



AGENDA MEMORANDUM

Action item for the Audit Committee Meeting of October 12, 2021

DATE: October 12, 2021

TO: Gil Hernandez, Audit Committee Chairman

FROM: Kimberly Houston, Interim City Auditor
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SP20-001 Water Department – Mustang Hollow Agreed-Upon Procedures Report

CAPTION: Motion to accept SP20-001 Water Department – Mustang Hollow Agreed-Upon Procedures Report.

PURPOSE: Discuss results of the Mustang Hollow agreed-upon procedures report.

BACKGROUND: In accordance with the 2020 Annual Audit Plan, we conducted a review of the payment calculations and remittance by the Lessee of Mustang Hollow Campground, Kamping Pleasures, Inc.

The objective of our review was to determine if the City received correct lease payments from the lessee. We found the lessee overstated gross sales by approximately \$30,000 due to including sales tax payable in this calculation. This resulted in an overpayment of \$2,400 to the City. Additionally, administrative recommendations, outside of the project scope, was shared with management at the Water Utilities Department.

ALTERNATIVES: The Audit Committee may reject all or part of this agreed upon procedures report as presented.

FINANCIAL IMPACT: N/A

FUNDING DETAIL: N/A

RECOMMENDATION: Staff recommends the Audit Committee accept this report as presented.

LIST OF SUPPORTING DOCUMENTS: SP20-001 Water Department – Mustang Hollow Agreed-Upon Procedures Report