



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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01-17

January 26, 2024

Mr. Timothy Fulton, Assistant Director
El Paso County Parks and Recreation
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 Clasico Kitchen Bar, located within Ascarate Park, to determine if internal controls are adequate to ensure proper preparation of the Clasico Kitchen Bar 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 one operating control with a total of 69 samples. There were no findings noted as a result of the audit procedures. We wish to thank the management and staff of Clasico Kitchen Bar 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

BP:HM:ya

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



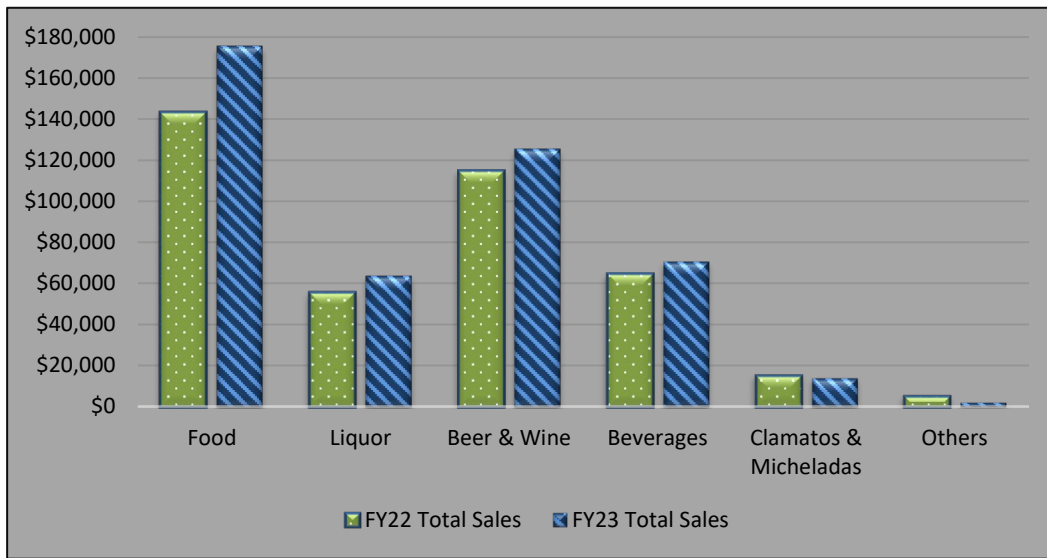
Clasico Kitchen Bar
For the period of November 2022 to October 2023



EXECUTIVE SUMMARY

BACKGROUND

Clasico Kitchen Bar has been serving the Ascarate Park golfing community since 2021. The initial contract was between the County of El Paso and Concessionaires Services, LTD, but a new contract directly with Clasico Kitchen Bar, LLC was executed on February 27, 2023. Clasico Kitchen Bar uses their independent financial software and provides the County with monthly sales reports. The restaurant offers a variety of food, drinks and alcoholic beverages. The County receives a 10% license fee on all sales generated, excluding sales tax, by Clasico Kitchen Bar. Sales for fiscal years 2022 (from December 2021 to September 2022) and 2023 are illustrated below.



The audit was performed by Hadi Medina, internal auditor. The scope of the previous audit performed was December 2021 to October 2022 and the related audit report was issued on February 22, 2023, with no findings.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the Clasico Kitchen Bar financial reports. Following are the business objectives and related control assessments.

| Business Objective | Control Assessment |
|--|---------------------------|
| 1. Management of contracts in accordance with agreed terms and conditions | Satisfactory |
| 2. Timely and accurate payment of monthly license fee | Satisfactory |
| 3. Accurate reporting of cash and credit card 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 November 2022 through October 2023.

METHODOLOGY

To achieve the audit objectives, we:

- Reviewed current contract for compliance and adherence to agreed terms and conditions.
- Tested 100% of the agreed 10% license fee deposits for accuracy and timeliness.
- Analyzed a sample of daily credit card transactions and cash transactions for accurate reporting by Clasico Kitchen Bar.
- Tested 100% of monthly sales tax payments for accurate total alcohol and food sales reported and timely payment.



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RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lowest risk. There were no findings identified during this audit.

| Controls Summary | |
|---|----------------------|
| Good Controls | Weak Controls |
| <ul style="list-style-type: none"> Management of Contract Agreement (Obj. 1) Timely payment of license fee to the County in compliance with contract 2021-0931 (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

Clasico Kitchen Bar met all the objectives of this audit, and no recommendations were provided in this report.