



# **Migrant Emergency Expenditures Review P2023-04**

Issued by the  
Internal Audit Office  
June 15, 2023



# Internal Audit Office

**MAYOR**  
Oscar Leeser

**DATE:** June 15, 2023

**CITY COUNCIL**

District 1  
Brian Kennedy

District 2  
Alexsandra Anello

District 3  
Cassandra Hernandez

District 4  
Joe Molinar

District 5  
Isabel Salcido

District 6  
Art Fierro

District 7  
Henry Rivera

District 8  
Chris Canales

**INTERIM  
CITY MANAGER**  
Cary Westin

**TO:** Katherine N. Cote, Director of Office Management & Budget

**FROM:** Edmundo S. Calderon, CIA, CGAP, CRMA, Chief Internal Auditor

**SUBJECT:** Migrant Emergency Expenditures Review P2023-04

As part of the 2022-2023 Annual Audit Plan, the Internal Audit Office scheduled a review of the expenditures incurred by the City of El Paso to manage the influx of Migrants crossing the southern border of the United States into El Paso, Texas. This engagement was accepted based on the engagement's potential to improve management of risks, add value, and/or improve the organization's operations (IIA 2010.C1). The work performed does not constitute an audit conducted in accordance with *Generally Accepted Government Auditing Standards* (GAS 1.16). The Observations and Conclusions that are reported in this Memorandum do not require Management Responses.

**Objectives:**

The objectives of the Migrant Emergency Expenditures Review Project were to:

- Review and obtain an understanding of the *Emergency Food and Shelter Program's (EFSP) Humanitarian Relief Funding Guidance* for Fiscal Year 2022.
- Verify that the costs incurred in response to the City's Migrant Humanitarian Crisis are properly recorded and in compliance with the *EFSP's Humanitarian Relief Funding Guidance* for Fiscal Year 2022.
- Determine if City operations dedicated to the Migrant Humanitarian Crisis have proper supporting documentation to justify all expenditures incurred.
- Verify reimbursements received to date from the Federal Emergency Management Agency (FEMA) are accounted for and reported.

**Scope:**

Our review focused on the Migrant Humanitarian Crisis Expenditures incurred by the City of El Paso during the 3rd and 4th Quarter of Calendar Year 2022 (July 1, 2022 to December 31, 2022.) Our review also focused on the reimbursement/advancement payments granted by Federal Emergency Management Agency (FEMA) during the same timeframe.

**Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor**  
Internal Audit Office | 218 N. Campbell | El Paso, TX 79901  
O: (915) 212-0069 | D: (915) 212-1365 | Email: [calderones@elpasotexas.gov](mailto:calderones@elpasotexas.gov)





# Internal Audit Office

**MAYOR**  
Oscar Leeser

**CITY COUNCIL**

**District 1**  
Brian Kennedy

**District 2**  
Alexandra Annello

**District 3**  
Cassandra Hernandez

**District 4**  
Joe Molinar

**District 5**  
Isabel Salcido

**District 6**  
Art Fierro

**District 7**  
Henry Rivera

**District 8**  
Chris Canales

**INTERIM  
CITY MANAGER**  
Cary Westin

**Background**

A surge of Migrants crossing the southern border of the United States into El Paso, Texas caused a security risk and a humanitarian and economic crisis for the City. During the surge, Migrants were being released onto El Paso streets by the hundreds and thousands on a daily basis with little to no resources. As a result, the Mayor of the City of El Paso issued a “Declaration of Disaster” and a “State of Emergency” to address the Migrant Humanitarian Crisis.

The City of El Paso provided aid to Migrants so they could get to their final destination. The City offered shelter, meals, personal hygiene, and transportation. The City requested funding assistance from the Federal Emergency Management Agency’s Emergency Food and Shelter Program (EFSP) to manage and recover the expenses incurred during the Migrant Humanitarian Crisis (MHC.)

**Calendar Year 2022**

Our review confirmed that the City of El Paso submitted \$10,613,827.52 in MHC Expenditures to the EFSP for Calendar Year 2022. As of December 31, 2022, the City had received a total of \$11,995,193.77 in reimbursements and advance payments from the EFSP. The remaining \$1,381,366.25 was available for use in Calendar Year 2023. See table below:

Quarter	MHC Expenses Submitted by City	Amount Reimbursed by EFSP	Amount Advanced by EFSP	Difference	Reimbursement/ Advancement Status
1st Quarter (Jan. 1, 2022 - Mar. 31, 2022)	\$157,521.00	\$157,121.76	\$0.00	-\$399.24	Received on 9/22/22
2nd Quarter (Apr. 1, 2022 - Jun. 30, 2022)	\$81,072.70	\$80,824.30	\$0.00	-\$248.40	Received on 9/21/2022
3rd Quarter (Jul. 1, 2022 - Sept. 30, 2022)	\$5,130,693.53	\$3,757,647.71	\$0.00	-\$1,373,045.82 (These expenses are still being reviewed by EFSP)	Received on 12/20/2022
4th Quarter (Oct. 1, 2022 - Dec. 31, 2022)	\$5,244,540.29	\$0.00	\$2,000,000.00	\$2,755,459.71	Received on 10/12/22
		\$0.00	\$6,000,000.00		Received on 12/30/22
<b>Totals:</b>	<b>\$10,613,827.52</b>	<b>\$3,995,593.77</b>	<b>\$8,000,000.00</b>	<b>\$1,381,766.25</b>	

**Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor**  
Internal Audit Office | 218 N. Campbell | El Paso, TX 79901  
O: (915) 212-0069 | D: (915) 212-1365 | Email: [calderones@elpasotexas.gov](mailto:calderones@elpasotexas.gov)





# Internal Audit Office

**MAYOR**  
Oscar Leoser

1<sup>st</sup> Quarter of Calendar Year 2023

According to the Office of the Comptroller's Grants Administration Office, the City submitted an additional \$1,812,062.97 in MHC Expenditures to the EFSP and received three additional advance payments totaling \$14,557,048.00 for the 1<sup>st</sup> Quarter of Calendar Year 2023 (January 1, 2023 to March 31, 2023.) The remaining \$12,744,985.03 were available to continue funding the MHC. See the table below:

**CITY COUNCIL**

District 1  
Brian Kennedy

District 2  
Alexandra Anello

District 3  
Cassandra Hernandez

District 4  
Joe Molnar

District 5  
Isabel Salcido

District 6  
Art Fierro

District 7  
Henry Rivera

District 8  
Chris Canales

Quarter	MHC Expenses Submitted by City	Amount Reimbursed by EFSP	Amount Advanced by EFSP	Difference	Reimbursement/ Advancement Status
1st Quarter (Jan. 1, 2023 - Mar. 31, 2023)	\$1,812,062.97	\$0.00	\$4,390,981.00	\$12,744,985.03	Received on 1/11/23
		\$0.00	\$600,000.00 (These funds were spent during the 4 <sup>th</sup> Quarter of 2022)		Received on 1/11/23
		\$0.00	\$9,566,067.00		Received on 3/21/23
		<b>Totals:</b>	<b>\$1,812,062.97</b>		<b>\$0.00</b>

From January 1, 2022 to March 31, 2023

The City of El Paso submitted \$12,425,890.49 in MHC Expenditures to the EFSP and received EFSP reimbursement/advancement payments totaling \$26,552,641.77. The remaining \$14,126,751.28 in available funds continues to be used by the City to manage the Migrant Humanitarian Crisis.

**INTERIM  
CITY MANAGER**  
Cary Westin

Period	Total MHC Expenditures	Total Reimbursements/ Advancements Received	Available Funds
January 1, 2022 to March 31, 2023	\$12,425,890.49	\$26,552,641.77	\$14,126,751.28

**Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor**  
Internal Audit Office | 218 N. Campbell | El Paso, TX 79901  
O: (915) 212-0069 | D: (915) 212-1365 | Email: [calderones@elpasotexas.gov](mailto:calderones@elpasotexas.gov)





# Internal Audit Office

**MAYOR**  
Oscar Leeser

## Results and Conclusion:

### CITY COUNCIL

District 1  
Brian Kennedy

District 2  
Alexsandra Anello

District 3  
Cassandra Hernandez

District 4  
Joe Mollnar

District 5  
Isabel Salcido

District 6  
Art Fierro

District 7  
Henry Rivera

District 8  
Chris Canales

**INTERIM  
CITY MANAGER**  
Cary Westlin

### **OBSERVATION 1 (Positive Observation)**

#### Expenditures for the Migrant Humanitarian Crisis

City of El Paso Strategic Plan:

- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

A review of the expenditures claimed for reimbursement by the City of El Paso’s Office of Emergency Management and the Office of the Comptroller’s Grants Administration Division for the Migrant Humanitarian Crisis (MHC) was conducted. Our review period included expenditures from the 3<sup>rd</sup> & 4<sup>th</sup> Quarter of Calendar Year 2022 (July 1, 2022 to December 31, 2022). Our review identified the following:

- The MHC Expenditures were in compliance with the *Emergency Food and Shelter Program’s Humanitarian Relief Funding Guidance* for Fiscal Year 2022. No significant compliance issues were found.
- The MHC Expenditures submitted for reimbursement were accurately recorded and reported to the Emergency Food and Shelter Program. No major discrepancies were found in our review.
- The MHC Expenditures submitted for reimbursement were well supported to justify the expenses incurred.
- The reimbursement and advancement payments received from the Emergency Food and Shelter Program were accurately accounted for and properly reported to City Council. No major discrepancies were found.

Based on our review, we can provide reasonable assurance that the Office of Emergency Management and the Grants Administration Division is properly tracking and reporting the expenditures, reimbursements, and advance payments related to the City of El Paso Migrant Humanitarian Crisis.

#### Recommendation

The Office of Emergency Management and the Grants Administration Division should continue tracking and submitting the expenditures incurred by the City of El Paso to the Emergency Food & Shelter Program to recover the costs of addressing the Migrant Humanitarian Crisis.

**Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor**  
Internal Audit Office | 218 N. Campbell | El Paso, TX 79901  
O: (915) 212-0069 | D: (915) 212-1365 | Email: [calderones@elpasotexas.gov](mailto:calderones@elpasotexas.gov)





# Internal Audit Office

**MAYOR**  
Oscar Leeser

**CITY COUNCIL**

**District 1**  
Brian Kennedy

**District 2**  
Alexandra Anello

**District 3**  
Cassandra Hernandez

**District 4**  
Joe Mollnar

**District 5**  
Isabel Salcido

**District 6**  
Art Fierro

**District 7**  
Henry Rivera

**District 8**  
Chris Canales

**INTERIM  
CITY MANAGER**  
Cary Westlin

## **OBSERVATION 2 (For Informational Purposes)**

City of El Paso Strategic Plan:

- Goal 6.2 *Implement employee benefits and services that promote financial security.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

### **Pending Reimbursement Request**

The City of El Paso has not received a pending reimbursement request of \$1,373,045.82 for expenditures incurred for the Migrant Humanitarian Crisis during the 3<sup>rd</sup> Quarter of Calendar Year 2022 (July 1, 2022 to September 30, 2022.) Our review identified the following:

- On November 4, 2022, the City of El Paso submitted the 3<sup>rd</sup> Quarter Expenditures totaling \$5,130,693.53 to the Federal Emergency Management Agency's Emergency Food and Shelter Program (EFSP) for reimbursement.
- On December 21, 2022, the EFSP approved and reimbursed \$3,757,647.71 out of the \$5,130,693.53 expenditures claimed by the City.
- As of May 24, 2023, the City of El Paso has not received reimbursement from EFSP for the outstanding \$1,373,045.82 in expenditures.

The pending \$1,373,045.82 in expenditures consists of the following:

- Administration Costs (Payroll Costs) - \$1,195,577.64
- Shelter Costs - \$130,159.68
- Equipment and Asset Costs - \$47,308.50

The pending \$1,373,045.82 in expenditures have not been denied or approved. These expenditures are still under review by the EFSP and are subject to funding availability.

### **Recommendation**

The City of El Paso's Office of Emergency Management and Office of the Comptroller's Grants Administration Division should continue monitoring the progress of the pending reimbursement to ensure the \$1,373,045.82 in expenses are recovered.

**Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor**  
Internal Audit Office | 218 N. Campbell | El Paso, TX 79901  
O: (915) 212-0069 | D: (915) 212-1365 | Email: [calderones@elpasotexas.gov](mailto:calderones@elpasotexas.gov)





# Internal Audit Office

---

**MAYOR**  
Oscar Leeser

If you have, any questions please feel free to contact me at 212-1365.

---

**CITY COUNCIL**

**District 1**  
Brian Kennedy

**District 2**  
Alexsandra Anello

**District 3**  
Cassandra Hernandez

**District 4**  
Joe Molinar

**District 5**  
Isabel Salcido

**District 6**  
Art Flerro

**District 7**  
Henry Rivera

**District 8**  
Chris Canales

---

**INTERIM  
CITY MANAGER**  
Cary Westin

cc: Financial Oversight and Audit Committee  
Cary Westin, Interim City Manager  
Robert Cortinas, Deputy City Manager of Support Services & Chief Financial Officer  
Margarita Marin, City Comptroller

**Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor**  
Internal Audit Office | 218 N. Campbell | El Paso, TX 79901  
O: (915) 212-0069 | D: (915) 212-1365 | Email: [calderones@elpasotexas.gov](mailto:calderones@elpasotexas.gov)



DELIVERING EXCEPTIONAL SERVICES

**Migrant Emergency Expenditures  
Review P2023-04  
Management Responses**





# Office of Management and Budget

**MAYOR**  
Oscar Leeser

**TO:** Edmundo Calderon, Internal Auditor  
**FROM:** K. Nicole Cote, Interim Managing Director of Budget & Strategic Sourcing  
**SUBJECT:** Migrant Emergency Expenditures Review P2023-04

---

**CITY COUNCIL**

**District 1**  
Brian Kennedy

**District 2**  
Alexandra Annelo

**District 3**  
Cassandra Hernandez

**District 4**  
Joe Molinar

**District 5**  
Isabel Salcido

**District 6**  
Art Fierro

**District 7**  
Henry Rivera

**District 8**  
Chris Canales

---

**INTERIM  
CITY MANAGER**  
Cary Westin

This memorandum is to provide an update to the actions taken in response to the observation made by Internal Audit as part of the scheduled a review of the expenditures incurred by the City of El Paso to manage the influx of Migrants crossing the southern border of the United States into El Paso, Texas.

## **Observation 1 – Expenditures for the Migrant Humanitarian Crisis**

Thank you for the time spent by your team for their comprehensive review and positive observation of the team’s efforts regarding the expenditures incurred during this emergency.

## **Observation 2 – Pending Reimbursement Request**

The City of El Paso has not received a pending reimbursement request of \$1,373,045.82 for expenditures incurred for the Migrant Humanitarian Crisis during the 3<sup>rd</sup> Quarter of Calendar Year 2022 (July 1, 2022 to September 30, 2022.)

As noted the pending \$1,373,045.82 in expenditures have not been denied or approved and these expenditures are still under review by the EFSP and are subject to funding availability. The Grants Administration Division of the Office of the Comptroller along with the Office of Emergency Management will continue to monitor and request the reimbursement as funding and more information becomes available.

These audits provide an opportunity for improvement and ensure that the multi-departmental teams set the standard for all to follow by adhering to our policies and procedures.

