



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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05-08

May 12, 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 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 four operating controls with a total of 143 samples. There were two findings noted as a result of the audit procedures. 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 March 2021 to February 2022



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 practicing 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 (Enterprise ERP). Financial reports can be generated from RecWare showing transactions on a daily, monthly or yearly basis. Collections for fiscal years 2019, 2020, and 2021 are illustrated below.



Source: Enterprise ERP

The audit was performed by Hadi Medina, internal auditor. The scope of the last audit performed was February 2020 to February 2021 and the related audit report was issued on April 28, 2021, with no findings.

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. Appropriate and timely posting of manual receipts	Satisfactory
3. Timely deposits of collections in accordance with <i>Local Government Code (LGC) §113.022</i>	Needs Improvement
4. Proper pro-shop gift certificate handling and controls	Satisfactory
5. Accuracy of void transaction log information and functioning controls	Needs Improvement
6. Functioning appropriate purchasing controls	Satisfactory
7. Management of contracts in accordance with agreed terms and conditions	Satisfactory
8. Adequate non-financial security and operational measures	Satisfactory

SCOPE

The scope of the audit is March 2021 through February 2022. Due to the Covid-19 pandemic and the associated Stay Home Work Safe order, a surprise cash count was not conducted.



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EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives, we:

- Interviewed staff to gain an understanding of their current documented policies and procedures over sales, lessons, customer service, tournaments, and Pro-Shop operations.
- Tested a sample of manual receipts for appropriate and timely posting to RecWare.
- Traced and tested 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 void transactions entered in RecWare to determine proper documentation and approval.
- Traced a sample of purchase orders for segregation of duties between requisition entry, approvals, and receiving of items ordered.
- Reviewed the Youth Life Skills For Greater El Paso contract for compliance.
- 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 current audit report findings.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Maintain and follow department policies and procedures (Obj. 1) • Manual receipt controls (Obj. 2) • Gift Certificate controls (Obj. 4) • Purchasing controls (Obj. 6) • Management of Contract Agreement (Obj. 7) • Non-financial security and operational controls (Obj. 8) 	<ul style="list-style-type: none"> • Timely deposit compliance (Obj. 3) • Void controls and procedures (Obj. 5)
Finding Summary	
<ol style="list-style-type: none"> 1. Daily deposits were not made in accordance with LGC §113.022 and were missing secondary verification signatures. 2. Void procedures were not followed for two of three voids reviewed. 	

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 met six of the nine objectives. Implementation of the recommendations provided in this report should assist the Golf Course in producing complete and accurate financial reports by strengthening their internal structure.



**Ascarate Golf Course
For the period of March 2021 to February 2022**



FINDINGS AND ACTION PLANS

Current Audit Findings & Action Plans

Finding #1		Risk Level M
<p><i>Daily Deposits:</i> Five (17%) of 30 daily deposits sampled were not deposited in a timely manner. One was deposited four days late, one was two days late, and three were deposited a day late. Under <i>LGC §113.022</i>, collections are to be deposited with the county treasurer on or before the next business day; if this deadline cannot be met, the collections must be deposited, without exception, on or before the fifth business day after the day the money was received. Failure to comply with <i>LGC §113.022</i> may increase the risk of theft or misuse of funds.</p> <p>Using the same sample of 30, cash count sheets were reviewed and two (7%) were missing a secondary verification signature required by procedures. Secondary verification ensures oversight to reduce the risk of errors and help prevent and deter fraud.</p>		
Recommendation		
Golf Course management should ensure deposits are prepared and deposited daily to ensure compliance with <i>LGC §113.022</i> . Cash counts sheets should also be reviewed and signed by management.		
Action Plan		
Person Responsible	Golf Course Management	Estimated Completion Date
		May 2022
<p>The Golf Course management will review deposit slips daily for accuracy and timely preparation. When any discrepancies are found, these will be addressed in a timely manner to ensure compliance with <i>LGC §113.022</i>. An alternate plan will be implemented to ensure deposits are completed in the event the designated personnel are not available.</p>		

Finding #2		Risk Level M
<p><i>Void Transactions:</i> All void transactions occurring during the audit scope were reviewed for accuracy. Two (67%) of 3 transactions reviewed failed to follow the current void policies and procedures as they were not recorded on the void transaction log and were missing the void receipt with the customer's signature.</p> <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 void 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 always have a second individual present in the Pro Shop. Failure to follow the current void controls can lead to loss of revenue by creating an opportunity for fraud.</p>		
Recommendation		
Management should follow documented procedures to verify all voids are appropriately processed and recorded in the void log daily, including documentation of customer signatures if required.		
Action Plan		
Person Responsible	Golf Course Management	Estimated Completion Date
		May 2022
<p>Management will retrain the current staff on procedures for voiding a transaction. This will lead to proper voiding procedures in a timely manner. Management will also run and review a void report periodically to ensure voids that took place were logged and reviewed.</p>		