



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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12-13

December 19, 2023

Mr. Timothy Fulton
El Paso County Parks and Recreation Assistant Director
6900 Delta Dr.
El Paso, Texas 79905

Dear Mr. Fulton:

The County Auditor's Internal Audit division performed an audit of the financial records of BorderPlex Adventures, located within Ascarate Park, to determine if internal controls are adequate to ensure proper preparation of the BorderPlex Adventures LLC 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 controls and two operating controls with a total of 43 samples. There were two findings noted as a result of the audit procedures. We wish to thank the management and staff of BorderPlex Adventures 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,

Barbara Parker
County Auditor

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



**BorderPlex Adventures
For the period of July 2022 to August 2023**



EXECUTIVE SUMMARY

BACKGROUND

BorderPlex Adventures LLC started serving the Ascarate Park community in 2022. They are contracted to operate the Blue Gill, a seasonal establishment that sells food, beverages and rents out County owned canoes and pedal boats. BoderPlex Adventures is responsible for all personnel, operating and maintenance costs to include repairs to the canoes and pedal boats. El Paso County receives a 10% license fee on all sales generated, excluding sales tax, and a \$300 monthly facility rent from BorderPlex Adventures LLC.

The audit was performed by Hadi Medina, internal auditor. This is the first audit of BorderPlex Adventures LLC.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the BorderPlex Adventures LLC 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 license fee	Needs Improvement
3. Timely and accurate payment of monthly rental fee	Needs Improvement
4. Functioning and 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 July 2022 through August 2023.

METHODOLOGY

To achieve the audit objectives, we:

- Reviewed and verified current contract for compliance and adherence to agreed terms and conditions.
- Tested and reviewed 100% of the agreed ten percent sales license fee deposits for accuracy and timeliness.
- Tested and reviewed 100% of the agreed facility rental fee payments for accuracy and timeliness.
- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Reviewed 100% of monthly sales tax payments for accurate total sales reporting 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 details and management action plans.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Management of Contract Agreement (Obj. 1) • Cash handling procedures (Obj. 4) • Documentation for sales tax paid to state (Obj. 5) 	<ul style="list-style-type: none"> • Timely payment of license fee to the County in compliance with contract 2022-0369 (Obj. 2) • Timely payment of rental fee for the County in compliance with contract 2022-0369 (Obj. 3)
Findings Summary	
<ol style="list-style-type: none"> 1. 43% of license fee payments sampled were deposited late. 2. 93% of monthly rental fee payments were either paid late or are still unpaid. 	

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



**BorderPlex Adventures
For the period of July 2022 to August 2023**



EXECUTIVE SUMMARY

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

BorderPlex Adventures LLC has met three of the five objectives. They should continue improving weak controls reported in the current audit period. Implementation of the recommendations provided in this report should assist BorderPlex Adventures LLC in producing complete and accurate financial reports by strengthening their internal control structure.



**BorderPlex Adventures
For the period of July 2022 to August 2023**



FINDINGS AND ACTION PLANS

Current Audit Findings & Action Plans

Finding #1 **Risk Level** L

License Fee Payments: All 14 monthly license fee payments during the scope of the audit were reviewed for accuracy and timeliness. Six (43%) were paid late as follows:

	Due Date	Date Paid	Commission	Months Past Due
Nov-22	12/15/2022	9/12/2023	\$ 298.99	8 months
Apr-23	5/15/2023	9/7/2023	\$ 1,037.00	4 months
May-23	6/15/2023	9/7/2023	\$ 593.00	3 months
Jun-23	7/15/2023	9/7/2023	\$ 291.00	2 months
Jul-23	8/15/2023	10/16/2023	\$ 696.00	2 months
Aug-23	9/15/2023	10/16/2023	\$ 433.15	1 month
TOTAL			\$ 3,349.14	

The contract states the concessionaire agrees to pay, without demand, the license fees and all other sums payable to the County hereunder within 15 days following the close of each month. Compliance with contract terms is key to avoid any loss of revenue to the County.

Auditor's Comment: Due to circumstances beyond the concessionaire's control, they fell behind on their license fee payments for several months. BorderPlex Adventures LLC informed the Parks and Recreation Director of their current situation. They are currently up to date with their license fee payments.

Recommendation

El Paso County Parks and Recreation Director should monitor license fee payments monthly to ensure they are remitted in compliance with contract stipulations.

Action Plan

Person Responsible	Parks and Recreation Director	Estimated Completion Date	Continuous
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License fee payments made by BorderPlex Adventures LLC will be reviewed monthly by management to ensure compliance. In the event late license fee payments continue to be an issue, management will contact County Attorney's office for guidance on possible legal action.



BorderPlex Adventures
For the period of July 2022 to August 2023



FINDINGS AND ACTION PLANS

Finding #2 **Risk Level** L

Monthly Facility Rent: All 14 monthly facility rent payments during the scope of the audit were reviewed for accuracy and timeliness. Four (29%) were paid late and nine (64%) have not been paid at all as follows:

	Due Date	Date Paid	Rent Amount
Jul-22	8/15/2022	Unpaid	\$ 300.00
Aug-22	9/15/2022	Unpaid	\$ 300.00
Sep-22	10/15/2022	Unpaid	\$ 300.00
Oct-22	11/15/2022	Unpaid	\$ 300.00
Nov-22	12/15/2022	Unpaid	\$ 300.00
Dec-22	1/15/2023	Unpaid	\$ 300.00
Jan-23	2/15/2023	Unpaid	\$ 300.00
Feb-23	3/15/2023	Unpaid	\$ 300.00
Mar-23	4/15/2023	Unpaid	\$ 300.00
Apr-23	5/15/2023	9/7/2023	\$ 300.00
May-23	6/15/2023	9/7/2023	\$ 300.00
Jun-23	7/15/2023	9/7/2023	\$ 300.00
Jul-23	8/15/2023	9/7/2023	\$ 300.00
TOTAL			\$ 3,900.00

The contract states the concessionaire agrees to pay, without demand, the license fees and all other sums payable to the County hereunder within 15 days following the close of each month. Compliance with contract terms is key to avoid any loss of revenue to the County.

Auditor's Comment: Per BorderPlex Adventures LLC, they were in negotiations with the Parks and Recreation Director during the beginning of the contract to waive the rental fee due to several discrepancies with the building and equipment. Nothing was ever agreed to in writing and several months remain unpaid.

Recommendation

El Paso County Parks and Recreation Director should monitor rental fee payments monthly to ensure they are remitted in compliance with contract stipulations.

Action Plan

Person Responsible	Parks and Recreation Director	Estimated Completion Date	Continuous
Facility rent payments made by BorderPlex Adventures will be reviewed on a monthly basis by management to ensure compliance. A one-time extension of 60 days will be given to BorderPlex Adventures LLC to pay the past due facility rent. In the event the past due facility rent is not paid in full within the timeframe given, management will contact County Attorney's office for guidance on possible legal action.			