



# **2007 Audit Plan**

Prepared by the  
Internal Audit Office  
September 1, 2006

## **OVERVIEW**

In accordance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, Standard 2010 – Planning, the Internal Audit Office has prepared an Audit Plan for Fiscal Year 2007. The 2007 Audit Plan is a description of the internal audit activities that will be performed by the Internal Audit Office in fiscal year 2007.

The process of preparing the 2007 Audit Plan included identifying those areas that are considered the most important and ensuring that activities with the greatest risk are audited. The Legislative Review Committee for Fiscal Affairs and Internal Audit reviewed and approved the 2007 Audit Plan. Members of the Legislative Review Committee for Fiscal Affairs and Internal Audit provided input, as did the City Manager and Deputy City Managers, where appropriate. The Legislative Review Committee for Fiscal Affairs and Internal Audit is comprised of the following members:

- Mr. Steve Ortega, Chairman
- Mr. Presi Ortega Jr.
- Ms. Melina Castro
- Mr. Eddie Holguin

Input was also provided from Carmen Arrieta-Candelaria, Comptroller; David Almonte, OMB Director; Norman Merrifield, Parks Director; Linda B. Thomas, Human Resource Department Director; and Frank Keton, Financial Reporting Manager.

## **IDENTIFICATION OF THE AUDIT UNIVERSE AND RISK ASSESSMENT**

The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing requires that internal auditors develop an audit plan based on the assignment of risk. The Audit Universe is a subjective assessment of auditable areas within the City of El Paso. To identify the Audit Universe, we reviewed prior audit plans, the annual financial report, and prior risk assessments. The auditable areas were broken down into nine categories:

1. Mayor & City Council
2. City Manager
3. City Attorney's Office
4. Airport, Municipal Clerk, Economic Development, and Public Transit
5. Police Department
6. Fire Department
7. Deputy City Manager – Financial & Administrative Services Portfolio
8. Deputy City Manager – Quality of Life Portfolio
9. Deputy City Manager – Development & Infrastructure Services Portfolio

The following describes our planning process used to prepare the 2007 Audit Plan. The 2007 Audit Plan can be found as **Attachment 1**.

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2007 Annual Audit Plan

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The Audit Universe for the City of El Paso was identified by separating the Operational, Administrative, and Executive Management functions within the City of El Paso. The Risk Assessment was designed to measure certain risk factors necessary for the City of El Paso to meet its mission, strategic plan, and its goals and objectives. Our goal is to provide reasonable assurance that the concept of risk based auditing was practiced. The risk factors used were:

- **Management Interest** – Interest by management to have an area audited due to operational or internal control concerns.
- **Budget Risk** – The risk that the City of El Paso’s annual budget will be severely affected by factors that are not planned for or anticipated.
- **Strategic Risk** – The risk that poor business decisions or improper implementation of strategic goals will reduce the City of El Paso’s ability to meet those goals.
- **Reputation Risk** – The risk that the City of El Paso’s public image will be tarnished due to improper actions on the part of officials, management, or staff.
- **Compliance Risk** – The risk that failure to comply with laws and regulations, prudent ethical standards, and contractual obligations will harm the City of El Paso.
- **High Level of Decentralization** – The risk of internal control breakdowns due to the size of large-scale departments or operations.
- **Legal Claims** – The risk of the legal claims being filed against City departments while conducting their core operations.
- **Time last audited** – The risk that certain high risks areas within the City of El Paso are not audited on a periodic basis.
- **Change in Management** – The risk of new management being assigned to an area identified in the Audit Universe.

The 2007 Annual Risk Assessment can be found as **Attachment 2**.

### **SCOPE OF AUDITS**

The International Standards for the Professional Practice of Internal Auditing address the scope of work as follows:

- Review the **reliability and integrity of financial and operational information** and the means used to identify, measure, classify, and report such information.
- Review the systems established to ensure **compliance** with those policies, plans, procedures, laws, and regulations, which could have a significant impact on operations and reports, and should determine whether the organization is in compliance.
- Review the means of **safeguarding assets** and as appropriate verify the existence of such assets.
- Appraise the **effectiveness and efficiency** of operations within the organization.

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- Review **operations or programs** to ascertain whether results are consistent with established goals and objectives, and whether the operations or programs are being implemented or performed as intended.

**BUDGET AND STAFFING**

The Available Audit Hours Budget for the Internal Audit Office was prepared in accordance with the City of El Paso's wage and hour guidelines and was approved by the City Manager.

For 2007, the staff of the Internal Audit Office was increased by one additional auditor. Therefore increasing the amount of available audit hours for fiscal year 2007. The staff now consists of the Chief Internal Auditor, an Audit Manager, and three Staff Auditors. Staff development continues to be a strategic goal of the Internal Audit Office. Staff members have been encouraged to attend professional training opportunities offered by the Association of Local Government Auditors (ALGA) and the Institute of Internal Auditors (IIA). The attainment of the Certified Internal Auditor professional designation has been included in the developmental plan for every staff member.

Additionally for 2007, an Internship Program has been started in the Internal Audit Office. A detailed Program Manual has been developed for the Internship Program. The Auditing Intern will be recruited from the University of Texas at El Paso, College of Business, Department of Accounting. The Intern will be assisting the Staff Auditors in the completion of their assigned audits.

Another initiative for 2007, the Internal Audit Office will be assisting the International Airport in the completion of Revenue Audits. The Internal Audit Office will be conducting audits on areas and activities that provide revenue to the International Airport. The International Airport will be providing funding to hire an additional Staff Auditor.

**CALCULATION OF FY 2007 AUDIT HOURS**

The calculation of Available Audit Hours is included as **Attachments 3 & 4**. The calculation of Available Audit Hours was divided into five categories. The five categories are:

1. Audits and Projects	7716 Hours
2. General Administration	2700 Hours
3. Training and CPE Hours	300 Hours
4. Holidays	408 Hours
5. Vacation and Sick Leave	884 Hours

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**5 YEAR AUDIT PLAN**

A worksheet has been prepared to document a 5 Year Audit Plan (**Refer to Attachment 5**). This worksheet will list Audits, Follow-up Audits, and Projects completed each Fiscal Year. The 5 Year Audit Plan will assist in future planning and scheduling of Audits, Follow-up Audits and Projects.

Respectfully submitted:

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

Approved as submitted:

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Joyce Wilson    Date  
City Manager  
City of El Paso

Approved as submitted:

                      11/3/06  
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Steve Ortega    Date  
Chairperson  
Legislative Review Committee for Fiscal Affairs & Internal Audit  
City of El Paso

**City of El Paso  
Internal Audit Department  
2007 Audit Plan**

	Audit Hours	Admin Hours	Training Hours	Holiday/Leave Hours
<b>First Quarter</b>				
Sun Metro Audit	350			
Purchasing Department Audit	300			
Development Services Audit	350			
Museum Audit	350			
Webb Watch - Data Analysis Project	100			
Contingency Hours	40			
Administrative Duties - Chief Internal Auditor		250		
Administrative Duties - Audit Manager		175		
Administrative Duties - Staff Auditors		200		
Auditor Training			144	
Vacation/Sick Leave/Holiday				341
<b>Total for Quarter</b>	<b>1490</b>	<b>625</b>	<b>144</b>	<b>341</b>
<b>Second Quarter</b>				
Car Rental Agency Revenue Audit (Airport)	400			
Follow-up Nations Tobin Recreation Center Audit	200			
Follow-up Municipal Court Audit	200			
Parks Department - Event Management Audit	350			
Engineering Department Audit	400			
P-Card Review Project	100			
Webb Watch Project - Central Appraising District Project	100			
Contingency Hours	213			
Administrative Duties - Chief Internal Auditor		250		
Administrative Duties - Audit Manager		175		
Administrative Duties - Staff Auditors		267		
Auditor Training			52	
Vacation/Sick Leave/Holiday				365
<b>Total for Quarter</b>	<b>1963</b>	<b>692</b>	<b>52</b>	<b>365</b>

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	Audit Hours	Admin Hours	Training Hours	Holiday/Leave Hours
<b>Third Quarter</b>				
Hotel Revenue Audit (Airport)	400			
Follow-up Software Licensing Audit	200			
Follow-up Environmental Services-Solid Waste Management Audit	200			
Follow-up Street Department - International Bridges Audit	200			
P-Card Review Project	100			
Police Department - Property Room	350			
General Services - City Auctions	400			
Contingency Hours	305			
Administrative Duties - Chief Internal Auditor		250		
Administrative Duties - Audit Manager		175		
Administrative Duties - Staff Auditors		267		
Auditor Training			52	
Vacation/Sick Leave/Holiday				269
<b>Total for Quarter</b>	<b>2155</b>	<b>692</b>	<b>52</b>	<b>269</b>
<b>Fourth Quarter</b>				
Retail Sales Revenue Audit (Airport)	400			
Follow-up Fire Overtime Audit	200			
Follow-up Police Overtime Audit	200			
Grant Management Audit	400			
P-Card Review Project	100			
Quality Assessment Review	300			
Police Department - Accident Review Board Project	150			
Contingency Hours	358			
Administrative Duties - Chief Internal Auditor		250		
Administrative Duties - Audit Manager		175		
Administrative Duties - Staff Auditors		266		
Auditor Training			52	
Vacation/Sick Leave/Holiday				317
<b>Total for Quarter</b>	<b>2108</b>	<b>691</b>	<b>52</b>	<b>317</b>
<b>Grand Total</b>	<b>7716</b>	<b>2700</b>	<b>300</b>	<b>1292</b>



**City of El Paso  
Internal Audit Department  
2007 Audit Plan  
Risk Assessment  
Attachment 2**

Weighting	15%	15%	15%	15%	10%	10%	10%	5%	5%	100%
	5-High to 1-Low	5 for 2002 to 1 for 2006	1 for 2002 to 5 for 2006							

Description	1	2	3	4	5	6	7	8	9	Raw Total	Weighted Total
	Management Interest	Budget Risk	Strategic Risk	Reputation Risk	Compliance Risk	High Level Decentralization	Legal Claims	Time last Audited	Change in Mgt		
<b>Municipal Clerk</b>											
Municipal Court Admin	5	5	5	5	5	4	4	1	1	35	42
City Clerk Office	2	3	3	4	5	3	3	5	1	29	29
Elections	3	3	3	5	4	1	1	5	1	26	26
Records & Archival Mgt & Analysis	1	1	3	3	4	1	1	5	1	20	20
<b>Economic Development</b>											
Economic Development Admin	1	3	4	4	3	2	1	5	1	24	24
Foreign Trade Zone	1	1	4	3	3	2	1	5	1	21	21
<b>Public Transit - Sun Metro</b>											
<b>Administration &amp; Development</b>											
Accounting & Admin	5	5	5	5	4	4	1	5	1	35	41
Planning/Program Mgt	3	3	3	2	1	1	1	5	1	20	20
Community Relations	3	3	3	1	1	1	1	5	1	19	19
<b>Operations &amp; Maintenance</b>											
Transit Operations	5	5	5	5	5	5	1	5	1	37	41
Maintenance	5	5	5	5	5	5	1	5	1	37	41
<b>Police Department</b>											
<b>Auxiliary Support Division</b>											
Training	3	5	4	5	4	3	2	5	1	32	32
<b>Special Services Division</b>											
Public Integrity	3	5	3	5	4	3	2	5	1	31	31
Public Affairs	3	5	3	5	4	3	2	5	1	31	31
Professional Responsibility Unit	3	5	3	5	4	3	2	5	1	31	31
Chief of Police Office	3	5	3	5	4	3	2	5	1	31	31
<b>Administrative Services Bureau</b>											
Payroll & Overtime	5	5	5	5	5	3	3	1	1	33	42
Grant Management	5	5	5	5	5	3	1	5	1	35	40
<b>Operations</b>											
Fleet Management	5	5	4	5	4	3	2	5	1	34	41
Regional Command Centers	4	5	4	5	4	3	2	5	1	33	33

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Weighting	15%	15%	15%	15%	10%	10%	10%	5%	5%	100%
	5-High to 1-Low	5 for 2002 to 1 for 2006	1 for 2002 to 5 for 2006							

Description	1	2	3	4	5	6	7	8	9	Raw Total	Weighted Total
	Management Interest	Budget Risk	Strategic Risk	Reputation Risk	Compliance Risk	High Level Decentralization	Legal Claims	Time last Audited	Change in Mgt		
Directed Investigations	3	5	4	5	4	3	2	5	1	32	32
Criminal Investigation Division	3	5	4	5	4	3	2	5	1	32	32
Community Policing	3	5	4	5	4	3	2	5	1	32	32
<b>Fire Department</b>											
<i>Fire Chief Office</i>	3	3	3	3	3	3	1	5	1	25	25
<i>Operations</i>											
Fire Operations	5	5	5	5	4	4	1	1	1	31	40
Fire Medical	3	5	5	5	4	4	3	5	1	35	40
Airport Rescue Firefighters	3	5	5	5	4	4	1	5	1	33	33
<i>Support</i>											
Training	3	5	4	4	4	4	1	5	1	31	31
Special Operations	3	5	4	4	4	4	1	5	1	31	31
Safety	3	5	4	4	4	4	1	5	1	31	31
Communications	3	5	3	4	4	3	1	5	1	29	29
<i>Administrative Support</i>											
Administration	5	5	5	5	5	3	1	1	1	31	42
Fire Prevention	3	5	3	4	4	3	1	5	1	29	29
Planning	3	5	3	3	4	3	1	5	1	28	28
<i>Emergency Management</i>	3	5	4	4	4	3	2	5	1	31	31
<b>DCM Financial &amp; Adminstrative Svcs</b>											
<i>Financial Services</i>											
Comptroller's Office											
Purchasing	5	5	5	5	5	4	1	5	5	40	41
Procurement Card	5	5	5	5	4	5	1	5	1	36	41
Grant Accounting	4	5	5	5	5	4	1	5	1	35	41
Financial Reporting	4	4	4	5	5	4	1	5	1	33	33
Financial/Fiscal Operations	4	4	4	5	4	4	1	5	1	32	32
Capital Asset Management	4	4	3	4	4	3	1	5	1	29	29
Treasury Management	3	4	3	4	4	3	1	5	1	28	28
Systems Accounting Mgt	2	4	2	3	3	2	1	5	1	23	23

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Weighting	15%	15%	15%	15%	10%	10%	10%	5%	5%	
	5-High to 1-Low	5 for 2002 to 1 for 2006	1 for 2002 to 5 for 2006	100%						

Description	1	2	3	4	5	6	7	8	9	Raw Total	Weighted Total
	Management Interest	Budget Risk	Strategic Risk	Reputation Risk	Compliance Risk	High Level Decentralization	Legal Claims	Time last Audited	Change in Mgt		
<b><i>Human Resources</i></b>											
Recruitment/Hiring/Termination	5	3	5	4	5	4	3	5	5	39	40
Civil Service Commission	5	3	5	4	4	3	3	5	5	37	37
Training	4	3	4	3	4	3	2	5	5	33	33
EEOC & FMLA Compliance	3	2	3	3	4	3	4	5	5	32	32
HR Information System	3	2	3	2	3	2	2	5	5	27	27
Employee Records	3	2	2	2	3	2	2	5	5	26	26
Administration	3	2	2	2	3	2	1	5	5	25	25
<b><i>Office of Management &amp; Budget</i></b>											
Annual Budget Management	3	5	5	5	5	1	1	5	1	31	31
Risk Management	3	3	3	3	3	1	3	5	1	25	25
Insurance & Benefits	2	3	3	3	3	1	1	5	1	22	22
<b><i>General Services</i></b>											
City Auctions	5	4	5	5	5	4	1	5	1	35	41
Fleet Service	5	4	4	5	3	4	1	5	1	32	40
Building Maintenance	3	4	4	5	3	3	1	5	1	29	29
Quick Copy Administration	1	1	1	1	1	1	1	5	1	13	13
Mailroom	1	1	1	1	1	1	1	5	1	13	13
<b><i>Information Technology</i></b>											
Licensing	5	5	4	5	5	4	1	1	5	35	42
IT Security	5	5	4	5	4	5	1	5	5	39	41
Administration	4	5	4	4	3	3	1	5	5	34	40
Information Services	4	5	4	4	3	3	1	5	5	34	34
Public Safety Technology	4	5	4	4	3	3	1	5	5	34	34
Systems Software	4	4	4	4	3	3	1	5	5	33	33
Geographic Information Systems	3	3	3	3	2	3	1	5	5	28	28
E-Commerce	3	3	3	2	2	3	1	5	5	27	27
<b><i>Tax Office</i></b>											
Collections	5	5	5	5	5	1	1	5	1	33	33
Administration	4	3	3	3	2	1	1	5	1	23	23
Cashiers	3	2	2	2	1	1	1	5	1	18	18
<b><i>Non-Departmental</i></b>	1	1	1	3	1	1	1	1	1	11	11



**City of El Paso  
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Risk Assessment  
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Weighting	15%	15%	15%	15%	10%	10%	10%	5%	5%	100%
	5-High to 1-Low	5 for 2002 to 1 for 2006	1 for 2002 to 5 for 2006							

Description	1	2	3	4	5	6	7	8	9	Raw Total	Weighted Total
	Management Interest	Budget Risk	Strategic Risk	Reputation Risk	Compliance Risk	High Level Decentralization	Legal Claims	Time last Audited	Change in Mgt		
<b>DCM Development &amp; Infrastructure Services</b>											
<i>Environmental Services</i>											
Solid Waste Management	5	4	5	5	5	4	1	1	1	31	42
Environmental Management	2	4	5	4	5	3	1	5	1	30	30
<i>Development Services</i>											
Planning	5	5	5	5	5	4	1	5	1	36	41
Building Permits & Inspections	5	5	5	5	5	4	1	5	1	36	41
Business Customer Service Ctr	5	5	5	5	3	2	1	5	1	32	41
<i>Engineering Services</i>											
Capital Projects	5	5	5	5	5	5	1	5	1	37	41
Traffic Management	3	3	3	3	3	4	1	5	1	26	26
<i>Streets</i>											
International Bridges	5	5	4	5	4	4	1	1	1	30	42
Street & Drainage	3	5	5	5	4	4	1	5	1	33	33
Traffic	3	3	2	3	3	4	1	5	1	25	25
<i>Metropolitan Planning Organ.</i>											
(Indirect Report)	1	1	1	1	1	1	1	5	1	13	13

**City of El Paso  
Internal Audit Department  
2007 Audit Plan  
Available Audit Hours**

	Chief Internal Auditor		Audit Manager		4 Staff Auditors <sup>1</sup>		Total	
	Hours	Percent	Hours	Percent	Hours	Percent	Hours	Percent
Audit and Project Work	800	38.3%	1100	52.7%	5816	74.3%	7716	64.3%
General Administration	1000	47.9%	700	33.5%	1000	12.8%	2700	22.5%
Training & CPE <sup>2</sup>	60	2.9%	60	2.9%	180	2.3%	300	2.5%
Holidays	72	3.4%	72	3.4%	264	3.4%	408	3.4%
Vacation & Sick Leave	156	7.5%	156	7.5%	572	7.3%	884	7.4%
	<u>2088</u>	100.0%	<u>2088</u>	100.0%	<u>7832</u>	100.0%	<u>12008</u>	100.0%

1-Lead Auditor is only budgeted for the last 3 quarters of the year (1568 hours).

2-Training is allocated as follows: 60 hours for Certified Staff Member & 40 hours for Non-Certified Staff Member.

**Entitlement per Staff Member**

	<u>Days</u>	<u>Hours</u>
Vacation	12	96
Sick leave	15	120
Holidays	9	72
Totals	<u>36</u>	<u>288</u>

**City of El Paso  
Internal Audit Department  
2007 Audit Plan  
Calculation of Available Audit Hours**

Workdays									
1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Total Hrs/ Employee	
September	20 Days	December	20 Days	March	22 Days	June	21 Days		
October	22 Days	January	21 Days	April	21 Days	July	21 Days		
November	20 Days	February	20 Days	May	22 Days	August	22 Days		
<b>Total Qtr.</b>	<b>62 Days</b>	<b>Total Qtr.</b>	<b>61 Days</b>	<b>Total Qtr.</b>	<b>65 Days</b>	<b>Total Qtr.</b>	<b>64 Days</b>		
62 Workdays x 8 Hrs.= 496 Hrs.		61 Workdays x 8 Hrs.= 488 Hrs.		65 Workdays x 8 Hrs.= 520 Hrs.		64 Workdays x 8 Hrs.= 512 Hrs.		<b>2,016</b>	

Holidays									
1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Employee Birthday	Total Hrs/ Employee
September	1 Day	December	1 Day	March	0 Days	June	0 Days		
October	0 Days	January	2 Days	April	0 Days	July	1 Day		
November	2 Days	February	0 Days	May	1 Day	August	0 Days		
<b>Total Qtr.</b>	<b>3 Days</b>	<b>Total Qtr.</b>	<b>3 Days</b>	<b>Total Qtr.</b>	<b>1 Day</b>	<b>Total Qtr.</b>	<b>1 Day</b>	<b>1 Day</b>	<b>72</b>

2088 Hours available per staff member.

**City of El Paso  
Internal Audit Office  
5 Year Audit Plan**

<b>Auditable Areas</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
Mayor					
City Manager					
City Attorney Office					
Airport					
Municipal Court	<b>A</b>				
Economic Development					
Sun Metro					
Police Department	<b>A + P</b>				
Fire Department	<b>A + P + P</b>				
<b>Deputy City Manager Financial &amp; Administrative Services Portfolio</b>					
Financial Services	<b>P</b>				
Human Resources					
Office of Management & Budget					
General Services					
Information Technology	<b>A</b>				
Tax Office					
Non-Departmental					
<b>Deputy City Manager Quality of Life Portfolio</b>					
Department of Musuem & Cultural Affairs					
SMG - Civic Center					
Community Development					
Library					
Parks Department	<b>A</b>				
Zoo					
<b>Deputy City Manager Development &amp; Infrastructure Services</b>					
Environmental Services	<b>A</b>				
Development Services					
Engineering Services					
Streets Department	<b>A</b>				
El Paso Water Utilities					
Metropolitian Planning Organization					

**Legend:**

- A = Audit completed that Fiscal Year**
- F = Follow-Up Audit completed that Fiscal Year**
- P = Project completed that Fiscal Year**