



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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09-16

September 20, 2019

Mrs. Veronica Myers
El Paso County Parks and Recreation Director
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 Sportspark's financial records to determine if internal controls are adequate to ensure proper preparation of the Sportspark financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating, compliant and efficient.

The audit report is attached. We tested four financial controls and two operating controls with a total of 209 samples. There were five findings noted as a result of the audit procedure. We wish to thank the management and staff of the Sportspark 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:JO:ya

cc: Ms. Betsy Keller, Chief Administrator
Mrs. Norma Palacios-Rivera, Public Works Deputy Director
Mrs. Terri Johnson, Parks and Recreation



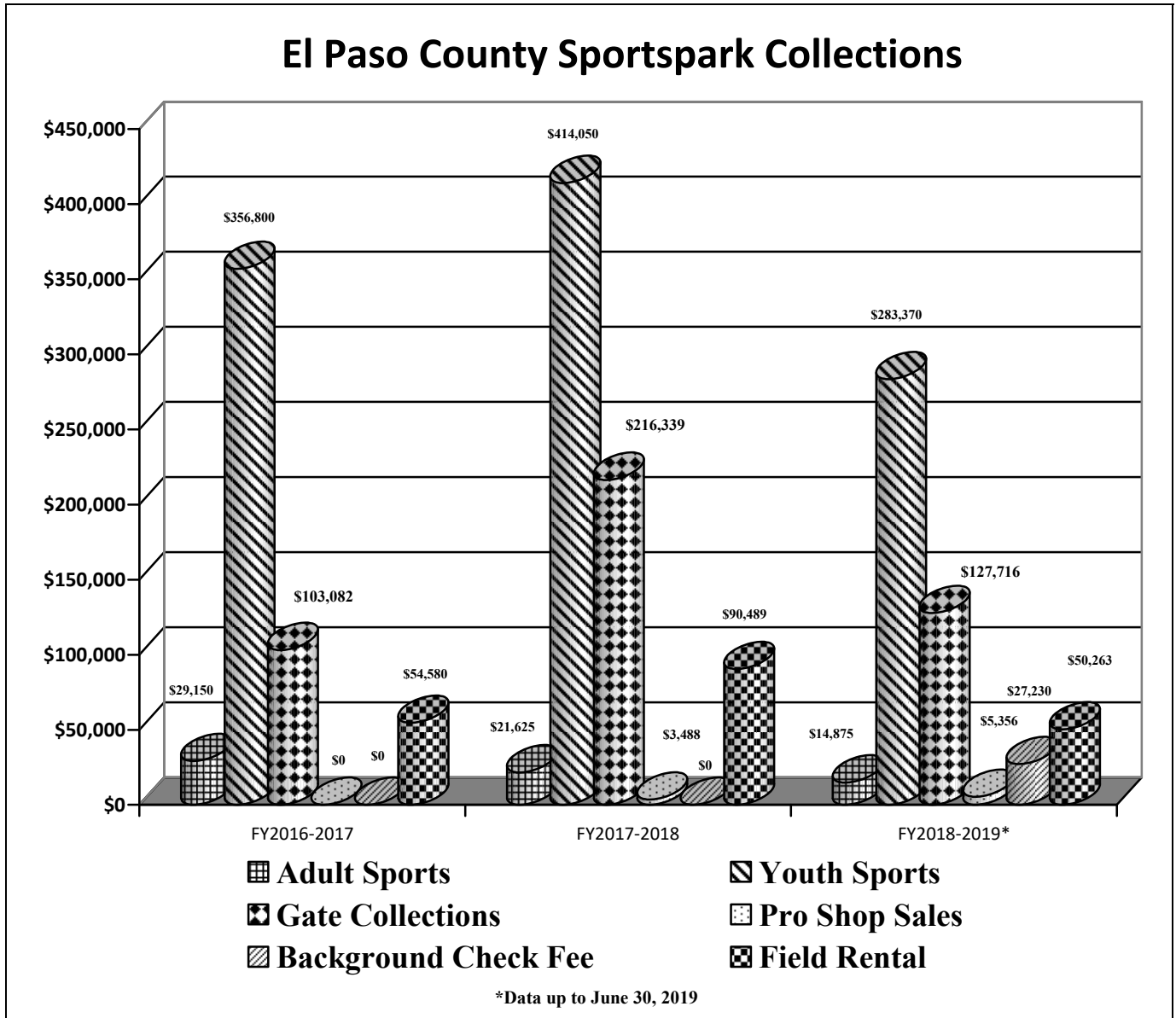
The El Paso County SportsPark Parks and Recreation



Executive Summary

BACKGROUND

In 2002, the County of El Paso purchased the Champions Sportsplex and officially re-named it the El Paso County SportsPark. The mission of the SportsPark is to be a safe, specialized venue for participants of organized youth and adult baseball programs as well as all who wish to visit the park. Baseball programs are played on ten fields (six official baseball fields and four modified for T-ball play) throughout the year. In September 2012, renovations began to improve the SportsPark buildings and fields to offer the community the best sporting experience possible. Renovations were completed in 2016 at a cost of \$10 million. In 2018, a pro shop was added offering a variety of baseball equipment, clothing and other sports related items and in conjunction with the El Paso County Sheriff's department, a background check service for all coaching staff and umpires was also added. Also in 2018, a management position was added and filled. Other staff members include League Manager, one administrative specialist and five cashiers. Types of collections made by the SportsPark staff include, registration fees (youth and adult), field rental fees, background check fees, pro shop sales and gate entrance fees.



Source: County RecWare System



The El Paso County Sportspark Parks and Recreation



Executive Summary

The audit was performed by James O'Neal, internal audit manager – senior. The most recent prior audit report was issued on July 30, 2015.

AUDIT OBJECTIVES

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

Business Objective	Control Assessment
1. Establish and document current policies and procedures	Needs Improvement
2. Compliance with timely deposit law Local Government Code 113.022	Needs Improvement
3. Proper fee collection process and controls	Needs Improvement
4. Appropriate registration refunding processes and controls	Needs Improvement
5. Functioning appropriate Pro-Shop inventory processes and controls	Satisfactory
6. Management and processing of field rental contracts in accordance with policies and procedures	Needs Improvement

SCOPE

The scope of the audit is June 2018 to June 2019 which covers the spring, summer, fall and winter baseball seasons.

METHODOLOGY

To achieve the audit objectives we:

- Requested and reviewed current policies and procedures to ensure compliance and proper controls
- Tested a sample of collections for timely deposit compliance in accordance with Local Government Code (LGC) § 113.022.
- Reviewed and tested a sample of fee collection receipts to ensure proper fee collection processes and controls are followed
- Reviewed a sample of seasonal refunds issued to ensure proper and functioning controls are in place
- Reviewed a sample of pro shop purchase orders to ensure proper controls and segregation of duties are in place
- Reviewed a sample of seasonal field rental agreements to ensure proper documentation and controls are in place

RESULTS

Listed below are control 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 and the status of the prior audit findings.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Proper pro shop inventory ordering processes and controls (Obj. 5) 	<ul style="list-style-type: none"> • Adequately established policies and procedures (Obj. 1) • Timely deposit compliance (LGC § 113.022) (Obj. 2) • Proper fee collection processes and controls (Obj. 3) • Appropriate registration refunding processes and controls (Obj. 4) • Proper management and processing of field rental contracts in accordance with policies and procedures (Obj. 6)



The El Paso County Sportspark Parks and Recreation



Executive Summary

Findings Summary

1. Policies and procedures missing key processes for handling sensitive information.
2. Daily collections sampled not in compliance with LGC § 113.022.
3. Proper fee collection processes and controls not followed.
4. Refunded players not noted on the team roster as a refunded or non-valid player and refund checks not made payable to the original payer.
5. Contracts sampled had multiple issues regarding payments.

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 El Paso County Sportspark has met one of six objectives of this audit. Implementation of the recommendation provided in this report should assist the Sportspark in improving the internal control structure of its operations.



The El Paso County Sportspark Parks and Recreation



Findings and Action Plans

Prior Audit Findings Summarized with Current Status

Status

M Open

See finding #2

1. **Finding:** Daily deposits were not in compliance with LGC §113.022, timely depositing of collections.

Recommendation: All monies should be made in compliance with LGC §113.022 and the management should explore the possibility of accepting credit cards as an additional form of payment.

Action Plan: No action plan noted in prior audit report. *Auditor Note:* Timely deposits continue to be an issue for the Sportspark. Credit cards are now being accepted for all services.

M Open

See finding #4

2. **Finding:** Several players were still listed on team rosters after refunds were issued for those players.

Recommendation: Once a refund has been issued for a player that player should be flagged or removed from the roster to avoid any confusion.

Action Plan: No action plan noted in prior audit report. *Auditor Note:* This process continues to be an issue for the Sportspark.

M Closed

3. **Finding:** Large number of daily shortages and overages over the time period under review due to a computer issue in RecWare. Issue being addressed by the County Information Technology Department.

Recommendation: Due care should be exercised when collecting and recording County collections. Further, management should follow-up and determine a resolution in regards to the computer issues being addressed.

Action Plan: No action plan noted in previous audit report. *Auditor Note:* Computer issues were corrected and shortages and overages have reduced.

L Closed

4. **Finding:** Some items purchased under the Sportspark budget and index were used at Ascarate Park.

Recommendation: All items purchased under the Sportspark index and budget should be used for Sportspark purposes only.

Action Plan: No action plan noted in prior audit report. *Auditor Note:* A current sampled review of purchase orders indicate all items purchased through the Sportspark budget are being utilized by the Sportspark.

L Closed

5. **Finding:** Supportive documentation for registration forms were illegible or non-existent.

Recommendation: Legible copies of all supportive documentation should be attached to all registration forms to ensure proper age group placement for all players.

Action Plan: No action plan noted in prior audit report. *Auditor Note:* A hard and scanned copy of all registration forms and supportive documentation are being kept until the end of the appropriate season.



The El Paso County Sportspark
Parks and Recreation



Findings and Action Plans

Current Audit Findings and Action Plans

Finding #1		Risk Level M									
<p><u>Policies and Procedures</u> – While reviewing the policies and procedures, we noted policies and procedures involving the acceptance, storage and disposal of sensitive information acquired during the application and registration processes were not included.</p> <p>The lack of documented proper controls involving sensitive information may lead to information misuse and possible litigation against the County. Further, failure to have updated policies and procedures may weaken the office internal controls, lead to non-compliance of laws and regulations and fail to offer proper guidance to office staff members.</p>											
<p>Recommendation</p> <p>Current policies and procedures should be updated to address the above key functions and followed as documented. Further, policies and procedures should be reviewed regularly and amended by management if necessary.</p>											
<p>Action Plan</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Person Responsible</th> <th style="width: 25%;">Sportspark Manager</th> <th style="width: 25%;">Estimated Completion Date</th> <th style="width: 25%;">October 1, 2019</th> </tr> </thead> <tbody> <tr> <td colspan="4"> <p>Sportspark management staff agrees with recommendation. Management will work with staff to review and update current policies and procedures. Management agrees to periodically review policies and procedures as necessary.</p> </td> </tr> </tbody> </table>				Person Responsible	Sportspark Manager	Estimated Completion Date	October 1, 2019	<p>Sportspark management staff agrees with recommendation. Management will work with staff to review and update current policies and procedures. Management agrees to periodically review policies and procedures as necessary.</p>			
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Finding #2		Risk Level M									
<p><u>Timely Deposits</u> – Twelve (19%) of 64 daily deposits sampled were not deposited in a timely manner. Eleven deposits showed bank deposits on the sixth business day and one deposit on the seventh business day. Collections are transported to the bank via armored car every Wednesday. Under Local Government Code LGC §113.022, collections are to be deposited on or before the next regular business day after receipt. If this is not possible, without exception, they are to be deposited on or before the fifth business day after day of receipt.</p> <p>The lack of depositing collections in a timely manner may increase the risk of theft, misuse and non-compliance with LGC §113.022.</p>											
<p>Recommendation</p> <p>Sportspark management should ensure deposits are prepared daily, stored securely and picked up in accordance with LGC §113.022. Due to the hours of operation observed by the Sportspark, the possibility of requesting an additional armored car pickup during the week may need to be researched in order to further ensure compliance.</p>											
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Findings and Action Plans

Finding #3		Risk Level M									
<p><u>Fee Collection Processes and Controls</u> – While reviewing a random sample of 127 (20%) of 633 transactions, the following was noted:</p> <ul style="list-style-type: none"> • Nine (7%) of the 127 transactions sampled did not have customer information entered into RecWare. This in turn showed a lack of customer information on the printed receipt. • Ten (8%) of the 127 transactions sampled showed the customer making multiple purchases for the same background check service. It was later determined that the one customer was paying for multiple individuals. However, since the other customer’s information was not entered into RecWare, they were not listed as customers and the paying customer’s information was printed on the receipt multiple times. <p>The lack of proper fee collection processes and controls may increase the risk of theft or misuse. Further, if a transaction is disputed, not having proper customer information may risk delay or obstruction of a proper resolution.</p>											
<p>Recommendation</p> <p>Sportspark management and staff should ensure all customer information be entered for each transaction, accordingly. Further, if one individual is to make one payment for several individuals; each individual’s information should be entered into RecWare and shown on the printed receipt.</p>											
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Findings and Action Plans

Finding #4		Risk Level M									
<p>Refund Procedures – While reviewing a random sample of 10 (20%) of 50 registration refunds, the following was noted:</p> <ul style="list-style-type: none"> • Seven (70%) did not have the player noted as ineligible on the team roster. • Four (40%) had checks made payable to someone other than the original payer. <p>Not indicating non-eligibility on the team roster may increase the risk of fraud as a player may continue to play even though the registration fees have been refunded. Further, the current registration policies and procedures clearly state refund requests must come from the person who made the original payment. Therefore, all refunds should be requested and issued to the original payer. If that is not possible, a signed and verified statement from the original payer indicating the release funds to another individual should be included in the refund request. Not complying with current registration refund policies and procedures may increase the risk of theft, fraud or misuse.</p>											
<p>Recommendation</p> <p>Sportspark management and staff should adhere to current registration refund policies and procedures and be updated if necessary. Further, if adherence is not possible, additional steps noted above should be followed to ensure refunds owed reach the appropriate person.</p>											
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Findings and Action Plans

Finding #5		Risk Level M									
<p>Field Rental Procedures – While reviewing a random sample of 8 (35%) of 23 field rental contracts, the following was noted:</p> <ul style="list-style-type: none"> • Eight (100%) did not have a cross-referencing RecWare receipt for the refundable security deposit nor the payment in full. • Per section 11 of the tournament booking standard operating procedures, all remaining license fee balances must be paid within 30 days of event. However, eight (100%) had payments made either the day of the event or after the event’s commencement. • Five (62%) had RecWare payment receipts that did not match the amount owed on the finalized field contract, resulting in over collections of \$5,374 by the County. • One (18%) was incomplete with no Schedule A documenting fees, but collected \$1,380. <p>Non-adherence to documented standard operating policies and procedures may lead to increased risk of theft, fraud or misuse.</p>											
<p>Recommendation</p> <p>Office standard operating policies and procedures regarding tournament bookings and field rentals should be followed. Further, management should review operating policies and procedures on a regular basis and update when necessary.</p>											
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