



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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01-17

January 28, 2022

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 financial records of Primo's Café & Grill, located within Ascarate Park, to determine if internal controls are adequate to ensure proper preparation of the Primo's Café & Grill financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested three financial controls with a total of 32 samples. There were no findings noted as a result of the audit procedures. We wish to thank the management and staff of Ascarate Park and Golf Course and Primo's Café & Grill 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, County Administrator
Mrs. Norma R. Palacios, Public Works Director



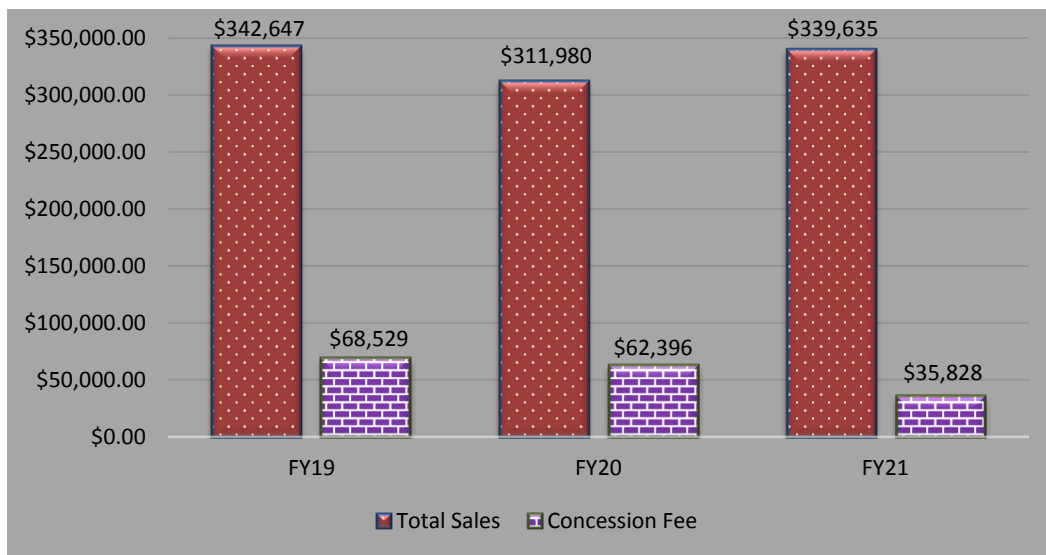
Primo's Café & Grill
For the period of September 2020 to December 2021



EXECUTIVE SUMMARY

BACKGROUND

Primo's Café & Grill, contracted to Lumar Enterprises Inc., has been serving the Ascarate Park golfing community since 2002. The restaurant offers a variety of food, drinks, and alcoholic beverages. El Paso County receives a 20% concession fee on all sales generated, excluding sales tax, by Primo's Café & Grill at the Golf Course. The contract was amended to reduce the concession fee to 10% starting February 2021. The Blue Gill, formally contracted to Lumar Enterprises Inc., is no longer managed by them. Per contractual agreement, Lumar Enterprises is responsible for all personnel, operating, and maintenance costs. The software used by Primo's Café & Grill to account for financial information is RecWare. For credit card transactions, they use Square Point of Sale to take payments, but those transactions are also entered in RecWare. Primo's Café & Grill remained open during the Covid-19 pandemic Stay Home Work Safe order to provide essential services. The contract between El Paso County and Primo's Café & Grill was terminated on December 5, 2021. Sales and Concession fees for fiscal years 2019, 2020, and 2021 are illustrated below. The drop in collections for FY20 and FY21 when compared to FY19 were due to the Covid-19 pandemic and Stay Home Work Safe order.



Source: RecWare

The audit was performed by Hadi Medina, internal auditor. The scope of the last audit performed was September 2019 to August 2020 and the last audit report was issued on January 21, 2021.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the Primo's Café & Grill 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 concession fee	Satisfactory
3. Proper documentation of sales reported and sales tax paid to the State	Satisfactory

SCOPE

The scope of the audit is September 2020 through December 2021. The contract between El Paso County and Primo's Café & Grill was terminated on December 5, 2021. 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 100% of the agreed sales concession fee deposits for accuracy and timeliness.



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- Reviewed 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 status of the prior audit findings.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Management of Contract Agreement (Obj. 1) • Timely payment of concession fee to the County in compliance with contract KK-07-023 (Obj. 2) • Documentation for sales tax paid to state (Obj. 3) 	
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 Café & Grill have implemented improvements in their operations and met all the objectives of this audit.



Primo's Café & Grill
For the period of September 2020 to December 2021



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

 **Closed**

1. **Finding:** A sample of 30 days was reviewed for accurate posting of credit card and cash transactions into RecWare. Ten days or 33% had discrepancies due to cashiers using the incorrect tender method. This increases the risk of credit card transactions being charged with square point of sale not being entered in RecWare, which can lead to understated concession fees.

Recommendation: We recommend County management ensure staff of Primo's Café & Grill understand the importance of proper tender method posting and exercise due care when entering the tender type on all transactions. Primo's management should provide daily credit card transactions from square point of sale to Ascarate Management to help with daily reconciliations. We also recommend cashiers continue to provide the signed end of day sheet with all cash and credit card collections on a daily basis to Golf Course management.

Action Plan: Credit card and cash transactions in RecWare will be reconciled on a daily basis by the Primo's Café & Grill staff. Primo's management will provide monthly reports to the Golf Course and these will be reviewed periodically to help identify and correct any errors. Primo's will also provide daily credit card transactions from square point of sale to the Golf Course to help with daily reconciliations.