



El Paso County
OFFICE OF THE COUNTY AUDITOR

07-10

July 17, 2025

Ms. Janet Vargas, Interim CEO
El Paso Sports Commission
4100 Paisano
El Paso, Texas 79905

Dear Ms. Vargas:

The County Auditor's Internal Audit division performed an audit of the contractual management agreement between the County of El Paso and the El Paso Sports Commission. In addition to contract compliance, this audit included a review of the Sports Commission's financial records, revenue collection and deposit procedures and a sample of expenditures and contracts to ensure completeness and accuracy. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating as intended and efficient.

The audit report is attached. We tested four operational controls and six financial controls with a total of 716 samples. There were two findings noted as a result of the audit procedures. We wish to thank the management and staff of the El Paso Sports Commission 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

Michael Lamas for Barbara Parker

BP:JO:ya

cc: Ms. Betsy C. Keller, Chief Administrator
Mr. Ronald Pate, Coliseum Accountant





EL PASO COUNTY COLISEUM AUDIT JANUARY 2024 – DECEMBER 2024 EXECUTIVE SUMMARY

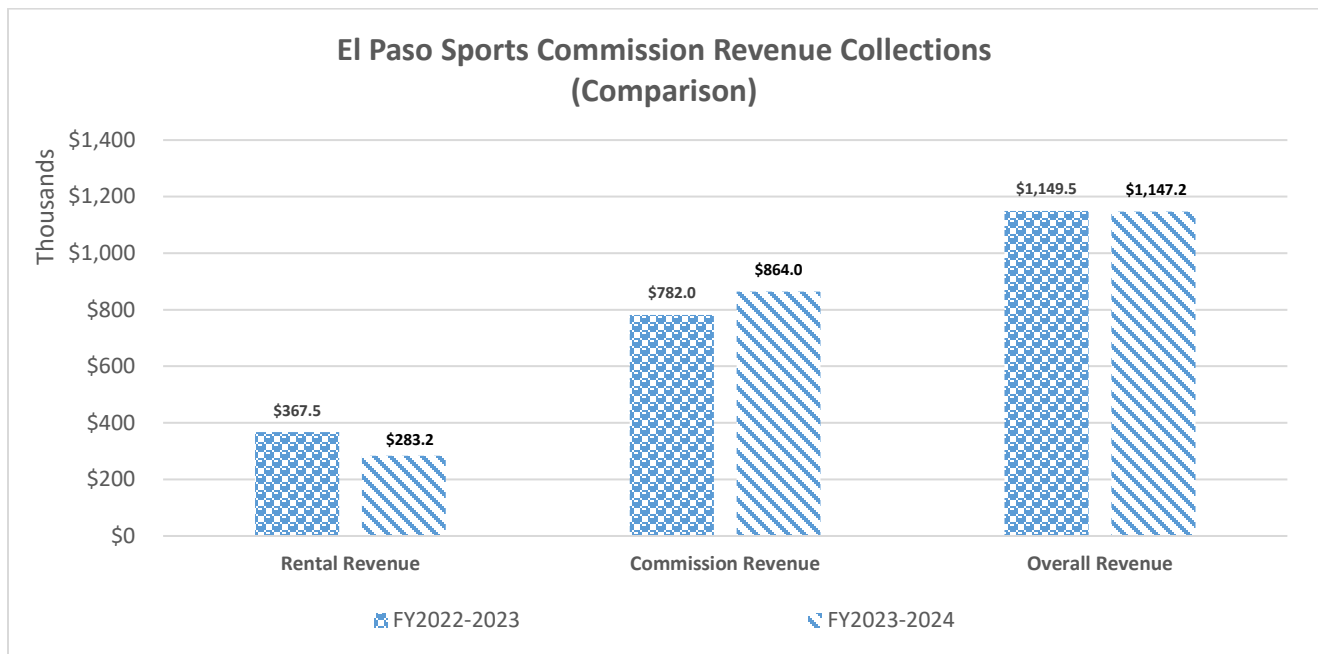


BACKGROUND

In 2003, the County of El Paso contracted with the El Paso Sports Commission (EPSC) to manage, operate, and promote the County Coliseum and El Paso tourism in general. Further, the EPSC enters into contractual agreements, on behalf of the County of El Paso, with outside vendors and promoters for coliseum and surrounding area usage and rental, concession sales, and commissions and other commission-based services. At the beginning of each month, the County supplements the EPSC with a contractual monthly management fee paid from hotel occupancy tax revenue and an incentive payment based on the amount of revenue generated and submitted to the County. All expenses paid via hotel occupancy tax funds for coliseum operations and promotion are regulated by Texas Tax Code Chapter 352 compliance. On July 12, 2021, a new Management Agreement was entered into by both parties and is the current agreement in effect. Further, a Sports Tourism agreement between the County and El Paso Sports Commission was entered into on July 12, 2021, to promote sporting and other events to entice visitors and tourists to El Paso County. After 18 years a new president for the Sports Commission took over operations in September 2021. This audit was performed by James O'Neal, internal audit manager – senior. The most recent audit report was issued on July 12, 2024, with two reported findings.

FINANCIAL REPORTING

The following financial statistics compare current to previous fiscal year collections.



Source: Monthly Attraction Report Submissions by EPSC



EL PASO COUNTY COLISEUM AUDIT JANUARY 2024 – DECEMBER 2024 EXECUTIVE SUMMARY



AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the EPSC's financial reports in managing the El Paso County Coliseum. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Documented operational and financial policies and procedures	Satisfactory
2. Acceptable usage of hotel occupancy tax (HOT) revenue and coliseum usage	Needs Improvement
3. Compliance with regard to Coliseum rental agreements with outside vendors	Satisfactory
4. Timely recording and depositing of parking revenue collections	Not Applicable
5. Proper and timely remittance of revenue collections and supportive documentation	Needs Improvement
6. Accurate and timely concession commission calculation and remittance	Needs Improvement
7. Proper and timely adherence of contractually required performance measures	Satisfactory
8. Accurate and timely monthly bank reconciliations	Satisfactory
9. Compliance regarding inventory verification and timely submission	Satisfactory
10. Proper invoice submission and fee calculation for monies owed to EPSC	Satisfactory

SCOPE

The audit scope of the audit was January 2024 through December 2024.

METHODOLOGY

To achieve the audit objectives, we:

- Reviewed both operational and financial policies and procedures to ensure proper documentation and adherence.
- Tested a sample of expenditures with hotel occupancy tax funds to ensure compliance with Chapter 352 of the Texas Tax Code.
- Tested a sample of coliseum rental agreements made by EPSC, on behalf of the County of El Paso, to ensure compliance of timely rental fee submission.
- Reviewed all collections, deposits, and required revenue information submissions related to the use of the El Paso County Coliseum and the surrounding County facilities and parking areas for timeliness, accuracy, and compliance.
- Reviewed all concession agreements and tested a sample of commission submissions for timeliness and accuracy.
- Reviewed contractually required performance measures information to ensure contractual compliance.
- Reviewed all monthly bank reconciliations for completeness and accuracy.
- Requested verified and signed inventory report of County property per contractual and statutory requirements.
- Reviewed EPSC invoice submissions to ensure proper calculation and remittance of fees owed to EPSC.

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 details, management action plans and the status of the prior report action plans.



**EL PASO COUNTY COLISEUM AUDIT
JANUARY 2024 – DECEMBER 2024
EXECUTIVE SUMMARY**



Control Summary	
Good Controls	Weak Controls
<ol style="list-style-type: none">1. Documented operational and financial policies and procedures (Obj. 1)2. Outside vendor rental agreement compliance (Obj. 3)3. Timely recording and submission of parking revenues (Obj. 4)4. Adherence to contractually required performance measures (Obj. 7)5. Accurate and timely monthly bank reconciliation review (Obj. 8)6. Inventory submission and review compliance (Obj. 9)7. Proper monthly invoice calculation and submission for incentive payments owed to EPSC (Obj. 10)	<ol style="list-style-type: none">1. Acceptable coliseum usage and recording of hotel occupancy tax funds (Obj. 2)2. Rental agreement fee submission (Obj. 5)3. Concession commission submission (Obj. 6)
Finding Summary	
<ol style="list-style-type: none">1. Questionable expenses and usage of statutory HOT funds2. Untimely submission of rental fee revenue owed to County3. Incorrect concession commission submission owed to County	

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 EPSC's internal control structure should be 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 EPSC has met seven of the ten objectives of this audit. Implementation of the recommendations provided in this report should assist the Sports Commission in meeting all future objectives and strengthen internal controls.



**EL PASO COUNTY COLISEUM
JANUARY 2024 – DECEMBER 2024
FINDINGS AND ACTION PLANS**



Prior Audit Findings Summarized with Current Status

Status

H Closed

1. **Finding:** Questionable Hotel Occupancy Tax Expenses Paid

Recommendation: EPSC (and any known subsidiaries or affiliates) refrain from using the Coliseum or surrounding grounds for revenue generating events in which EPSC is the only beneficiary. Implementation of this recommendation will ensure both contractual and federal law compliance.

Action Plan: No action plan needed as finding was resolved in April 2023.

Resolution: Finding was resolved in April 2023, finding closed.

Status

H Closed

2. **Finding:** Untimely Submission of County owed Rental Revenue

Recommendation: It is recommended EPSC remit all County owed fees in a timely manner and in accordance with all rental agreement terms. Further, it is recommended a monthly reconciliation worksheet be created to ensure proper and timely fee submission. Implementation of this recommendation will assist in ensuring contractual compliance.

Action Plan: No action plan needed as finding was resolved in June 2024.

Current Audit Findings & Action Plans

Finding #1		Risk Level H	
<p>Questionable Hotel Occupancy Tax Expenses Paid – The EPSC is allowed to use hotel occupancy tax funds to promote the Coliseum and overall El Paso tourism. In a sample of 568 out of 2,842 (20%) paid expenses, one expense was deemed as questionable. The questionable expense, totaling \$243.55, is listed below:</p>			
AMOUNT	DATE	VENDOR	EXPENSE EXPLANATION
\$243.55	1/27/2024	Audio Express	Car Stereo Installation
<p>After further questioning and research, it was determined the car stereo was not installed in a County owned vehicle. Improper usage of HOT funds could lead to possible contractual and statutory non-compliance. Further, improper usage may also lead to possible theft, fraud, or misuse of funds.</p>			
<p>Auditor’s Note: Questionable expenses were noted as findings in previous audits, those expenses were addressed and therefore the prior audit findings are marked as closed.</p>			
Recommendation			
<p>It is recommended EPSC exercise due care in submitting future items for payment via HOT funds to ensure contractual and statutory compliance. It is further recommended management review and approval should be noted on all invoices and vouchers submitted for payment using hotel occupancy tax funds. Further, the EPSC should reimburse the HOT fund account in the amount of \$243.55.</p>			
<p>Auditor’s Note #1: In an email dated June 4, 2025, EPSC agreed the expenses listed above were not HOT fund eligible and reimbursed the HOT fund account in the amount of \$243.55 on June 15, 2025.</p>			
<p>Auditor’s Note #2: In an email dated July 14, 2025, the Sports Commission submitted the following response:</p>			
<p>“Finding # 1 Questionable HOT fund expenditures:</p>			
<p>The Audio Express expenditure was an AMEX purchase and no one other than the former president</p>			



**EL PASO COUNTY COLISEUM
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knew about this expenditure until the monthly statement arrived. The former president both ordered the car stereo and approved the purchase. The former president changed procedures allowing him to both order and approve items. Procedures have changed and the president is precluded from ordering any items since she is charged with approving all expenditures. The staff has been instructed to get preapproval for all unusual and large expenditures. The staff ordering items runs the risk of having to personally pay for the items if it was not preapproved. Finally, the bookkeeper has been instructed not to pay any item that does not have the president's approval. If there was an unapproved item either ordered directly or by credit card, the person ordering the item will have to personally pay."

Action Plan

Person Responsible	EPSC, President	Estimated Completion Date	Immediate
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Action plan noted in Sports Commission response

Finding #2

Risk Level



Untimely Submission of County Owed Rental Revenue – Coliseum rental agreements are entered into by the EPSC on behalf of the County. All rental fees collected by the EPSC are to be remitted to the County in a timely manner dependent on rental agreement terms. In a review of all 75 rental agreements within the noted audit scope, a total of ten (13%) agreements totaling \$5,503 were not remitted in a timely manner nor in accordance with stated rental terms. The following chart shows the events, the rental payment amounts due, the due dates and the actual date remitted to the County.

EVENT	RENTAL FEE AMOUNT	RENTAL FEE DUE DATE	REMITTANCE DATE TO COUNTY
Senior Citizen Valentine's Day Dance	\$1.00	2/14/2024	2/20/2025
Grilled Cheese Cook Off	\$250.00	5/5/2024	2/20/2025
Grilled Cheese Cook Off	\$250.00	6/2/2024	2/20/2025
Grilled Cheese Cook Off	\$250.00	7/7/2024	2/20/2025
Back to School Supplies Giveaway	\$250.00	7/13/2024	2/20/2025
Canutillo School District Convocation	\$3,500.00	7/29/2024	2/20/2025
Little Joe Concert	\$500.00	9/13/2024	2/20/2025
El Paso County Fair Gala	\$1.00	9/20/2024	2/20/2025
Naturalization Ceremony	\$500.00	10/24/2024	2/20/2025
El Paso Motorcycle Assc Toys 4 Tots Run	\$1.00	11/03/2024	4/23/2025

Failure to comply with contractual rental fee submission due dates could lead to the possibility of fraud, theft, or misuse of funds.

Recommendation

It is recommended EPSC remit all County owed fees in a timely manner and in accordance with all rental agreement terms. Further, it is again recommended a monthly reconciliation worksheet be created to ensure proper and timely fee submission. Implementation of this recommendation will assist in ensuring contractual



**EL PASO COUNTY COLISEUM
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FINDINGS AND ACTION PLANS**



compliance.

Auditor's Note: In emails dated February 20, 2025 and May 8, 2025, EPSC agreed the rental payments listed above were not submitted to the County and remitted said funds on February 21, 2025 and May 9, 2025, respectively.

Action Plan

Person Responsible	EPSC, President	Estimated Completion Date	N/A
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No action plan needed as finding was resolved in February 2025 and May 2025.

Finding #3

Risk Level



Untimely Submission of County Owed Concession Commissions – The EPSC contracts concession sales for both Coliseum events (Concessionaire - AH Concessions) and Special Events Center hockey games (Concessionaire - Southwest Sports Solution). As part of the contractual agreement between the Sports Commission and said concessionaires, the County is to receive 40% of all food, beverage, and alcoholic sales. Commissions for monthly sales are due to the County by the end of the subsequent month. In a review of all 51 El Paso Rhino hockey home game concession collections collected within the audit scope; it was noted that three (6%) commission payments totaling \$3,472.79 were not made in a timely manner nor in accordance with stated contractual terms. The following chart shows the game dates, the amount of commissions owed, the original due dates and the actual date remitted to the County.

GAME DATE	COMMISSION AMOUNT OWED	COMMISSION DUE DATE	REMITTANCE DATE TO COUNTY
El Paso Rhinos - 2/07/2024	\$463.77	3/31/2024	5/13/2025
El Paso Rhinos – 3/19/2024	\$1,194.21	4/30/2024	5/13/2025
El Paso Rhinos – 12/1/2024	\$1,814.81	1/31/2025	5/13/2025

Failure to comply with contractual commission submission due dates could lead to the possibility of fraud, theft, or misuse of funds.

Recommendation

It is recommended EPSC request a monthly schedule of events and games from both concessionaires when remitting monthly commission payments. Reconciliation of this schedule would ensure all events' commissions are submitted in a timely manner and in accordance with all contractual terms. Implementation of this recommendation will assist in ensuring contractual compliance.

Auditor's Note: In an email dated May 8, 2025, El Paso Rhinos owner, Cory Herman agreed the concession commission payments listed above were not submitted to EPSC nor to the County and remitted said funds on May 12, 2025.

Action Plan

Person Responsible	EPSC, President	Estimated Completion Date	N/A
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No action plan needed as finding was resolved in May 2025.