



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

12-01

December 6, 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 three financial and three operating controls with a total of 326 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,

Edward A. Dion
County Auditor

EAD:HM:ya

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



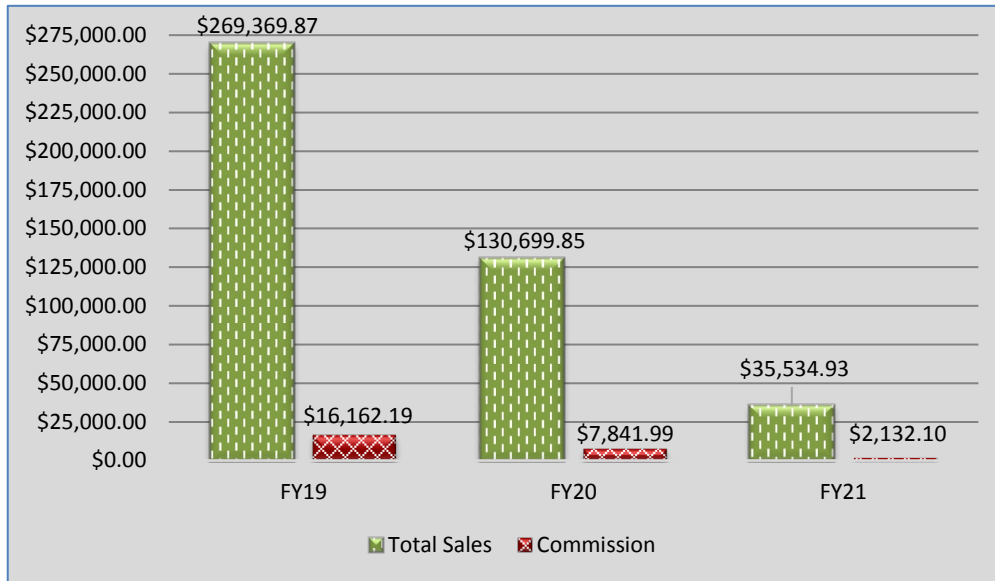
Primo's Cafeteria
For the period of January 2021 to September 2021



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 2019, 2020, and 2021 are illustrated below. Primo's Cafeteria 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 Cafeteria was terminated on September 5, 2021. The drop in collections for FY20 and FY21 were 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 September 2019 to December 2020 and the related audit report was issued on March 18, 2021.

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. Functioning appropriate cash controls	Satisfactory
4. Proper documentation of sales reported and sales tax paid to the State	Satisfactory

SCOPE

The scope of the audit is January 2021 through September 2021. The contract between El Paso County and Primo's Cafeteria was terminated on September 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.
- Conducted an exit inventory to account for all the equipment listed in Exhibit A of the contract.
- Reviewed and verified Pest Control requirements and food handler safety compliance of current employees.



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- Reviewed and tested 100% of the agreed sales commission fee deposits for accuracy and timeliness.
- 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) • Cash handling procedures (Obj. 3) • Documentation for sales tax paid to state (Obj. 4) 	
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 continued to maintain current controls in their operations and met all the objectives of this audit.