



Streets Department Control Conscious Environment Audit Report

Issued by the
Internal Audit Office
August 31, 2007

EXECUTIVE SUMMARY

The Internal Audit Office has concluded its audit of the Streets Department. Based on the results of the audit, eleven findings were identified to indicate internal control weaknesses within the Streets Department. Eight of these findings are considered significant in nature, while three findings are not significant.

Listed below is a summary of the Eight (8) significant findings identified in this report.

1. There is no clear guidance on the City of El Paso's Standby (ST) Policy.
2. The Streets Department is not reconciling the payment of Standby Pay.
3. There are deficiencies in the coding and control of employee Primary Accounts in KRONOS.
4. A review of the Traffic Signals Division's overtime and standby use identified that:
 - Five out of 32 or 16% of Traffic Signals Division employees earned 50% of the overtime hours earned by the Traffic Signals Division as a whole for the period reviewed.
 - Fifty-eight out of 64 or 91% of overtime occurrences were for overtime worked outside of the originally scheduled standby schedules.
 - Four out of 13 or 31% of Electronic/Lead Technicians worked 59% of divisions' standby duty for the period reviewed by working more standby than they were originally assigned.
5. A review of the Traffic Signs & Markings Division's overtime and standby identified that:
 - Six out of 23 or 26% of Traffic Signs & Markings Division employees earned 50% of the overtime hours earned by the Traffic Signs & Markings Division for the period reviewed.
 - Twenty-eight out of 71 or 39% of overtime occurrences were for overtime worked outside of the originally scheduled standby schedules.
 - Seven out of 71 or 10% of overtime occurrences were not properly approved.
6. The Streets Department is in violation of Health Insurance Portability and Accountability Act of 1996 (HIPAA) in its assembly of department personnel files that are maintained within the Streets Department.
7. The Street Department lacks a comprehensive training program and a centralized filing system to monitor trainings and maintain training records.
8. Scheduling of training in the Streets Resurfacing and Traffic Signs & Markings Division is concentrated to benefit a select few employees.

Listed below are the three findings listed as "Other Findings."

9. The current organizational structure within the Streets Department has three division managers reporting directly to the Streets Director.
10. The City of El Paso Street Department Rules and Regulations are outdated and do not provide reasonable guidance for employees concerning overtime.
11. The Streets Department does not have Standard Operating procedures for all of its operations; the department has general rules and regulations for the department as a whole, but has no established procedures to address the operations within the Streets Department Divisions.

For a detailed explanation of each of the findings please refer to the appropriate finding contained in the body of this Audit Report.

BACKGROUND

The Streets Department consists of the Administration and Support Services Division, International Bridges and Parking Meters Division, Planning and Quality Control Division, Street and Stormwater Maintenance Division, and the Traffic Operations Division. The organizational structure within the Streets Department was changed in April 2007 as a result of a Streets Department Review conducted by Mr. John Neal – Consultant. The new reporting structure has the divisions of Administrative & Support Services, International Bridges & Parking Meters, and Traffic Operations reporting directly to the Streets Director with the rest of the divisions reporting to the Assistant Director.

The Streets Department plans to change to a new proposed Organizational Chart during the 2007 – 2008 fiscal year. The proposed Organizational Chart is contingent upon the Stormwater Division leaving the Streets Department, implementation of title changes, the new fiscal year, implementation of City’s charter changes, and the hiring of a Deputy Director for the International Bridges. The proposed Organizational Chart is scheduled to be in place no later than March 1, 2008 when the Stormwater Division moves out of the Streets Department. The proposed structure has the different Streets Divisions reporting to the Administrative Director, International Bridges/Meters Director, and the Streets Operations Director and the Directors reporting to the Streets Executive Director.

SCOPE

The audit objectives of this audit were to ascertain if procedures currently being utilized in the administration of Internal Controls by the Streets Department are consistent with a control conscious environment. We characterize a control conscious environment as having the following:

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

The Internal Audit Office ascertained whether internal controls are adequate and operating as intended in the following areas:

- Training Programs,
- Purchase of Supplies,
- Budgeting,
- Overtime.

The audit period covered the operations of the Purchasing Division Fiscal Year 2006 – 2007.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

***SIGNIFICANT FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT’S RESPONSES***

The definition of a significant finding is one that has a material effect on the City of El Paso’s financial statements, identifies an internal control breakdown, a violation of a City procedure, law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as an “Other Finding”.

Finding 1

Standby (ST) Pay

- There is no clear guidance on the Standby Policy.
- Undocumented criteria has evolved over the years to include the following:
 - Payment of one hour ST pay for individuals working standby on a weekday and two hour ST pay for individuals working standby on a Saturday, Sunday, or Federal Holiday.
 - Payment of ST pay to standby employees that work a minimum of four regular duty hours. An instance was identified in Traffic Signals where an employee was paid ST pay although he was not available for standby. The employee left four hours early on a Friday and called in sick the following Monday but he still received ST pay for Friday, Saturday, and Sunday.
 - Traffic Division Electronic Technicians, Traffic Signs & Markings Workers and Technicians are being required to work standby, Trades Helpers can work on a volunteer basis, and all other positions within the Traffic Division are not placed on standby. Based on the job descriptions of each corresponding job title there is no distinction between required and voluntary standby assignment. The current job descriptions state that:
 - Electronic Technicians and Trades helpers are to respond to emergency calls for service on an on-call basis,
 - Traffic Signs & Markings Technicians and Workers are to respond to emergency recoveries as assigned,
 - All job titles within Traffic Division, excluding Traffic Control Installation Supervisor, are subject to call during non-working hours as part of their “other job characteristics.”
 - Creation of Traffic Division’s Standby Schedules based on employee rotation, and on a volunteer basis when substituting employees and calling in additional employees to assist.

Recommendation

- Clear guidance needs to be established regarding Standby Pay.
- Consideration should be made if Standby Pay is still applicable to Streets Department personnel. With current technology (i.e. cells phones), employee activities are no longer substantially restricted to their designated duty station, as required by the Fair Labor Standards Act (CFR 550.143).
- The descriptions and specifications for Traffic Division personnel should adequately address the issue of standby duty and should clearly distinguish between required and voluntary standby duty.

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Management's Response

The use of a "standby" policy has been in place in the Street Department for several years and precedes the use of cell phones. The department practice has been to utilize standby personnel in both the Street Operations and Traffic Operations divisions in order to respond to emergencies and other types of incidents that require immediate attention outside of normal working hours.

"Stand by" duty in the Street Department is not consistent with the definition of "stand by duty" in the Fair Labor Standards Act (CFR 550.143). The Street department uses this term for a practice that is actually more of a "designated on-call" process in which personnel are pre-designated to be on call on a rotating basis to respond to issues outside of working hours. "Stand by" pay in this case refers to the payment of one hour of overtime on weekdays and two hours of overtime on weekends and holidays while employees are serving on "stand by" status. If they are required to report to a site while on standby status they are paid overtime for the time period that they are activated on response, but they are not required to remain at the work facility while on standby.

A blanket "on call" policy will not be sufficient to handle the departmental stand by requirements. There is a distinct difference between the "designated on call" requirements of the Traffic section (along with differences in requirements for the Signals and Signs sections) and the Street Operations section, and the duties do not overlap and are not similar (in findings #4 and #5 because these divisions perform different functions. For this reason, the department is required to separate the "on-call" list by function and will continue to do so.

The corrective action for this finding is to eliminate the term "stand by" from the department "on call" policy in order to avoid confusion and separate the department "on call" policy from the FLSA requirements. The "on call" policy is being revised along with other department policies and procedures and will be disseminated to employees upon completion.

Responsible Party

Daryl W. Cole

Implementation Date

January 1, 2008

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Finding 2

KRONOS Standby (ST) Pay

The Streets Department is not reconciling the payment of Standby Pay. The following discrepancies were identified, and confirmed with the Streets Department Payroll Section that no retroactive payment had been submitted, in the payment of Standby Pay:

Employee #	ST Hours paid	ST Hours that should have been paid	Day	Date	Comments
006263	0	2	Sunday	12/03/2007	Did not receive ST pay.
003412	1	2	Sunday	12/17/2006	Received 1hr. ST pay vs. established 2 hrs. for Sundays.
013327	0	1	Wednesday	4/11/2007	Did not receive ST pay.
002857	0	2	Sunday	5/6/2007	Worked ST calls and did not receive ST pay.
004691	2	0	Sunday	5/6/2007	Should not have received ST pay, another employee worked ST calls.

Recommendation

The Streets Department should establish a reconciliation process either at the payroll section or at the corresponding division level in order to ensure that employees are being accurately paid.

Management's Response

Corrective action has included pay adjustments for employees listed in this finding have been reconciled and corrected on RA schedule 735, paid out on 9-7-07. The revised "on call" policy in which employees will be paid one hour of overtime for designated on call duty during the week and two hours of overtime for employees working designated overtime on weekends and holidays includes a requirement for the Division Manager to have final approval on this specific type of overtime. Proper staff has been informed of these issues and have taken corrective action, continued consistency is expected going forward.

Responsible Party

Richard Bristol

Implementation Date

Nov. 1, 2007

Finding 3

Coding and Control of Primary Accounts in KRONOS

There are deficiencies in the coding and control of employee Primary Accounts in KRONOS. The following discrepancies were identified in the coding of employee primary accounts in KRONOS.

Employee #	Primary Account in KRONOS	Employee's location of employment
014037	Streets Graffiti Division	Traffic Signals Division
014155	Streets Maintenance Division	Traffic Signals Division
014170	Traffic Signals Division	Streets Maintenance Division

Recommendation

The Streets Department should reconcile its staffing table and ensure that all employees are linked to their correct Primary Account. In addition the Streets Department should establish policies and procedures to ensure that employee primary accounts are updated within a reasonable timeframe.

Management's Response

The department allows internal transfers of personnel among different divisions and functions, which in this case had not been followed up with reconciliation among PeopleSoft and Kronos. During the FY2008 budget process the department reconciled its staffing table and made corrections to ensure that employees were listed under the same deptID on the PeopleSoft HR system, the Kronos system, as well as the budget Form D.

The corrective action for this finding has included a re-evaluation of the staffing tables in both PeopleSoft and Kronos, and an administrative transfer policy requiring administrative review for verification of reconciliation of Kronos and PeopleSoft as part of the process for internal personnel transfers. Proper staff has been informed of these issues and have taken corrective action, continued consistency is expected going forward.

Responsible Party

Richard Bristol, Ed Nunez

Implementation Date

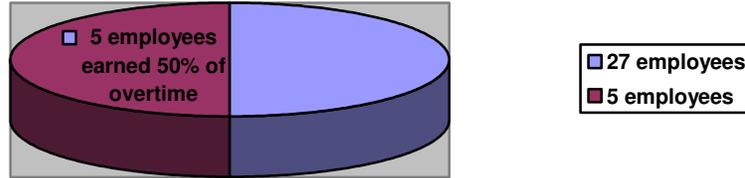
Nov. 1, 2007

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Finding 4

Traffic Signals Division Overtime/ Standby Scheduling

- A review was conducted of 1,100.70 overtime hours totaling \$25,318.08 earned by Traffic Signals during January 1, 2007 – July 10, 2007. We identified that five out of 32 (16%) Traffic Signal employees earned 50% of the overtime hours earned by Traffic Signals for the period reviewed.



- Reviews of 64 overtime occurrences during the month of May 2007 for nine Traffic Signals Division employees were conducted with the following results:

Type of Overtime	# of Occurrences	Percentage
Employee filled in to work standby for another employee	28	44%
Employee worked after their scheduled time	16	25%
Late Swipes without overtime Crew Work Report	8	13%
Employee called in to assist standby employee	6	9%
Employee worked according to original standby schedule	6	9%
Total occurrences tested	64	100%

- A review of four Traffic Signals Division Standby Schedules from the period of 10/9/2006 – 9/9/2007 was conducted. There were a total of 13 Electronic/Lead Technicians that were eligible to work standby during the period reviewed.

How often worked in comparison to original standby schedule	# of Technicians	Percentage
Worked less than their originally assigned schedules	7	54%
Worked more than their originally assigned schedules by working 59% of the standby for the period reviewed	4	31%
Worked same # of weeks that were originally assigned to them	2	15%
Total tested	13	100%

Recommendation

The Traffic Signals Division needs to document and reconsider how it assigns overtime to eliminate the appearance of favoritism in its distribution of overtime to employees. In addition, the Traffic Signals Division should consider implementing a mechanism to monitor overtime distribution by employee.

Management's Response

The purpose for having employees on a standby basis in the Signals section is to respond to traffic signalization failures and damages outside of normal working hours and to get signalized intersections functioning as soon as possible from a public safety standpoint. The current standby list is set thirteen weeks in advance in order to provide employees sufficient time to plan around it. The department has historically been lenient and flexible in allowing employees to initiate deviations from the original schedule, so long as there is sufficient coverage in the field after hours to respond to emergencies. In

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doing so, some employees have had the opportunity to work more over time hours than others.

Although there is a rotating overtime policy in place, the payment of overtime has concentrated on a few employees because only the technicians are designated for standby duty (department policy change will designate this to “on call” duty going forward).

This is driven by the fact that personnel required to be on a stand by or on call basis are those specifically trained and skilled to respond to traffic intersection signalization failures and/or damages after working hours. In the case of this division, this includes the technicians and not labor grade employees.

During all of fiscal year 2007, ten employees received 78% of the overtime paid out in this section, and these ten employees are Electronic Technicians or Technical Supervisors, i.e., the positions that exist specifically to work on traffic signalization issues.

There are instances when these technicians, while acting in an overtime capacity, require additional assistance from those who are not on the standby or on call list, such as the Trades Helpers or General Services Workers. When this is required, the practice has been for the technicians to contact who they can get a hold of, and the work tasks are usually labor intensive, such as pulling of cable, repairing conduit or fiber or assisting in signal replacement. There are also situations where additional or other technicians are called by the standby technician to sites in an overtime capacity due to the complexity of a signalization failure. In some cases the knowledge and expertise of some specific technicians is required.

The corrective action for this finding includes the new department “on call” policy, a revision to the departmental “overtime” policy, and a more clear definition and identification of positions within the Signals section that are required to be in the “on-call” rotation. There will continue to be a need to bring in additional assistance from labor grade positions on overtime in the event of specific emergencies requiring so. Given that these types of circumstances are rare and cannot be planned in advance, the current practice for contacting Trades Helpers and Laborers for overtime assistance will not be changed.

Responsible Party

Daryl W. Cole

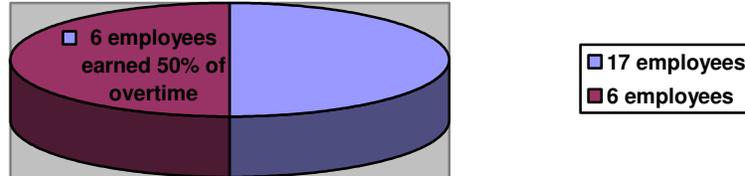
Implementation Date

May 1, 2008

Finding 5

Traffic Signs & Markings Division Overtime/ Standby Scheduling

- A review was conducted of 767.80 overtime hours totaling \$14,533.68 earned by Traffic Signs & Markings Division during January 1, 2007 – July 10, 2007. We identified that six out of 23 or 26% of Traffic Signs & Markings employees earned 50% of the overtime hours earned by Traffic Signs & Markings for the period reviewed.



- Reviews of 71 overtime occurrences during the month of May 2007 for eight Traffic Signals Division employees were conducted with the following results:

# of Overtime Occurrences Tested	# of Exceptions	Percentage	Comments
71	7	10%	Seven overtime occurrences show no evidence of proper approval.

Type of Overtime	# of occurrences	Percentage
Late swipes	19	27%
Employee worked after their corresponding scheduled time	5	7%
Employee called in to assist standby employee	2	3%
Employee worked on special project at Santa Fe Bridge	1	1%
Employee filled in to work standby for another employee	1	1%
Employee worked according to original standby schedule	43	61%
Total occurrences tested	71	100%

Recommendation

The Traffic Signs & Markings Division needs to document and reconsider how it assigns overtime to eliminate the appearance of favoritism in its distribution of overtime to employees. In addition, the Traffic Signs & Markings Division should consider implementing a mechanism to monitor overtime distribution by employee.

Management's Response

The purpose for having employees on a standby basis in the Sign and markings section is to respond to visual obstructions in signage and to stop signs or other directional signs knocked down from a public safety standpoint. The current standby or on call list is set thirteen weeks in advance in order to provide employees sufficient time to plan around it, and similar to the signals section, the department has historically been lenient and flexible in allowing employees to initiate deviations from the original schedule, so long as there is sufficient coverage in the field after hours to respond to emergencies. In doing so, some employees have had the opportunity to work more over time hours than others.

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In the signs and markings section, the technicians and the Traffic Signs and Markings Workers are required to be on the standby or on call list. The Trade's Helpers are not required to be on the list, but at present time two have volunteered to be on the list and are part of the standby or on call rotation.

Within the signs and markings section for the all of fiscal year 2007, six employees received 50% of the overtime earned. For fiscal year 2007, the largest overtime share was \$2,181.88, and the lowest share among technicians on the rotation for the entire period was \$1,116.10. The average overtime earnings among Technicians and Traffic Signal Maintenance Workers was \$1,619.54.

Similar to the signals section there are instances when those on the standby or on call list, while acting in an overtime capacity, require additional assistance from other employees not on the standby or on call list, such as Trades Helpers or General Services Workers. When this is required, the practice has been for the technicians to contact these personnel and request assistance, and the work tasks are usually labor intensive; such as assisting with the replacement of a sign or in the removal of visual obstructions. There are also situations where other technicians are called by the standby or on call technician to sites in an overtime capacity due to the complexity of the problem and where the knowledge and expertise of some specific technicians is required.

The corrective action for this finding includes the new department "on call" policy, a revision to the departmental "overtime" policy, and a more clear definition and identification of positions within the Sign and Markings section that are required to be in the "on-call" rotation. There will continue to be a need to bring in additional assistance from labor grade positions on overtime in the event of specific emergencies requiring so. Given that these types of circumstances are rare and cannot be planned in advance, the current practice for contacting Trades Helpers and Laborers for overtime assistance will not be changed.

Responsible Party

Daryl W. Cole

Implementation Date

May 1, 2008

Finding 6

Personnel Files

A review of the Street Department personnel files for the Traffic Signals Division, Traffic Signs & Markings Division, and Street Resurfacing employees was performed. We found that the following personnel files contained confidential medical documentation and were not in compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA):

- One out of 29 employees (3%) in the Traffic Signals Division.
- One out of eight employees (13%) in the Street Resurfacing Division.

Recommendation

Street Department should submit all confidential medical documentation to the Human Resources Department.

Management's Response

Corrective action to this finding has included department administrative staff reviewing departmental personnel files retained on site and pulling any documentation that may constitute a HIPAA violation. Any documents falling under this category were kept as support documentation pertaining for extended leave periods. These types of documentation are retained in a separate secure filing cabinet per HIPAA requirements. In this case there were three a few misfiled documents in some of the employee files. Appropriate staff has been informed of these issues and have taken corrective action, continued consistency is expected going forward.

Responsible Party

Richard Bristol, Ed Nunez

Implementation Date

Nov. 1, 2007

Chief Internal Auditor Response

In consultation with the Human Resource Department regarding the guidelines on HIPAA documentation, it has been determined that all documents containing any employee's medical information need to be forwarded to the Human Resources Department. This is a strict requirement of HIPAA. Therefore, all documentation currently contained in the Street Department employee's files need to be forwarded to Human Resources. Any questions regarding HIPAA requirements can be submitted to the Director of Human Recourses.

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Finding 7

Training – Program & Monitoring

A review of the training program and monitoring system for the Traffic Divisions and the Street Resurfacing Division was performed. The following was noted:

- The Street Department lacks a comprehensive training program to include the training specification for each job title and division.
- There is no centralized system in place to monitor trainings and maintain training records.
 - City training records are being maintained by HR in PeopleSoft and by the Street Department Office Manager on a spreadsheet.
 - Storage of specialized training records is not centralized and is either maintained in Street Department personnel files or with the employee’s corresponding division with only a select few inputted into the spreadsheet maintained by the Streets Department Office Manager.
 - The two Professional Engineers in the Street Resurfacing Division did not submit a total of 16 training certificates to be included in their personnel files.
 - The spreadsheet maintained by the Streets Office Manager does not contain a historical listing of trainings attended by employees and only lists the most recent date of training.
 - There is no policy requiring employees to submit training certificates to be included in their personnel file.
- A review of the spreadsheet tracking the trainings attended by employees was performed.
 - The following trainings were not tracked on the spreadsheet:

Division	# of Trainings Not Tracked	Total # Attended	Percentage
Traffic Signals	126	198	64%
Traffic Signs & Markings	206	277	74%
Street Resurfacing	43	52	83%

- The following trainings attended by employees were not updated on the spreadsheet and/or incorrect dates were entered:

Division	# of Employees Attended Training	Total # of Employees	Percentage
Traffic Signals	3	29	10%

- The following trainings attended, per the spreadsheet, did not have training certificates in the Street Department personnel files:

Division	# of Trainings without certificate	Total # Attended	Percentage
Traffic Signals	3	70	4%
Traffic Signs & Markings	3	71	4%
Street Resurfacing	2	9	22%

Recommendation

- Management should develop a comprehensive training program to include the training specification for each job title and division.
- Management should implement a centralized system to monitor training and maintain training records.
- Management should develop a policy requiring employees to submit training certificates to be included in their personnel file.

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Management's Response

Corrective action to this finding is inclusive of the following; a written training policy for the department and for each respective division will be established to include the critical training requirements for each job in the department, and broken out separately by each division and function. A training log will be created at three levels (supervisory, division, and administration) for the purpose of tracking training requirements by employees and divisions, as well as progress, completion dates, and certification expiration dates.

This master file will be maintained by the administrative division with the ongoing input of the divisions within the department. Updates, changes, and progress on all training efforts will be tracked based on the input of supervisors and division managers, and the main training performance report will be presented to the Street Director at least quarterly.

The department will also create a training committee inclusive of persons from each respective division who will meet quarterly to review training progress, identify training goals and requirements by quarter, and identify training opportunities, and report accomplishments and goals to the Street Director on a quarterly basis.

Inclusive in the departmental training policy will be a requirement that all certifications and documentation on training accomplishments be submitted to the administrative staff for entry into employee personnel files.

Responsible Party

Daryl W. Cole

Implementation Date

May 1, 2008

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Finding 8

Certifications & Trainings

A review of the Street Department personnel files for the Traffic Signal Division, Traffic Signs & Markings Division, and Street Resurfacing employees was performed. The following was noted:

- Certifications have expired for the following:

Division	# of Employees with Certification	# of Employees Whose Certification Has Expired	Percentage	Comments
Traffic Signals	3	3	100%	Fiber Optics Installer Certification expired on 2/11/07 and 4/17/07.
Street Resurfacing	3	3	100%	Level 1B – Roadway Specialist Certification expired on 11/13/06.

- Training is concentrated as follows:

Division	#	Total #	Percentage	Comments
Street Resurfacing Trainings	23	52	44%	23 out of 52 <u>trainings</u> taken by Street Resurfacing Division employees since 1993 have been taken by the Street Operations Supervisor.
Traffic Signs & Markings Employees	3	23	13%	3 out of 23 (13%) Traffic Signs & Markings Division <u>employees</u> attended Installation & Maintenance of Pavement Markings and Installation & Maintenance of Signs trainings twice within five months during fiscal year 2006.

Recommendation

- Management should develop a comprehensive training program to include the training specification for job title and division.
- Management should implement a centralized system to monitor training to ensure that certifications are renewed and adequate trainings are scheduled and attended by employees.
- Management should provide consistent training to all employees.

Management's Response

Not all of the certifications identified in this finding are job requirements, which is why they were not re-newed. However, the corrective action for this finding is addressed in the department's response to finding #7.

Responsible Party

Daryl W. Cole

Implementation Date

Feb. 1, 2008

***OTHER FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT'S RESPONSES***

Finding 9

Organizational Structure

Previously all of the Streets Department Divisions reported to the Streets Director through the Streets Assistant Director. As a result of the Street Department Review conducted by Mr. John Neal dated April 4, 2007; the reporting structure was reorganized within the Streets Department to the following.

Divisions reporting to Streets Director	Divisions reporting to Streets Assistant Director
Administrative and Support Services	Planning and Quality Control
International Bridges and Parking Meters	Street and Stormwater Maintenance
Traffic Operations	

A proposed Organizational Chart is scheduled to be in place no later than March 1, 2008 when the Stormwater section moves out of the Streets Department. The proposed structure has the different Streets Divisions reporting to the Administrative Director, International Bridges/Meters Director, or the Streets Operations Director and the Directors reporting to the Streets Executive Director.

Recommendation

The Streets Department should ensure the proposed Organizational Chart for fiscal year 2007-2008 is implemented and communicated to all employees.

Management's Response

Corrective action to this finding will be addressed as follows:

The department is currently in the process of re-evaluating its core function in preparation for a mission change that will be effective when the Storm Water Utility is implemented on March 1, 2008. Anticipated changes associated with this function transfer are causing internal reorganization that will produce a revised organizational structure to be effective in April of 2008. We will post a present organizational chart.

In the interim, in addition to the departmental organization chart, organizational charts for each respective division in the department are being revised and upon completion will be disseminated to division managers to be posted in plain view areas of each respective division.

Responsible Party

Daryl W. Cole

Implementation Date

March 1, 2008

Finding 10

Overtime Procedures

The City of El Paso Street Department Rules and Regulations were last updated in April 1998, and do not take into account the current authorization levels, and do not provide reasonable guidance for employees concerning overtime, to include overtime as a result of late swipes. For, example, there is confusion as to when to submit an over time Crew Work Report for late swipes that incur overtime.

- In the Traffic Signal Division, anything over 10 minutes requires an overtime crew work report.
- In the Traffic Signs & Markings Division, any amount over the 40 hour work week requires an overtime crew work report.
- The Streets payroll section requires an overtime crew work report for anything over 30 minutes.

Recommendation

The City of El Paso Street Department Rules and Regulations overtime procedures should be updated to incorporate current authorization levels and should establish criteria for overtime accrued as a result of late swipes. These rules and regulations should be disseminated to all Streets personnel as part of their on-going training.

Management's Response

Corrective action to this finding is being addressed with the ongoing revision of departmental rules and regulations. Included with this will be a comprehensive revision to the department overtime policy; overtime is allowable primarily for scheduled special projects, for the response to, and the preparation for, emergent events (most commonly weather events), and for functional "designated on call" purposes in the operations and traffic divisions.

Responsible Party

Daryl W. Cole

Implementation Date

May 1, 2008

Finding 11

Policies and Procedures

The Streets Department does not have Standard Operating procedures for all of their operations; the department has general rules and regulations for the department as a whole, which were last updated in April 1998, but has no established procedures to address the operations within the following Streets Department Divisions:

- Traffic Division,
- Planning and Quality Control Division,
- Administrative and Support Services Payroll Division.

Recommendation

Each division within the Streets Department should update their policies and procedures. These policies and procedures should be disseminated to all corresponding Street Department personnel as part of their on-going training.

Management's Response

Corrective action to this finding is being addressed with the ongoing revision of departmental rules and regulations. In addition to the departmental document, managers from each division will produce respective policies and procedures for the critical tasks and responsibilities of functions under their authority. These policies and procedures will be functionally driven focusing on the most critical required tasks to accomplish the work of each respective division. Upon completion the department will have a completed set of policies and procedures for each division as well as revised rules and regulations for full dissemination to all employees. These will also be revisable documents for future adjustments.

Responsible Party

Daryl W. Cole, Division Managers

Implementation Date

May 1, 2008

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 are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

CONCLUSION

Based on the results of this internal audit, the Streets Department needs to improve its oversight over the Administrative functions within the department. By creating a proper Policies and Procedures Manual that is properly communicated to staff, management can improve its oversight of the overall operations by requiring staff to adhere to a consistent set of procedures.

The Internal controls within the Streets Department are adequate and operating as intended in the areas of budgeting and purchasing of supplies, but are lacking in the areas of training programs and overtime.

- The lack of a comprehensive training program and centralized system to monitor and maintain training records has resulted in the scheduling of training to be concentrated around the same individuals.
- The lack of reasonable guidance for Streets Department employees concerning overtime and standby duty has created undocumented procedures to evolve over the years which have caused confusion among employees and concerns regarding favoritism.

The procedures currently being utilized by the Streets Department in the administration of the Internal Controls within the department are not consistent with a control conscious environment.

- The lack of documented policies and procedures for each of the Streets Department's Divisions and lack of consistent training to all employees has contributed to the inadequate level of internal control awareness among employees.
- The lack of a proper monitoring system in overtime distribution by employee, payroll payment, and in the coding and control of employee Primary Accounts in KRONOS has lead to the discrepancies identified in this Audit Report.

We wish to thank the Streets Department management and staff for their assistance and courtesy throughout this audit.

Signature on file
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