



COUNTY OF EL PASO  
OFFICE OF THE COUNTY AUDITOR

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11-32

November 30, 2018

Mrs. Veronica Myers, Director  
El Paso County Parks & Recreation  
6900 Delta Dr.  
El Paso, Texas 79905

Dear Mrs. Myers:

The County Auditor's Internal Audit division performed an audit of the El Paso County Parks and Recreation Aquatics Division for the 2018 summer season to determine if internal controls are adequate to ensure proper preparation of the division's financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested six financial controls and two operating controls with a total of 412 samples. There were three findings noted as a result of the audit procedures, two were prior audit findings. We wish to thank the Parks and Recreation department for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Respectfully,

Edward A. Dion  
County Auditor

EAD:HM:ya

cc: Mrs. Betsy Keller, Chief Administrator  
Mrs. Norma R. Palacios, Public Works Director



## Parks and Recreation Aquatics Division

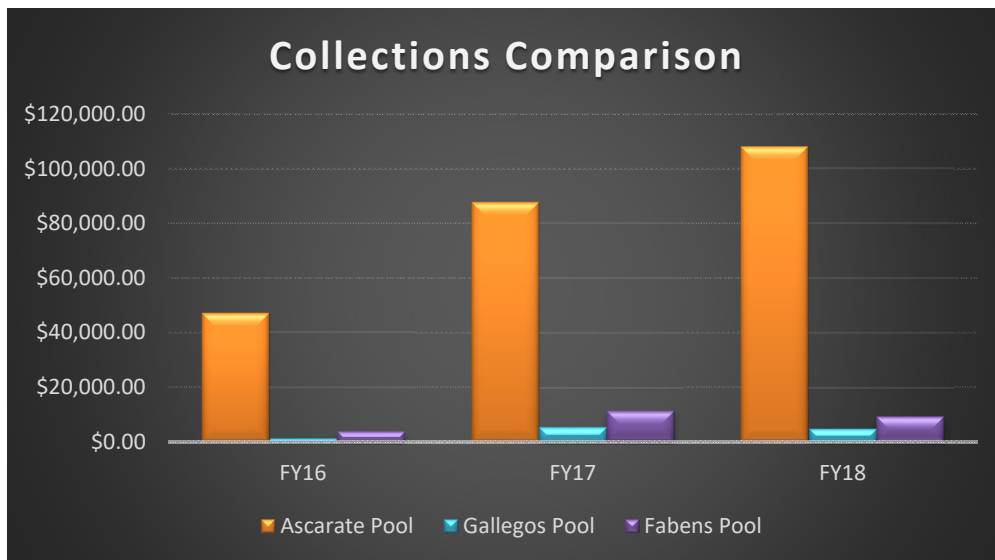


### EXECUTIVE SUMMARY

#### BACKGROUND

The aquatics division of El Paso County Parks and Recreation consists of the Ascarate, Gallegos, and Fabens swimming pools. The Ascarate pool has an Olympic size outdoor pool and is one of the few pools suitable for competitive swim events in El Paso County. The area includes an enclosed picnic area shaded by tents that are available for rental. The other two pools are located in Fabens and Canutillo, Texas. All pools are open from April through September each year and are available to the public as well as for private party rentals. During the FY18 season the Ascarate pool established a Pro-Shop that offers a wide range of merchandise and apparel. Revenues are from admissions, merchandise, and rental fees.

Ascarate pool uses RecWare cashing system to account for collections. The other two locations use a sequential bracelet system and cash box. During the FY16 pool season all three pools were under renovation and opened late, resulting in decreased collections. For the FY18 season, admission fees were increased for the Ascarate Pool. Collections for 2016, 2017, and 2018 are illustrated below.



The audit was performed by Hadi Medina, internal auditor. The most recent prior audit report was issued on November 29, 2017.

#### AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the Swimming Pool's financial reports. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Needs Improvement
2. Accurate posting in RecWare of revenue collected	Needs Improvement
3. Timely deposit of pool rental collections and adequate treatment of refunds	Satisfactory
4. Posting of deposits to the Financial Accounting System	Satisfactory
5. Timely posting of tent rentals, swim lessons, and swim team practice deposits	Satisfactory
6. Functioning appropriate Pool Pro-Shop controls	Satisfactory
7. Adherence to documented policies and procedures	Satisfactory
8. Appropriate emergency measures	Satisfactory

#### SCOPE

The scope of the audit is April 2018 through September 2018.

#### METHODOLOGY



## Parks and Recreation Aquatics Division



### EXECUTIVE SUMMARY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Performed a surprise cash count in accordance with *Local Government Code (LGC) §115.0035*
- Reviewed 100% of the RecWare receipts and cash count sheets completed in support of each deposit slip.
- Reviewed a sample of bracelets for accurate sequential order and accountability.
- Tested all party rental agreements and refunds processed to verify timeliness and supporting documentation.
- Tested all payments for swim team practices, tent rentals, and swim lessons for timeliness.
- Traced a sample of daily deposit slips to the financial accounting system for compliance with *LGC §113.022*.
- Traced a sample of purchase orders received during the audit period to verify inventory was maintained accurately and updated when sold.
- Reviewed prior audit issues.
- Observed current emergency measures, such as emergency exits, lifeguard personnel training, and first aid kit availability in accordance with *Texas Administrative Code, Title 25, Part 1, Chapter 265, Rule §265.199*.

### RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for details and management action plans as well as the status of prior audit findings.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> <li>• Processing of refund requests (Obj. 3)</li> <li>• Timely deposit controls (Obj. 4 and 5)</li> <li>• Pro-Shop inventory controls (Obj. 6)</li> <li>• Maintain and follow documented policies and procedures (Obj. 7)</li> <li>• Appropriate emergency measures (Obj. 8)</li> </ul>	<ul style="list-style-type: none"> <li>• Cash handling procedures (Obj. 1)</li> <li>• Revenue receipt controls (Obj. 2)</li> </ul>
Findings Summary	
<ol style="list-style-type: none"> <li>1. Transactions were entered incorrectly in RecWare, causing over/under stating of revenue (prior audit issue).</li> <li>2. Several overages and shortages were noted on the cash count sheets reviewed (prior audit issue).</li> <li>3. A total of nine bracelets were unaccounted for after a review of all used and unused bracelets.</li> </ol>	

### INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

### CONCLUSION

The Aquatics division has implemented improvements in their operations but should continue working on the weak controls reported in current and prior audits. Implementation of the recommendations provided in this report should assist the Aquatics division in producing complete and accurate financial reports by strengthening their internal control structure.



## Parks and Recreation Swimming Pools



### FINDINGS AND ACTION PLANS

#### Prior Audit Findings Summarized with Current Status

##### Status

**H** Open

See current finding #1

1. **Finding:** 36 (13%) of 271 daily cash count sheets reviewed included either an overage or shortage.

**Recommendation:** Although the amounts are immaterial, due care should be exercised by pool staff members when performing cashiering duties to avoid overages or shortages of funds. Additional cashiering training should be provided as needed.

**Action Plan:** Cashier training will continue to take place prior to the beginning of the swimming season and as needed. The additional training will be implemented as a form of preventive action to help cashiers minimize errors with daily transactions. Random cash counts will be conducted as needed to reduce overages and shortages.

**H** Open

See current finding #2

2. **Finding:** Daily close out reports were reviewed for individual transaction accuracy based upon the number of wristbands sold. 47 of 87 daily reports (54%) were either over or under stated.

**Recommendation:** We recommend management ensure staff is properly trained to use RecWare before the start of the summer season. RecWare should be used for daily balancing and should accurately reflect transactions if reporting from RecWare is to be relied upon.

**Action Plan:** RecWare training will take place prior to the season and continue throughout to help cashiers improve transaction accuracy and daily balancing to RecWare. Transaction reports will be reviewed with staff when necessary to help improve their performance. We will reiterate to all cashiers the importance of their duties and explain that failure to improve cashier responsibilities may result in written reprimands and up to dismissal.

**L** Closed

3. **Finding:** A sample of swim team invoices was reviewed for receipt of payment and timeliness. 13 (39%) of 33 invoices reviewed contained a discrepancy. The total monetary loss to the County for unpaid invoices is \$3,770.

**Recommendation:** A procedure to bill and follow up on invoices should be documented and implemented as soon as possible to avoid future monetary losses to the County. It is recommended a similar method to the Aquatics Facility Rental approach be used, where prepayments are required. If prepayments are not required, procedures should include actions to follow up on invoices and collections of NSF checks. Management should also review all invoices to ensure payment was received and try to collect on those not paid.

*County Auditor's Comments: As of November 13, 2017 all outstanding invoices and returned checks have been paid.*

**Action Plan:** Prepayment for Aquatic Rentals will be implemented. All fees must be paid prior to monthly rentals. Cancellations will be non-refundable, unless unforeseen maintenance repairs are necessary and/or inclement weather condition should arise. Refunds will be processed at the end of each month. *Resolved.*



## Parks and Recreation Swimming Pools



### FINDINGS AND ACTION PLANS

#### Current Audit Findings

Finding #1		Risk Level <span style="background-color: yellow; border: 1px solid black; border-radius: 50%; padding: 2px;">M</span>		
<p><i>Revenues posted incorrectly in RecWare:</i> Daily close out reports were reviewed for individual transaction accuracy based upon the number of wrist bands sold. 44 of 78 daily reports (56%) were either over or under stated.</p>				
	<b>Overstated</b>		<b>Understated</b>	
	<b>Qty</b>	<b>Total Amt</b>	<b>Qty</b>	<b>Total Amt</b>
<b>\$1 to \$5</b>	6	\$ 18.00	17	\$ 57.75
<b>\$5 to \$10</b>	1	\$ 9.00	5	\$ 35.00
<b>Over \$10</b>	10	\$ 330.00	5	\$ 78.00
<p>RecWare is the cashiering system used by the Ascarate pool only. The above overstated figures indicate transactions are not being recorded in RecWare or are being recorded incorrectly, and the opposite for the understated figures. Observations and discussions with staff determined cash balancing is done to the wrist bands and not RecWare. If RecWare is the financial reporting system for Ascarate, the risk of loss, theft, or inaccurate reporting is high if 56% of the daily reports did not match the wrist band balancing. This is a prior audit issue.</p>				
<b>Recommendation</b>				
<p>We recommend management ensure staff is properly trained to use RecWare before the start of the summer season as this continues to be an issue. RecWare should be used for daily balancing and should accurately reflect transactions if reporting from RecWare is to be relied upon.</p>				
<b>Action Plan</b>				
<b>Person Responsible</b>	<b>Aquatics Manager</b>	<b>Estimated Completion Date</b>	<b>May 2019</b>	
<b>Recommendation</b>				
<p>In discussing this issue with the Director, we have realized daily tent rental transactions at the Aquatic Center are included with daily wristband sales in the RecWare reports. Even though we have sale buttons for each, they are going into the same RecWare account totals, accounting for all daily sales rather than just wristband sale totals per day. The manager will contact IT to create a separate account for tent rentals in RecWare to accurately compare input transactions with daily cash count sheets. Manager will provide RecWare training for head lifeguards prior to the beginning of the season and additional training for cashiers to improve transaction accuracy.</p>				



## Parks and Recreation Swimming Pools



### FINDINGS AND ACTION PLANS

Finding #2		Risk Level <span style="color: green;">L</span>	
<p><i>Cash Overages and Shortages:</i> 26 (12%) of 222 daily cash count sheets reviewed included either an overage or shortage as noted below:</p> <ul style="list-style-type: none"> <li>• Ascarate – 15 shortages totaling \$53.40 and 11 overages totaling \$26.75.</li> <li>• Fabens – none</li> <li>• Canutillo – none</li> </ul> <p>Although the cash overages and shortages are immaterial (.001% of sales), best practice is they should be reviewed by management to ensure existing processes and procedures are evaluated to reduce future incidents that could lead to loss of County revenue. This is a prior audit issue. Based on the totals posted from Ascarate RecWare reports to the County's general ledger, shortages were \$340.30 and overages were \$181.35 for FY18.</p>			
<b>Recommendation</b>			
<p>Although the amounts are immaterial, due care should be exercised by pool staff members when performing cashiering duties to avoid overages or shortages of funds. Additional cashiering training should be provided as needed.</p>			
<b>Action Plan</b>			
<b>Person Responsible</b>	<b>Aquatics Manager</b>	<b>Estimated Completion Date</b>	<b>May 2019</b>
<p>Even though the total amounts are immaterial, cashier training will continue to take place prior to the beginning of the season and as necessary to improve cashiering duties. Management will continue to meet with staff throughout the summer season to discuss concerns as well as improve cash handling processes. Management will request approval for head guards to have access to print out end of day reports on a daily basis and report discrepancies to Aquatics Manager.</p>			

Finding #3		Risk Level <span style="color: green;">L</span>	
<p><i>Pool bracelets:</i> Entry bracelets were reviewed for accurate sequential order and accountability. Ascarate Pool bracelets were the ones reviewed due to higher risk. Every bracelet roll used during the FY18 season in Ascarate Pool was reviewed. Bracelets were categorized by either being used for entry throughout the year or had been stored and logged for next year. Nine of 25,556 bracelets reviewed were unaccounted for. Due to multiple colors and number of bracelets used during the season, bracelets could be misappropriated and lead to loss of County revenues.</p>			
<b>Recommendation</b>			
<p>A procedure to issue and account for all bracelets is recommended to track bracelets being used in all locations. The range and colors of bracelets used by location should be logged on a daily basis, as well as leftover bracelets from each roll.</p>			
<b>Action Plan</b>			
<b>Person Responsible</b>	<b>Aquatics Manager</b>	<b>Estimated Completion Date</b>	<b>May 2019</b>
<p>Sequence numbering and color wristbands are accounted for at the end of each day by date, color, ending number and which cashier used the wristbands for the scheduled date. Scheduled staff will continue to log wristband usage on a daily basis. Manager or head guard on duty issuing wristbands will account for the amount issued per cashier as they request additional wristbands as needed. Tracking logs and end of day reports will be reviewed on a daily basis to compare total amounts in wristband sales. Head guards will report any discrepancies to the Aquatics Manager.</p>			