Financial and Audit Oversight Committee ("FAOC")
Meeting Action Report

Committee:	**Financial and Audit Oversight Committee ("FAOC")**
Members:	Representative Susie Byrd (Chair) Representative Emma Acosta Representative Steve Ortega Representative Eddie Holguin Jr.
Non-Members:	Representative Cortney Niland Sylia Firth-Borunda, City Attorney
Staff Assignee:	Edmundo S. Calderon – Chief Internal Auditor
Meeting Date/Time:	Monday, November 12, 2012 – 11:00 A.M.

1. **Call to order and introductions.**

   Representative Susie Byrd called the meeting to order at approximately at 11:08 A.M. MST. It was determined that there was a quorum.

2. **Approval of Minutes for the Financial and Audit Oversight Committee meeting of October 15, 2012. [Internal Audit, Edmundo Calderon, (915) 541-4402]**

   Representative Holguin made a motion to approve the minutes for the Financial and Audit Oversight Committee ("FAOC") Meeting of October 15, 2012. Representative Ortega seconded the motion. Motion passed unanimously.

3. **Discussion and Action on Governmental Accounting Standards Board Statement No. 54 as it related to various policies and financial reporting.**
   [Financial Services, Dr. Mark Sutter, (915) 541-4014]

   Summary:
   Dr. Mark Sutter, Comptroller, introduced and explained the Governmental Fund Balance sheet, per GASB 54. Dr. Mark Sutter explained that the Fund Balance designations are changing from three categories (Reserved, Designated, and Unreserved) to five categories (Non-spendable, Restricted, Committed, Assigned, and Unassigned). The proposed amendments are as follows: 1. the modification of the Debt Management Policy Section 10.3 to remove "unrestricted", 2. the modification of the Investment Policy Exhibit A (Investment Strategy); Specific City funds, section (a) to include "restricted", and 3. the replacement of "unreserved fund balance" with "unassigned fund balance" or "spendable fund balance" in the Budget Policies Sections IV, V and X. Dr. Mark Sutter addressed questions from the committee and explained that the cash reserve of sixteen million dollars by Charter would be

under "restricted." Dr. Mark Sutter addressed the Hotel Occupancy Tax ordinance example to better explain the committed designation. Dr. Mark Sutter acknowledged that the fund balance may also include the assigned designation, which must be used on a project basis.

Representative Ortega commented.
Representative Acosta commented.
Representative Niland commented.

Action taken:
Motion made by Representative Acosta, seconded by Representative Ortega. The motion passed unanimously to approve the amendments proposed to the Fund Balance Designation in policies for FY 2013 to go before City Council for approval.

4. Discussion and Action on the City Debt Management Policy for FY 2013. [Financial Services, Carmen Arrieta-Candelaria, (915) 541-4293]

Summary:
Carmen Arrieta-Candelaria, Chief Financial Officer, introduced and explained the proposed amendments to the City Debt Management Policy for FY 2013. The proposed amendments are as follows: 1. the modification of the Section 10.3 to remove "unrestricted", 2. the modification of Section 11 to change the necessary debt service tax rate up to a maximum amount to thirty cents (30 ¢) from 27 cents (27 ¢) per $100 valuation, and 3. the removal of the Deputy City Manager for Finance and Management Support Services from section 15.1 Selection of Bond Counsel (Paragraph 1), and the replacement of the Finance and Management Support Services portfolio to the Chief Financial Officer's portfolio in section 15.1 (Paragraph 2).

Representative Acosta commented.
Representative Byrd commented.

Action taken:
Motion made by Representative Acosta, seconded by Representative Ortega. The motion passed unanimously to approve the amendments proposed to the City Debt Management Policy for FY 2013 to go before City Council for approval.

5. Audit Plan Update. [Internal Audit, Edmundo Calderon, (915) 541-4402]

Summary:
Edmundo Calderon introduced and explained the results for the Audit of International Bridges. Mr. Calderon explained that there were six findings and that an audit plan had been placed to correct such findings. Mr. Calderon acknowledged that there were no instances of fraud encountered during the course of the audit. Mr. Calderon noted that the findings were related to operational instances to balance the department expenditures, failure to follow the operations manual, and failure to deposit cash collections on a daily basis per the operations manual. Mr. Calderon addressed questions from the Committee about the results of the International Bridges Audit. Mr. Calderon explained that the implementation of internal controls relating to these findings had been delayed because of technology issues within the department. Mr. Calderon introduced and explained the results for the 2nd Follow-up Audit of the Environmental Services Department. He noted that the findings were essentially relating to expenditures that included per diem travel advances by the department. He acknowledged

that the department has improved their Accounts Payable system for expenditures relating to travel. Mr. Calderon introduced and explained the P-card Review of the Department of Transportation. Mr. Calderon addressed questions from the Committee about expenditures relating to P-cards. He acknowledged that it is the department administrator's responsibility to deactivate the P-cards once an individual is no longer employed by the department.

Representative Courtney Niland inquired about the structure of the audit reports issued by Mr. Calderon. He explained that the reports are located in the City Manager's website. Mr. Calderon confirmed that all follow-up reports issued by the Internal Audit Department include his recommendations and specifies whether they are in the process of implementation or they have been implemented. Mr. Calderon also explained that follow-ups are required for operational audits.

Representative Acosta inquired about the audit of the Internal Audit Department. Mr. Calderon explained that every three years the department goes through a Quality Assurance Review conducted by an external party. He acknowledged that the next Quality Assurance Review will be conducted in the Fall of 2013.

Action Taken:
Motion to accept the Audit Plan Update to be advanced to City Council was made by Representative Acosta. Motion was seconded by Representative Ortega. The motion passed unanimously.

6. Adjournment

A motion to adjourn was made by Representative Emma Acosta. The motion was seconded by Representative Steve Ortega.

Meeting adjourned at approximately at 12:11 P.M MST.

Submitted by:

City Representative Susie Byrd, District 2
Chair, Financial and Audit Oversight Committee

Edmundo S. Calderon – Chief Internal Auditor
Internal Audit Office

Financial and Audit Oversight Committee ("FAOC")
Meeting Action Report

Committee:	**Financial and Audit Oversight Committee ("FAOC")**
Members:	Representative Susie Byrd (Chair) Representative Emma Acosta Representative Steve Ortega Representative Eddie Holguin Jr. (Not Present)
Non-Members:	Joyce Wilson, City Manager Representative Cortney Niland Bertha Ontiveros, City Attorney
Staff Assignee:	Edmundo S. Calderon – Chief Internal Auditor Carmen Arrieta-Candelaria – Chief Financial Officer
Meeting Date/Time:	Wednesday, January 30, 2013 – 9:00 A.M.

1. **Call to order and introductions.**

   Representative Susie Byrd called the meeting to order at approximately at 9:10 A.M. MST. It was determined that there was a quorum.

2. **Approval of Minutes for the Financial and Audit Oversight Committee meeting of November 12, 2012. [Internal Audit, Edmundo Calderon, (915) 541-4402]**

   Representative Byrd made a motion to approve the minutes for the Financial and Audit Oversight Committee ("FAOC") Meeting of November 12, 2012. Representative Ortega seconded the motion. Motion passed unanimously.

3. **Presentation of the 1st Quarter Update to the Annual Audit Plan. [Internal Audit, Edmundo Calderon, (915) 541-4402]**

   Summary:
   Mr. Edmundo Calderon, Chief Internal Auditor, introduced and explained the 1st Quarter Update to the Annual Audit Plan. Mr. Edmundo Calderon explained that the Chief Internal Auditor should report periodically to the Financial and Audit Oversight Committee (FAOC) on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan as required by Performance Standards 2020 & 2060 of the International Standards for the Professional Practice of Internal Auditing. Mr. Edmundo Calderon explained that, given such requirement, an update on four critical areas required in the management of an internal audit activity will be provided. The four critical areas are: (i) Completed Audits and Projects, (ii) Pending Audits and Projects, (iii) Miscellaneous Items affecting the Internal Audit

Office's Activity, and (iv) Annual Audit Plan Update. Mr. Calderon introduced the completed Audits and Projects for the 1st Quarter and opened up for questions. Representative Susie Byrd inquired about how Environmental Services' Management will assume the risk of not implementing the recommendation made by the Internal Audit Office about the results of the 2nd Follow-Up: Environmental Services Accounts Payable Audit (Memo dated October 31, 2012). Mr. Calderon noted that the results of this 2nd Follow-Up Audit indicated that one of the original findings relating to Travel Requests is still in-progress of being fully implemented, meaning that corrective action has been initiated but is not complete. Therefore, Management will assume the risk of not implementing the recommendation.

Representative Susie Byrd inquired about the implementation of PeopleSoft and its consolidation with ACT in the Consolidated Tax Office. Ms. Carmen Arrieta-Candelaria, Chief Financial Officer, explained that ACT is currently being used in connection with PeopleSoft. Ms. Arrieta-Candelaria noted that cash disbursements (checks) are no longer processed through ACT; instead, they are processed through PeopleSoft.

Representative Susie Byrd requested that the Federal Janitorial Contract relating to the Parks Department – Federal Janitorial Contract Audit (Report dated November 20, 2012) be terminated. Mr. Calderon stated that he does not have the authority to cancel the contract but would make management aware of the request.

Representative Steve Ortega inquired about the guidelines for recommendations made in the 2nd Follow-Up: Environmental Services Accounts Payable Audit (memo dated October 31, 2012). Mr. Calderon explained that "two key rules" were followed during the course of this audit: The Travel Policy established by the Chief Financial Officer (CFO) and the procedures established to complete Travel Request Forms. Representative Ortega noted that large organizations usually have ongoing relations with travel agencies for cost benefit purposes and inquired if travel agencies could be utilized for traveling.

Carmen Arrieta-Candelaria commented.
Joyce Wilson, City Manager, commented.

Action taken:

Motion made to request the termination of the Federal Janitorial Contract and to request a centralized travel agency was made by Representative Byrd. Motion was seconded by Representative Ortega. The motion passed unanimously.

4. **Discussion on the use of the Contingency Hours for the 2nd and 3rd Quarter to conduct a Follow-Up Review of the Police Department Grant Review completed November 7, 2011. [Internal Audit, Edmundo Calderon, (915) 541-4402]**

Summary:
Mr. Edmundo Calderon introduced the discussion on the use of Contingency Hours for the 2nd and 3rd Quarter to conduct a Follow-Up Review of the Police Department Grant Review completed November 7, 2011. Mr. Calderon noted that based on his experience, he recommends to have a reserve pool for budgeted hours. Mr. Calderon advised using a portion of hours from Contingency hours to work on the Review of the Police Department Grant. Mr. Calderon noted that his staff has already started to plan for this Follow-Up Review. Representative Byrd inquired about the administration of the Police Department Grant. Ms.

Joyce Wilson, City Manager, noted that new staff with appropriate skills has been appointed for the administration of the Grant.

Representative Byrd commented.
Bertha Ontiveros, City Attorney commented.

Action taken:
Motion made by Representative Byrd, seconded by Representative Ortega. The motion passed unanimously to approve the use of Contingency Hours for the 2nd and 3rd Quarter to conduct a Follow-Up Review of the Police Department Grant Review completed November 7, 2012.

5. Discussion and Action on 2 revisions to the Annual Audit Plan for the 2nd and 3rd Quarters. [Internal Audit, Edmundo Calderon, (915) 541-4402]

Summary:
Mr. Edmundo Calderon introduced and explained the revisions to the Annual Audit Plan for the 2nd and 3rd Quarters. This include the (1) Deletion of the Follow-Up Audit – Weatherization Grant and replace with an audit of the maintenance of Environmental Services' Garbage Trucks by General Services and (2) Deletion of the El Paso City Employees' Pension Fund Confirmation Project and replace with a review of the Refund of Pension Benefits to employee processes.

Representative Cortney Niland inquired of Mr. Calderon about his ability to audit the Pension fund for the Police and Fire Departments. Mr. Calderon explained that he does not have the ability to conduct an audit for the Fire and Police Pension Fund. Representative Niland expressed her concern about the fact that the Mr. Calderon does not have the ability to conduct an audit of the Fire and Police Pension Fund given that their management fees have doubled over the years. Mrs. Bertha Ontiveros, City Attorney, explained the difference between a financial audit and management audit. Mrs. Ontiveros noted that an external auditor conducts a financial audit of the Fire and Police Department's Pension Fund and reports to Financial Services but no management audit is conducted. Representative Emma Acosta requested the board to approve a management audit to the Fire and Police Departments' Pension Fund.

Carmen Candelaria-Arrieta commented.
Representative Ortega Commented.

Action Taken:
Motion made to approve the revisions to the Annual Audit Plan for the 2nd and 3rd Quarters and to request a management audit of the Fire and Police Departments' Pension Fund was made by Representative Acosta. Motion was seconded by Representative Ortega. The motion passed unanimously.

6. Adjournment

A motion to adjourn was made by Representative Susie Byrd. The motion was seconded by Representative Steve Ortega.

Meeting adjourned at approximately at 9:45 A.M MST.

Submitted by:

City Representative Susie Byrd, District 2
Chair, Financial and Audit Oversight Committee

Edmundo S. Calderon – Chief Internal Auditor
Internal Audit Office

2012-2013
Annual Audit Plan
1st Quarter Update

Issued by the
Internal Audit Office
As of November 30, 2012

INTRODUCTION

According to Performance Standards 2020 & 2060 of the International Standards for the Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors, the Chief Internal Auditor should report periodically to the Financial and Audit Oversight Committee and Senior Management on the internal audit activity's purpose, authority, responsibility, and performance relative to its 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 and Audit Oversight Committee and Senior Management.

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

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

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

COMPLETED AUDITS & PROJECTS

This section will provide the Financial and Audit Oversight Committee and Senior Management a short synopsis of every audit and project completed during the 1st Quarter of the 2012-2013 Annual Audit Plan.

Consolidated Tax Office - Review of Policies and Procedures (Memo dated September 12, 2012)

At the request of the City's Chief Financial Officer, the Internal Audit Office conducted a review of the Consolidated Tax Office's established Policies and Procedures. Based on our analysis, we determined that the Consolidated Tax Office did not have adequate documented Policies and Procedures to outline all the major processes conducted on a regular course of business. These issues were communicated to the City's Chief Financial Officer for corrective action.

Procurement Card Review – Department of Transportation (Memo dated October 25, 2012)

The Internal Audit Office conducted a review of Procurement Card expenditures made by the Department of Transportation staff. The objectives were to determine if Department of Transportation P-Card Program Administrators are properly reviewing and monitoring the expenditures; if transactions were for proper expenditures; if spending limits on P-Card transactions have been followed; if original receipts properly support transactions; and if appropriate controls have been instituted to ensure employees no longer employed by the City have had their P-Cards cancelled.

Our review of the Department of Transportation's Procurement Card transactions identified four issues regarding current Policies and Procedures. These issues were communicated to the Interim Director for corrective action.

2nd Follow-Up: Environmental Services Accounts Payable Audit (Memo dated October 31, 2012)

The Internal Audit Office conducted a 2nd Follow-Up Audit on the Environmental Services Accounts Payable Audit Report dated April 23, 2010. The Original Audit Report contained (4) four findings. Based on the results of this 2nd Follow-Up Audit, we have determined that (3) three of the four original findings have been implemented and (1) one is still in-progress of being fully implemented. Environmental Services' Management will assume the risk of not implementing the recommendation.

Parks Department – Federal Janitorial Contract Audit (Report dated November 20, 2012)

The Internal Audit Office conducted an audit of the Federal Janitorial Contract #2010-204 to provide janitorial services to three Recreation Centers; Westside (Don Haskins), Seville, and Chihuahuita. The objective of this audit was to determine if Federal Janitorial STG, LLC was adhering to the terms and conditions of the Janitorial Agreement Contract 2010-204 for the time period of September 1, 2011 to August 31, 2012.

Our review of the Federal Janitorial Contract #2010-204 identified four significant findings which included Federal Janitorial overbilling the City of El Paso by $3,605.20. These issues were communicated to the Parks and Recreation Department Director for corrective action.

Airport Revenue Audit – Budget Rent-A-Car (Report dated November 29, 2012)

The Internal Audit Office conducted an audit of the Budget Rent-A-Car operation inside the terminal of the El Paso International Airport. The purpose of this audit was to determine if Budget Rent-A-Car of El Paso, Inc. was adhering to the terms and conditions as agreed to in the Concessionaire's Agreement dated December 1, 2011.

Our review of the Budget Rent-A-Car Concessionaire's Agreement identified two findings which included Budget Rent-A-Car owing the City of El Paso $637.08 due to under reporting gross receipts. These issues were communicated to the Aviation Department Director for corrective action.

Employee Hotline (As of November 30, 2012)

As of the 1st Quarter of the 2012-2013 Fiscal Year, the Ethicsline has received a total of 4 calls. As of November 30, 2012, 2 calls remain open and are pending investigation. The investigations are done either by the Internal Audit Office or the Human Resources Department.

The outreach campaign continues with the Internal Audit Office staff conducting presentations to selected City Departments regarding the Ethicsline. During the 1st Quarter, presentations were conducted twice a month at the New Employee Orientation Training provided by the Human Resources Department.

Tax Office Refund Review Project

This project continues on a recurring basis to conduct reviews of Tax Office Refunds as required by State Statute. Procedures have been designed to properly review refunds for approvals and adequate processing. The adoption of the PeopleSoft System to process refunds at the Consolidated Tax Office along with the upgrade of the PeopleSoft System by the City has caused delays in processing tax levy overpayment refunds. During the month of September 2012 no reviews were conducted due to system delays. Reviews resumed for the months of October and November, but refund delays are still occurring.

PENDING AUDITS & PROJECTS

This section will provide the Financial and Audit Oversight Committee and Senior Management a short synopsis of the pending audits and projects currently being worked on by the staff of the Internal Audit Office. A brief synopsis is provided on the scope and objective of the audit or project.

Hotel Occupancy Tax Audit – Camino Real Hotel

An audit is being conducted of the Camino Real Hotel located in downtown El Paso. The purpose of this audit is to determine if the Camino Real Hotel - El Paso has collected and remitted Municipal Hotel Occupancy Taxes to the City of El Paso in accordance with applicable State and City regulations.

Economic Development – Revolving Loan Fund Audit

An audit is being conducted of the Revolving Loan Fund administered by the City of El Paso Economic Development Department. The City of El Paso, Texas and the County of El Paso, Texas established a Revolving Loan Fund (RLF) under the terms of an Interlocal Agreement dated May 16, 2000. The City/County Revolving Loan Fund (RLF) targets small businesses that can best help the City/County achieve long term economic development objectives. The objectives of the audit are to determine whether the RLF is administered to ensure that funds reach citizens, program objectives are met, revolving loan funds are self-sustaining, and the Economic Development Department is managing the RLF in compliance with applicable laws, regulations, and agency policies.

Follow-Up Audit – Human Resources Payroll

A follow-up audit is being conducted of the findings contained in the Audit Report titled *"Human Resources Payroll Audit"* dated February 23, 2011. The Human Resources Payroll Audit Report identified five findings. The objectives of the follow-up audit are to determine if the original finding recommendations have been implemented.

Follow-Up Audit – Zoo Cashering

A follow-up audit is being conducted of the findings contained in the Audit Report titled *"Zoo Cashiering Function Audit Report"* dated February 23, 2011. Zoo Cashiering Function Audit Report dated February 23, 2011 identified seven findings. The objectives of the follow-up audit are to determine if the original finding recommendations have been implemented.

Follow-Up Audit – Weatherization Assistance Program

A follow-up audit was scheduled of the findings contained in the Audit Report titled *"Weatherization Assistance Program Audit Report"* dated January 25, 2011. Weatherization Assistance Program Audit Report identified six findings

The follow-up audit of the Weatherization Assistance Program has since been cancelled. The Department of Housing and Urban Development (HUD) has completed a final review of the program and has deemed it properly closed.

An alternate audit will be selected to replace this audit.

2nd Follow-Up Audit – Library Purchasing

A 2nd follow-up audit is being conducted of the findings contained in the Audit Report titled *"Library Purchasing Audit"* dated September 29, 2010. The objective of the 2nd Follow-Up Audit will be limited to a review of the one (1) finding and recommendation that was not implemented during the 1st Follow-Up Audit dated June 19, 2012. The 2nd follow-up audit will determine if the original finding recommendation has been implemented.

El Paso Police Department Overtime Project

A review is being conducted of the Police Office overtime payments. The objective of this engagement is to perform a review of Police Officer paid overtime of the top three highest overtime earners in FY 2011-2012. The Internal Audit Office is to provide the Deputy City Manager for Public Safety and Community Services with statistical data summarizing the categories of overtime paid to the top three Police Officers. In addition, the data will identify any overtime payments from grants, hours per overtime category, shifts where overtime was earned, and any other relevant information.

Police and Fire Department Overtime Monitoring Project

This is a continuous project of monitoring overtime at the Police and Fire Departments for the Deputy City Manager for Health and Safety. Quarterly data for FY 2012-2013 will be analyzed once the final payroll period is processed for the specific quarters. A comprehensive report will be provided with year-to-date data.

Ongoing Assistance – STEP Grant

The Internal Audit Office has been providing assistance to the El Paso County District Attorney's (DA) Office regarding cases against several former El Paso Police Officers that have been indicted for alleged falsification of government records. The indictments relate to the falsification of records used to support overtime payments from Texas Department of Transportation (TXDOT) funded grants. The Internal Audit Office has been calculating overtime earned by the Police Officers that is being used to establish the restitution amounts by the DA Office.

Ongoing Assistance – TXDOT Auditors

The Internal Audit Office has been providing assistance to Texas Department of Transportation (TXDOT) Auditors who have been conducting audits of TXDOT funded grants awarded to the El Paso Police Department. The Internal Audit Office's staff assists the TXDOT Auditors as needed.

Ongoing Assistance – Department of Justice – U.S. Attorney's Office

The Internal Audit Office has been providing assistance to the U.S. Attorney's Office who is pursuing criminal cases resulting from an investigation conducted by the Federal Bureau of Investigations (FBI). The FBI investigation resulted from an audit conducted by the Internal Audit Office of the General Services Department. The Original Audit Report is titled *"General Services Department-Billing System Review Audit Report"* dated October 1, 2008.

General Services – Janitorial Services Solicitation Review

The Internal Audit Office has been providing assistance to the Purchasing Division regarding a janitorial services contract managed by the General Services Department.

MISCELLANEOUS ITEMS

This section provides the Financial and Audit Oversight Committee and Senior Management with miscellaneous information regarding the Internal Audit Office's activities. These activities can vary from community service activities, training sessions attended, Professional Certification Examinations attempted with results and/or Internal Audit Profession news and updates.

Training Sessions

Association of Certified Fraud Examiners – Webinar – "An Enterprise Approach to Fraud Detection and Prevention in Government Programs" September 6, 2012

Liz De La O, Lead Auditor; completed the Institute of Internal Auditors webinar training on "An Enterprise Approach to Fraud Detection and Prevention in Government Programs" on September 6, 2012. She earned one hour of Continuing Professional Education Credit.

Institute of Internal Auditors – Webinar – "Guidance Briefing – IT Risks and Controls" September 12, 2012

Edmundo Calderon, Chief Internal Auditor; Miguel Montiel, Audit Supervisor; and Rebecca Garcia, Auditor completed the Institute of Internal Auditors webinar training on "Guidance Briefing – IT Risks and Controls" on September 12, 2012. Each staff member earned one hour of Continuing Professional Education Credit.

Institute of Internal Auditors – "2012 Southern Regional Conference" September 16-19, 2012

Edmundo Calderon, Chief Internal Auditor; Miguel Ortega, Auditor; Laura Prine, Auditor; and Rebecca Garcia, Auditor attended the Institute of Internal Auditors "2012 Southern Regional Conference" held September 16-19, 2012. The Chief Internal Auditor earned 19 hours of Continuing Professional Education Credit while the staff members earned 31 hours of Continuing Professional Education Credit attending a Certified Government Auditing Professional Certification course held during the conference.

Institute of Internal Auditors – "Essential Interviewing Secrets for the Auditor" October 12, 2012

Edmundo Calderon, Chief Internal Auditor completed the Institute of Internal Auditors webinar training on "Essential Interviewing Secrets for the Auditor" on October 12, 2012. The Chief Internal Auditor earned two hours of Continuing Professional Education Credit.

Institute of Internal Auditors – Webinar – "Fraud Risk Assessments: Are Auditors Assessing the Right Risks?" October 16, 2012

Edmundo Calderon, Chief Internal Auditor; Miguel Montiel, Audit Supervisor; Liz De La O, Lead Auditor; Daryl Olson, Senior Auditor; and Rebecca Garcia, Auditor completed the Institute of Internal Auditors webinar training on "Fraud Risk Assessments: Are Auditors Assessing the Right Risks?" on October 16, 2012. Each staff member earned one hour of Continuing Professional Education Credit.

Association of Local Government Auditors – "Staying Relevant: A New IT Auditing Emphasis in GAGAS Audits" October 17, 2012

Edmundo Calderon, Chief Internal Auditor; Miguel Montiel, Audit Supervisor; Liz De La O, Lead Auditor; Daryl Olson, Senior Auditor; Miguel Ortega, Auditor; Laura Prine, Auditor; and Rebecca Garcia, Auditor completed the Association of Local Government Auditors webinar training on "Staying Relevant: A New IT Auditing Emphasis in GAGAS Audits" on October 17, 2012. Each staff member earned two hours of Continuing Professional Education Credit.

FraudAware – Webinar – "When Law Enforcement Comes Knocking" October 23, 2012

Laura Prine, Auditor completed the FraudAware webinar training on "When Law Enforcement Comes Knocking" on October 23, 2012. The Auditor earned one and a half hours of Continuing Professional Education Credit.

Association of Government Accountants – "Border Region Modeling Project" October 25, 2012

Edmundo Calderon, Chief Internal Auditor; Miguel Montiel, Audit Supervisor; Liz De La O, Lead Auditor; Daryl Olson, Senior Auditor; Miguel Ortega, Auditor; Laura Prine, Auditor; and Rebecca Garcia, Auditor completed the Institute of Internal Auditors webinar training on "Border Region Modeling Project" on October 25, 2012. Each staff member earned one hour of Continuing Professional Education Credit.

Institute of Internal Auditors – "Global Briefing: Evaluating Ethics-related Programs and Activities" October 17, 2012

Edmundo Calderon, Chief Internal Auditor completed the Institute of Internal Auditors webinar training on "Global Briefing: Evaluating Ethics-related Programs and Activities" on October 17, 2012. The Chief Internal Auditor earned one hour of Continuing Professional Education Credit.

Institute of Internal Auditors – "Building and Maintaining a Robust FCPA Compliance Program" November 16, 2012

Edmundo Calderon, Chief Internal Auditor; Miguel Montiel, Audit Supervisor; Liz De La O, Lead Auditor; and Laura Prine, Auditor completed the Institute of Internal Auditors webinar training on "Building and Maintaining a Robust FCPA Compliance Program" on November 16, 2012. Each staff member earned one hour of Continuing Professional Education Credit.

Institute of Internal Auditors – "Guidance Briefing – GTAG 16 Data Analysis" November 14, 2012

Edmundo Calderon, Chief Internal Auditor completed the Institute of Internal Auditors webinar training on "Guidance Briefing – GTAG 16 Data Analysis" on November 14, 2012. The Chief Internal Auditor earned one hour of Continuing Professional Education Credit.

Community Service

Institute of Internal Auditors – El Paso Chapter – Fiscal Year 2013 Board Membership

Miguel Ortega, Auditor was elected to serve as a Board Member of the El Paso Chapter of the Institute of Internal Auditors. Miguel Montiel, Audit Supervisor and Liz De La O, Lead Auditor continue their terms as Board Members of the El Paso Chapter of the Institute of Internal Auditors and promoting the Internal Audit profession in the region.

AUDIT PLAN UPDATE

This section will provide the Financial and Audit Oversight Committee and Senior Management with an update on the progress of the 2012-2013 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 Office resources are being used.

	BUDGETED HOURS	**YTD as of 11/30/11**
First Quarter		
Hotel Occupancy Tax Audit - Camino Real Hotel	500.00	79.00
Airport Revenue Audit - Budget Rent-A-Car	400.00	378.00
Parks Department - Federal Janitorial Contract Audit	400.00	455.75
Follow Up Audit - Weatherization Grant	400.00	3.75
2nd Follow-Up Audit - Environmental Services A/P	100.00	121.50
Tax Office Refund Review Project	75.00	89.00
P-Card Review - Streets Department	250.00	155.75
Ethicsline	75.00	13.50
Police and Fire Overtime Monitoring Project	50.00	27.00
Contingency Hours	79.00	-
1st F/U Library Purchasing Audit	-	12.75
Audit Plan	-	118.25
Consulting	-	248.25
International Bridges Audit	-	121.75
Information Technology Dept - Purchasing Audit	-	66.75
P-Card Review - 10th Floor	-	26.75
STEP Grant Project	-	66.25
TX DOT Assist Project	-	4.25
Administrative Duties - Chief Internal Auditor	250.00	239.50
Administrative Duties - Staff Auditor	475.00	629.25
Auditor Training	105.00	197.50
Vacation/Sick Leave/Holiday	481.00	357.25
Total	**3,640.00**	**3,411.75**
Second Quarter		
Airport Revenue Audit - Paradise Shops	500.00	-
Economic Development - Revolving Loan Fund	400.00	102.25
Information Technology - POD Purchase Contract	400.00	-
Police Department - Overtime review	200.00	76.25
Follow-Up Audit - Human Resources Payroll	225.00	62.00
2nd Follow Up Audit - Library Purchasing	100.00	52.75
Tax Office Refund Review Project	75.00	-
Ethicsline	75.00	-
Police and Fire Overtime Monitoring Project	50.00	-
Contingency Hours	248.00	-
Administrative Duties - Chief Internal Auditor	250.00	-

City of El Paso
Internal Audit Office
Financial and Audit Oversight Committee
1st Quarter 2012-2013 Audit Plan Update
As of November 30, 2012

	BUDGETED HOURS	YTD as of 11/30/12
Second Quarter (continued)		
Administrative Duties - Staff Auditor	475.00	-
Auditor Training	105.00	-
Vacation/Sick Leave/Holiday	481.00	-
Total	**3,584.00**	**293.25**
Third Quarter		
Environmental Services Purchasing Audit	450.00	-
MCAD - Holocaust Museum Funding	400.00	-
Engineering & Construction Mgt - CIP Budget Transfers	400.00	-
Sun Metro Purchasing Audit	400.00	-
2nd Follow-Up Audit - Sun Metro Drug & Alcohol Testing	100.00	3.25
Tax Office Refund Review Project	75.00	-
El Paso City Employees Pension Fund Confirmation Project	150.00	
P-Card Reviews	250.00	-
Ethicsline	75.00	-
Police and Fire Overtime Monitoring Project	50.00	-
Contingency Hours	147.00	-
Administrative Duties - Chief Internal Auditor	250.00	-
Administrative Duties - Staff Auditor	475.00	-
Auditor Training	105.00	-
Vacation/Sick Leave/Holiday	369.00	-
Total	**3,696.00**	**3.25**
Fourth Quarter		
Airport Revenue Audit - Lone Star Golf Course	500.00	-
City Development - Subdivision Inspection Audit	400.00	-
Follow-Up Audit - Zoo Cashiering	300.00	44.75
Follow-Up Audit - Friedman Recycling Contract	250.00	-
Follow-Up Audit - Parks Department Day Cares	250.00	4.75
Follow-Up Audit - Tax Office ACT System	250.00	-
Tax Office Refund Review Project	75.00	-
Ethicsline	75.00	-
Police and Fire Overtime Monitoring Project	50.00	-
Contingency Hours	291.00	-
Administrative Duties - Chief Internal Auditor	250.00	-
Administrative Duties - Staff Auditor	475.00	-
Auditor Training	105.00	-
Vacation/Sick Leave/Holiday	425.00	-
Total	**3,696.00**	**49.50**
Totals for 1st, 2nd, 3rd & 4th Quarters	**14,616.00**	**3,782.50**

CONCLUSION

The 1st Quarter of the 2012-2013 Audit Plan was another productive quarter for the Internal Audit Office. During the 1st Quarter a total of 7 audits/projects were completed by the staff and 12 audits/projects are in various stages of completion.

The Internal Audit Office staff made a strong effort to complete as many audits and projects as possible during the 1st Quarter. Extra effort was displayed by the staff during this quarter. Continuous monitoring of the Audit Plan will continue until the end of the year.

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

Respectfully Submitted

Edmundo S. Calderon

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

Distribution:
Financial and Audit Oversight Committee
Joyce A. Wilson, City Manager

2012-2013
Annual Audit Plan
2nd Quarter Update

Issued by the
Internal Audit Office
As of February 28, 2013

INTRODUCTION

According to Performance Standards 2020 & 2060 of the *International Standards for the Professional Practice of Internal Auditing* as issued by the Institute of Internal Auditors, the Chief Internal Auditor must report periodically to the Financial and Audit Oversight Committee and Executive Management on the internal audit activity's purpose, authority, responsibility, and performance relative to its 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 and Audit Oversight Committee and Executive Management.

The Chief Internal Auditor is also responsible to communicate the internal audit activity's plans and resource requirements, including significant interim changes, to Executive Management and the Financial and Audit Oversight 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 and Audit Oversight Committee. The Chief Internal Auditor will provide an update on the following four critical areas required in the management of an internal audit activity. The four critical areas are:

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

COMPLETED AUDITS & PROJECTS

This section will provide the Financial and Audit Oversight Committee and Executive Management a short synopsis of every audit and project completed during the 2nd Quarter of the 2012-2013 Annual Audit Plan.

Library Purchasing 2nd Follow-Up Audit Report (Report dated December 19, 2012)

The Internal Audit Office conducted a 2nd Follow-Up Audit on the Library Purchasing Audit dated September 29, 2010. The audit objective was to determine the status of Finding #2 and the pending recommendation found to be "In Progress" during the 1st Follow-Up Audit dated June 19, 2012.

The Internal Audit Office determined that the El Paso Public Library Department's Accounts Payable function is complying with the Texas Prompt Payment Law of 1987 by paying invoices in a timely manner.

General Services Department Janitorial Contract Review (Memo dated January 16, 2013)

Internal Audit Office conducted a review of the events surrounding solicitations #2012-050, #2012-236 and the award of the associated Janitorial Services Contract. The objectives of this project were to determine if the General Services Department followed proper purchasing procedures when soliciting and selecting vendors to provide Janitorial Services. In addition, to determine if the Purchasing Department followed proper procedures when issuing a Purchase Order for the continuation of Janitorial Services upon expiration of contract #2008-067.

Based on the results of the review, we identified the following results:

- The Purchasing Manager violated his authority to waive administrative purchasing requirements by increasing the Purchase Order twice.
- The General Services Director did not accept the highest scoring bids. Two other departments did accept their bids from the same solicitation.
- At the request of the General Service Director, the Purchasing Manager approved the re-bid for Janitorial Services and allowed the evaluation criteria to be changed from Best Value to Low Bid.
- On 8/14/2012 City Council awarded Solicitation #2012-236 to the Lowest Bidders.

These issues were communicated to City Management and the City Attorney for corrective action.

El Paso Police Department Overtime Project (Memo dated January 30, 2013)

The Internal Audit Office conducted a review of Police Officer paid overtime. The objective of this project was to perform a review of Police Officer paid overtime of the top three highest overtime earners in FY 2011-2012. The Internal Audit Office was to provide the Deputy City Manager for Public Safety and Community Services with statistical data summarizing the categories of overtime paid to the top three Police Officers.

Based on our analysis, we made (3) three observations regarding the earning of overtime.

1. The amount of overtime earned by the top three Officers for FY 2011-2012 exceeded $40,000.00.
2. The three Officers exceeded the 25 hour *Outside Employment* rule.
3. The three Officers had multiple instances of working overtime exceeding 6 hours per day. We identified days where overtime worked totaled 6 hours or more.

These issues were communicated to City Management and the Chief of Police for corrective action.

Follow-Up Audit Zoo Cashiering Function (Report dated January 31, 2013)

The Internal Audit Office conducted a Follow-Up Audit on the Zoo Cashiering Function Audit Report dated February 23, 2011. The original Audit Report contained (7) seven findings. Based on the results of this Follow-Up Audit, we have determined that (6) six of the seven original findings have been implemented and (1) one is still *in-progress* of being fully implemented. Due to the low materiality of the finding, El Paso Zoo Department Management will assume the risk of not implementing the recommendation.

Hotel Occupancy Tax – Camino Real Hotel Audit (Report dated February 20, 2013)

The Internal Audit Office conducted an audit of the Hotel Occupancy Taxes paid by the Camino Real Hotel to the City of El Paso. The objective for the Audit was to determine if the Camino Real Hotel had collected and remitted Municipal Hotel Occupancy Taxes to the City of El Paso in accordance with applicable State and City regulations.

Based on the results of the audit, two (2) findings were identified.

1. The Camino Real Hotel overpaid their Hotel Occupancy Tax to the City of El Paso by $1,214.04. This is a result of the Camino Real paying taxes on meeting room rentals and not adjusting amounts of Hotel Occupancy Tax exemptions granted to government employees.
2. The gross receipts and taxable receipts reported to the Texas Comptroller of Public Accounts for the second quarter of 2012 did not match with what was reported to the City of El Paso Financial Services Department.

These issues were communicated to the Financial Services Department and the Camino Real Hotel Management for corrective action.

Employee Hotline (As of February 28, 2013)

As of the 2nd Quarter of the 2012-2013 Fiscal Year, the Ethicsline has received a total of 16 calls. As of February 28, 2013, 8 calls remain open and are pending investigation. The investigations are conducted either by the Internal Audit Office or the Human Resources Department.

The outreach campaign continues with the Internal Audit Office staff conducting presentations to selected City Departments regarding the Ethicsline. During the 2nd Quarter, presentations were conducted twice a month at the New Employee Orientation Training provided by the Human Resources Department.

Tax Office Refund Review Project

This project continues on a recurring basis to conduct reviews of Tax Office Refunds as required by State Statute. Procedures have been designed to properly review refunds for approvals and adequate processing.

PENDING AUDITS & PROJECTS

This section will provide the Financial and Audit Oversight Committee and Executive Management a short synopsis of the pending audits and projects currently being worked on by the staff of the Internal Audit Office. A brief synopsis is provided on the scope and objective of the audit or project.

Economic Development – Revolving Loan Fund Audit

An audit is being conducted of the Revolving Loan Fund administered by the City of El Paso Economic Development Department. The City of El Paso, Texas and the County of El Paso, Texas established a Revolving Loan Fund (RLF) under the terms of an Interlocal Agreement dated May 16, 2000. The City/County Revolving Loan Fund (RLF) targets small businesses that can best help the City/County achieve long term economic development objectives. The objectives of the audit are to determine whether the RLF is administered to ensure that funds reach citizens, program objectives are met, revolving loan funds are self-sustaining, and the Economic Development Department is managing the RLF in compliance with applicable laws, regulations, and agency policies.

Garbage Truck Maintenance Audit

An audit is being conducted of the maintenance and repair of City owned garbage trucks by the General Services Department. The objective of the audit is to identify the possible reasons for the limited number of garbage trucks the Environmental Services Department has available for morning pull-outs. On any given day as many as twenty or more garbage trucks are classified as not available for morning pull-out.

Follow-Up Audit – Human Resources Payroll

A follow-up audit is being conducted of the findings contained in the Audit Report titled *"Human Resources Payroll Audit"* dated February 23, 2011. The Human Resources Payroll Audit Report identified five findings. The objectives of the follow-up audit are to determine if the original finding recommendations have been implemented.

Follow-Up Audit – Parks and Recreation Department Daycares

A follow-up audit is being conducted of the findings contained in the Audit Report titled *Parks and Recreation Day Care Operation Report"* dated April 6, 2011. The Day Care Audit identified five findings. The objectives of the follow-up audit are to determine if the original finding recommendations have been implemented.

Follow-Up Project – El Paso Police Department Grant Assessment

A follow-up project is being conducted of the observations contained in the El Paso Police Department Grant Assessment Project Memo dated November 7, 2011. The City Manager has requested that the Internal Audit Office provide City Management with an update of corrective actions taken by EPPD Management.

Defensive Driving Course Review

A review of the Defensive Driving Course Program administered by the Human Resources Department is being conducted. The objective of this engagement will be to conduct a review of the Defensive Driving Course Administration Policies and Procedures, internal controls over the safeguarding of cash receipts, internal controls over the safeguarding of Defensive Driving Course Certificates, and the proper reconciliation of Defensive Driving Certificate Deposit account (#212420).

El Paso City Employees' Pension Fund – Contribution Refund Review Project

An audit is being conducted of the City's Pension Fund Contribution Refund process. The objective of this project is to determine if the timeliness of processing contribution refunds is appropriate.

Procurement Card Review – Environmental Services Department

This is a continuous project of monitoring the City's Procurement Card Program purchases by City Departments. The current City of El Paso Procurement Card (P-Card) Program has issued approximately 427 active P-Cards to City employees as of January 2, 2013. This constitutes about 7% of the 6,000 total City employees. The Environmental Services Department currently has 31 active P-Cards issued to employees.

The Internal Audit Office is conducting a review of the Environmental Services Department's P-Card Program to ensure compliance with the City of El Paso Procurement Card Manual, the City's Travel Manual, and the City's Purchasing Manual. In addition, the objective is to ensure transactions are for legitimate City purposes, expenditures are reconciled and monitored by Environmental Services personnel, as well to ensure proper support documentation is maintained for the expenditures.

El Paso Fire Department Ambulance Compliance Program

The Chief Internal Auditor was designated the Compliance Officer for the Fire Department Medicare Billing Process. As part of the new Compliance Program, the Internal Audit Office has been tasked to establish a Medicare Billing Compliance Program. This will be a continuous project for the monitoring of Medicare billing by the El Paso Fire Department.

Two Compliance Committee Meetings were conducted during the 2nd Quarter of Fiscal Year 2012-2013. In addition, Edmundo Calderon and Elizabeth De La O from the Internal Audit Office attended a billing compliance seminar to gain a better understanding of establishing a compliance program.

Police and Fire Department Overtime Monitoring Project

This is a continuous project of monitoring overtime at the Police and Fire Departments for the Deputy City Manager for Public Safety and Community Services. Quarterly data for FY 2012-2013 will be analyzed once the final payroll period is processed for the specific quarters. A comprehensive report will be provided with year-to-date data.

Ongoing Assistance – STEP Grant

The Internal Audit Office has been providing assistance to the El Paso County District Attorney's (DA) Office regarding cases against former El Paso Police Officers that have been indicted for alleged falsification of government records. The indictments relate to the falsification of records used to support overtime payments from Texas Department of Transportation (TXDOT) funded grants. The Internal Audit Office has been calculating overtime earned by the Police Officers that is being used to establish the restitution amounts by the DA Office.

Ongoing Assistance – TXDOT Auditors

The Internal Audit Office has been providing assistance to Texas Department of Transportation (TXDOT) Auditors who have been conducting audits of TXDOT funded grants awarded to the El Paso Police Department. The Internal Audit Office's staff assists the TXDOT Auditors as needed.

FINANCIAL AND AUDIT OVERSIGHT COMMITTEE ("FAOC")

Two FAOC meetings were conducted during the 2nd Quarter of Fiscal Year 2012-2013. Below is a summary of the topics discussed by the Internal Audit Office during the respective meetings.

December 10, 2012

- Approval of Minutes for the Financial and Audit Oversight Committee meeting of November 12, 2012.

- Audit Plan Update given by Edmundo Calderon, Chief Internal Auditor.

January 30, 2013

- Approval of Minutes for the Financial and Audit Oversight Committee meeting of December 10, 2012.

- Presentation of the 1st Quarter Update to the Annual Audit Plan by Edmundo Calderon, Chief Internal Auditor.

- Discussion on the use of the Contingency Hours for the 2nd and 3rd Quarters to conduct a Follow-Up Review of the Police Department Grant Review completed November 7, 2011.

- Discussion and Action on 2 revisions to the Annual Audit Plan for the 2nd and 3rd Quarters.
    - Deletion of the Follow-Up Audit - Weatherization Grant and replaced with an audit of the maintenance of Environmental Services' Garbage Trucks by General Services.
    - Deletion of the El Paso City Employees' Pension Fund Confirmation Project and replaced with a review of the Refund of Pension Benefits to employees process.

MISCELLANEOUS ITEMS

This section provides the Financial and Audit Oversight Committee and Executive Management with miscellaneous information regarding the Internal Audit Office's activities. These activities can vary from community service activities, training sessions attended, Professional Certification Examinations attempted with results and/or Internal Audit Profession news and updates.

Training Sessions

Institute of Internal Auditors – Webinar – "Guidance Briefing – GTAG 17: Auditing IT Governance" December 12, 2012

Miguel Montiel, Audit Supervisor; Liz De La O, Lead Auditor; Laura Prine, Auditor; Rebecca Garcia, Auditor completed the Institute of Internal Auditors – Webinar – "Guidance Briefing – GTAG 17: Auditing IT Governance" on December 12, 2012. Each staff member earned one hour of Continuing Professional Education Credit.

Institute of Internal Auditors – "Computer Security Today" December 13, 2012

Edmundo Calderon, Chief Internal Auditor; Miguel Montiel, Audit Supervisor; Liz De La O, Lead Auditor; Daryl Olson, Senior Auditor; Miguel Ortega, Auditor; Laura Prine, Auditor; Rebecca Garcia, Auditor; and Eduardo Salas, Auditor-Intern attended the Institute of Internal Auditors – "Computer Security Today" training on December 13, 2012. Each staff member earned one hour of Continuing Professional Education Credit.

Institute of Internal Auditors – Webinar – "Assisting Small Internal Audit Activities in Implementing the International Standards for the Professional Practice of Internal Auditing" January 9, 2013

Edmundo Calderon, Chief Internal Auditor; completed the Institute of Internal Auditors – Webinar – "Assisting Small Internal Audit Activities in Implementing the International Standards for the Professional Practice of Internal Auditing" on January 9, 2013. He earned one hour of Continuing Professional Education Credit.

Institute of Internal Auditors – "Ethics in the Contemporary Business Climate" January 9, 2013

Miguel Montiel, Audit Supervisor; Liz De La O, Lead Auditor; Daryl Olson, Senior Auditor; Miguel Ortega, Auditor; Laura Prine, Auditor; Rebecca Garcia, Auditor; and Eduardo Salas, Auditor-Intern attended the Institute of Internal Auditors – "Ethics in the Contemporary Business Climate" on January 9, 2013. Each staff member earned one hour of Continuing Professional Education Credit.

Institute of Internal Auditors – Webinar – "Auditing Social Media" January 15, 2013

Edmundo Calderon, Chief Internal Auditor; Miguel Montiel, Audit Supervisor; Liz De La O, Lead Auditor; Laura Prine, Auditor; and Rebecca Garcia, Auditor completed the Institute of Internal Auditors – Webinar – "Auditing Social Media" on January 15, 2013. Each staff member earned one hour of Continuing Professional Education Credit.

Association of Local Government Auditors – Webinar – "Audit Issues Associated with Local Government Pensions" February 12, 2013

Edmundo Calderon, Chief Internal Auditor; Miguel Montiel, Audit Supervisor; Liz De La O, Lead Auditor; Daryl Olson, Senior Auditor; Miguel Ortega, Auditor; Laura Prine, Auditor; and Rebecca Garcia, Auditor completed the Association of Local Government Auditors – Webinar – "Audit Issues Associated with Local Government Pensions" on February 12, 2013. Each staff member earned one hour of Continuing Professional Education Credit.

Institute of Internal Auditors – "Audit Work Program for Contract Compliance" February 13, 2013

Edmundo Calderon, Chief Internal Auditor; Miguel Montiel, Audit Supervisor; Liz De La O, Lead Auditor; Daryl Olson, Senior Auditor; Miguel Ortega, Auditor; Laura Prine, Auditor; on Rebecca Garcia, Auditor attended the Institute of Internal Auditors – "Audit Work Program for Contract Compliance" on February 13, 2013. Each staff member earned one hour of Continuing Professional Education Credit.

Institute of Internal Auditors – Webinar – "Planning Integrated Audits" February 19, 2013

Edmundo Calderon, Chief Internal Auditor; Miguel Montiel, Audit Supervisor; Laura Prine, Auditor; and Rebecca Garcia, Auditor completed the Institute of Internal Auditors – Webinar – "Planning Integrated Audits" on February 19, 2013. Each staff member earned one hour of Continuing Professional Education Credit.

National Institute for Government Procurement – Webinar – "Techniques and Controls for pCard Auditing" February 21, 2013

Rebecca Garcia, Auditor completed the National Institute for Government Procurement – Webinar – "Techniques and Controls for pCard Auditing" on February 21, 2013. She earned one hour of Continuing Professional Education Credit.

Institute of Internal Auditors – Webinar – "Global Briefing: IIA Root Cause Analysis Practice Advisory" February 26, 2013

Edmundo Calderon, Chief Internal Auditor; completed the Institute of Internal Auditors – Webinar – "Global Briefing: IIA Root Cause Analysis Practice Advisory" on February 26, 2013. He earned one hour of Continuing Professional Education Credit.

Association of Government Accountants – "Plan El Paso" February 28, 2013

Miguel Montiel, Audit Supervisor; Daryl Olson, Senior Auditor; Miguel Ortega, Auditor; Laura Prine, Auditor; Rebecca Garcia, Auditor; and Eduardo Salas, Auditor-Intern attended the Association of Government Accountants – "Plan El Paso" on February 28, 2013. Each staff member earned one hour of Continuing Professional Education Credit.

The Network Inc. – "Corporate Compliance Summit: Keystones to Success 2013" February 28, 2013

Edmundo Calderon, Chief Internal Auditor and Liz De La O, Lead Auditor attended The Network Inc. – "Corporate Compliance Summit: Keystones to Success 2013" in Dallas, TX on February 28, 2013. The objective of the event was to obtain information regarding Medicare and Medicaid Billing Program.

Community Service

Institute of Internal Auditors – Presentation – University of Texas at El Paso

Edmundo Calderon, Chief Internal Auditor performed a presentation in conjunction with Institute of Internal Auditor Board members to UTEP Accounting major students on February 19, 2013.

University of Texas at El Paso - Presentation

Edmundo Calderon, Chief Internal Auditor performed a presentation to the UTEP Ethics class regarding the Ethics Ordinance, Internal Auditor Independence, Conflicts of Interest and the use of Employee Hotlines on February 25, 2013.

AUDIT PLAN UPDATE

This section will provide the Financial and Audit Oversight Committee and Executive Management with an update on the progress of the 2012-2013 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 Office resources are being used.

	BUDGETED HOURS	**YTD as of 02/28/13**
First Quarter		
Hotel Occupancy Tax Audit - Camino Real Hotel	500.00	253.25
Airport Revenue Audit - Budget Rent-A-Car	400.00	498.50
Parks Department - Federal Janitorial Contract Audit	400.00	573.75
General Services - Garbage Truck Maintenance Audit	400.00	98.75
2nd Follow-Up Audit - Environmental Services A/P	100.00	121.50
Tax Office Refund Review Project	75.00	89.00
P-Card Reviews	250.00	182.50
Ethicsline	75.00	13.50
Police and Fire Overtime Monitoring Project	50.00	27.00
Contingency Hours	79.00	-
1st F/U Library Purchasing Audit	-	15.50
Audit Plan	-	118.25
Consulting	-	248.25
International Bridges Audit	-	122.50
Information Technology Dept - Purchasing Audit	-	66.75
STEP Grant Project	-	66.25
TX DOT Assist Project	-	4.25
Follow-Up Audit – Weatherization Grant	-	6.25
Administrative Duties - Chief Internal Auditor	250.00	239.50
Administrative Duties – Audit Supervisor	150.00	96.25
Administrative Duties - Staff Auditor	325.00	533.00
Auditor Training	105.00	197.50
Vacation/Sick Leave/Holiday	481.00	357.25
Total	**3,640.00**	**3,929.25**
Second Quarter		
Airport Revenue Audit - Paradise Shops	500.00	-
Economic Development - Revolving Loan Fund	400.00	255.25
Information Technology - POD Purchase Contract	400.00	-
Police Department - Overtime Review	200.00	149.25
Follow-Up Audit - Human Resources Payroll	225.00	132.00
2nd Follow Up Audit - Library Purchasing	100.00	124.50
Tax Office Refund Review Project	75.00	128.00
Ethicsline	75.00	60.25
Police and Fire Overtime Monitoring Project	50.00	17.00

City of El Paso
Internal Audit Office
Financial and Audit Oversight Committee
2nd Quarter 2012-2013 Audit Plan Update
As of February 28, 2013

	BUDGETED HOURS	YTD as of 02/28/13
Second Quarter (continued)	-	-
Contingency Hours	248.00	-
Defensive Driving Procedures Project	-	27.50
F/U Police Department Grants Project	-	53.25
Audit Plan	-	40.50
STEP Grant Project	-	40.75
Fire Department Ambulance Compliance Project	-	25.00
Tax Office ACT Audit	-	2.25
Consulting	-	311.50
Administrative Duties - Chief Internal Auditor	250.00	272.50
Administrative Duties – Audit Supervisor	150.00	137.75
Administrative Duties - Staff Auditor	325.00	597.00
Auditor Training	105.00	223.75
Vacation/Sick Leave/Holiday	481.00	561.50
Total	**3,584.00**	**3,159.50**
Third Quarter		
Environmental Services Purchasing Audit	450.00	-
MCAD - Holocaust Museum Funding	400.00	-
Engineering & Construction Mgt - CIP Budget Transfers	400.00	-
Sun Metro Purchasing Audit	400.00	-
2nd Follow-Up Audit - Sun Metro Drug & Alcohol Testing	100.00	3.25
Tax Office Refund Review Project	75.00	-
El Paso City Employees' Pension Fund Confirmation Project	150.00	79.75
P-Card Reviews	250.00	208.00
Ethicsline	75.00	-
Police and Fire Overtime Monitoring Project	50.00	-
Contingency Hours	147.00	-
Administrative Duties - Chief Internal Auditor	250.00	-
Administrative Duties – Audit Supervisor	150.00	-
Administrative Duties - Staff Auditor	325.00	-
Auditor Training	105.00	-
Vacation/Sick Leave/Holiday	369.00	-
Total	**3,696.00**	**291.00**
Fourth Quarter		
Airport Revenue Audit - Lone Star Golf Course	500.00	-
City Development - Subdivision Inspection Audit	400.00	-
Follow-Up Audit - Zoo Cashiering	300.00	278.25
Follow-Up Audit - Friedman Recycling Contract	250.00	-
Follow-Up Audit - Parks Department Day Cares	250.00	39.50
Follow-Up Audit - Tax Office ACT System	250.00	-
Tax Office Refund Review Project	75.00	-
Ethicsline	75.00	-
Police and Fire Overtime Monitoring Project	50.00	-

City of El Paso
Internal Audit Office
Financial and Audit Oversight Committee
2nd Quarter 2012-2013 Audit Plan Update
As of February 28, 2013

	BUDGETED HOURS	YTD as of 02/28/13
Fourth Quarter (continued)	-	-
Contingency Hours	291.00	-
Administrative Duties - Chief Internal Auditor	250.00	-
Administrative Duties – Audit Supervisor	150.00	-
Administrative Duties - Staff Auditor	325.00	-
Auditor Training	105.00	-
Vacation/Sick Leave/Holiday	425.00	-
Total	**3,696.00**	**317.75**
Totals for 1st, 2nd, 3rd & 4th Quarters	**14,616.00**	**7,697.50**

CONCLUSION

The 2nd Quarter of the 2012-2013 Audit Plan was another productive quarter for the Internal Audit Office. During the 2nd Quarter a total of 7 audits/projects were completed by the staff and 12 audits/projects are in various stages of completion.

The Internal Audit Office staff made a strong effort to complete as many audits and projects as possible during the 2nd Quarter. Extra effort was displayed by the staff during this quarter. Continuous monitoring of the Audit Plan will continue until the end of the year.

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

Respectfully Submitted

Edmundo S. Calderon

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Chief Internal Auditor
City of El Paso

Distribution:
Financial and Audit Oversight Committee
Joyce A. Wilson, City Manager