



**A Report to the Galveston
City Council**

Mayor
Jim Yarbrough

Council Members
Tarris Woods
Dr. Craig Brown
Ralph McMorris
Norman Pappous
Terrilyn Tarlton
Carolyn Sunseri

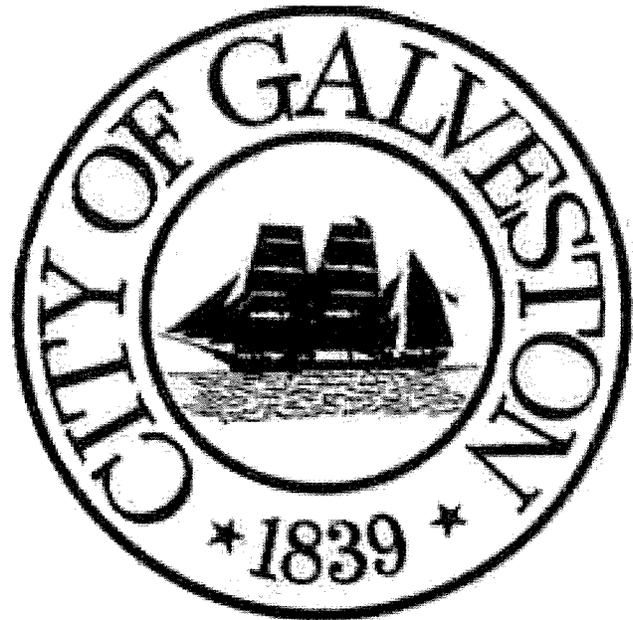
City Auditor
Glenn Bulgherini, CPA

Auditor
Carrie Sumrall, CFE

Audit Report

Analysis of Coin Operated Machines

March 16, 2015



Report Summary

The City Auditor found two vendors from 2012 and 2013 totaling \$150 for each year not paid. Both were considered immaterial amounts. The City Auditor recommends that the City of Galveston Planning Department send out a form that will serve as a reminder to vendors in October or November of each year. The notice will remind vendors to pay and in the future give vendors the opportunity to pay online.



**ANALYSIS OF COIN
OPERATED MACHINES**

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	Page 1
SCOPE.....	Page 1
FIELDWORK.....	Page 1
SUMMARY OF RESULTS.....	Page 1
CITY AUDITOR'S RECOMMENDATIONS.....	Page 1 thur 2
STAFF CONDUCT.....	Page 2
CITY MANAGERS RESPONSE.....	Page 2

AUDIT TEAM

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City of Galveston
Analysis of Coin Operated Machines
City Auditor Executive Summary

As authorized by Section 2153, Texas Occupation Code, City of Galveston Occupation Tax is assessed at one-fourth (1/4) of the State Occupation Tax or \$15.00 per year per qualified coin operated machine. The purpose of this report is to determine if vendors with Coin Operated Machines in the City of Galveston have complied with the annual permit fee. The City Planning Department keeps a schedule of vendors, addresses, number of machines per location, and yearly permit fees paid. The City Auditor compared the Planning Department's reports for fiscal years 2012, 2013, and 2014 for any missing vendor payments. The City Auditor found two vendors from 2012 and 2013 totaling \$150 for each year not paid. Both were considered immaterial amounts.

Scope

The scope of my procedures included research and inspections to determine if coin operated machine vendors are paying the \$15 annual permit fee accurately and timely to the City of Galveston.

Fieldwork Performed

I performed two selected tests and evaluated the results of those tests.

1. I compared the Planning Department spreadsheets with the general ledger for vendor payments. I also discussed procedures in place with the Planning Department for the coin operated machine permits.
2. I compared the Planning Department spreadsheets for fiscal years 2012, 2013, and 2014 for any missing vendor payments. I looked for vendors that paid for one year but not the other.

Summary of Results

1. I found two vendors that did not pay the City of Galveston in fiscal year 2012 totaling \$150. I then found two different vendors in fiscal year 2013 that did not pay the City totaling \$150. Both were considered immaterial amounts.

City Auditor's Recommendations

The City Auditor recommends that the City of Galveston Planning Department send out a form that will serve as a reminder to vendors in October or November of each year. The notice will remind vendors to pay and in the future give vendors the opportunity to pay online.

City of Galveston
Analysis of Coin Operated Machines
City Auditor Executive Summary

Galveston County has offered to send out reminders and collect the permit fee for the City of Galveston. The City Auditor also recommends looking into this alternative.

Staff Conduct

All staff acted in a professional and timely manner.

City Manager's Response

The City Manager supports the recommendation of the Auditor and will review the findings with the Director of Planning. Due to the di minimis nature of the overall amount of unpaid registration fee's the City may seek alternative methods to ensure compliance going forward. Spot reviews by enforcement staff and distribution of reminders either via mail, or public/social media are also options that will be considered. The minimal amount of the fee does not fully support the process, the Director will also be asked to review the fee to determine if a change is appropriate.