



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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07-23

July 12, 2024

Mr. Omar Ropele, CEO
El Paso Sports Commission
4100 Paisano
El Paso, Texas 79905

Dear Mr. Ropele:

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 two operational controls and five financial controls with a total of 674 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,

A handwritten signature in cursive script that reads "Barbara Parker".

Barbara Parker
County Auditor

BP:ML:ya

cc: Ms. Betsy C. Keller, Chief Administrator
Mr. Ronald Pate, Coliseum Accountant
Ms. Melissa Carrillo, Executive Director Operations



**EL PASO COUNTY COLISEUM AUDIT
JANUARY 2023 – DECEMBER 2023
EXECUTIVE SUMMARY**

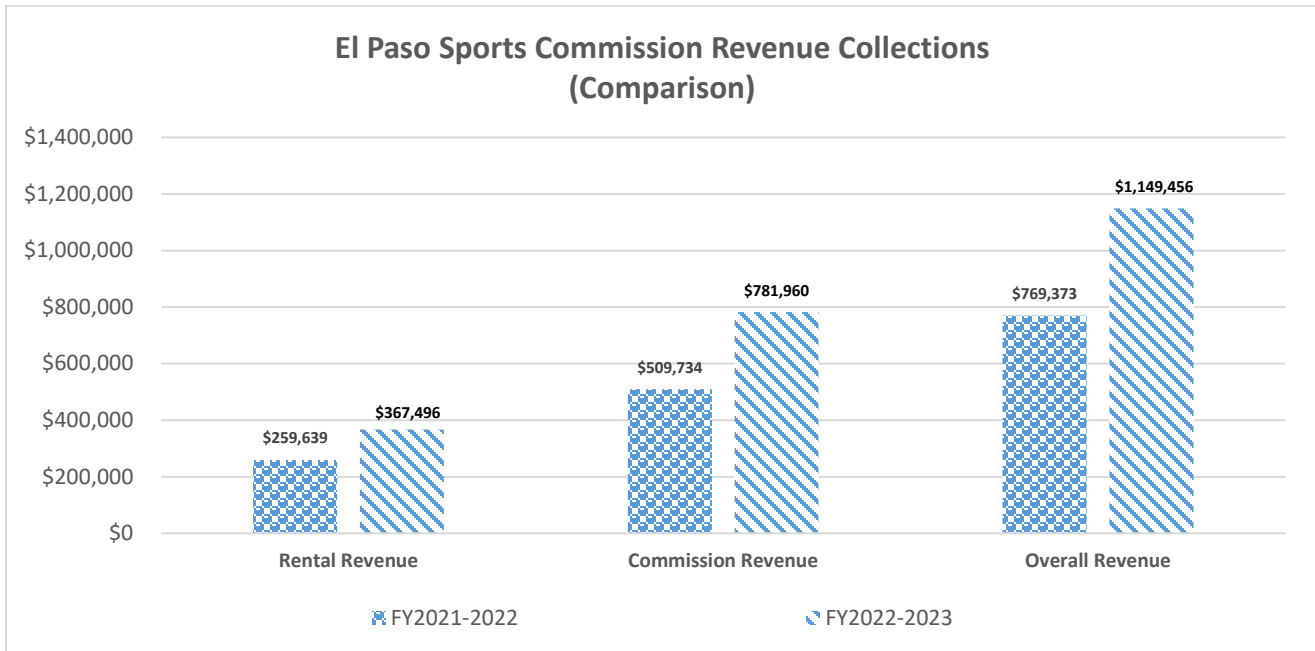


BACKGROUND

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. 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 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 visit 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 11, 2023, with one reported finding.

FINANCIAL REPORTING

The following financial statistics compare current to previous fiscal year collections. The significant increase in overall revenue received by the County is attributable to newly entered Sports Tourism agreement mentioned above.



Source: Monthly Attraction Report Submissions by EPSC



**EL PASO COUNTY COLISEUM AUDIT
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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 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	Satisfactory
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 2023 through December 2023.

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
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EXECUTIVE SUMMARY**



Control Summary	
Good Controls	Weak Controls
<ol style="list-style-type: none"> 1. Accurate reporting of collections (Obj. 1) 2. Accurate and timely bank reconciliations (Obj. 2) 3. Concession commission submission (Obj. 5) 4. Inventory verification requirement submission (Obj. 6) 5. Monthly information submission (Obj. 7) 6. Accurate and timely monthly bank reconciliation review (Obj. 8) 7. Inventory submission and review compliance (Obj. 9) 8. 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. 3) 2. Rental agreement fee submission (Obj. 4)
Finding Summary	
<ol style="list-style-type: none"> 1. Questionable expenses and usage of the coliseum by EPSC 2. Untimely submission of rental fee revenue 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 eight of the ten objectives of this audit. Implementation of the recommendation provided in this report should assist the Sports Commission in meeting all future objectives and strengthen internal controls.



**EL PASO COUNTY COLISEUM
JANUARY 2023 – DECEMBER 2023
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.

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 544 paid expenses, 3 were deemed as questionable. The questionable expenses, totaling \$1,750, are listed below:</p>			
AMOUNT	DATE	VENDOR	EXPENSE EXPLANATION
\$600.00	3/21/2023	El Paso Chapter of Credit Unions	Golf Tournament
\$500.00	9/9/2023	SFA Chapter 9	Golf registration
\$650.00	10/4/2023	Call me Able	Take the challenge golf tournament team
<p>Questionable expenses were presented to Sports Commission management and were confirmed as personal registration fees not related to the promotion of tourism. Therefore, the noted expenditures do not meet hotel occupancy tax fund usage compliance. 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. Further, the EPSC should reimburse the HOT fund account in the amount of \$1,750.</p>			
<p>Auditor's Note: In an email dated June 12, 2024, EPSC agreed the expenses listed above were not HOT fund eligible and will reimburse the HOT fund account in the amount of \$1,750 by June 30, 2024.</p>			
Action Plan			
Person Responsible	EPSC, President	Estimated Completion Date	N/A
<p>No action plan needed as finding was addressed in June 2024.</p>			



**EL PASO COUNTY COLISEUM
JANUARY 2023 – DECEMBER 2023
FINDINGS AND ACTION PLANS**



Finding #2 **Risk Level** H

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 54 rental agreements within the noted audit scope, a total of three (5%) agreements totaling \$10,876 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
Beyond Van Gogh Art Exhibit	\$10,375.00	January 20, 2023	May 23, 2024
United States Army Deployment Ceremony	\$1.00	April 3, 2023	May 23, 2024
Christmas Fair Event	\$500.00	December 17, 2023	May 23, 2024

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

Recommendation

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

Action Plan

Person Responsible	EPSC, President	Estimated Completion Date	N/A
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No action plan needed as finding was resolved in June 2024.