



**Water Parks Financial
Review Follow-Up Audit
No. A2024-09**

Issued by the
Internal Audit Department
July 22, 2024

**City of El Paso
Internal Audit Department
Water Parks Financial Review Follow-Up Audit A2024-09**

EXECUTIVE SUMMARY

The Internal Audit Department conducted a Follow-Up Audit of the Water Parks Financial Review Audit Report dated August 16, 2022. The original Audit Report contained two (2) findings. Upon completion of the audit fieldwork, we have determined the status of the recommendation for each audit finding outlined in the table below:

Finding No.	Description of Original Findings	Status
1	<p><i>Solicitation No. 2020-680R – Civic, Convention Center & Tourism Services</i> outlines the Contract Terms and Conditions for managing and operating the four El Paso Water Parks. A review of <i>Solicitation No. 2020-680R</i> identified that:</p> <ul style="list-style-type: none"> • <i>Solicitation No. 2020-680R</i> should be amended to reflect the change of the Point of Sale (POS) Software used at the El Paso Water Parks. The <i>Solicitation</i> requires the use of the “<i>PerfectMind</i>” POS Software. Prior to opening the Water Parks, both City Management and Destination El Paso agreed to change the POS Software from “<i>PerfectMind</i>” to “<i>CenterEdge</i>” due to: <ul style="list-style-type: none"> ○ “<i>PerfectMind</i>” requiring higher installation costs than “<i>CenterEdge</i>.” ○ “<i>PerfectMind</i>” would not be ready for use by the opening day of the 2021 Summer Season. • <i>Solicitation No. 2020-680R</i> should be amended to address how El Paso Water Park Rates for admissions, rentals, party packages, and food are to be calculated and adjusted. The <i>Solicitation</i> does not provide a methodology to adjust the rates. <ul style="list-style-type: none"> ○ Prior to opening the 2022 Summer Season, the El Paso Water Park Rates were adjusted. All the Admission Rates, except Group Tickets and Season Passes, were increased by \$1.00 to \$3.00. 	In Progress
2	<p>Destination El Paso should implement a process requiring the Water Park Managers to document the reason why a sales discount is granted. A review of the discounts granted at the Camp Cohen Water Park identified the following:</p> <ul style="list-style-type: none"> • No documentation or notes were found to justify why the discounts were given. • Discounted transactions were properly approved by the Water Park Managers on the “<i>CenterEdge</i>” Point of Sale Software. 	Implemented

For a detailed explanation of the current observations, please refer to the appropriate Finding contained in the body of this Audit Report.

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BACKGROUND

The *Generally Accepted Government Auditing Standards* (Standard 8.30) states that auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements. The *International Standards for the Professional Practice of Internal Auditing* (Performance Standard 2500.A1) require that the Chief Audit Executive establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

AUDIT OBJECTIVES

The audit objective was to ensure that corrective action was taken by management to address the recommendations identified in the original Audit Report dated August 16, 2022.

AUDIT SCOPE

The audit period covered the El Paso Water Parks admission procedures for Fiscal Year 2024.

AUDIT METHODOLOGY

To achieve our audit objectives, we:

- Interviewed the President & CEO – Destination El Paso.
- Interviewed the Director of Finance – Destination El Paso.
- Interviewed the Director of Water Parks Operations – Destination El Paso.
- Reviewed the *El Paso Water Parks Guest Services Handbook 2024*.
- Reviewed the *Letter of Understanding* provided to the former Senior Deputy City Manager of the City of El Paso by the President & CEO of Destination El Paso on January 11, 2023.
- Verified that Destination El Paso:
 - Has officially designated “*CenterEdge*” as the Water Parks Official Point of Sale Software.
 - Documented the methodology for calculating and adjusting Water Park rates.
 - Properly documents discounts and management is providing approval for the discounts applied.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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CURRENT OBSERVATION AND STATUS

Based on the follow-up audit results, the original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

Finding 1

Current Observation

The Contract Terms for *Solicitation No. 2020-680R Civic, Convention Center & Tourism Services* have not been amended to designate “CenterEdge” as the Official Point of Sale Software used at the El Paso Water Parks.

- A *Letter of Understanding* dated January 11, 2023 was submitted by Destination El Paso’s President & CEO to the Former Senior Deputy City Manager. Destination El Paso indicated that the same letter was provided to the Managing Director with oversight over Destination El Paso in June 2024. The letter serves “as documentation that the City was informed and in agreement with the change” to use “CenterEdge” as the Official Point of Sale Software for the El Paso Water Parks. There is no evidence to indicate that the *Letter of Understanding* has been acknowledged by the City of El Paso or that a formal amendment has been drafted to designate a change in the Point of Sale System.

The Contract Terms for *Solicitation No. 2020-680R Civic, Convention Center & Tourism Services* have not been amended to document a methodology for calculating and adjusting El Paso Water Park Rates for admissions, rentals, party packages, and food.

- Destination El Paso collaborated with City of El Paso Administration to determine a price that allowed the Water Parks to be accessible to the citizens of El Paso.
- Destination El Paso has not documented the methodology for calculating and adjusting rates in their handbook or made an amendment to *Solicitation No. 2020-680R*.

Status

In Progress – Destination El Paso should continue to work with the City of El Paso to formalize an amendment to designate a change in the Point of Sale system and methodology for calculating and adjusting rates.

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Finding 2

Current Observation

Destination El Paso’s Management has implemented a process requiring the Water Park Managers to document the reason as to why a sales discount was given. The Discount Section located in page 35 of the *El Paso Water Parks Guest Services Handbook 2024* provides the following guidance.

- When discounts are applied employees need to obtain approval from a leadership staff member or manager. “Receipts reflecting a manager discount will need to have the reason for discount written in the back and signed by manager.”
- The following are the types of discounts that can be applied.
 - Pre- Programmed
 - Open Manager Discounts

A Pre-Programmed Discount includes employee discounts and customer discounts. An Open Manager Discount lets the manager give a discount based on amount or percentage.

Status

Implemented

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INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our audit work on the objectives of the Water Parks Financial Review Follow-Up Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the observations and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude whether Destination El Paso met the objectives of this Follow-Up Audit. Based on our audit work we determined that:

1. Destination El Paso met the objectives in the following area:
 - Implementing a process requiring the Water Park Managers to document the reason why a sales discount was given.
2. Destination El Paso did not meet the audit objectives in the following areas:
 - Amending the Contract Terms for Solicitation No. 2020-680R to:
 - Designate “*CenterEdge*,” as the official Point of Sale Software used at the El Paso Water Parks.
 - Document a methodology for calculating and adjusting El Paso Water Park Rates for admissions, rentals, party packages, and food.

A 2nd Follow-Up Audit will not be conducted. We are confident that Destination El Paso will implement the remaining recommendation. We wish to thank Destination El Paso management and staff for their assistance and courtesies extended during the completion of this Follow-Up Audit.

Signature on File

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