single-Family Owner-Occupied applicants approved during the period of November 28, 2024 through May 20, 2025 identified that indebtedness verification procedures were incomplete.

- Six (6) out of six applicant files (100%) lacked documentation showing that property tax checks were performed and did not contain evidence that City indebtedness verifications were conducted.

According to the Department of Community & Human Development, property tax searches are performed but only documented when amounts are due. However, the current process does not include verifying outstanding debt with other City departments, which is necessary to ensure applicants do not owe any delinquent fees, fines, or other obligations to the City.

Standard/Criteria

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*

City of El Paso Single Family Housing Owner Occupied Renovation Program Close Out Guidelines and the *City of El Paso Community & Human Development Policies & Procedures for U.S. Department of Housing and Urban Development & Texas Department of Housing and Community Affairs Grants:*

- Section Outstanding Property Tax and City Debt:

As per City ordinance 016529, individuals that have outstanding indebtedness to the City, and not on an active deferment with the tax office will be considered ineligible for this program. Proof of current good standing regarding property taxes owed to the City of El Paso is required. All delinquent property taxes or other debt to the City must be remedied prior to proceeding with an application for assistance.

City Ordinance No. 016529

… the City of El Paso desires to establish regulations, pursuant to Section 252.0436(a) of the Texas Local Government Code, whereby the City may refuse to enter into a contract or other transaction with a person indebted to the City including but not limited to an apparent low bidder or successful proposer.

Significance/Risk:

Despite existing procedures requiring verification of outstanding property taxes and City indebtedness, the absence of documented property tax checks and the incomplete indebtedness verifications for all sampled applicants introduces uncertainty regarding the completeness of eligibility screening. Without documented, consistent eligibility screening, there remains a continued

risk that applicants with outstanding debt to the City may be deemed eligible and approved for assistance in violation of the Policies & Procedures for HUD and TDHCA Grants and City Ordinance No. 016529.

Given these requirements, incomplete or undocumented eligibility screening creates the possibility that applicants who were not eligible under HUD, TDHCA, or City Ordinance No. 016529 may have nonetheless received assistance. In a worst-case scenario, if federal or state oversight were to identify such non-compliance, the City could face corrective actions ranging from repayment of disallowed costs to suspension, reduction, or withdrawal of grant funding, along with potential administrative or legal remedies depending on the severity and extent of the findings. Including consistent and documented verification practices is therefore essential to mitigate exposure to these compliance risks.

Recommendation

The Department of Community and Human Development should:

- Ensure that applicants with outstanding indebtedness to the City or who are not on an active deferment with the Tax Office, are deemed ineligible for any programs.
- Obtain and retain proof of good standing for property taxes owed to the City of El Paso; and,
- Require applicants to remedy any delinquent property taxes or other City debt prior to proceeding with an application for assistance.

Management's Response

DCHD currently reviews City indebtedness as part of its eligibility process, with the results documented in the client's Credit Report. Through the audit process, it was clarified that certain City indebtedness with different Departments may not be reflected in the Credit Report and therefore requires separate verification.

Although the SFOO Program is in closeout and no longer accepting new applicants, DCHD will develop an indebtedness verification form as recommended by Internal Audit for other applicable programs. This will provide additional assurance that outstanding City indebtedness is identified and appropriately documented.

Responsible Party

DCHD Director, Assistant Director, Program Manager, Grant Project Manager, and other DCHD staff, as applicable.

Implementation Date

December 1, 2026.

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INHERENT LIMITATIONS

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

CONCLUSION

We have concluded our audit work on the objectives of the Single-Family Owner-Occupied Renovation Program Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the observations and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude on whether the Department of Community and Human Development met the objectives of this Audit. Based on our audit work, we have determined that:

1. DCHD substantially met the audit objectives in administering the SFOO Renovation Program in compliance with applicable grant and program requirements in the following areas:
   - Applicant intake and eligibility processing,
   - Individual project execution,
   - Project contracting and procurement,
   - Financial management and closeout, and
   - Administrative oversight and reporting.

   These objectives were met in the areas listed above, with the exception of the specific deficiency noted in the following section.
2. DCHD did not meet the audit objectives in ensuring that City indebtedness checks were fully performed and properly documented.

We wish to thank the Department of Community and Human Development's management and staff for their assistance and courtesies extended during the completion of this Audit.

Adrian Serrano, CPA
Chief Internal Auditor

Martha L. Vargas, CPA, CIA, CFE, CGFM
Auditor IV

Liz De La O, CFE, CIA, CGAP, MPA
Deputy Chief Internal Auditor

Distribution:
Financial Oversight and Audit Committee
Dionne Mack, City Manager
Araceli Guerra, Deputy City Manager
Nickole Rodriguez, DCHD Director

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File #: BC-2421, **Version:** 1

CITY OF EL PASO, TEXAS
LEGISTAR AGENDA ITEM SUMMARY FORM

AGENDA LANGUAGE:

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Discussion and Action on the FY 2026-2027 Annual Internal Audit Plan. [Internal Audit, Adrian Serrano, (915) 212-1365]

An Overview of the

FY 2027 Audit Plan

Internal Audit Department

October 22, 2026

Purpose of Today's Presentation

Significant Changes

Risk Considerations

Resource Allocation

FY 2027 Audit Plan

What's New in FY 2027

Significant Changes

Major enhancements to audit planning and methodology:

- Audit universe realigned to program-based budgeting
- Adoption of a PESTLE-based risk assessment framework
- Transition to TeamMate+ for risk assessment, engagement management, and issue tracking
- Launch of citywide internal control framework advisory project

Wolters Kluwer TeamMate+

What It Is

One Platform

Centralized audit management system that houses the audit universe, risk assessment, engagement files, and issue tracking in one platform.

How We Use It

End-to-End Management

Used to manage the full audit lifecycle – risk scoring, planning, workpapers, reporting, and continuous tracking of prior audit recommendations.

Key Benefits

High Impact

Improves transparency, accountability, and audit quality; streamlines follow-up work; strengthens documentation; and supports real-time updates.

Risk Assessment Overview

Inputs

- Stakeholder interviews
- Adopted budget and program performance measures
- ACFR results, external audit findings, litigation/claims data
- Prior internal audit results
- City Strategic Plan

Scoring Method

- Six PESTLE domains (15% each)
- Audit recency and program materiality (5% each)
- Assessment performed and maintained in TeamMate+

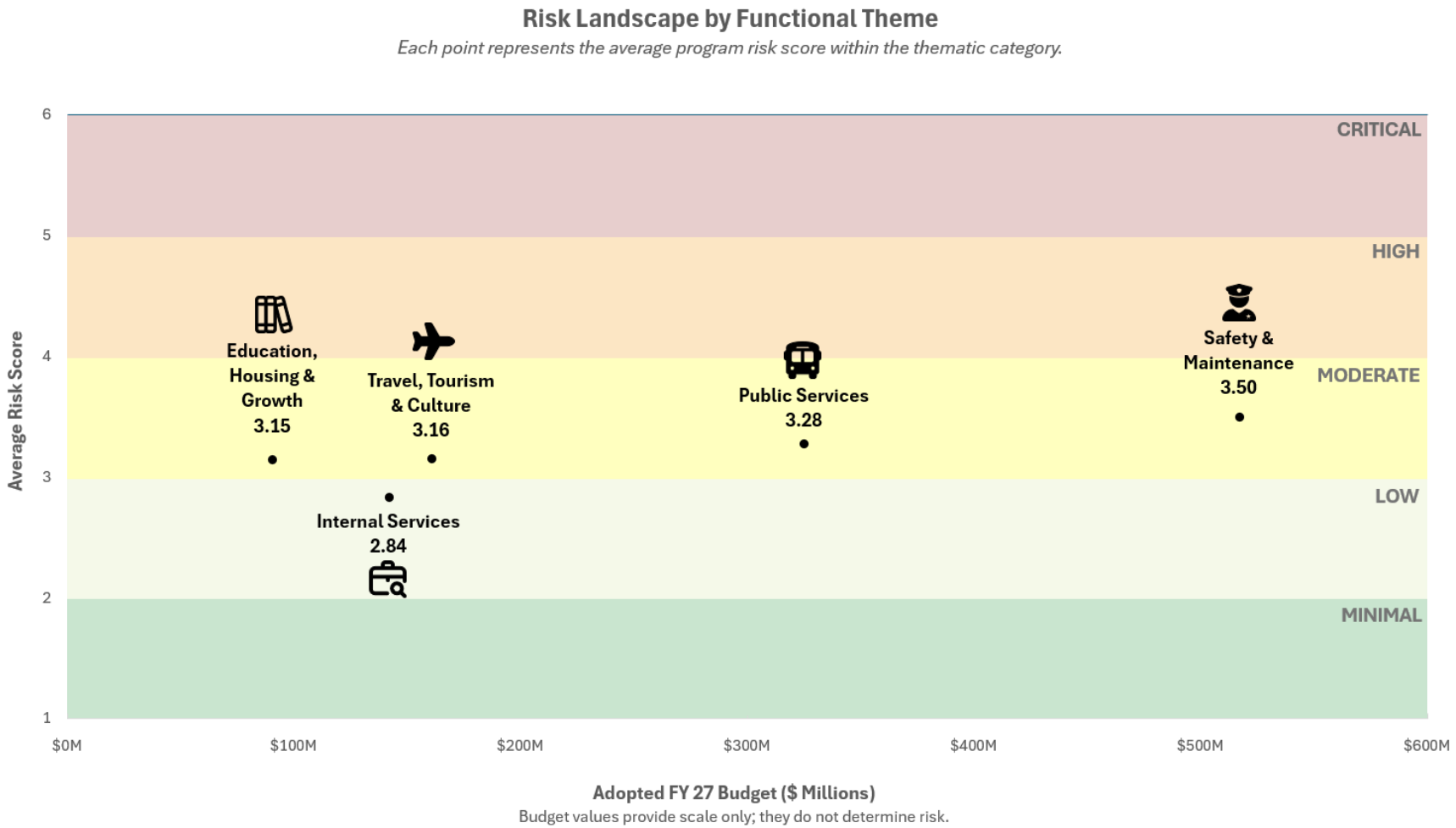
Inherent Risk Only

Key Limitation

Inherent Risk is the risk that exists *prior* to any control considerations and is the sole factor used today because:

- City does not yet have an organization-wide internal control framework
- No consistent evidence base to evaluate the design or effectiveness of controls
- Engagement-level planning will still evaluate controls independently
- Advisory project will build the foundation for future residual risk scoring

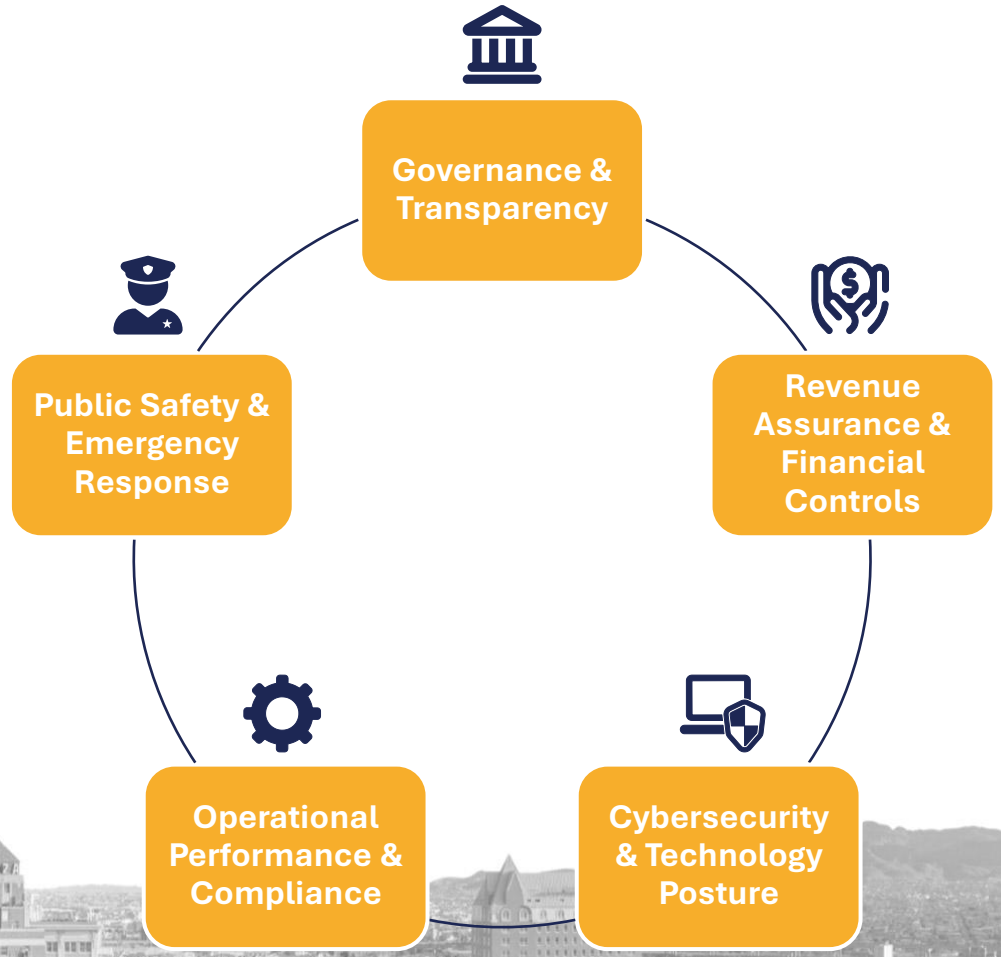
Risk Landscape



FY 2027 Engagement Portfolio

Activity	Est. Hours	%
Proposed Audits	5,490	*29%*
Other Audit Responsibilities	4,278	*23%*
Administration & CPE	3,715	*20%*
Leave	3,334	*18%*
Advisory Projects	1,375	*7%*
Carryover Audits	600	*3%*
TOTAL*	**18,792**	***100%***

Total hours based on 8.5 FTEs.



Proposed Audits
(FY 27 Q1 – Q2)

FQ	Department	Audit Focus	Est. Hours	Preliminary Objective
Q1 (9/1 – 11/30/26)	Animal Services	Intake & Billing Compliance	650	Ensure intake records and billing practices are accurate and complete, and assess controls over veterinary controlled substances.
	Office of the Comptroller	Hotel Occupancy Tax Compliance	640	Review reported HOT revenues and exemptions to determine compliance with local requirements.
Q2 (12/1/26 – 2/28/27)	Destination El Paso	Venue Revenue & Governance	650	Evaluate financial and operational controls over venue revenue, contracting, and asset safeguarding.
	Police	Impound Lot Management	650	Evaluate contract, financial, and operational controls governing the third-party operator of impound lot services.
	DoITS	Network Security Posture	200	Identify key vulnerabilities and assess effectiveness of network security controls protecting critical systems and data.

Proposed Audits
(FY 27 Q3 – Q4)

FQ	Department	Audit Focus	Est. Hours	Preliminary Objective
Q3 (3/1 – 5/31/27)	Fire	Emergency Deployment Reimbursement	650	Assess whether reimbursements for personnel, equipment, and deployment costs are accurate, complete, and properly supported.
	International Bridges	Port Security & Revenue	650	Evaluate security procedures, vendor oversight, and revenue collection to ensure safe operations and accurate reporting.
	City Council	P-Card & Travel Expenses	250	Oversee an independent compliance review of Council P-Card and travel activity.
Q4 (6/1 – 8/31/27)	Planning & Inspections	Zoning & Permitting	650	Assess transparency, consistency, data governance, and coordination throughout zoning and permitting workflows.
	Office of the Comptroller	Surplus Property Controls	500	Assess controls over safeguarding, inventory, and disposal of surplus property.

Carryover Audits
(from FY 26)

FQ	Department	Audit Focus	Est. Hours	Objective
Q1 (9/1 – 11/30/26)	Citywide	P-Card & Travel Analytics	150	Use analytics to identify unusual spending patterns and evaluate compliance, authorization, and monitoring controls.
	Museum & Cultural Affairs	La Nube	100	Evaluate timeliness, documentation, authorizations, and budget compliance related to accounts payable activity.
	Parks & Recreation	Sports Field Operations	100	Assess maintenance, safety compliance, and fee alignment with City policies and established schedules.
	Parks & Recreation	Permit Audit Follow-Up	50	Determine the implementation status of recommendations from the Park Usage Permit Audit.
	Police	Overtime Management	150	Evaluate authorization, documentation, compliance with policy/CBA, and effectiveness of OT monitoring.

Advisory Projects

FQ	Department	Audit Focus	Est. Hours	Preliminary Objective
Q1	Citywide	Internal Controls Centralization	575	Support creation of a citywide inventory of key controls and map them to organizational risks to identify control gaps.
Q2	Municipal Court	Citation Process Review	200	Evaluate processes for recording and reporting citations, complaints, and warrants to ensure accuracy, timeliness, and transparency.
Q3	Citywide	Consultant Services Spending	400	Review consultant-related spending and assess procurement and oversight practices for efficiency and compliance.
Q4	Citywide	P-Card & Travel Analytics	200	Apply analytics to monitor spending trends and identify unusual or high-risk P-Card and travel activity.

Other Audit Responsibilities

General Category	Est. Hours	Nature of Activities
Governance, Oversight & Administrative Support	1,710	Support governance through committee participation, policy review, and internal oversight activities.
Compliance, Tax & Revenue Assurance	720	Validate tax reporting, refunds, and fee compliance to ensure accurate public revenues.
Technology, Cybersecurity & Data Governance	450	Support cybersecurity, system control, and data quality assessments that protect City operations and information assets.
Issue Resolution Management	360	Monitor and confirm remediation of prior audit findings.
Investigations, Hotline & Ethics	260	Review hotline and ethics reports to support transparency, accountability, and timely resolution of allegations.
Contingency Reserve	778	Maintain reserved capacity for emerging risks, unplanned requests, and rapid response needs during the fiscal year.

Administration & CPE

General Category	Est. Hours	Nature of Activities
Department Administration	3,290	Support internal operations through planning, coordination, and management activities, including improvement initiatives stemming from the Weaver maturity assessment.
Continuing Professional Education	425	Complete required certifications and skills training to maintain audit competency and stay current with professional standards and best practices.

Requested Action

To accept the Fiscal Year 2027 Audit Plan and forward it to City Council for action.

Fiscal Year 2027
Audit Plan

Prepared and issued by the Internal Audit Department
Approved by the Financial Oversight & Audit Committee on October [22], 2026
Effective September 1, 2026

Overview

In accordance with the Institute of Internal Auditors' *Global Internal Audit Standards*, the Internal Audit Department ("Internal Audit" or the "Department") prepares an annual risk-based audit plan that supports the City of El Paso's (the "City") organizational objectives and provides independent assurance to leadership and the community. The Fiscal Year 2027 Audit Plan (the "Audit Plan") outlines the audits and projects the Department will perform during the year and reflects the priorities identified through its structured risk assessment process, which incorporates PESTLE analysis – Political, Economic, Social, Technological, Legal, and Environmental factors – and input from management, key stakeholders, and the Financial Oversight & Audit Committee (FOAC).

As part of this year's planning process, the Department updated its audit universe to reflect program-level activities across every City department, aligning Internal Audit's coverage with the City of El Paso's transition to program-based budgeting.

The Audit Plan is composed of several engagement categories:

- *Proposed Audits* – new audits initiated during Fiscal Year 2027;
- *Carryover Audits* – audits that began in Fiscal Year 2026 and will be completed in Fiscal Year 2027;
- *Advisory Projects* – consulting-type engagements performed in accordance with the Institute of Internal Auditors' definition of advisory services, intended to provide insight, guidance, or facilitation without issuing an audit opinion; and,
- *Other Audit Responsibilities* – ongoing monitoring and follow-up activities, continuing professional education, and essential departmental administrative functions.

The risk assessment underpinning the Audit Plan considers strategic, operational, financial, compliance, and reputational factors to ensure audit resources are focused on areas with the greatest potential impact to the City. The plan aligns with professional standards, including the *Global Internal Audit Standards* and the U.S. Government Accountability Office's *Generally Accepted Government Auditing Standards*, which collectively provide the foundation for high-quality, objective, and independent audit work.

Consistent with the *Global Internal Audit Standards*, the Audit Plan is dynamic and may be adjusted throughout the year to reflect changes in the City's risk profile, emerging issues, resource availability, and management priorities. Any significant modifications will be communicated to the FOAC.

The following plan describes the engagements selected for Fiscal Year 2027 and reflects Internal Audit's commitment to effective governance, public accountability, transparency, and continuous improvement. The FOAC has reviewed and approved this plan, reinforcing our shared commitment to responsible oversight.

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Respectfully submitted:

Adrian Serrano, CPA Chief Internal Auditor	Submittal Date

Approved as submitted:

Alejandra Chávez City Representative – District 1 FOAC Chairwoman	Approval Date
Deanna Maldonado-Rocha City Representative – District 3 FOAC Member	Approval Date
Ivan Niño City Representative – District 5 FOAC Member	Approval Date
Chris Canales City Representative – District 8 FOAC Member	Approval Date

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	Department	Audit Focus	Est. Hours	Preliminary Objective
PROPOSED AUDITS	Animal Services	Intake & Billing Compliance	650	Review the accuracy and completeness of intake records, billing practices, and compliance with interlocal agreements, and assess controls over veterinary controlled substances.
	City Council	Procurement Card & Travel Expenses	250	Oversee an independent firm's review of City Council P-Card and Travel activity for compliance and proper authorization.
	Destination El Paso	Venue Revenue & Governance	650	Evaluate governance, financial practices, and operational controls over venue operations – including revenue capture, contracting, and readiness – to support transparency and asset safeguarding.
	Fire	Emergency Deployment Reimbursement	650	Assess whether emergency deployment reimbursements are complete, accurate, timely, and properly supported for personnel, equipment, and eligible costs.
	Information Technology	Network Security Posture	200	Evaluate network security by identifying vulnerabilities, assessing key controls, and reviewing protections for critical services and sensitive data.
	International Bridges	Port Security & Revenue	650	Evaluate security controls, incident response procedures, vendor oversight, and revenue-collection processes to ensure safe operations, accurate reporting, and effective safeguarding of resources.
	Office of the Comptroller	Surplus Property Controls	500	Assess controls over surplus property transfers, including safeguarding, data sanitization, inventory reconciliation, disposal integrity, and conflict-of-interest protections.
	Office of the Comptroller	Hotel Occupancy Tax (HOT) Compliance	640	Evaluate compliance with HOT requirements by reviewing reported revenues and exemptions across lodging providers, including short-term rentals.
	Planning & Inspections	Zoning & Permitting Process	650	Assess the consistency, transparency, and efficiency of zoning, planning, and subdivision processes, including data governance, conflict-of-interest controls, and cross-department coordination.
	Police	Impound Lot Vendor Management	650	Evaluate contract, financial, and operational controls over the third-party vendor managing impound lot operations to identify risks affecting service quality, accountability, and cost efficiency.

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	Department	Audit Focus	Est. Hours	Preliminary Objective
CARRYOVER AUDITS	Community & Human Development	Single-Family Owner-Occupied Renovation Program Compliance	50	Assess compliance with grant and program requirements by evaluating eligibility, project execution, procurement, financial controls, and oversight.
	Museum & Cultural Affairs	La Nube Children's Museum	100	Evaluate timeliness, authorization, documentation, and compliance of accounts payable; assess budget adherence, financial controls, and financial commitments.
	Citywide	Procurement Card & Travel Analytics	150	Use analytics to identify unusual P-Card and Travel activity; evaluate compliance, authorization, documentation, spending limits, and effectiveness of monitoring controls.
	Parks & Recreation	Sports Field Operations	100	Assess parking capacity, zoning and safety compliance, field maintenance (including MOUs), and alignment of rental fees with City policies and Schedule C.
	Parks & Recreation	Permit Audit Follow-Up	50	Determine whether recommendations from the March 18, 2025 Park Usage Permit Audit have been fully, partially, or not implemented.
	Police	Overtime Management	150	Evaluate whether overtime is properly authorized, documented, compliant with the CBA and City policies, and supported by effective monitoring controls.
ADVISORY PROJECTS	Citywide	Consultant Services Spending	400	Evaluate consultant-services spending and assess related procurement controls and oversight practices.
	Citywide	Internal Controls Centralization	575	Support centralizing the City's internal controls in a unified repository to enable risk-to-control mapping and identification of control gaps.
	Citywide	Procurement Card & Travel Analytics	200	Use analytics to identify unusual P-Card and Travel activity; evaluate compliance, authorization, documentation, spending limits, and effectiveness of monitoring controls.
	Municipal Court	Citation Process Review	200	Evaluate the City's processes for recording, managing, and reporting traffic citations, complaints, and warrants to determine whether controls, technology, and governance adequately support accuracy, timeliness, and transparency.

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	General Category	Est. Hours	Nature of Activities
OTHER AUDIT RESPONSIBILITIES	Governance, Oversight & Administrative Support	1,710	Functions that strengthen organizational governance through committee support, financial oversight, policy review, quality assurance activities, and participation in cross-departmental initiatives.
	Compliance, Tax & Revenue Assurance	720	Reviews designed to validate tax calculations, revenue reporting, and fee compliance, ensuring accurate remittances, adherence to legal requirements, and proper safeguarding of public revenues.
	Technology, Cybersecurity & Data Governance	450	Efforts focused on improving digital safeguards, data quality, system controls, and cybersecurity posture, including technology implementations and governance assessments.
	Issue Resolution Management	360	Structured follow-up on prior audit findings to ensure remediation is completed and documented, reinforcing accountability across management and supporting closure of outstanding issues.
	Investigations, Hotline & Ethics	260	Activities involving review of hotline reports, ethics concerns, and investigative matters to ensure accountability, address misconduct allegations, and support transparent issue resolution.
	Contingency Reserve	778	Reserved capacity for unplanned needs such as emerging issues, rapid response requests, or workload fluctuations that require flexible allocation of audit resources.
ADMINISTRATION & CPE	Department Administration	3,290	Support internal department operations through administrative coordination, planning, and routine management activities. Also lead and coordinate remediation efforts from the Weaver maturity and quality assessment to ensure continuous process improvement, alignment with best practices, and progress toward targeted capability-maturity levels.
	Continuing Professional Education	425	Training and professional development activities that maintain required certifications, enhance audit competencies, and ensure staff stay current with emerging standards and practices.

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