



City of
Corpus
Christi

**CA14-002
Water Department
Sunrise Beach Cash Count**

**Office of the City Auditor
Arlena Sones, CPA, CIA, CGAP
City Auditor**

January 21, 2014

Executive Summary

As part of our annual Audit Plan, we conducted an unannounced cash count of the Water Department on September 23, 2013.

The objective of this cash count is to determine if the change fund amount held at the Sunrise Beach Recreational Area agrees to the general ledger. We audited the revenue reported for the months of June 2013 through September 2013.

We concluded that the cashier change fund was intact; however, the general ledger is incorrect in that it understates the amount of money held by the department. Minor discrepancies were noted in reported revenue.

We also noted areas for improvement, including:

- review of the amount of the cashier change fund
- cashier performance
- posted notices and fees

Management of the Water Department agrees with this report. See responses on page 3.

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Cash Count Water Department

Background

On September 23, 2013 the City Auditor's Office conducted an unannounced cash count of the cashier change fund held by the Water Department at the Sunrise Beach recreation site at Lake Corpus Christi.

Municipal Guidelines

In conducting our audit, we relied on the following authoritative guidelines to serve as criteria for the audit:

- Municipal Code 12-108, Sunrise Beach recreation site
- City Policy F-2.0, Cash Management

Audit Objective, Scope and Methodology

The audit objective is to determine if the change fund at the Sunrise Beach recreation site is intact and is used for its intended purpose.

Our scope of work included a cash count, interviews, and observation of cash receipting procedures. We compared the monthly deposit reports (June 2013 to September 2013) to the point of sale reports and rental logs, and we reviewed the daily cashier packets.

This audit report provides independent, objective analysis, recommendations, and information concerning the activities reviewed. The report is a tool to help management discern and implement specific improvements. The report is not an appraisal or rating of management.

City management is responsible for establishing and maintaining a system of internal controls to ensure assets are safeguarded, financial activity is accurately reported and reliable, and management and their employees are in compliance with laws, regulations, and agreements with other entities.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives.

Audit Conclusion

The change fund at Sunrise Beach is intact and is used for its intended purpose; however, other issues were noted and discussed with management.

Audit Results and Recommendations

A. Cashier Change Fund

Cash on hand does not agree with the amount reported in the general ledger. The department had \$100 more than reported in the general ledger which was attributed to clerical error. The Financial Services Department was informed of the error and it has since been corrected.

Given the seasonal nature of business at Sunrise Beach the cashier fund may be too large. Per City Policy F-2.0, Cash Management, one of the objectives of efficient cash management is “keeping to a minimum the volume of idle balances held.”

Recommendation: Department management and the cash custodian should be aware of the dollar amount of change funds that is assigned to them in the financial records of the City.

Management should consider reducing the amount of the change fund maintained during the off-season to reduce the risk of theft, loss, or idle balances being held.

B. Posted Fees and Rules

During the cash count we noted that posted fees were not being charged consistently and that posted signs and notices were out of date and provided conflicting information. Municipal Code Section 12-108 requires the director to publish rules governing the operations of the Sunrise Beach recreation site and the code grants authority to the director to determine certain charges and fees. Facility fees are determined by ordinance and should also be posted in a conspicuous space.

Recommendation: Water Department management should update and publish its rules governing the operations of the Sunrise Beach recreation site. Fees should be conspicuously posted and consistently charged.

Staff Acknowledgment

Jacey Reeves, Auditor
Sarah Arroyo, Management Analyst

Appendix A Management Response



City of
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**WATER
DEPARTMENT**

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Phone 361-857-1881
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13101 Leopard Street
Corpus Christi
Texas 78410
Phone 361-826-1200
Fax 361-242-9131
www.cctexas.com



Sunrise Beach
City of Corpus Christi Water Department

December 23, 2013

Arlena Sones, CPA, CIA, CGAP
City Auditor
Corpus Christi, Texas

Re: Management Responses to Audit, CA13-002 Water Department,
Cash Count Sunrise Beach Recreation Area

We have carefully reviewed the issues presented in the audit report and our plans to correct the issues are described below:

A. Cashier Change Fund

Cash on hand does not agree with the amount reported in the general ledger. The department had \$100 more than reported in the general ledger which was attributed to clerical error. The Financial Services Department was informed of the error and it has since been corrected.

Given the seasonal nature of business at Sunrise Beach the cashier fund may be too large. *Per City Policy F-2.0, Cash Management, one of the objectives of efficient cash management is "keeping to a minimum the volume of idle balances held."*

Recommendation: Department management and the cash custodian should be aware of the dollar amount of change funds that is attributed to them in the financial records of the City.

Management should consider reducing the amount of the change fund maintained during the off-season to reduce the risk of theft, loss, or idle balances being held.

Agree/Disagree	Responsible Party, Title	Completion Date
Agree	David Lozano / Work Coordinator	September 30, 2013
Action Plan: Sunrise Beach change fund were reduced on September 30, 2013. We are currently using two cash custodians they each operate with a designated amount in their cash bag.		

B. Posted Fees and Rules

During the cash count we noted that posted fees were not being charged consistently and that posted signs and notices were out of date and provided conflicting information.

Recommendation: Water Department management should update and publish its rules governing the operations of the Sunrise Beach recreation site. Fees should be conspicuously posted and consistently charged.


<i>Agree/Disagree</i>	<i>Responsible Party, Title</i>	<i>Completion Date</i>
Agree	David Lozano / Work Coordinator	December 23, 2013
<i>Action Plan:</i>		
We have removed old posted signs and notices and have replaced them with forms reflecting current City rates and policies.		

We are committed to correcting the issues by the completion dates indicated.

Sincerely,


 Gustavo Gonzales, Director
 Water Department *FOR* 1-14-14
 Date


 Mark Van Vleck
 Interim Assistant Manager 1/14/14
 Date


 Ronald L. Olsen
 City Manager 15 Jan 2014
 Date