



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA
COUNTY AUDITOR
edion@epcounty.com
www.epcounty.com/auditor

County Administrative Offices
800 East Overland Street, Rm. 406
El Paso, Texas 79901-2407
(915) 546-2040
(915) 546-8172 FAX

03-09

March 18, 2021

Mr. Robin D. Sully
Facility Maintenance Director
500 E. San Antonio, Ste. M-1
El Paso, Texas 79901

Dear Mr. Sully:

The County Auditor's Internal Audit division performed an audit of the financial records of Primo's Cafeteria, located at the County Courthouse, to determine if internal controls are adequate to ensure proper preparation of Primo's Cafeteria'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 four financial and two operating controls with a total of 79 samples. There were no findings noted as a result of the audit procedures. We wish to thank the management and staff of Primo's Cafeteria 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.

Sincerely,

Barbara Hancock for Edward A. Dion

Edward A. Dion
County Auditor

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



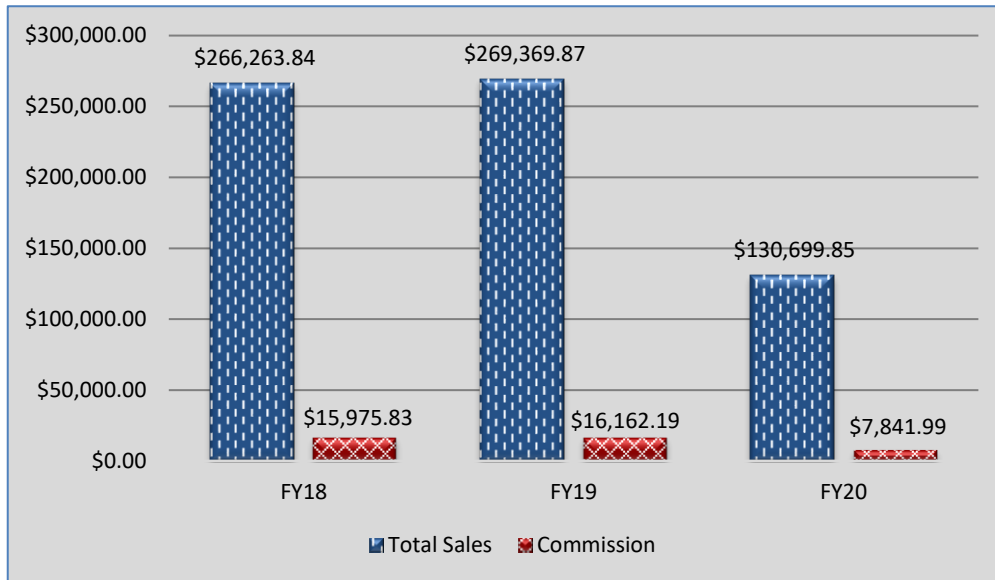
Primo's Cafeteria Audit
For the period of September 2019 to December 2020



EXECUTIVE SUMMARY

BACKGROUND

Primo's Cafeteria has been serving the El Paso County Courthouse since 2003. The concessionaire provides a full menu restaurant and a gourmet coffee shop located on the lower level and third floor of the courthouse, respectively. The software used by Primo's Cafeteria to account for financial information is RecWare. For credit card transactions, they use Square Point of Sale. El Paso County receives a 6% commission of all sales generated, excluding sales tax, by Primo's Cafeteria. Sales and commissions for fiscal years 2018, 2019, and 2020 are illustrated below. The drop in collections for FY20 was due to the Covid-19 pandemic.



Source: RecWare

The audit was performed by Hadi Medina, internal auditor. The scope of the last audit performed was February 2018 to August 2019 and the related audit report was issued on February 10, 2020.

AUDIT OBJECTIVES

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

Business Objective	Control Assessment
1. Management of contract in accordance with agreed terms and conditions	Satisfactory
2. Timely and accurate payment of monthly commissions	Satisfactory
3. Accurate posting in RecWare of revenue collected	Satisfactory
4. Functioning appropriate cash controls	Satisfactory
5. Proper documentation of sales reported and sales tax paid to the State	Satisfactory

SCOPE

The scope of the audit is September 2019 through December 2020. Due to the Covid-19 pandemic and associated Stay Home Work Safe order, a surprise cash count was not conducted.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed and verified current contract for compliance of agreed terms and conditions.
- Reviewed and verified Pest Control requirements and food handler safety compliance of current employees.
- Reviewed and tested 100% of the agreed sales commission fee deposits for accuracy and timeliness.



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- Analyzed a sample of daily credit card transactions in Square Point of Sale and cash transactions for accurate posting to RecWare.
- Reviewed and tested 100% of monthly sales tax payments for accurate total sales reported and timely payment.

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 the status of the prior audit report findings.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Management of Contract Agreement (Obj. 1) • Commission payments (Obj. 2) • Revenue receipt controls (Obj. 3) • Cash handling procedures (Obj. 4) • Documentation for sales tax paid to state (Obj. 5) 	
Findings Summary	
None	

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

Primo's Cafeteria continues to maintain current controls in their operations and have met all the objectives of this audit. Therefore, no recommendations were provided in this report.



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FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

(M) Closed

Finding: *Inaccurate credit card sales in RecWare:* A sample of 30 days was reviewed for accurate posting of credit card and cash transactions into RecWare. Fifteen days (50%) had discrepancies in the credit card totals reported on Square point of Sale in comparison to RecWare. Nine days of sales were under reported in RecWare by a total of \$59.10 and six days were over reported in RecWare by \$10.55. Entering daily transactions in RecWare is an important financial tracking mechanism. The under and over reporting in RecWare does not reflect actual sales and affects the accuracy of the commissions paid to the County by Primo's Cafeteria.

Recommendation: We recommend Facilities ensures Primo's Cafeteria understands the importance of accurate transactions and exercises due care when entering all the transactions. Primo's management should ensure the end of day cash sheets balance to the corresponding daily RecWare cash distribution reports. This will ensure all credit card transactions are correctly posted in RecWare and reduce the risk of incorrect commissions.

Action Plan: Credit card and cash transactions in RecWare will be reconciled on a daily basis by the Primo's Cafeteria staff. At their discretion, management will monitor the tender types used in RecWare using the credit card transactions from daily square point of sale provided by Primo's Cafeteria.

(M) Closed

Finding: *Late Commission Payments:* All 19 monthly commission payments during the scope of the audit were reviewed for accuracy and timeliness. Five (26%) were paid late. The contract states commission payments are to be made without demand within thirty days after closing of each month. Per the contract, a penalty of one percent per month shall be assessed for commission payments in arrears.

Recommendation: El Paso County Facilities Management should monitor commission fee payments on a monthly basis to ensure they are made in compliance with contract stipulations.

Action Plan: Deposits by Primo's Cafeteria will be reviewed on a monthly basis by Facilities Management. Commission payments are made on a monthly basis to COGF-1000-0000000-411-10-10000-0001-00000-440408-. In the event a late fee needs to be assessed, Facilities Management will submit a request to the Auditor's Office to bill the vender.