



COUNTY OF EL PASO  
OFFICE OF THE COUNTY AUDITOR

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05-17

May 14, 2020

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 Ascarate Golf Course's financial records to determine if internal controls are adequate to ensure proper preparation of the Ascarate Golf Course 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 five financial controls and three operating controls with a total of 95 samples. There were two findings noted as a result of the audit procedures; one was a prior audit finding. 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,

A handwritten signature in blue ink that reads "Edward A. Dion".

Edward A. Dion  
County Auditor

EAD:HM:ya

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



**Ascarate Golf Course**  
**For the period of December 2018 to January 2020**



**EXECUTIVE SUMMARY**

**BACKGROUND**

The Ascarate Golf Course is a 27-hole facility that was designed by architect George Hoffman and has been open for business since 1955. This makes the Golf Course at Ascarate Park one of the oldest golf courses in El Paso. The Golf Course welcomes all golfers from individual tee times to golf tournaments year round. The lighted practice facility and driving range makes it the ideal location to accommodate golfers practice needs. The course also offers a Pro-Shop that is equipped with a wide range of merchandise and apparel. The Golf Course is managed by the Pro-Shop supervisor and the PGA Golf Professional. Daily transactions are entered into the Golf Course's point of sale system (RecWare) and are accounted for in the County's financial accounting system (Munis). Financial reports can be generated from RecWare showing transactions on a daily, monthly or yearly basis. Collections for fiscal years 2017, 2018, and 2019 are illustrated below.



Source: Munis

The audit was performed by Hadi Medina, internal auditor. The scope of the last audit performed was November 2017 to November 2018 and the last audit report was issued March 2019.

**AUDIT OBJECTIVES**

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

Business Objective	Control Assessment
1. Adherence to documented policies and procedures	Satisfactory
2. Functioning appropriate cash controls	Satisfactory
3. Appropriate and timely posting of manual receipts	Needs Improvement
4. Timely deposits of collections in accordance with <i>Local Government Code 113.022</i>	Needs Improvement
5. Proper handling and controls of gift certificates	Satisfactory
6. Accuracy of void log information and functioning controls	Needs Improvement
7. Adequate non-financial security and operational measures	Satisfactory

**SCOPE**

The scope of the audit is December 2018 through January 2020.



**Ascarate Golf Course**  
**For the period of December 2018 to January 2020**



**EXECUTIVE SUMMARY**

**METHODOLOGY**

To achieve the audit objectives we:

- Interviewed staff to gain an understanding of their current policies and procedures over sales, lessons, customer service, tournaments and Pro-Shop operations.
- Performed a surprise cash count in accordance with *Local Government Code (LGC) §115.0035*.
- Tested a sample of manual receipts for appropriate and timely posting to RecWare.
- Traced a sample of daily deposit slips to the financial accounting system for compliance with *LGC §113.022*.
- Tested a sample of gift certificates to determine appropriate RecWare entry and use.
- Tested all voided transactions entered in RecWare to determine proper documentation and approval.
- Observed current security and operational processes and controls.

**RESULTS**

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

<b>Control Summary</b>	
<b>Good Controls</b>	<b>Weak Controls</b>
<ul style="list-style-type: none"> <li>• Maintain and follow department policies and procedures (Obj. 1)</li> <li>• Cash handling procedures (Obj. 2)</li> <li>• Gift Certificate controls (Obj. 5)</li> <li>• Non-financial security and operational controls (Obj. 7)</li> </ul>	<ul style="list-style-type: none"> <li>• Manual receipt controls (Obj. 3)</li> <li>• Timely deposit controls (Obj. 4)</li> <li>• Void log controls and procedures (Obj. 6)</li> </ul>
<b>Finding Summary</b>	
<ol style="list-style-type: none"> <li>1. Manual receipt procedures were not followed on 50% of manual receipts sampled (prior audit issue).</li> <li>2. Void procedures were not followed for two of seven voids.</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 Golf Course has implemented improvements in their operations but should continue working on weak controls reported in current and prior audits. Implementation of the recommendations provided in this report should assist the Golf Course in producing complete and accurate financial reports by strengthening their internal control structure.



**Ascarate Golf Course**  
**For the period of December 2018 to January 2020**



**FINDINGS AND ACTION PLANS**

**Prior Audit Findings Summarized with Current Status**

**Status**

- (M) Closed** 1. **Finding:** Four (13%) of 30 daily deposits sampled were not deposited in a timely manner. One was deposited two days late and the other three were deposited a day late. Under LGC §113.022, collections are to be deposited with the county treasurer 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 the day the money was received.  
**Recommendation:** Golf Course management should ensure deposits are prepared daily and left ready for pickup in accordance with LGC §113.022. Parks and Recreation management should verify deposits are being prepared and deposited in a timely manner.  
**Action Plan:** Ascarate Golf Course is in the process of reorganizing their staff to improve efficiency. A clerk will be hired to help with the administrative portion and will be in charge of preparing daily deposits. The Golf Course supervisor will review deposit slips on a daily basis for accuracy and timely preparation. *Auditor note: one exception was noted during testing in the current audit and will be addressed as a verbal finding due to immateriality.*
  
- (M) Open** 2. **Finding:** A sample of 30 manual receipts was reviewed and one (3%) was never posted to RecWare. When a manual receipt is used, procedures require the cashier include the date, product purchased, amount paid, payment type, and their initials. Once the cashiering system is functional, these transactions must be entered as soon as possible. The RecWare receipt number must be entered on the carbon copy of the manual receipt and the transaction receipt must be stapled as well. Due care should be exercised by Golf Course staff when using manual receipts to avoid the loss of County collections.  
**Recommendation:** Manual receipts should be entered into RecWare as soon as possible. We recommend management verify the posting of all manual receipts in a timely manner.  
**Action Plan:** Staff will be responsible for entering manual receipts into RecWare as soon as possible. The Golf Course supervisor will review the manual receipt book at the end of every week to ensure all payments have been posted and the receipt is attached.

See current finding #2
  
- (M) Closed** 3. **Finding:** Six inventory items were unaccounted for. A total of 35 purchase orders were received during the audit scope. A sample of 10 was reviewed for accurate inventory entry and traced to merchandise sales for proper accountability. An inventory was conducted on the items received from the purchase orders, which was 263 items, and compared to the items sold during the same time frame. After reconciling the inventory, six items were unaccounted for. The value of the items missing is \$40. This was a prior audit issue. The prior audit action plan of physical inventory and updating and verification of secondary inventory spreadsheets every Monday has not been implemented due to staffing limitations.  
**Recommendation:** The Golf Pro-Shop supervisor should continue to find ways to improve inventory management. Due to the difficulty of updating the current software, it is recommended a documented inventory process be established to ensure that inventory is accurate and safeguarded. Some recommendations to be included are physical inventories and inventory placement to avoid theft. An annual 100% inventory is recommended until a new software is in place.  
**Action Plan:** Policies and Procedures for the Pro-Shop are in the final stages of completion. They have been reviewed by our office and are awaiting approval from Public Works. *Resolved.*



**Ascarate Golf Course**  
**For the period of December 2018 to January 2020**



**FINDINGS AND ACTION PLANS**

**Current Audit Findings & Action Plans**

Finding #1		Risk Level <span style="background-color: yellow; border: 1px solid black; border-radius: 50%; padding: 2px;">M</span>	
<p><i>Manual Receipts:</i> A sample of 30 manual receipts were reviewed for completeness and accuracy; fifteen (50%) contained discrepancies as noted below:</p> <ul style="list-style-type: none"> <li>• Fourteen manual receipts were missing the RecWare receipt.</li> <li>• A manual receipt took 12 days to be posted to RecWare and deposited.</li> </ul> <p>Best practice is for cashiers to post manual receipts to the cashiering system as soon as possible once the system is functional. The RecWare receipt number should be entered on the manual receipt or the receipt should be stapled to the carbon copy of the manual receipt. Not implementing best practices can increase the risk of theft and loss of County collections. This is a prior audit issue.</p>			
<b>Recommendation</b>			
<p>Manual receipts should be entered into RecWare as soon as possible and the receipt or receipt number should be attached to the manual receipt. Under no circumstances should funds be kept in violation of <i>LGC §113.022</i>. We recommend management verify the posting of all manual receipts in a timely manner.</p>			
<b>Action Plan</b>			
<b>Person Responsible</b>	<b>Golf Course Pro-Shop Supervisor</b>	<b>Estimated Completion Date</b>	<b>7/1/2020</b>
<p>Employees will be retrained on how to enter a manual receipt into RecWare. This will produce a receipt that will be stapled to the corresponding receipt in the manual receipt book. We will retrain our cashiers to help rectify any deficiencies. The 14 manual receipts in question were reviewed and timely entry in RecWare was verified.</p>			

Finding #2		Risk Level <span style="background-color: yellow; border: 1px solid black; border-radius: 50%; padding: 2px;">M</span>	
<p><i>Voided Transactions:</i> All seven voided transactions occurring during the audit scope were reviewed for accuracy. Two (29%) failed to follow the current voids policies and procedures.</p> <ul style="list-style-type: none"> <li>• A voided transaction was not recorded on the voided transaction log</li> <li>• A voided transaction was missing the voided receipt with the customer's signature.</li> </ul> <p>When a transaction is voided, policies and procedures require the cashier to log the void with an explanation, their initials, and the supervisor's initials. The customer must sign the voided receipt as a verification control in the event the supervisor is not present. Management has stated that due to other Golf Course duties, it is difficult to have a second individual present at all times in the Pro Shop. Failure to follow the current void controls can lead to loss of revenue by creating an opportunity for fraud.</p>			
<b>Recommendation</b>			
<p>A supervisor should verify all voids are processed and recorded in the void log appropriately on a daily basis, as well as have customer signatures if required.</p>			
<b>Action Plan</b>			
<b>Person Responsible</b>	<b>Golf Course Pro-Shop Supervisor</b>	<b>Estimated Completion Date</b>	<b>7/1/2020</b>
<p>With the hiring of a Pro-Shop supervisor in February 2020 and retraining the current staff on procedures for voiding a transaction, we believe this will lead to proper voiding procedures in a timely manner.</p>			