



COUNTY OF EL PASO, TEXAS 2024 Annual Comprehensive Financial Report

July 28, 2025

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Overview

Directly linked to the County Strategic Plan

Goal 1- Financially Sound County Government

- 3/24/2025 - Received GFOA Certificate of Achievement for Excellence in Financial Reporting for FY2023 (35th consecutive year awarded)

Items for Discussion:

1. External Audit Results-Gibson, Ruddock, Patterson, LLP (GRP)
2. Government-wide Financials (Primary Government)
3. General Fund

External Audit Results

- ACFR Independent Auditor Report – **Unmodified Opinion**
- Internal Control over Federal and State Award (Single Audit):
Qualified Opinion:
State - *District Attorney's Region 1 Border Prosecution Unit (BPU)*
Unmodified Opinion: Each of the Other Major Federal and State Programs
- **Financial Statement Findings:**
Internal Control over Financial Reporting
 1. Material Weakness in Procurement and Procurement Compliance



External Audit Results

- **State Findings**

2. **BPU** - Certain contracted services under this program were not procured in accordance with the County's procurement policy; did not obtain quotes, formal solicitation, or exemption as Purchasing Agent was bypassed.

Recommendation – Ongoing procurement training to all departments and holding departments accountable for noncompliance.

External Audit Results

Management Letter comments:

Prior Year Comments:

Procurement:

1. The County utilized another governmental entity's vendor contract for a purchase without an interlocal agreement in place with that governmental entity.

Status - Similar instances were noted in the current year under audit. Due to the timing of the previously communicated observations, the earliest management could put together their training sessions was after the current year under audit was complete. Management conducted procurement training sessions beginning in fiscal year 2025 and expects significant improvement in procurement compliance thereafter. See current year comments.

2. In another instance, expenditures were incurred after the contract expired.

Status – Same as Comment 1 status.

External Audit Results

Management Letter comments - continued:

Prior Year Comments:

Uniform Guidance Compliance:

3. The County's Purchasing Policies and Procedures does not describe the procedures for some of the Procurement Standards required by 2 CFR 200.318 to 200.327.

Status - This situation still exists for Procurement Standard 2 CFR 200.322.

Public Funds Investment Act Compliance:

4. The investment policy does not appear to identify the methods for monitoring the market price of investments or procedures to monitor rating changes in investments acquired with public funds as required by Texas Government Code 2256.005(b).

Status - Subsequent to fiscal year-end, management updated their Investment Policy and adopted the new policy on January 27, 2025. The policy includes a new section titled "Downgrade Provision for Investment Ratings."

External Audit Results

Management Letter comments - continued:

Prior Year Comments:

Federal Program Compliance – Emergency Food and Shelter Board Program:

5. A subrecipient contract did not include all the required information to the subrecipient in accordance with the Uniform Guidance.

Status – A similar instance for a different major program tested was found. The County Attorney's department is developing standard subrecipient contract templates that will include information required by the Uniform Guidance. In addition, the importance for following guidelines was stressed at the "Financial Management Training" sessions held.

Federal Program Compliance – Coronavirus State and Local Fiscal Recovery Funds:

6. The certification forms of a subrecipient contract were not signed by the subrecipient. The forms were subsequently signed by the subrecipient.

Status - No similar instances noted during the current year under audit.

External Audit Results

Management Letter comments - continued:

Prior Year Comments:

Financial Reporting – Accounting Matters:

7. Implementation team was not confirming key aspects of proper implementation of the GASB 96 standard. Reasonably certain to review inquiries not made when evaluating contracts and one agreement erroneously evaluated as long term.

Status – Ongoing training is being implemented. The Auditor's department contracted with a temporary agency to help meet the increased workload and training requirements. At least one additional permanent position is being requested in the FY26 budget.

External Audit Results

Management Letter comments - continued:

Current Year Comments:

Procurement:

1. Purchases for one vendor exceeded the "Not to exceed amount" and resulted in purchases not properly procured because the \$50,000 threshold was exceeded. The contract for this vendor was not routed to the Purchasing department for review.

Recommendation – Management should ensure its employees follow the proper procedures to ensure purchases are in compliance with statutes and the County's purchasing policy. These procedures include routing to the Purchasing department for review. In addition, management should ensure procedures are in place to monitor the total amount of purchase orders issued for a Commissioner Court award with a "Not to Exceed" provision as previously recommended.

Response - *Purchasing will work closely with the County Auditor to ensure that when the funding source requires procurement procedures, proper verification is conducted to confirm that procurement was completed prior to issuing payments. In addition, the importance for following guidelines was stressed at the "Financial Management Training" sessions held.*

External Audit Results

Management Letter comments - continued:

Current Year Comments:

Procurement:

2. Expenditures were incurred after a contract extension expired on September 30, 2023. A second extension was available through September 30, 2024, but had not been executed at the time of review.

Recommendation - Preventive measures should be implemented with ongoing monitoring to ensure extensions are executed timely. Best practices include simple measures such as calendar reminders and including the recent extension end date on the most recent related purchase order to serve as a warning of an upcoming expiration.

Response - *Purchasing will work closely with the County Auditor to ensure that when the funding source requires procurement procedures, proper verification is conducted to confirm that procurement was completed prior to issuing payments. In addition, the importance for following guidelines was stressed at the “Financial Management Training” sessions held.*

External Audit Results

Management Letter comments - continued:

Current Year Comments:

Procurement:

3. Purchases with two vendors exceeded the \$50,000 threshold.

Recommendation - Monitoring of purchases slightly below the formal solicitation threshold and consider any patterns or trends from departments/purchasers that may indicate circumvention and determine if purchases need to be regrouped and/or if formal solicitation applies.

Response - *Purchasing is closely monitoring all vendors approaching the \$50,000 threshold. A monthly report is generated and reviewed with buyers during the weekly Buyers Academy meetings to determine the most appropriate procurement method for each vendor and situation.*

External Audit Results

Management Letter comments - continued:

Current Year Comments:

Procurement:

4. For a contract awarded through a purchasing cooperative, a document addressing the significant differences between the independent cost estimate and the award amount was not provided.

Recommendation - Expected increases over the cost estimate and their reasonableness should be documented, such as in the cost/price analysis.

Response - *Purchasing will continue to receive training on Federal Grant funding requirements and the necessary documentation that must be completed and reviewed to ensure compliance.*

External Audit Results

Management Letter comments - continued:

Current Year Comments:

Procurement:

5. Two vendors granted exemptions from formal solicitation in accordance with the Local Government Statute 262, did not evidence the exemption in the commissioner's court minutes.

Recommendation - Recommend explicit compliance with the statute which reads, "If an item exempted under Subsection (a)(7) is purchased, the commissions court, after accepting a signed statement from the county official who makes purchases for the county as to the existence of only one source, must enter in its minutes a statement to that effect." In addition, any of the discretionary exemptions granted under Local Government Statute 262 require an order by commissioner's court.

Response - *Purchasing will ensure that all purchases and the corresponding procurement methods are clearly read on the record, particularly in instances where multiple procurement methods are used for a single purchase. Buyers have been trained on this requirement as a result of this observation. In addition, the importance for following guidelines was stressed at the "Financial Management Training" sessions held.*

External Audit Results

Management Letter comments - continued:

Current Year Comments:

Uniform Guidance Compliance:

6. The County's Purchasing Policies and Procedures manual does not describe the procedures for the Procurement Standard at 2 CFR 200.322 regarding the Buy American requirement. We have noted this missing standard in writing since the 2021 audit. Other missing procurement standards were updated but this standard is still missing.

Recommendation - Recommend the Purchasing Policies and Procedures be updated in writing immediately to include the missing procurement standard to ensure compliance with the Uniform Guidance.

Response - *The purchasing department has incorporated the recommendations as well as the upcoming changes in the law. The plan is to have the Policies and Procedures on Commissioners Court by October 2025. It is currently in legal review.*

External Audit Results

Management Letter comments - continued:

Current Year Comments:

Financial Reporting – Accounting Matters:

7. Certain Construction in Progress projects were completed in a prior year but were not reclassified to depreciable assets. Management opted to record an error correction.

Recommendation - Recommend the status of Construction in Progress projects is verified for financial statement reporting purposes, including those projects constructed by other governmental entities but owned by the County.

Response - *The County Auditors office will work closely with the Public Works division and the accounts payable division on payments that are related to construction in progress and the status of the construction.*

External Audit Results

Management Letter comments - continued:

Current Year Comments:

Financial Reporting – Accounting Matters:

8. The major fund determination included a few errors and revisions were provided. However, the overall conclusions were not impacted

Recommendation - Recommend updates to the template to prevent repeat errors on future calculations.

Response - *The templates have been updated. The major fund worksheet was prepared off the initial year-end reports from Munis in October to determine the major funds. We will recheck to ensure that nothing is missing before the statements are finalized.*

External Audit Results

Management Letter comments - continued:

Current Year Comments:

Payroll:

9. Noted two instances where all elements of the general ledger account string for an employees' longevity pay were not updated when they were moved into new positions. Longevity was coded to regular salary instead of longevity. All other elements of the general ledger account string were updated properly.

Recommendation – Recommend, when an employee change occurs, all elements of the salary general ledger account string, including longevity, be reviewed closely to ensure they are updated appropriately.

Response - *The Human Resources department has added procedures to address this issue and prevent recurrence to include internal regular audit that will specifically target proper coding, interdepartmental coordination between the Human Resources department and the Sheriff office Payroll department. And, finally, working with Tyler to automate the coding of the accounts if possible.*

External Audit Results

Management Letter comments - continued:

Current Year Comments:

Census Data:

10. Instances were noted where the December 31, 2023, Census data report had repeat comments carried over from the prior year report and some employee names differed from County records.

Recommendation – The County should review the Census data report for the measurement period and correct any discrepancies found.

Response – *HR and County Auditor Payroll will work to update records in the County system and HR will ensure notifications are sent to TCDRS.*

External Audit Results

Management Letter comments - continued:

Current Year Comments:

Grant Reporting:

11. Noted two instances in which written evidence of performance report approval could not be provided. There was turnover in the approver position and it is possible the written evidence exists in the approver's inbox which is inactive.

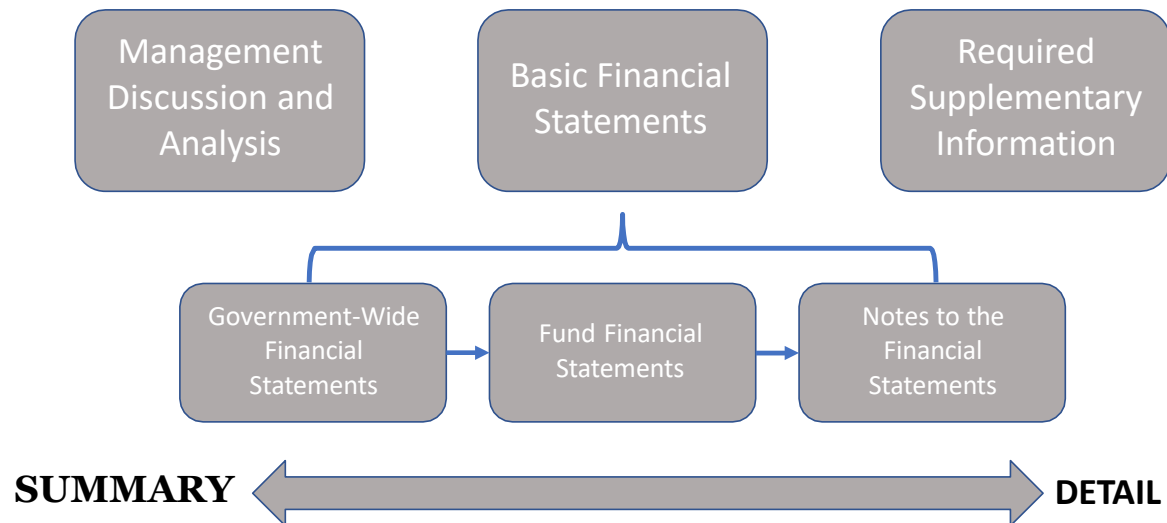
Recommendation – recommend management ensure performance reports indicate written evidence of approval once reviewed but prior to submission to the grantor. If emails are to be utilized to evidence approval, we recommend these be printed and maintained with the financial report for appropriate record retention purposes.

Response - *The Budget & Finance Grants division, will work with the departments to ensure all documentation is kept in a shared location and is properly maintained and approved prior to being submitted to the granting agency.*

ACFR

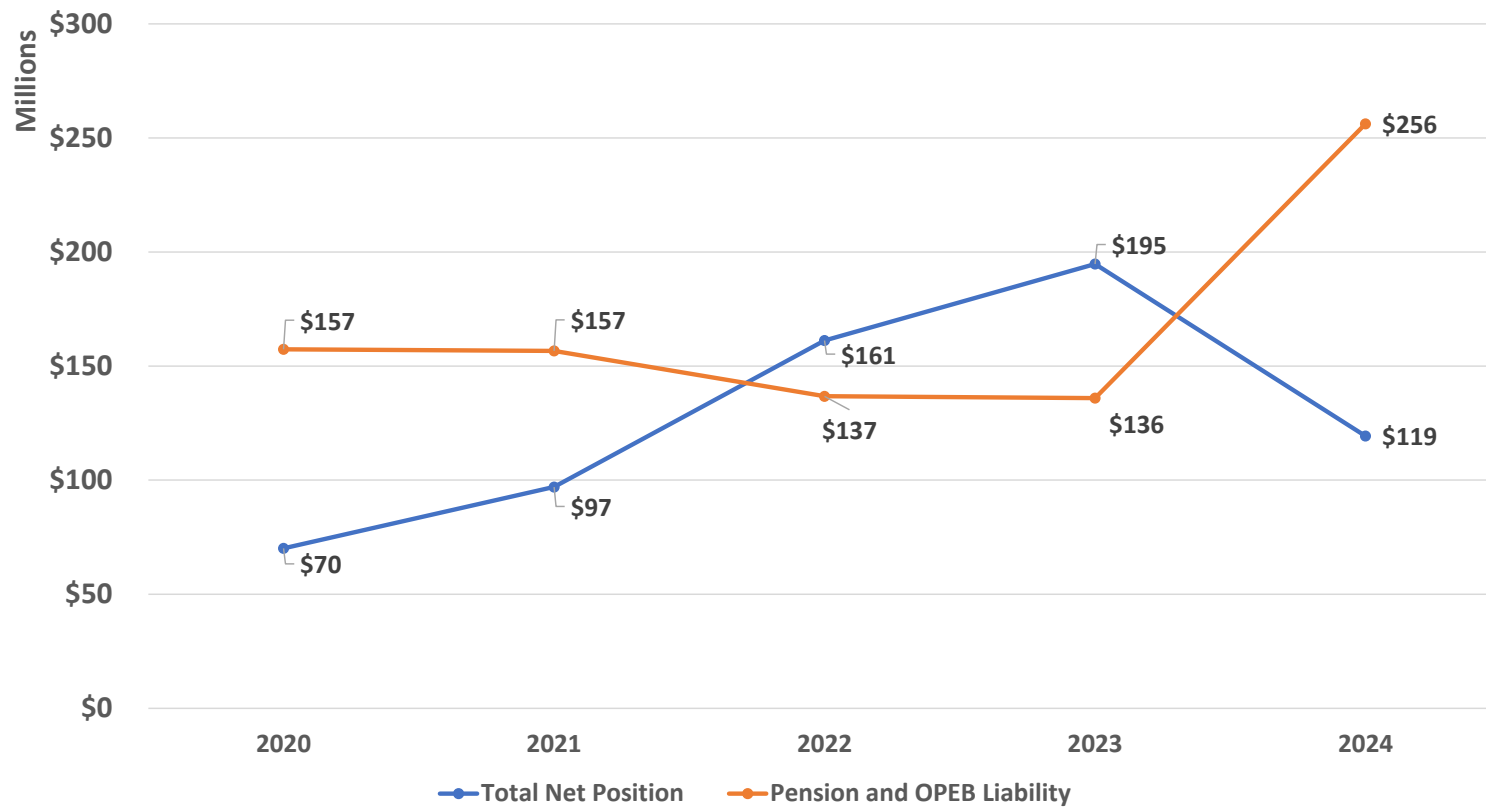


ACFR Structure



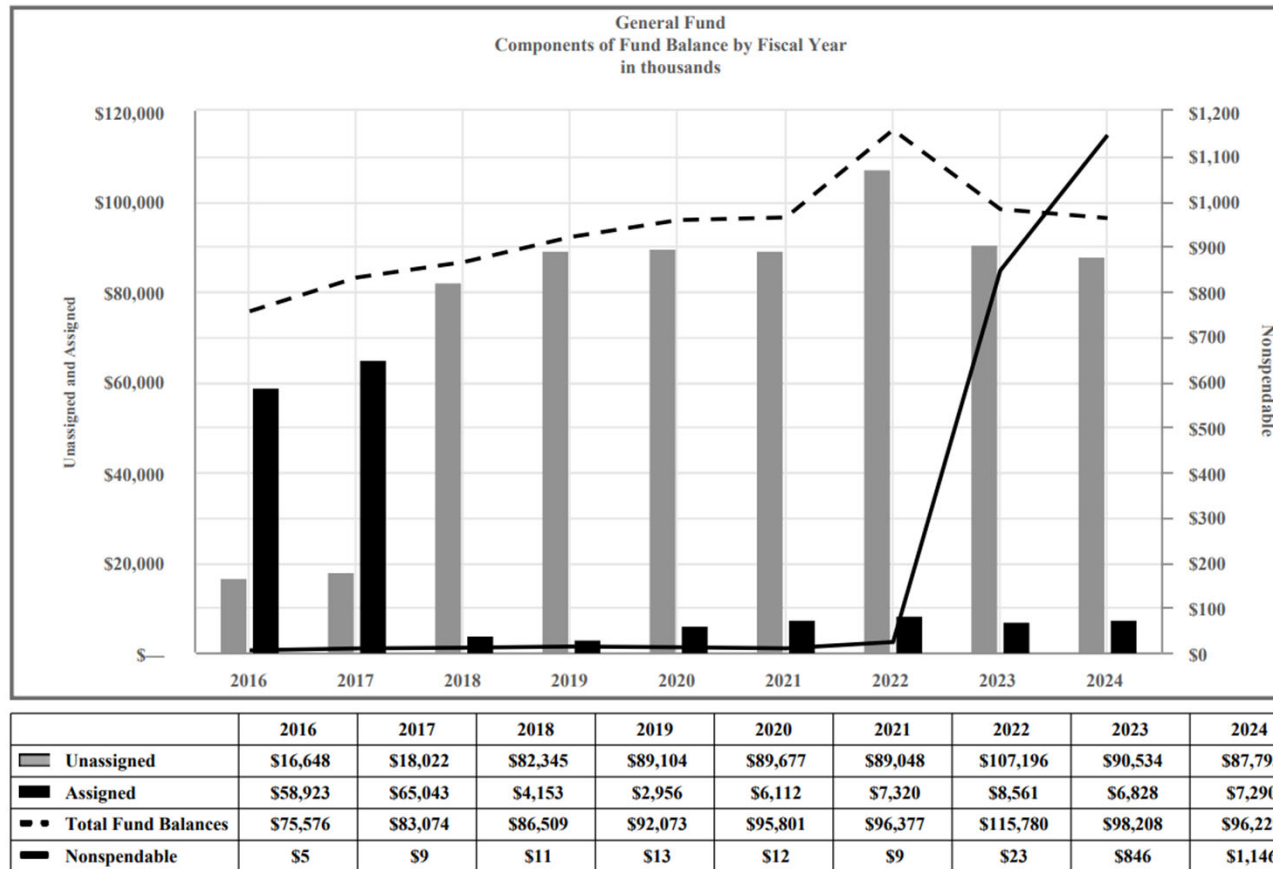
Government-wide Financials

Total Net Position Compared to Total Pension and OPEB Liabilities



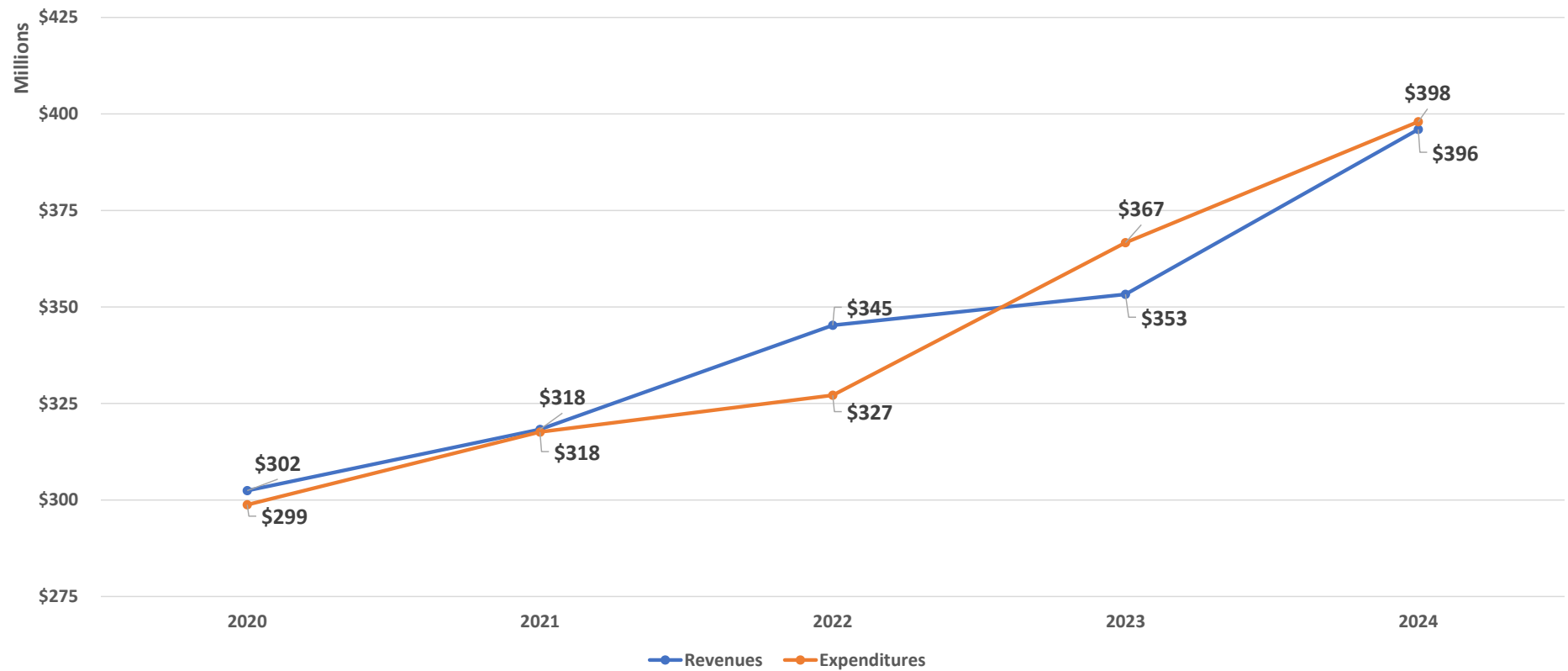
General Fund

Fund Balance

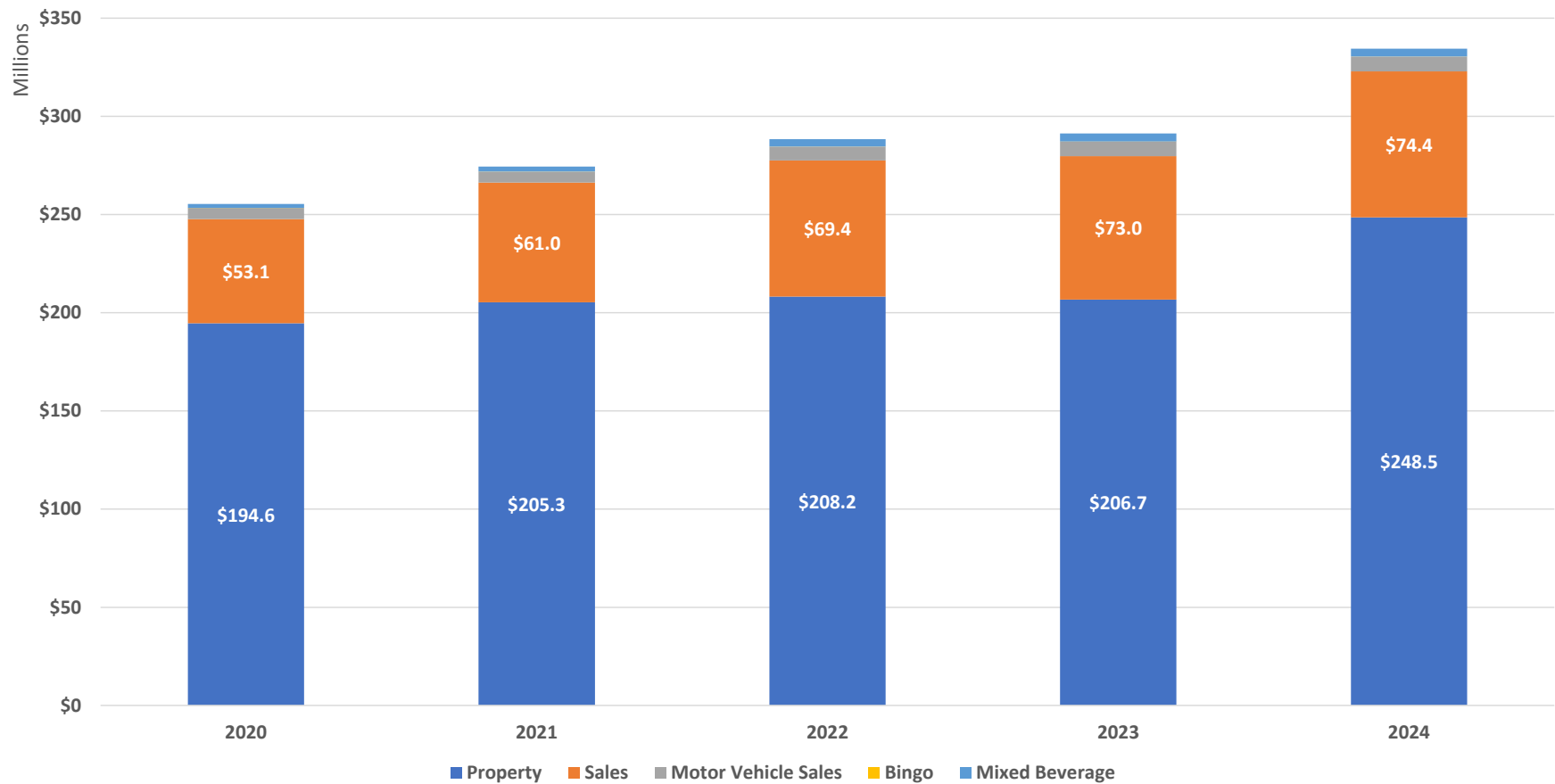


General Fund

Revenue and Expense Trends

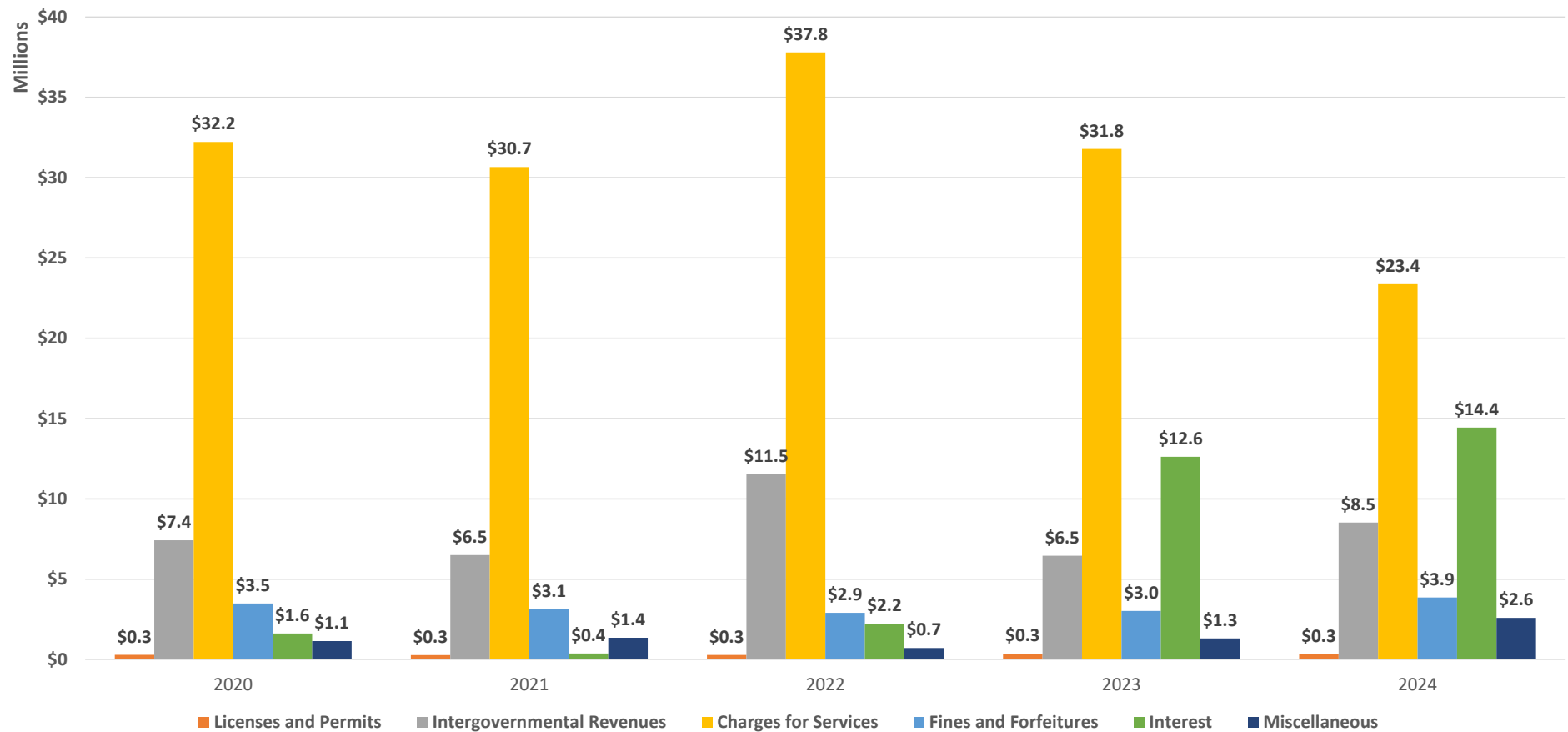


General Fund Tax Revenue Sources



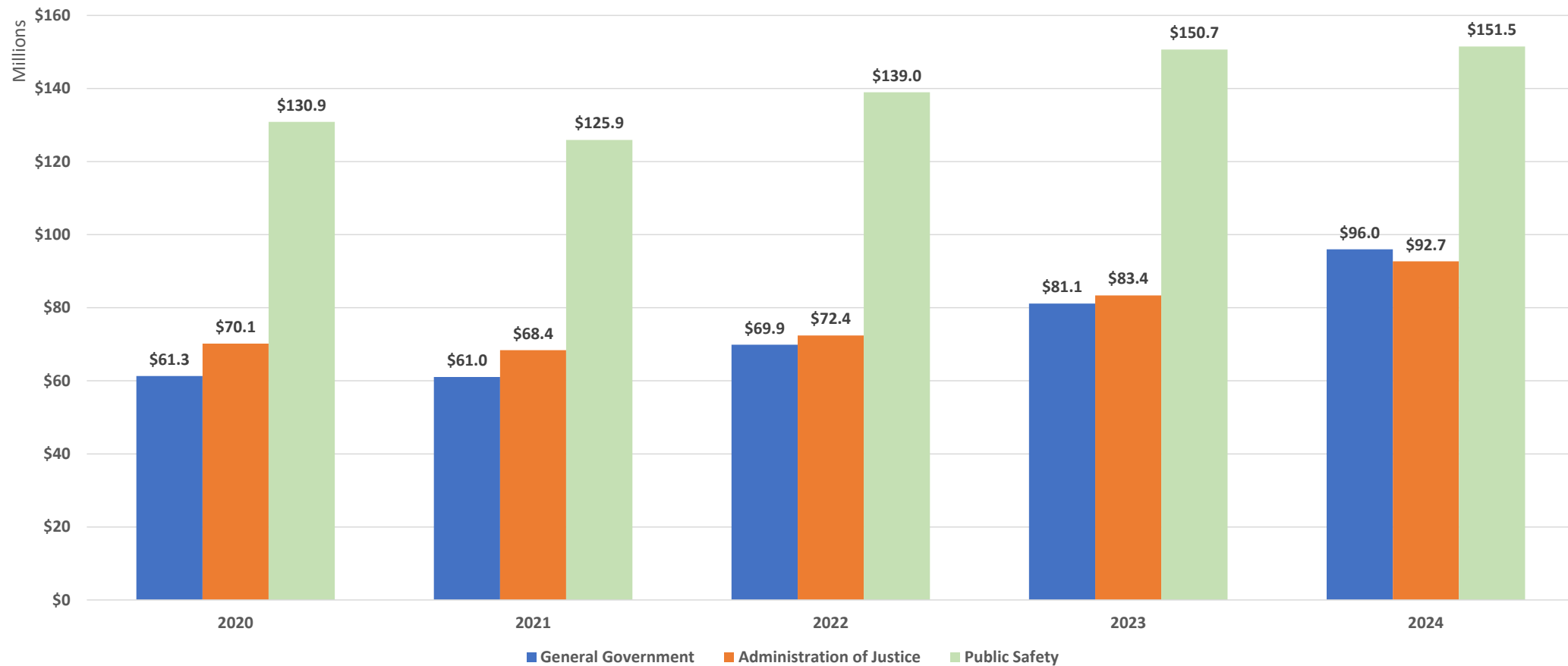
General Fund

Other Revenue Sources



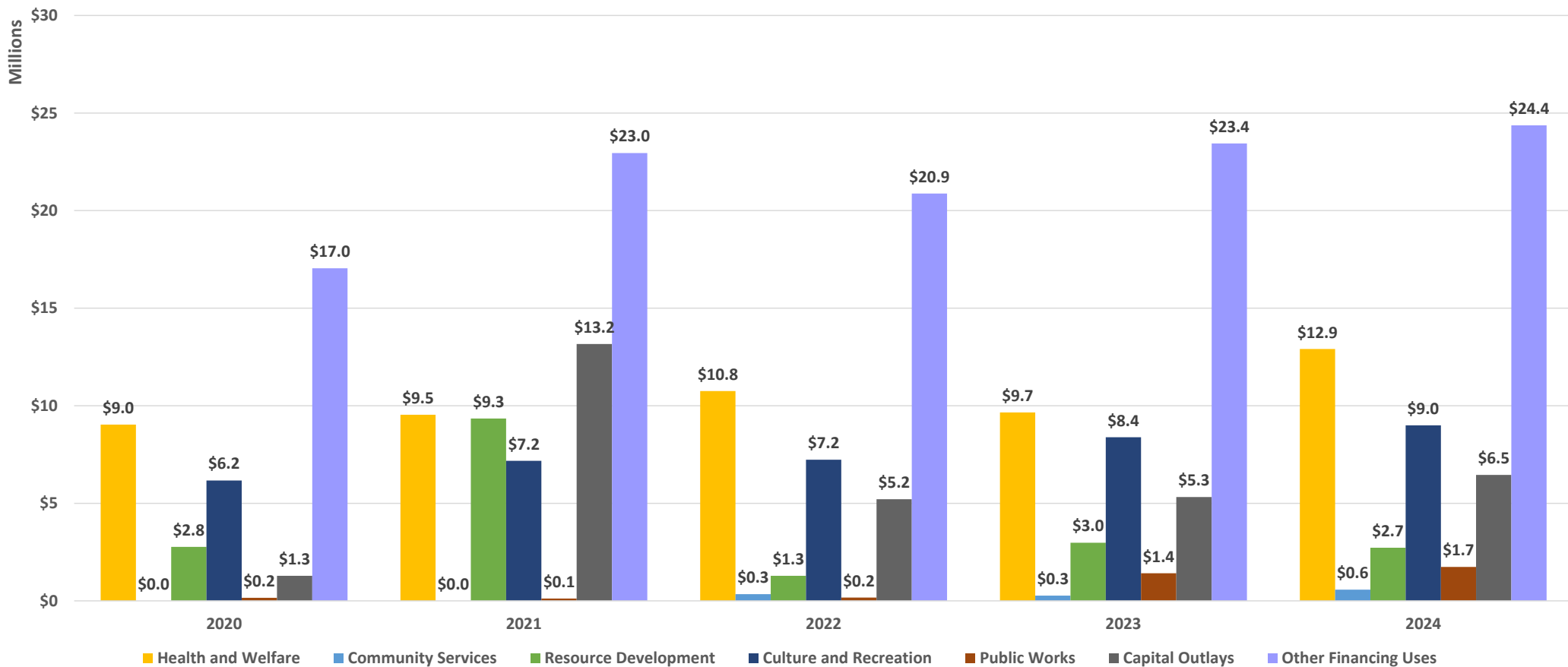
General Fund

Top Three Functions by Expenditures

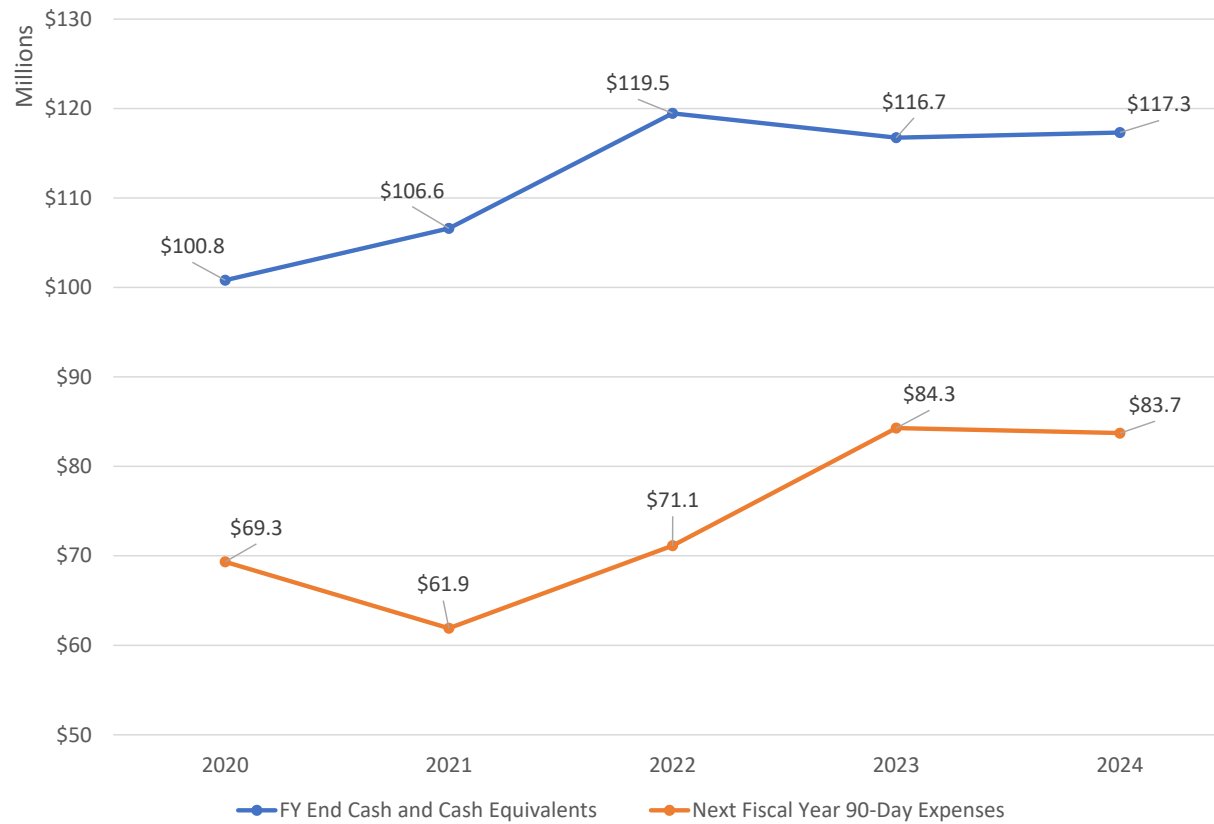


General Fund

Other Function Expenditures



General Fund – Cash and Cash Equivalents Compared to Expenditures



Questions?

