



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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06-13

June 17, 2024

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

Dear Mr. Fulton:

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 seven financial controls and four operating controls with a total of 139 samples. There was a finding 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 cursive script that reads "Barbara Parker".

Barbara Parker
County Auditor

BP:HM:ya

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



Ascarate Golf Course
For the period of March 2023 to February 2024



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). A new point of sale system (ForeUP) was implemented September 2023. Collections for fiscal years 2021, 2022 and 2023 are illustrated below.



Source: Enterprise ERP

The audit was performed by Hadi Medina, internal auditor. The scope of the last audit performed was March 2022 to February 2023 and the related audit report was issued on April 27, 2023, 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. Functioning appropriate cash controls	Satisfactory
3. Appropriate and timely posting of manual receipts	Satisfactory
4. Timely deposits of collections in accordance with <i>Local Government Code (LGC) §113.022</i>	Satisfactory
5. Proper pro-shop gift certificate handling and controls	Satisfactory
6. Accuracy of void transaction log information and functioning controls	Satisfactory
7. Functioning appropriate purchasing controls	Needs Improvement
8. Management of contracts in accordance with agreed terms and conditions	Satisfactory
9. Adequate non-financial security and operational measures	Satisfactory

SCOPE

The scope of the audit is March 2023 through February 2024.



**Ascarate Golf Course
For the period of March 2023 to February 2024**



EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives, we:

- Reviewed documented policies and procedures, and interviewed staff to gain an understanding of processes for sales, lessons, customer service, tournaments and Pro-Shop operations.
- Performed a surprise cash count in accordance with LGC §115.0035.
- Tested a sample of manual receipts for appropriate and timely posting to RecWare and ForeUP.
- 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 and ForeUP entry and use.
- Tested all void transactions entered in RecWare and ForeUP 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 details and management action plans.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Maintain and follow department policies and procedures (Obj. 1) • Cash handling procedures (Obj. 2) • Manual receipt controls (Obj. 3) • Timely deposit compliance (Obj. 4) • Gift Certificate controls (Obj. 5) • Void controls and procedures (Obj. 6) • Management of Contract Agreement (Obj. 8) • Non-financial security and operational controls (Obj. 9) 	<ul style="list-style-type: none"> • Purchasing controls (Obj. 7)
Finding Summary	
<p>1. The Golf Course Pro-Shop inventory is not properly maintained.</p>	

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 has implemented improvements in their operations but should continue work on weak controls reported in the current audit. Implementation of the recommendations provided in this report should assist the Golf Course in producing complete and accurate financial reports by strengthening their internal control structure.



**Ascarate Golf Course
For the period of March 2023 to February 2024**



FINDINGS AND ACTION PLANS

Current Audit Findings & Action Plans

Finding #1		Risk Level
<p>Pro-Shop Inventory: A sample of 30 purchase orders were reviewed and traced for proper segregation of duties between requisition entry, approvals and receiving of items ordered during the scope of the audit. From the 30 sampled purchase orders, seven contained uniquely identifiable items. An inventory was conducted on the 209 items received from the seven purchase orders and compared to the items sold during the same time frame. After reconciling the inventory and merchandise sales, 13 items with a value \$326.22 were not found. It was also noted that there was an overstock of merchandise and multiple items on clearance. Inventory controls are important to ensure the Golf course prevents overstocking or understocking and keeps inventory loss to a minimum.</p>		M
Recommendation		
<p>We recommend the Golf Pro-Shop supervisor improve inventory management using the inventory module of ForeUP to ensure that inventory is accurate, efficiently managed and monitored. Additional recommendations include quarterly physical inventories, more visible merchandise placement to prevent theft and inventory tracking to reduce overstock and limit the number of items placed on clearance.</p>		
Action Plan		
Person Responsible	Golf Course Management	Estimated Completion Date
		Continuous
<p>The Golf Pro-shop will explore different ways to revamp inventory management as recommended by the auditors to prevent theft and improve inventory tracking. We will continue to implement the current inventory process and ensure all inventory is accurate and safeguarded.</p>		