



CITY OF LAREDO, TEXAS
INTERNAL AUDIT DIVISION

To: Honorable Mayor & Members of the City Council

CC: Robert A. Eads, City Manager
Rosario C. Cabello, Deputy City Manager
Kristina L. Hale, Assistant City Manager and Acting City Attorney
Riazul I. Mia, Assistant City Manager

From: Veronica Urbano-Baeza, Internal Auditor 

Date: August 14, 2020

Subject: Friday Packet: Internal Audit Notification(s) and/or Report(s)

Enclosed we are providing the following notification(s) and / or report(s) for your review and subsequent approval:

1. Consolidated Report (with Executive Summary): Unannounced Cash and Inventory Controls and Compliance Audits with Department Responses (January 2020 through June 2020); and,
2. Payroll Compliance Audit Report with Department Response: Parks and Recreation Department (Aquatics Division).

If you should have any questions regarding the enclosed notification(s) and / or report(s) submitted, please feel free to contact me at my office at (956) 790-1808. Thank you.

City of Laredo, Texas
Internal Audit Division



Consolidated Report (with Executive Summary):
Unannounced Cash and Inventory Controls and
Compliance Audits with Department Responses
(January 2020 through June 2020)

August 12, 2020

City of Laredo
Internal Audit Division

**Consolidated Report: Unannounced Cash and Inventory
Controls and Compliance Audits with Department Responses
January 2020 through June 2020**

Table of Contents

I.	Executive Summary	i
II.	Unannounced Cash & Petty Cash Controls Audits	
	January 2020.....	1
	February 2020.....	2
	Response Received from Bridge (Audit # 7257).....	3
	Response Received from Bridge (Audit # 7274).....	4
	Response Received from Utilities (Audit #s 7279, 7280).....	5
	March 2020.....	6
	April 2020.....	7
	May 2020.....	8
	June 2020.....	9
III.	Unannounced Inventory Count Controls Audits	
	January 2020	
	Health \ Pharmacy	10
	Parks \ Central Warehouse.....	11
	Response Received from Parks.....	13
	Parks \ UniTrade Stadium	14
	Response Received from Parks.....	17
	Transit.....	18
	February 2020	
	Utilities	19
	Public Works	20
	Response Received from Public Works	21
	Fleet Mgmt \ Parts.....	22
	Response Received from Fleet.....	24
	March 2020	
	Sames Auto Arena (SAA)(Assets).....	29
	Response Received from SAA	33
	April 2020.....	35
	May 2020.....	36
	June 2020	

City of Laredo
Internal Audit Division

**Consolidated Report: Unannounced Cash and Inventory
Controls and Compliance Audits with Department Responses
January 2020 through June 2020**

Table of Contents

Public Works.....	37
Utilities.....	38
IV. Cash Controls Compliance Audits	
Petty Cash Compliance Audit (Animal Care Services)...	39
Response Received from Animal Care Services	42
Cash Handling Controls Compliance Audit (Airport).....	43
V. Appendix A – Internal Audit Staff Acknowledgment..	44

I. Executive Summary

EXECUTIVE SUMMARY

Introduction

In accordance with the Fiscal Year (FY) 2020 approved Annual Audit Plan, enclosed is the **Consolidated Report of Cash and Inventory Controls and Compliance Audits** completed by the Internal Audit Division during the time period of January 2020 through June 2020. A total of one hundred twenty-three (123) audits were conducted for the time period. The enclosed report also contains any responses required from the affected departments on corrective action. *It should be noted that during the months of March 2020 through June 2020, many of the scheduled audits could not be conducted due to facility closures (i.e. Parks Aquatics, Recreation Centers, Libraries, etc.) and restrictions due to the COVID-19 pandemic, as well as maintaining compliance with protocols for the safety of both Internal Audit staff and other departmental staff when conducting field audits.*

Audit Objectives

The enclosed audits conducted consisted of unannounced field audits to test for compliance with reconciliation processes and proper internal controls for cash and inventory as required by any corresponding City policies and procedures.

Audit Scope and Methodology

In order to achieve the audit objectives noted above, we applied the corresponding audit methodologies for cash and inventory control audits.

Cash Audits:

- Conducted unannounced site visits to those department(s)/division(s) scheduled during the time period of January 2020 through June 2020;
- Conducted interviews of pertinent staff at site locations visited;
- Obtained an understanding of the City's Cash Handling Policy and Procedures, as well as any internal department policies on overage(s)/shortage(s);
- Conducted a reconciliation of collections received to receipts issued on a random selection of collections employees; and,
- Conducted an assessment for compliance with a sample of internal controls outlined as per the City's Cash Handling and Petty Cash Policies.

Inventory Audits:

- Conducted unannounced site visits to those department(s)/division(s) with inventory warehouses scheduled during the time period of January 2020 through June 2020;
- Conducted interviews of pertinent staff at site locations visited;
- Obtained an understanding of any pertinent internal department policies and procedures on inventory controls;
- Conducted a reconciliation of randomly selected items on hand with inventory system generated reporting; and,
- Conducted an assessment for proper inventory internal controls.

We conducted this audit from January 2020 to June 2020 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.

Understanding that resolving all audit findings was the key to assuring future compliance and minimizing the City’s traditional and emerging risks; a strong commitment was made to require the departments audited to analyze and implement proper measures to adequately resolve the issues identified. A brief summary of the audit results and recommendations follows below.

Audit Results and Recommendations

The table below reflects the types of audits completed during this time period.

Type of Audits Completed	# of Audits Completed
Unannounced Cash & Petty Cash Audits	111
Unannounced Inventory Count Audits	10
Cash Controls Compliance Audits	2

Cash Control Audits

Out of one hundred eleven (111) unannounced cash audits conducted for the time period of January 2020 through June 2020, four (4) audits, or four (4%) percent of the population had findings noted, which conveys that the majority of the population tested is following the City’s Cash Handling and Petty Cash Policies and maintaining adequate cash handling internal controls.

- Four (4) audits noted with violations pertaining to the City’s Cash Handling Policy and/or the City’s Petty Cash Policy. For instance, some of the policy violations noted included the following:
 - Error(s) noted on amount received on collections receipts issued.
 - Petty Cash Custodian not having keys to box at the time of collections coupled with inactivity of the fund.
 - Expense account number not included on Petty Cash Voucher Advance.

Based off of the finding(s) noted above, our recommendations consisted of providing guidance on cash handling and petty cash procedures as outlined in the City’s Cash Handling and Petty Cash Policies. *In all of the above mentioned instances where findings were noted, responses on corrective action were submitted by the corresponding departments to Internal Audit.*

Inventory Control Audits

On the audits conducted on City-wide inventory items, out of one hundred thirty-two (132) inventory items randomly selected during the time period of January 2020 through June 2020, four (4) items were noted with findings for variances, which equates to three (3%) percent of the total population tested which conveys that the majority of the population tested is maintaining adequate internal controls. In all of the instances where variances were found with the inventory items tested, our recommendation was for the affected departments to determine the cause of the variance and, if necessary, make entries into the corresponding inventory systems once the cause of the variance had

been determined. In some instances we recommended that an evaluation of some of the affected departmental inventory systems be conducted to determine the adequacy of the internal control structure pertinent to inventory.

Additionally, in conducting an assessment of those locations with asset inventory, there was one (1) instance where the asset tag numbers assigned were either not found or needed replacement. Our recommendation to the affected department was that the asset inventory items noted be tagged or re-tagged with their corresponding asset number.

In all of the above mentioned instances where findings were noted, responses on corrective action were submitted by the corresponding departments to Internal Audit.

Cash Controls Compliance Audits

Petty Cash Compliance Audit – Animal Care Services Department

The results of the Petty Cash Compliance Audit for the Animal Care Services Department reflected the following findings:

- The dollar amount advanced was not included on the Petty Cash Advance Vouchers as per the City's Petty Cash Policy.

Based off of the finding(s) noted above, our recommendations consisted of providing guidance on petty cash procedures as outlined in the City's Petty Cash Policy. *Responses on corrective action were submitted by the corresponding department to Internal Audit.*

Cash Handling Controls Compliance Audit – City-Wide

A remote review of ninety-five (95) I-Series payment collectors was conducted during the months of April and May 2020 as a result of the COVID-19 pandemic. Overall, all collectors tested were in compliance with the submittal of cash receipts deposits and paperwork as outlined by the City's Cash Handling Policy.

One observation was noted with the Airport Department.

At the time, collections staff were rotating one day on / one day off, and in many instances, a new collections batch would be opened towards the end of the day with no collections. Upon the employee's return from rotation, the opened batch would be used reflecting a batch date of two days prior with a transaction date in real time. Based off of the observation noted, our recommendation consisted of closing out all open batches at the end of the business day while on a rotation schedule. *No response was required since there was no violation of the City's Cash Handling Policy.*

A more extensive report of all the audit results and recommendations can be found in the ensuing report along with any corresponding responses on corrective action from the affected departments.

II. Unannounced Cash & Petty Cash Control Audits

January 2020

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
JANUARY 2020

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	Percentage Shortage / Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
				(A)	(B)	(C)	(D)					
						(B-A)	(C/A)					
1	7216	Bridge II - Toll Booth Collections	BM	1/6/2020	\$ 94.50	\$ 94.50	\$ -	0.00%		NO	NO	
2	7217	Bridge II - Toll Booth Collections	BM	1/6/2020	\$ 164.50	\$ 164.50	\$ -	0.00%		NO	NO	
3	7218	Bridge II - Customer Svc.	BM	1/6/2020	\$ 504.80	\$ 504.80	\$ -	0.00%		NO	NO	
4	7219	Bridge II - Customer Svc.	BM	1/6/2020	\$ 880.00	\$ 880.00	\$ -	0.00%		NO	NO	
5	7220	Bridge I - Toll Booth Collections	BM	1/6/2020	\$ 164.50	\$ 164.54	\$ 0.04	0.02%		NO	NO	
6	7221	Bridge I - Toll Booth Collections	BM	1/6/2020	\$ 227.50	\$ 227.50	\$ -	0.00%		NO	NO	
7	7222	Building	BM	1/6/2020	\$ 559.00	\$ 559.00	\$ -	0.00%		NO	NO	
8	7223	Health - Vital Statistics	BM	1/6/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Department Short Staffed on Collectors
9	7224	Health - Lab / Buena Vida	BM	1/6/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Collector not Available
10	7225	Parks - Haynes Recreation Center	BM	1/6/2020	\$ 15.00	\$ 15.00	\$ -	0.00%		NO	NO	
11	7226	Bridge III - Toll Booth Collections	BM	1/7/2020	\$ 87.50	\$ 87.50	\$ -	0.00%		NO	NO	
12	7227	Bridge III - Toll Booth Collections	BM	1/7/2020	\$ 274.75	\$ 274.72	\$ (0.03)	-0.01%		NO	NO	
13	7228	Utilities - Sewer	BM	1/7/2020	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
14	7229	Parks - Fasken Recreation Center	BM	1/8/2020	\$ 100.00	\$ 100.00	\$ -	0.00%		NO	NO	
15	7230	Bridge IV - Customer Svc.	BM	1/8/2020	\$ 18,993.93	\$ 18,993.93	\$ -	0.00%		NO	NO	
16	7231	Bridge IV - Customer Svc.	BM	1/8/2020	\$ 5,224.00	\$ 5,224.00	\$ -	0.00%		NO	NO	
17	7232	Bridge IV	BM	1/8/2020	\$ 400.00	\$ 400.00	\$ -	0.00%	Petty Cash	NO	NO	
18	7233	Health - Lab / Buena Vida	BM	1/9/2020	\$ 798.00	\$ 798.10	\$ 0.10	0.01%		NO	NO	
19	7234	Health - Vital Statistics	BM	1/9/2020	\$ 127.35	\$ 127.35	\$ -	0.00%		NO	NO	
20	7235	Parks - Cigarroa Recreation Center	BM	1/9/2020	\$ 105.00	\$ 105.00	\$ -	0.00%		NO	NO	
21	7236	Tax (City Hall Annex)	BM	1/14/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Department Short Staffed on Collectors
22	7237	Solid Waste - Landfill	BM	1/14/2020	\$ 1,220.60	\$ 1,220.60	\$ -	0.00%		NO	NO	
23	7238	Utilities - Water	BM	1/14/2020	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
24	7239	Airport - Parking Pay Station(s)	BM	1/15/2020	\$ 289.00	\$ 289.00	\$ -	0.00%		NO	NO	
25	7240	Airport	BM	1/15/2020	\$ 9,000.00	\$ 9,000.00	\$ -	0.00%		NO	NO	
26	7241	Airport	BM	1/15/2020	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
27	7242	Transit	BM	1/24/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Bill Counter Not Working (Chg Fund of \$6,000)
28	7243	Transit - Lobby Tellers	BM	1/24/2020	\$ 4.00	\$ 4.00	\$ -	0.00%		NO	NO	
29	7244	Community Development	BM	1/24/2020	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
30	7245	Parks - Hillside Recreation Center	BM	1/24/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
31	7246	Tax (City Hall Annex)	BM	1/24/2020	\$ 82,678.93	\$ 82,678.10	\$ (0.83)	0.00%		NO	NO	
32	7247	Tax (City Hall Annex)	BM	1/24/2020	\$ 7,384.38	\$ 7,384.38	\$ -	0.00%		NO	NO	
33	7248	Tax (City Hall Annex)	BM	1/24/2020	\$ 707.79	\$ 707.79	\$ -	0.00%		NO	NO	
34	7249	Tax (City Hall)	BM	1/27/2020	\$ 33,503.62	\$ 33,503.62	\$ -	0.00%		NO	NO	
35	7250	Tax (City Hall)	BM	1/27/2020	\$ 17,144.93	\$ 17,144.93	\$ -	0.00%		NO	NO	

February 2020

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
FEBRUARY 2020

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	Percentage Shortage / Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
				(A)	(B)	(C) (B-A)	(D) (C/A)					
1	7251	Bridge II - Toll Booth Collections	BM	2/10/2020	\$ 106.75	\$ 106.75	\$ -	0.00%		NO	NO	
2	7252	Bridge II - Toll Booth Collections	BM	2/10/2020	\$ 350.00	\$ 350.00	\$ -	0.00%		NO	NO	
3	7253	Bridge II - Customer Svc.	BM	2/10/2020	\$ 191.00	\$ 191.00	\$ -	0.00%		NO	NO	
4	7254	Bridge II - Customer Svc.	BM	2/10/2020	\$ 392.00	\$ 392.00	\$ -	0.00%		NO	NO	
5	7255	Bridge I - Toll Booth Collections	BM	2/10/2020	\$ 350.00	\$ 350.00	\$ -	0.00%		NO	NO	
6	7256	Bridge I - Toll Booth Collections	BM	2/10/2020	\$ 224.00	\$ 224.00	\$ -	0.00%		NO	NO	
7	7257	Bridge I	BM	2/10/2020	\$ 500.00	\$ 500.00	\$ -	0.00%	Petty Cash	NO	YES	Policy Violation: Expense Account Number not Included on Advance Voucher
8	7258	CVB	BM	2/10/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
9	7259	CVB	BM	2/10/2020	\$ 500.00	\$ 500.00	\$ -	0.00%	Petty Cash	NO	NO	
10	7260	Planning	BM	2/10/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
11	7261	Bridge III - Toll Booth Collections	BM	2/12/2020	\$ 232.75	\$ 232.75	\$ -	0.00%		NO	NO	
12	7262	Bridge III - Toll Booth Collections	BM	2/12/2020	\$ 56.00	\$ 56.00	\$ -	0.00%		NO	NO	
13	7263	Health - Ambulance	BM	2/13/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Collector not Available
14	7264	Parks - La Ladrillera Recreation Center	BM	2/13/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
15	7265	Health - Ambulance Billing	BM	2/13/2020	\$ 9,617.60	\$ 9,617.60	\$ -	0.00%		NO	NO	
16	7266	Parks - El Eden Recreation Center	BM	2/13/2020	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	
17	7267	Parks - Hachar Recreation Center	BM	2/13/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
18	7268	Parks - Marcos Aranda Recreation Center	BM	2/13/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
19	7269	Tax (City Hall)	BM	2/19/2020	\$ 3,273.43	\$ 3,273.43	\$ -	0.00%		NO	NO	
20	7270	Tax (City Hall)	BM	2/19/2020	\$ 6,104.40	\$ 6,104.40	\$ -	0.00%		NO	NO	
21	7271	Library	BM	2/19/2020	\$ 180.00	\$ 180.42	\$ 0.42	0.23%	Petty Cash	NO	NO	
22	7272	Community Development - Municipal Housing	BM	2/19/2020	\$ 665.00	\$ 665.00	\$ -	0.00%		NO	NO	
23	7273	Municipal Court	BM	2/19/2020	\$ 455.00	\$ 455.00	\$ -	0.00%		NO	NO	
24	7274	Bridge IV - Customer Svc.	BM	2/24/2020	\$ 33,066.50	\$ 46,566.50	\$ 13,500.00	40.83%		NO	YES	Policy Violation: Received Amount on Transaction Entered Incorrectly
25	7275	Bridge IV - Customer Svc.	BM	2/24/2020	\$ 11,048.25	\$ 11,048.25	\$ -	0.00%		NO	NO	
26	7276	Tax (City Hall Annex)	BM	2/25/2020	\$ 99,752.39	\$ 99,754.27	\$ 1.88	0.00%		NO	NO	
27	7277	Tax (City Hall Annex)	BM	2/25/2020	\$ 54,757.43	\$ 54,757.43	\$ -	0.00%		NO	NO	
28	7278	Tax (City Hall Annex)	BM	2/25/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: I-Series System Unavailable
29	7279	Utilities - Sewer	BM	2/26/2020	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	YES	Unable to Audit: Custodian did not have Key to Petty Cash Box
30	7280	Utilities - Sewer	BM	2/26/2020	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	YES	Policy Violation: Denomination Variances Noted from Last Audit; No Reimbursement Activity Since Last Audit
31	7281	Utility Billing	BM	2/27/2020	\$ 784.10	\$ 784.10	\$ -	0.00%		NO	NO	
32	7282	Tax (City Hall Annex)	BM	2/27/2020	\$ 25,798.50	\$ 25,798.50	\$ -	0.00%		NO	NO	

Memo

To: Veronica Urbano, Internal Auditor

From: Yvette Limon, Bridge Director

Date: February 14, 2020

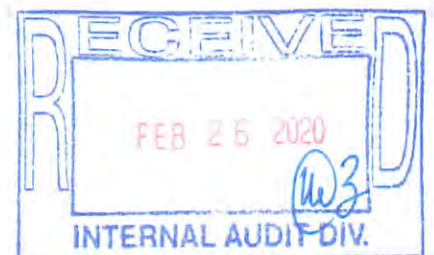
Re: Audit # 7257

On February 10, 2020, the City's Internal Audit Staff conducted a surprise cash audit at Bridge I on the Petty Cash Fund; noted below are the responses to the audit observations.

Audit # 7257

Finding: While the petty cash reimbursement report contains the expense account number to be charged. The petty cash voucher serves as the authorization to release the advance (cash) to the requestor. Including the account number on the voucher serves as verification that the account number to be expensed has funding (or needs a transfer to be initiated) prior to the disbursement of the advance. As well as being a mechanism for the custodian to document the corresponding account numbers prior to the preparation of the reimbursement report.

Response: On February 10, 2020, Ms. [redacted] was audited and was issued a finding for not complying with the Petty Cash Policy. Ms. [redacted] failed to include the account numbers being expensed on the receipts issued. In an effort to avoid such violations from occurring, the finding has been addressed not only with Ms. [redacted] but with the other two petty cash custodians as well. The department will also conduct spot audits on a regular basis to verify the policy is being followed. Therefore, as per the Laredo Bridge System Petty Cash Policy, no further disciplinary action is necessary.



Memo

To: Veronica Urbano, Internal Auditor

From: Yvette Limon, Bridge Director

Date: 2/24/2020

Re: Audit # 7274

On February 24, 2020, the City's Internal Audit Staff conducted a surprise cash audit at Bridge IV on a CSR located in the front office; noted below is the response to the audit observation.

Audit # 7274


At the end of the audit, CSR _____ was found to be over \$13,500.00. The supervisor verified his cash and reviewed his tour of duty report. The reason for the overage was that the CSR received a check payment of \$15,000.00 and entered \$1,500.00 to the customer's account. Correction on the customer's account has been made given the customer a credit of \$13,500.00.

Laredo Bridge System Shortage/ Overage policy was followed. An overage report was prepared, signed by the CSR and placed in his employee file. A warning (Disciplinary Action Form) was made on Mr. _____ Therefore, as per the Laredo Bridge System Shortage/Overage Policy, no further disciplinary action is necessary.



Memo

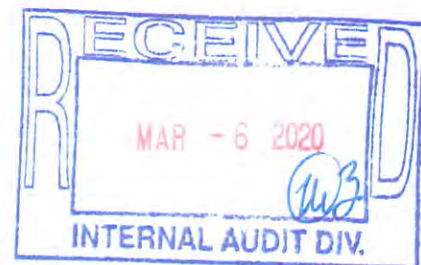
City Of Laredo-Utilities Dept
5816 Daugherty
Laredo, Texas 78040
Telephone 956 721-2000
Facsimile 956 795-2723

DATE: March 5, 2020
TO: Veronica Urbano-Baeza
Internal Auditor
FROM: Riazul I. Mia, P.E. 
Utilities Director
SUBJECT: Audit 7279 and 7280

After receiving the audits #7279 and #7280 results on February 27 regarding a surprise audit on Wastewater Collection Division petty cash, , the employee in charge of it received a reprimand with a one-day suspension without pay, and petty cash was taken away from her.

Wastewater Collection employees will receive petty cash from other divisions.

C: File



March 2020

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
MARCH 2020*

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	Percentage Shortage / Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
1	7283 Tax (City Hall Annex)	BM	3/3/2020	\$ 39,024.90	\$ 39,024.92	\$ 0.02	0.00%		NO	NO	
2	7284 Tax (City Hall Annex)	BM	3/3/2020	\$ 18,658.59	\$ 18,658.34	\$ (0.25)	0.00%		NO	NO	
3	7285 Utility Billing	BM	3/3/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Department Short Staffed on Collectors
4	7286 Transit - El Lift	BM	3/4/2020	\$ 131.50	\$ 132.73	\$ 1.23	0.94%		NO	NO	
5	7287 Transit - Fixed Route	BM	3/4/2020	\$ 12,117.39	\$ 12,146.32	\$ 28.93	0.24%		NO	NO	
6	7288 Transit - Parking Pay Station(s)	BM	3/6/2020	\$ 312.00	\$ 313.05	\$ 1.05	0.34%		NO	NO	
7	7289 Tax (City Hall)	BM	3/10/2020	\$ 7,772.88	\$ 7,772.90	\$ 0.02	0.00%		NO	NO	
8	7290 Tax (City Hall)	BM	3/10/2020	\$ 6,516.24	\$ 6,516.24	\$ -	0.00%		NO	NO	
9	7291 Building	BM	3/10/2020	\$ 7,010.22	\$ 7,010.22	\$ -	0.00%		NO	NO	
10	7292 Bridge II - Toll Booth Collections	BM	3/11/2020	\$ 108.50	\$ 108.50	\$ -	0.00%		NO	NO	
11	7293 Bridge II - Toll Booth Collections	BM	3/11/2020	\$ 308.00	\$ 308.00	\$ -	0.00%		NO	NO	
12	7294 Bridge II - Customer Svc.	BM	3/11/2020	\$ 341.50	\$ 341.50	\$ -	0.00%		NO	NO	
13	7295 Bridge II - Customer Svc.	BM	3/11/2020	\$ 1,565.50	\$ 1,565.50	\$ -	0.00%		NO	NO	
14	7296 Bridge I - Toll Booth Collections	BM	3/11/2020	\$ 273.00	\$ 273.00	\$ -	0.00%		NO	NO	
15	7297 Bridge I - Toll Booth Collections	BM	3/11/2020	\$ 371.00	\$ 371.00	\$ -	0.00%		NO	NO	
16	7298 Police - Records	BM	3/11/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Supervisor Unavailable during Audit
17	7299 Animal Care Services	BM	3/11/2020	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	Compliance Audit

* March 2020 Scheduled Cash Audits not Completed due to COVID-19 Restrictions enacted in mid-March on field audits and social distancing requirements.

April 2020
No Cash and Inventory Field Audits
Conducted due to COVID-19
Restrictions & Safety Protocols

May 2020

No Cash and Inventory Field Audits
Conducted due to COVID-19
Restrictions & Safety Protocols

June 2020

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
JUNE 2020*

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	Percentage Shortage / Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
				(A)	(B)	(C)	(D)				
						(B-A)	(C/A)				
1	7300 Utility Billing	BM	6/16/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: No In-Person Customer Payments being Accepted due to COVID-19 Restrictions
2	7301 Tax (City Hall Annex)	BM	6/16/2020	\$ 12,492.91	\$ 12,492.91	\$ -	0.00%		NO	NO	
3	7302 Tax (City Hall Annex)	BM	6/16/2020	\$ 16,200.92	\$ 16,201.00	\$ 0.08	0.00%		NO	NO	
4	7303 Tax (City Hall Annex)	BM	6/16/2020	\$ 41,483.50	\$ 41,483.89	\$ 0.39	0.00%		NO	NO	
5	7304 Bridge II - Toll Booth Collections	BM	6/17/2020	\$ 52.50	\$ 52.50	\$ -	0.00%		NO	NO	
6	7305 Bridge II - Toll Booth Collections	BM	6/17/2020	\$ 182.00	\$ 182.10	\$ 0.10	0.05%		NO	NO	
7	7306 Bridge II - Toll Booth Collections	BM	6/17/2020	\$ 493.50	\$ 493.42	\$ (0.08)	-0.02%		NO	NO	
8	7307 Bridge II - Toll Booth Collections	BM	6/17/2020	\$ 336.00	\$ 336.00	\$ -	0.00%		NO	NO	
9	7308 Bridge II	BM	6/17/2020	\$ 3,400.00	\$ 3,400.00	\$ -	0.00%	Change Fund	NO	NO	
10	7309 Bridge II - Customer Svc.	BM	6/17/2020	\$ 3,639.55	\$ 3,639.55	\$ -	0.00%		NO	NO	
11	7310 Bridge II - Customer Svc.	BM	6/17/2020	\$ 5,975.30	\$ 5,975.30	\$ -	0.00%		NO	NO	
12	7311 Bridge I	BM	6/17/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Bridge I Closed due to COVID-19 Restrictions
13	7312 Health - TB	BM	6/17/2020	\$ 50.00	\$ 50.00	\$ -	0.00%	Change Fund	NO	NO	
14	7313 Health - Ambulance Billing	BM	6/17/2020	\$ 4,494.77	\$ 4,494.77	\$ -	0.00%		NO	NO	
15	7314 Health - Vital Statistics	BM	6/17/2020	\$ 373.00	\$ 373.00	\$ -	0.00%		NO	NO	
16	7315 Environmental Svcs.	BM	6/17/2020	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit; Currently Only Accepting Mail Payments due to COVID-19 Restrictions
17	7316 Building	BM	6/18/2020	\$ 1,275.62	\$ 1,275.62	\$ -	0.00%		NO	NO	
18	7317 Traffic - Parking	BM	6/18/2020	\$ 200.00	\$ 200.00	\$ -	0.00%	Change Fund	NO	NO	
19	7318 Traffic - Parking	BM	6/18/2020	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
20	7319 Solid Waste - Landfill	BM	6/24/2020	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
21	7320 Solid Waste - Landfill	BM	6/24/2020	\$ 96.90	\$ 96.90	\$ -	0.00%		NO	NO	
22	7321 Police - Records	BM	6/24/2020	\$ 1,940.00	\$ 1,940.00	\$ -	0.00%		NO	NO	Currently Only Accepting Mail Payments due to COVID-19 Restrictions
23	7322 Utilities - Engineering	BM	6/24/2020	\$ 2,284.42	\$ 2,284.42	\$ -	0.00%		NO	NO	
24	7323 Bridge III - Customer Svc.	BM	6/24/2020	\$ 2,212.50	\$ 2,212.50	\$ -	0.00%		NO	NO	
25	7324 Bridge III - Toll Booth Collections	BM	6/24/2020	\$ 66.50	\$ 66.50	\$ -	0.00%		NO	NO	
26	7325 Bridge IV - Customer Svc.	BM	6/24/2020	\$ 12,907.65	\$ 12,907.65	\$ -	0.00%		NO	NO	
27	7326 Bridge IV - Customer Svc.	BM	6/24/2020	\$ 6,458.37	\$ 6,458.37	\$ -	0.00%		NO	NO	

* June 2020 Scheduled Cash Audits not Completed due to COVID-19 Restrictions on field audits due to increased positivity rates.

III. Unannounced Inventory Count Control Audits

January 2020

Health Department – Pharmacy Division

Surprise Inventory Count Audit

January 6, 2020

STATEMENT OF SCOPE & METHODOLOGY

On January 6, 2020, a Surprise Inventory Count Audit was conducted on the Health Department - Pharmacy Division. Four (4) different items were randomly selected from the inventory on hand. Division currently uses "Pharmacy Inventory Control System (PICS)" in order to keep a database of the division's inventory and to serve as a measure of control.

Our audit is limited to the physical count of randomly selected items in order to determine if results coincide with quantity showing on system. The following steps were taken to analyze all the data collected.

- 1.) An inventory listing was requested.
- 2.) Random selection of items.
- 3.) Site visit to Health Department - Pharmacy Division.
- 4.) Health Department - Pharmacy staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS AND/OR OBSERVATIONS

Based upon the physical count performed and as showed in the table below, the following finding(s)/observation(s) were noted.

ITEM NAME	INVENTORY NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Hep A&B (Twinrix)	3PP42	\$102.50	50	50	0	N/A
IPOL (Poliovirus Vaccine Inactivated)	P1A171M	\$31.14	8	8	0	N/A
Mirena	TU0258A, TU01XT2, TU01NE7, TU0295B, TU01JTH	\$301.93	30	30	0	N/A
RhoGAM Ult-Filt Plus Syg 300UG	RG180O1	\$58.11	3	3	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

Internal Audit found no significant audit findings. Items inventoried were in balance.

No written response is required on this report.

Prepared by: <i>Bmedellin</i> Bianca Medellin, Auditor I Date: 1/10/2020	Reviewed by: <i>Veronica Urbano-Baeza</i> Veronica Urbano-Baeza, Internal Auditor Date: 1-17-2020
To: Dr. Hector F. Gonzalez, Health Director	
Cc: Rosario C. Cabello, Co – Interim City Manager Robert A. Eads, Co – Interim City Manager	

**Parks & Recreation Department – Central Warehouse
Surprise Inventory Count Audit
January 9, 2020**

STATEMENT OF SCOPE & METHODOLOGY

On January 9, 2020, a Surprise Inventory Count Audit was conducted on the Parks & Leisure Services Department – Central Warehouse. Four (4) different items were randomly selected from the inventory on hand. Department currently uses an access based system in order to keep a database of the department's inventory and to serve as a measure of control.

Our audit is limited to the physical count of randomly selected items in order to determine if results coincide with quantity showing on system. The following steps were taken to analyze all the data collected.

- 1.) A material and equipment inventory listing was requested.
- 2.) Random selection of material (s) or equipment.
- 3.) Site visit to Parks & Recreation – Central Warehouse.
- 4.) Parks & Recreation staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS AND/OR OBSERVATIONS

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

ITEM NAME	ITEM NUMBER	AVG.UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING/OBSERVATION NO.
Makita Cordless Saw	PR-EQ-4045	\$ 350.00	0	1	1	F1
Nailer Air Gun Roofing Bostitch	PR-EQ-AR06	\$ 249.00	1	1	0	N/A
AC Recovery Pump Refrigerant Yellow Jacket S#173885	PR-AC-3885	\$ 1,089.40	1	1	0	N/A
Blower Stihl BR450 S#42410111710	PR-EQ-1710	\$ 299.99	1	1	0	N/A

AUDIT FINDINGS AND/OR OBSERVATIONS & RECOMMENDATIONS

Finding #1

(F1) shortage of one (1) Makita Cordless Saw PR-EQ-4045 was discovered during physical count. Item was not in the system. Dollar average amount of shortage equals to a total of \$350.00.

Recommendation

Internal Audit recommends that the Parks & Recreation Department review their inventory listings for accuracy in order to determine cause of variance and make any necessary corrections, if needed. Internal Audit continues to recommend that the Parks & Recreation Department acquire a new inventory software program that will better reflect the inventory counts of materials and equipment housed at the Parks' warehouse facilities. Additionally, we would strongly recommend that a full inventory of items housed at the Parks warehouses be conducted in conjunction with the acquisition of the new inventory software in order to ensure that the most accurate information is entered into the new inventory program.

A written response is required on this report for finding(s)/observation(s) no later than ten (10) days after receipt of this report. Response should indicate how findings would be corrected, by whom and by when. If you have any questions, feel free to contact me at the Internal Audit Office (956) 790-1809.

Prepared by:

Bmedellin

Bianca Medellin, Auditor I

Date: *1/17/2020*

Reviewed by:

Veronica Urbano-Baeza

Veronica Urbano-Baeza, Internal Auditor

Date: *1-19-2020*

To: Juan J. Gomez, Jr., Parks & Recreation Director

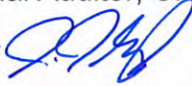
Cc: Rosario C. Cabello, Co – Interim City Manager
Robert A. Eads, Co – Interim City Manager

PARKS AND RECREATION DEPARTMENT

Memo



To: Veronica Urbano-Baeza, Internal Auditor, CPM

From: Juan J. Gomez, Parks Director 

Date: February 4, 2020

Re: Internal Surprise Inventory Count Audit

The following Surprise Inventory Count Audit was done on January 9, 2020.

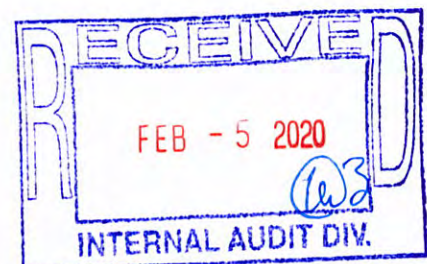
Findings 1: (F1) shortage of one (1) Makita Cordless Saw PR-EQ-4045 was discovered during physical count. Item was not in the system. Dollar average amount of shortage equals to a total of \$350.00.

Response: Due to the version that the department has on the inventory software program, certain errors are encountered. At the time of printing the inventory listing, the item above did not appear. However, warehouse supervisor manually entered the item into the system.

We will continuing to inquire about a new inventory system program to reflect better accountability of materials and/or equipment.

If you have any questions, please call me at 795-2350.

Thank you.



**Unitrade Stadium
Asset Inventory Count Audit
January 22, 2020**

STATEMENT OF SCOPE & METHODOLOGY

On January 22nd & 23rd, 2020, an Asset Inventory Count Audit was conducted at the Unitrade Stadium. Fifty - three (53) different assets were randomly selected from the Asset Inventory List provided. Division currently uses "Excel worksheet based system" in order to keep a database of the division's asset inventory and to serve as a measure of control of assets.

Our audit is limited to the physical count of randomly selected items in order to determine if results coincide with quantity showing on system. The following steps were taken to analyze all the data collected.

- 1.) An inventory listing was requested.
- 2.) Random selection of equipment.
- 3.) Site visit to Unitrade Stadium.
- 4.) Parks Department Staff interviews.
- 5.) Physical count of selected items.

We were advised by City staff that the criteria established by the City and currently followed for asset tagging at the Unitrade Stadium requires that all items purchased with City funds be tagged with an asset number for identification purposes. The only exception would be for smaller items (i.e. utensils, etc.). It should be noted that in some instances an asset number is reflected as "Not Tag (NT)" because the item is a component of a larger item.

AUDIT FINDINGS AND/OR OBSERVATIONS

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

DESCRIPTION	ASSET NUMBER	AVG. UNIT PRICE	QTY. SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO
Table Picnic 8FT	9616	\$ 607.00	1	1	0	N/A
Table Picnic 8FT	9622	\$ 607.00	1	1	0	N/A
Table Picnic 6FT	9626	\$ 573.00	1	1	0	N/A
Tarp 18OZ Pro 26' HP Round	NT	\$ 547.39	1	1	0	N/A
Counter Money	9261	\$ 2,500.00	1	1	0	N/A
Cooler Bottle	9143	\$ 1,500.00	1	1	0	N/A
Television	9528	\$ 549.00	1	1	0	N/A
Table Square with Granite Top Short	9532	\$ 970.00	1	1	0	N/A
Refrigerator Full Size	9644	\$ 665.00	1	1	0	N/A
Rack – Inside Traulsen UDR CTR Refrig	NT	\$ 100.00	1	1	0	N/A
Cabinet Food Warmer	9213	\$ 1,500.00	1	1	0	F1
Table Work S/S w/Wheels	9333	\$ 2,400.00	1	1	0	N/A
Warmer Hotdog Bun	9348	\$ 750.00	1	1	0	N/A
Counter SS w/Sliding Doors	9340	\$ 1,700.00	1	1	0	N/A
Oven Pizza	9332	\$ 550.00	1	1	0	O1
Refrigerator 2 DR	9328	\$ 3,900.00	1	1	0	N/A
Sink Unit 1 Tub	9562	\$ 3,500.00	1	1	0	N/A
Char broiler	9318	\$ 3,700.00	1	1	0	N/A
Hot Dog Grill	9359	\$ 1,200.00	1	1	0	N/A
Warmer Hotdog Bun	9311	\$ 750.00	1	1	0	N/A
Sink Unit 3 Tub	9565	\$ 5,500.00	1	1	0	N/A

DESCRIPTION	ASSET NUMBER	AVG. UNIT PRICE	QTY. SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO
Ice Machine	9323	\$ 10,000.00	1	1	0	N/A
Desk SP w/Hutch	9630	\$ 1,000.00	1	1	0	N/A
Dispenser Beverage Table Top	NT	\$ 128.34	4	4	0	N/A
Rack Dunnage w/Casters	NT	\$ 450.00	3	3	0	N/A
Chair Recliner	NT	\$ 450.00	2	2	0	N/A
Bar Stools Outdoor	NT	\$ 250.00	122	80	-42	F2
Refrigerator Counter Beer Dispenser	9192	\$ 1,593.91	1	1	0	N/A
Popcorn Machine & Stand	9579	\$ 8,140.00	1	1	0	N/A
Tarp-18OZ Pro Tarp Custom 22'x11.5'	NT	\$ 356.40	1	1	0	N/A
Tiller	NT	\$ 350.00	1	1	0	N/A
Tarp 26 FT	NT	\$ 446.00	1	1	0	N/A
Tarp-18OZ Pro Tarps 30' HP Round	NT	\$ 722.19	1	1	0	N/A
Grill	9196	\$ 1,553.10	1	1	0	N/A
Cabinet Warming UDR CTR	9655	\$ 2,800.00	1	1	0	N/A
Kegeerator – Beer Dispenser	9690	\$ 5,000.00	1	1	0	N/A
Chairs Sidearm Office Guest Chair	NT	\$ 180.00	33	33	0	N/A
Desk U Shape w/Hutch	9176	\$ 2,650.00	1	1	0	N/A
Table Picnic 8FT	9608	\$ 607.00	1	1	0	N/A
Table Picnic 8FT	9611	\$ 607.00	1	1	0	N/A
Module Control Printer PCM	NT	\$ 225.00	1	1	0	N/A
Computer – License Quest	9267	\$ 1,000.00	1	1	0	N/A
Cash Register w/Printer	9139	\$ 885.00	1	1	0	O1
Television	9522	\$ 608.78	1	1	0	N/A
Chair Lounge Side Arm – Black Vinyl	9490	\$ 825.00	1	1	0	N/A
Chair Lounge Side Arm – Black Vinyl	9508	\$ 825.00	1	1	0	N/A
Sofa 3 Seater – Black Vinyl	9144	\$ 1,725.00	1	1	0	N/A
Sink Unit 1 Tub w/Upper Shelf	9553	\$ 1,500.00	1	1	0	O1
Table End Round	NT	\$ 440.00	16	16	0	N/A
Shelving Units Wire	NT	\$ 400.00	35	35	0	N/A
Table Treatment w/High Back	9273	\$ 575.00	1	1	0	N/A
Exercycle	9285	\$ 1,100.00	1	1	0	N/A
Table Treatment	9639	\$ 500.00	1	1	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

Finding 1

Asset No. 9213, a Cabinet Food Warmer with a unit cost of \$1,500.00 was not found during the audit. Upon further verification of the item, it was discovered the item was temporarily sent to the MAX Golf course.

Recommendation

Internal Audit recommends that the locations of each item listed in the Unitrade Asset Inventory be updated on a frequent basis for better identification and these items be tagged with their corresponding asset tag numbers for identification purposes. If the items, referenced above, have been temporarily moved, then a log must be maintained to show the item's exact location, date of release, date of return, and a signature of approval from the Supervisor authorizing the temporary relocation of the item.

Finding 2

On the item tested Bar Stools (outdoor), a shortage of 42 bar stools was discovered during our audit. The dollar average amount of the shortage equals to a total of \$10,500.00. Currently, the Uni-Trade Asset Inventory report reflects a quantity of 122 Bar Stools (outdoor); however, in the previous inventory assessments conducted by Principle Valuations, an external inventory assessment firm, the quantity on hand was 102 back in 2017. The quantity in the system of 122 was never adjusted to coincide with the quantity on hand.

Recommendation

Internal Audit recommends that an external firm be contracted to conduct a full inventory of the asset inventory housed at Uni-Trade Stadium. Subsequent updates to the asset inventory system should be conducted once a full inventory assessment is done in order to better reflect the quantities in the system.

Observation 1

On the table reflected below, the following assets were found; however, no corresponding City of Laredo asset tag number was attached.

ASSET ITEM DESCRIPTION	ASSET NUMBER ON INVENTORY LISTING	AVG. UNIT PRICE
Oven Pizza	9332	\$ 550.00
Cash Register w/Printer	9139	\$ 885.00
Sink Unit 1 Tub w/Upper Shelf	9553	\$ 1,500.00

Recommendation

Internal Audit recommends that these items be retagged in accordance with the City's Capital Asset Policy and Procedures, and that the Inventory System reflect those updates.

A written response is required on this report for finding(s)/observation(s) noted no later than ten (10) days after receipt of this report. Response should indicate how findings would be corrected, by whom and by when. If you have any questions, please feel free to contact me at the Internal Audit Office (956) 790-1809.

Prepared by:

Bmedellin

Bianca Medellin, Auditor I

Date: *5/1/2020*

Reviewed by:

Veronica Urbano Baeza

Veronica Urbano Baeza, Internal Auditor

Date: *5-1-2020*

To: Juan J. Gomez Jr., Parks and Recreation Director

Cc: Robert A. Eads, City Manager
Rosario C. Cabello, Deputy City Manager

Unitrade Stadium Asset Inventory Audit

The following responses are regarding your findings on Jan. 22, 2020 report:

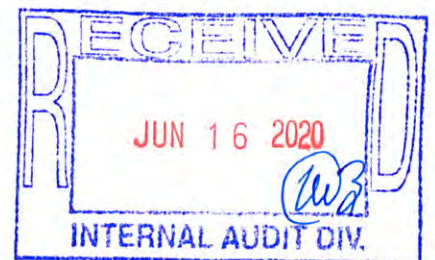
- 1) The cabinet food warmer was found at The Max that was borrowed for a city event. Currently, we have a log if and when any equipment is moved or taken out of the Stadium. The item is scheduled to be picked up this week and placed back at the proper concession stand.
- 2) In 2018, the last count that was done with Elia there was a total 81 stools. As time has gone by, some have been damaged since they are outdoor stools. Also, these stools have been used in previous occasions outside the premises for concerts and other activities. Mr. Gonzalez will be monitoring weekly the total count and after any games and events that will be happening there at Unitrade Stadium.



Juan J. Gomez Jr.

Director- Parks and Recreation Department

City Of Laredo



Transit Maintenance Division
Surprise Inventory Count Audit

January 24, 2020

STATEMENT OF SCOPE & METHODOLOGY

On January 24, 2020, a Surprise Inventory Count Audit was conducted on the Transit Department (Transit Maintenance Division). Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses "Transit Management Software", in order to keep a database of the department's inventory and to serve as a measure of control of assets.

Our audit is limited to the physical count of randomly selected items in order to determine if results coincide with quantity showing on system. The following steps were taken to analyze all the data collected.

- 1.) A parts inventory listing of items over \$50 was requested.
- 2.) Random selection of part(s).
- 3.) Site visit to Transit Management-Maintenance Division.
- 4.) Transit Maintenance staff interviews.
- 5.) Physical count of selected items.

AUDIT OBSERVATIONS AND/OR OBSERVATIONS

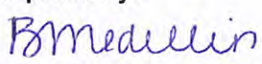

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Drum Rear 2015 GLG	13-855	\$ 360.75	8	8	0	N/A
Motor Evaporator 09 GLG (42MT)	32-021	\$ 1,045.00	2	2	0	N/A
Alternator 2015 GLG	32-803	\$ 3,175.00	1	1	0	N/A
Module Multiplex 09/11 GLG	34-413	\$ 1,119.77	1	1	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

Internal Audit found no significant audit findings. Items inventoried were in balance.

No written response is required on this report.

<p>Prepared by:  Bianca Medellin, Auditor I Date: 1/24/2020</p>	<p>Reviewed by:  Veronica Urbano Baeza, Internal Auditor Date: 1-27-2020</p>
<p>To: Claudia San Miguel, Acting Transit General Manager</p>	
<p>Cc: Rosario C. Cabello, Co – Interim City Manager Robert A. Eads, Co – Interim City Manager</p>	

February 2020

**Utilities Service Center
Surprise Inventory Count Audit
February 7, 2020**

STATEMENT OF SCOPE & METHODOLOGY

On February 7, 2020, the Internal Audit Division visited the Utilities Department to conduct an unannounced inventory audit of a random selection of items on hand. The audit methodology followed for this type of audit consists of obtaining an inventory report from the Sungard HTE Select Version 4.0, selecting a random sample of inventory items to test and conducting a physical count of the items selected for reconciliation.

Our audit is limited to the physical count of randomly selected items in order to determine if results coincide with quantity shown on inventory system. The following steps were taken to analyze all the data collected.

- 1.) An inventory items listing was requested.
- 2.) Random selection of items.
- 3.) Site visit to the Utilities Service Center Warehouse.
- 4.) Utilities Service Center staff interviews.
- 5.) Physical count of selected items.

AUDIT RESULTS & RECOMMENDATIONS

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING/OBSERVATION NO.
Couplings Smith 411-166 1 1/4 Inch	890-070-2029	\$ 38.06	13	13	0	N/A
1 x 1 1/2 Meter Adapter	890-070-00347	\$ 60.30	25	25	0	N/A
Saddle S - B313 16 x 2 Inches	890-070-3104	\$ 358.64	11	11	0	N/A
Resetter Ford V-42-15 5/8 x 3/4 Inches	890-070-3060	\$ 76.07	44	44	0	N/A

Internal Audit found no audit findings. Items inventoried were in balance.

No written response is required on this report.

<p>Prepared by: <i>Bmedellin</i> Bianca Medellin, Auditor I Date: 2/12/2020</p> <p>To: Riazul Mia, Utilities Director</p> <p>Cc: Rosario C. Cabello, Co - Interim City Manager Robert A. Eads, Co - Interim City Manager Humberto Delgado, Financial Services</p>	<p>Reviewed by: <i>Veronica Urbano-Baeza</i> Veronica Urbano-Baeza, Internal Auditor Date: 2-26-2020</p>
--	---

**Public Works – Warehouse Division
Surprise Inventory Count Audit
February 7, 2020**

STATEMENT OF SCOPE & METHODOLOGY

On February 7, 2020, a Surprise Inventory Count Audit was conducted on the Public Works - Warehouse Division. Four (4) different inventory items were randomly selected from the inventory reports on hand. Division currently uses "Excel worksheet based system" in order to keep a database of the division's inventory and to serve as a measure of control of assets.

Our audit is limited to the physical count of randomly selected items in order to determine if results coincide with quantity showing on system. The following steps were taken to analyze all the data collected.

- 1.) An inventory listing was requested.
- 2.) Random selection of inventory items.
- 3.) Site visit to Public Works - Warehouse Division.
- 4.) Public Works – Warehouse staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Essick Roll Multiquip	980503	\$9,500.00	1 EACH	1 EACH	0	N/A
Edco Scarifier	140710352	\$3,999.00	1 EACH	1 EACH	0	N/A
Safety XL Vest	Not Available	\$8.50	3 BOXES	2 BOXES	-1	F1
Water Cooler 5 Gal.	Not Available	\$30.99	4 EACH	4 EACH	0	N/A

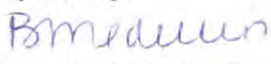

Finding #1

(F1) Shortage of one (1) box of Safety XL Vest was discovered during physical count. Internal Audit was provided with a Materials Requisition form which shows 4 Safety XL Vests issued out on 2/5/2020; however the vests were issued as individual vests, whereas the inventory system shows the quantity in boxes. While a materials requisition form was provided, the issue out was not updated in the inventory system at the time of the audit.

Recommendation

Internal Audit is recommending that Public Works assess and consider the acquisition, funding permitting, of the most suitable Automated Inventory System in order to better account for all material and equipment received and issued out.


A written response is required on this report for finding(s)/observation(s) no later than ten (10) days after receipt of this report. Response should indicate how findings would be corrected, by whom and by when. If you have any questions, feel free to contact me at the Internal Audit Office (956) 790-1809.

Prepared by:  Bianca Medellin, Auditor I Date: 5/11/2020	Reviewed by:  Veronica Urbano Baeza, Internal Auditor Date: 5-1-2020
To: John Orfla, Public Works Director	
Cc: Robert A. Eads, City Manager Rosario C. Cabello, Deputy City Manager	



CITY OF LAREDO
DEPARTMENT OF PUBLIC WORKS

M E M O R A N D U M

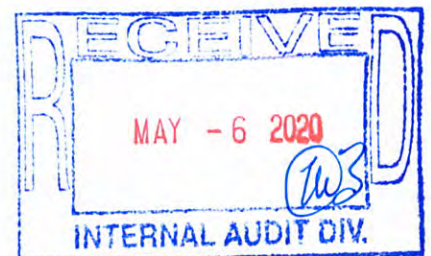
TO: Veronica Urbano Baeza, Internal Auditor
FROM: John Orfila, Jr., Director 
DATE: May 6, 2020
SUBJECT: Surprise Inventory Count Audit

In response to the Audit dated February 7, 2020, the variance of materials has been accounted for.

F1 1 box Safety XL Vests

The inventory records were in the process of being updated when the Audit was performed.

If you have any questions, please give me a call at 795-2500.



Fleet Management Department
Surprise Inventory Count Audit

February 25, 2020

STATEMENT OF SCOPE & METHODOLOGY

On February 25, 2020, a Surprise Inventory Count Audit was conducted on the Fleet Management Department. Four (4) different items were randomly selected from the parts inventory on hand. Division currently uses "Fleet Management Software" in order to keep a database of the division's inventory and to serve as a measure of control of assets.

Our audit is limited to the physical count of randomly selected items in order to determine if results coincide with quantity showing on manual journal. The following steps were taken to analyze all the data collected.

- 1.) A tire/parts inventory listing was requested.
- 2.) Random selection of part(s).
- 3.) Site visit to Fleet Management-Maintenance Division.
- 4.) Fleet Maintenance staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS AND/OR OBSERVATIONS

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING/OBSERVATION NO.
Air Filter	FA1928	\$38.15	2	2	0	N/A
Rear Brake Rotor for Explorer	680983P	\$64.75	8	8	0	N/A
Rotor Front Malibu	580184	\$25.92	0	2	2	F1
Brakes Rear Pads Ford 05-08	MKD1068	\$64.29	5	5	0	N/A

Finding #1

(F1) Overage of two (2) Rotor Front Malibu was discovered during physical count. Dollar average amount of overage equals to a total of \$51.84.

Recommendation

Internal Audit recommends that Fleet review their inventory listings for accuracy in order to determine cause of variance and make any necessary corrections, if needed. Regular updates of inventory purchased and issued out should be done to the Fleet inventory system, Fleet Management Software.

A written response is required on this report for finding(s)/observation(s) no later than ten (10) days after receipt of this report. Response should indicate how findings would be corrected, by whom and by when. If you have any questions, feel free to contact me at the Internal Audit Office (956) 790-1809.

Prepared by:

BMedellin

Bianca Medellin, Auditor I

Date: *2/26/2020*

To: Ronald W. Miller, Fleet Management Director
Cc: Rosario C. Cabello, Co- Interim City Manager
Robert A. Eads, Co – Interim City Manager

Reviewed by:

Veronica Urbano-Baeza

Veronica Urbano-Baeza, Internal Auditor

Date: *2-27-2020*

5/6/2020

To: Veronica Urbano

RESPONSE TO THE INVENTORY OVERAGE OF Part #580184

AUDIT FINDINGS AND/OR OBSERVATIONS

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING/OBSERVATION NO.
Air Filter	FA1928	\$38.15	2	2	0	N/A
Rear Brake Rotor for Explorer	680883P	\$84.75	8	8	0	N/A
Rotor Front Malibu	580184	\$25.92	0	2	2	F1
Brakes Rear Pads Ford 05-08	MKD1088	\$64.20	6	6	0	N/A

Finding #1

(F1) Overage of two (2) Rotor Front Malibu was discovered during physical count. Dollar average amount of overage equals to a total of \$51.84.

Recommendation

Internal Audit recommends that Fleet review their inventory listings for accuracy in order to determine cause of variance and make any necessary corrections, if needed. Regular updates of inventory purchased and issued out should be done to the Fleet inventory system, Fleet Management Software.

The oversight of one of our staff member issuing parts created the overage. On 12/10/2020 on work order 093801 parts requested for unit 8204 brake rotor. Brake rotor 58184 was charged to the work order. Later to find out that they were the wrong rotors. Staff charged the correct rotor part BX580243 to work order and forgot to remove part #580184 back into inventory.

Attached is adjusted amount on part #580184

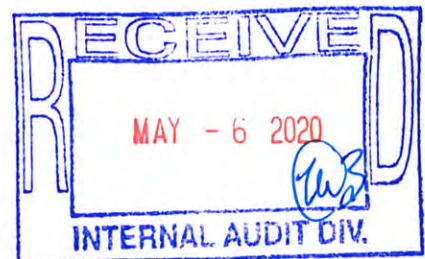
Also attached is the work order showing adjust to part #580184.

Solution: Staff has been given a review of the process to keep work orders and inventory in order.

If you have any question feel free to contact me.

Ron Miller

City of Laredo Fleet Director



CITY OF LAREDO MONTHLY FUEL SERVICE TRUCK WORK ORDER

WO Number 00001-0093801
Vehicle # 00001-08204

OPEN

Your Logo Here

SHOP	00001
CITY OF LAREDO	101
1102 BOB BULLOCK	
LAREDO, TX 78041-5453	
(956) 795-2120	
Vendor Number	
Vendor Name	
PO Number	

CUSTOMER: 00001	2930	HEALTH/P
HEALTH / ENVIR HEALTH		
2600 CEDAR AVE	TX 78040	
LAREDO		
956-723-2051		
Odometer/Alt Meter 1	99,000.0 / 0.00 Not In Use	Start 12/06/2019 10:49
Make	CHEVROLET	Close 01/21/2020 15:20
Year Model	2007 MALIBU	Priority
Serial #	1G1ZS58N37F313171	Reason 10 ROAD CALL
Plate #	128-6967	Shop ID All

LINE	TYPE	COMPLETED	VMRS CODE	MECHANIC/PART NUMBER	DESCRIPTION - OUT PO NUMBER	JOB	HRS / QTY	PRICE / WAGE	TOTAL COST
1	LABOR	01/17/2020	001-000-000	0000000453 MS	AC/HEATER SYSTEM SECTION	R/R	1.63	68.00	110.84
	PART	12/06/2019		53611	LUBRICANTS, UV LIQUID		2.00	16.46	32.92
		12/06/2019		96459510	MODULE		1.00	18.40	18.40
		12/10/2019		FS39009	EXPANSION VALVE		1.00	31.39	31.39
	NOTE			CHECK A/C NOT COOLING.					
2	LABOR	01/17/2020	001-002-000	0000000453 MS	REPLACE COMPR/CONDENSER/E	R/R	6.05	68.00	411.40
	PART	12/12/2019		FS97273	A/C COMPRESSOR		1.00	247.98	247.98
		12/12/2019		MISCC	A/C CONDENSOR		1.00	197.18	197.18
		12/13/2019		53611	LUBRICANTS UV LIQUID		2.00	16.46	32.92
		12/13/2019		134A	LUBRICANTS 134A FREON		4.00	7.16	28.65
		12/16/2019		52494593	EXPANSION VALVE		1.00	24.32	24.32
		01/16/2020		PY7	LUBRICANTS A/C OIL FOR 134A		1.00	7.19	7.19
	NOTE			R&R A/C COMPRESOR AND RECEIVER DRIER					
3	LABOR	01/17/2020	045-042-000	0000000453 MS	OIL PAN GASKT	R/R	3.87	68.00	263.16
	PART	12/11/2019		12607947	GASKET FOR MALIBU		1.00	9.64	9.64
		12/12/2019		PS425	SWITCH		1.00	31.63	31.63
		12/12/2019		HATF157	TRANSMISSION FILTER		1.00	15.03	15.03
		12/13/2019		B12	LUBRICANTS,CARB CLEANER		4.00	4.73	18.92
		12/13/2019		PT99939	LUBRICANT GRAY SILICONE		1.00	5.45	5.45
		12/13/2019		B12	LUBRICANTS,CARB CLEANER		12.00	4.73	56.76
		01/14/2020		88988301	OIL PRESSURE CONNECTOR		1.00	46.70	46.70
		01/15/2020		51522	FILTER , OIL		1.00	3.70	3.70
		01/15/2020		46917	FILTER, AIR., CHEVY MALIBU		1.00	7.25	7.25
		01/15/2020		10W30	OIL MOTOR 10W30		9.00	1.47	13.25
	NOTE			R&R OIL PAN GASKET					

CITY OF LAREDO MONTHLY FUEL SERVICE TRUCK WORK ORDER

WO Number 00001-0093801
Vehicle # 00001-08204

OPEN

Your Logo Here

SHOP	00001	101
CITY OF LAREDO		
1102 BOB BULLOCK		
LAREDO, TX 78041-5453		
(956) 795-2120		
Vendor Number		
Vendor Name		
PO Number		

CUSTOMER: 00001 2930 HEALTH/ENVR HEALTH HEALTH/P	
2600 CEDAR AVE TX 78040	
LAREDO 956-723-2051	
Odometer/Alt. Meter 1	99,000.0 / 0.00 Not In Use
Make	CHEVROLET
Year	2007 MALIBU
Serial #	1G1ZS58N37F313171
Plate #	128-6967
Start	12/06/2019 10:49
Close	01/21/2020 15:20
Priority	10 ROAD CALL
Reason	All
Shop ID	All

LINE	TYPE	COMPLETED	VMRS CODE	MECHANIC/PART NUMBER	DESCRIPTION - OUT PO NUMBER	JOB	HRS	QTY	PRICE/WAGE	TOTAL COST
4	LABOR	01/17/2020	027-004-000	0000000453 MS	GASKETS	R/R	1.02		68.00	69.36
	PART	12/11/2019		ATF	LUBRICANTS, TRANSMISSION OIL		10.00		1.74	17.40
	NOTE			R&R TRANSMISSION FLUID PAN GASKET.						
5	LABOR	01/17/2020	013-001-000	0000000453 MS	CK&R FRONT /REAR BRAKES	R/R	2.03		68.00	138.04
	PART	12/10/2019		D1033	BRAKES, REAR, CHEVY MALIBU		1.00		27.00	27.00
		12/10/2019		560184	ROTOR FRONT MALIBU		2.00		25.92	51.84
		12/11/2019		B12	LUBRICANTS, CARB CLEANER		6.00		4.73	28.38
		12/12/2019		FPOS30776R	OIL PAN GASKET SET		1.00		16.32	16.32
		12/19/2019		EXCFC1160	BRAKE PADS		1.00		30.51	30.51
		12/19/2019		RB580243	BRAKE ROTORS		2.00		20.91	41.82
		12/19/2019		BXCFC1160	BRAKE PADS		1.00		30.51	30.51
		12/19/2019		RB580243	BRAKE ROTORS		2.00		20.91	41.82
		12/19/2019		BXCFC1160	BRAKE PADS		-1.00		30.51	-30.51
		12/19/2019		RB580243	BRAKE ROTORS		-2.00		20.91	-41.82
	NOTE			R&R FRONT BRAKE PADS AND ROTORS						
	NOTE			R&R REAR BRAKE PADS AND REFACE ROTORS.						
6	LABOR	01/17/2020	042-021-000	0000000453 MS	RADIATOR HOSE LOWER	R/R	2.98		68.00	202.64
	PART	01/15/2020		72369	MOLDED HOSE		1.00		18.99	18.99
		01/15/2020		72371	MOLDED HOSE		1.00		33.01	33.01
	NOTE			R&R UPPER AND LOWER RADIATOR HOSES.						

March 2020

**Sames Auto Arena
Asset Inventory Count Audit
March 3, 2020**

STATEMENT OF AUDIT SCOPE & METHODOLOGY

On March 3, 2020, an Asset Inventory Count Audit was conducted at the Sames Auto Arena (Arena). Forty-Seven (47) different assets were randomly selected from the Asset Inventory List provided. The Arena currently uses an Excel worksheet based inventory system in order to keep a database of their asset inventory and to serve as a measure of control of assets.

Our audit was limited to the physical count of randomly selected items in order to determine if results coincide with quantity shown on their inventory system. The following steps were taken to analyze all the data collected:

1. An asset inventory listing was requested from the Arena.
2. A random selection of assets was conducted.
3. Obtained an understanding of the City of Laredo's (City) Fixed Asset Policy.
4. Site visit to the Arena.
5. Interviews conducted of pertinent Arena staff.
6. Physical count of randomly selected items.

We were advised by City staff that the criteria established by the City and currently followed for asset tagging at the Arena requires that all items purchased with City funds be tagged with an asset number for identification purposes. The only exception(s) would be for smaller items (i.e. utensils, etc.). It should be noted that in some instances an asset number is reflected as "Not Available (N/A)" because the item is a component of a larger item.

AUDIT FINDINGS, OBSERVATIONS AND RECOMMENDATIONS

Based upon the physical count performed and as shown in the table below, the following finding(s) and/or observation(s) were noted:

DESCRIPTION	ASSET NUMBER	AVG. UNIT PRICE	QTY. SHOWN IN SYSTEM	PHYSICALLY COUNTED	VARIAN	REF. FINDING NO
CART / TABLE UPRIGHT	7530	\$ 500.00	1	1	0	F2
CART / PIPE & DRAPE	8805	\$ 4,332.33	1	1	0	N/A
CART / PIPE & DRAPE	8806	\$ 4,332.33	1	1	0	N/A
WARMER FOOD DISPLAY COUNTERTOP	7059	\$ 1,050.00	1	1	0	N/A
MOTOR & TRUSS FOR CURTAIN	7244	\$ 4,363.61	1	1	0	N/A
HEADSET & BELTPACK	7220	\$ 502.62	1	1	0	01
SCOREBOARD HOIST 13,500 LBS (3)	7243	\$ 34,370.00	1	1	0	N/A
COOLER WALK-IN	9426	\$ 7,797.00	1	1	0	N/A
SINK UNIT 1 TUB	6929	\$ 1,000.00	1	1	0	N/A
DISPOSER FOOD	6424	\$ 1,325.00	1	1	0	N/A
DISHWASHER COMMERCIAL	6795	\$ 3,903.00	1	1	0	N/A
WARMER FOOD DISPLAY COUNTERTOP	7015	\$ 1,134.00	1	1	0	N/A
WARMER FOOD 1 TIER	7062	\$ 2,003.00	1	1	0	N/A
SKILLET TILTING	8119	\$ 7,855.00	1	1	0	N/A
HOT DOG ROLLING GRILL	6236	\$ 1,029.00	1	1	0	N/A
FREEZE	70627	\$ 14,073.79	1	1	0	N/A
COUNTER STAINLESS STEEL	7011	\$ 3,660.00	1	1	0	N/A

Sames Auto Arena
Asset Inventory Count Audit
March 3, 2020

COMPUTER / LAPTOP	9395	\$ 850 00	1	1	0	N/A
SOFA	6636	\$ 1 774 00	1	1	0	N/A
REFRIGERATOR / UNDER	6644	\$ 750 00	1	1	0	N/A
CHAIR / LOUNGE	6648	\$ 1 153 00	1	1	0	N/A
REFRIGERATOR / UNDER	6703	\$ 750 00	1	1	0	N/A
CHAIR / LOUNGE	6708	\$707 00	1	1	0	N/A
REFRIGERATOR / UNDER	6725	\$750 00	1	1	0	N/A
CHAIR / LOUNGE	6736	\$1 153 00	1	1	0	N/A
CHAIR / LOUNGE	9465	\$1 153 00	1	1	0	N/A
MODULAR WORKSTATION	9374	\$1 736 57	1	1	0	N/A
PRESSURE WASHER	6177	\$3 602 96	1	1	0	N/A
WASHER / SPRAY	7185	\$7,017.00	1	1	0	F1
BASKETBALL BACKBOARD UNIT	8824	\$10 675 40	1	1	0	N/A
SOFA 2 SEAT	9458	\$500 00	1	1	0	N/A
SOFA 2 SEAT	9459	\$500 00	1	1	0	N/A
FMI - LONG STAINLESS STEEL - 16 5"H X 59"W X 15 5"D	9863	\$506 25	1	1	0	N/A
FMI - SILVER SOFA 90"W X 29"D X 26"H LEATHER	14080	\$1 638 25	1	1	0	O2
GATE / METAL DETECTOR	9452	\$3 536 80	1	1	0	N/A
DESK L SHAPE	6522	\$1 055 00	1	1	0	N/A
COMPUTER	14016	\$1 360 00	1	1	0	N/A
HUTCH DOOR W / TACK BOARD	6545	\$929 00	1	1	0	N/A
DESK DP	9392	\$873 00	1	1	0	N/A
CREDENZA	6568	\$798 00	1	1	0	N/A
HUTCH DOOR W / TACK BOARD	6569	\$929 00	1	1	0	N/A
CART / DISH	9366	\$900.00	1	1	0	F2
VERA LOVE SEAT	9950	\$730 00	1	1	0	N/A
VERA LOVE SEAT	14367	\$730 00	1	1	0	O2
SPOTLIGHT	6637	\$10 980 00	1	1	0	N/A
COMPUTER	9079	\$1 360 00	1	1	0	N/A
FMI - SILVER SOFA 90"W X 29"D X 26 H - LEATHER	9316	\$1 638 25	1	1	0	N/A

**Sames Auto Arena
Asset Inventory Count Audit
March 3, 2020**

AUDIT FINDING(S), OBSERVATION(S) AND RECOMMENDATION(S)

Finding 1

Noted one instance where an asset purchased as a replacement item had no asset tag number and was not found in the Arena's asset inventory (listing) system. Asset # 7135 (a Washer / Sprayer) was found, but a replacement Washer / Sprayer recently purchased had no asset tag number and was not found in the asset inventory system.

Recommendation(s)

Internal Audit recommends that the Arena assign a new asset tag number to the replacement Washer / Sprayer with a different asset number from the old item being replaced. Additionally, necessary entries must be made in the Arena's asset inventory system to reflect the replacement item.

Finding 2

Noted two (2) asset tag numbers not updated on the Arena's fixed asset inventory (listing) system. Asset # 7530 (a Cart / Table Upright) and asset # 9366 (a Cart / Dish) were found but with new asset tag numbers and not the asset tag numbers noted on the fixed asset inventory listing provided to us.

Recommendation(s)

Internal Audit recommends that the Arena update their asset inventory (listing) system to reflect the changes noted above to the asset tag numbers. Additionally, we recommend that any updates to the assets noted on the inventory system be done with more frequency in order to provide as accurate of information as possible and to expedite the audit check process.

Observation 1

Noted an instance where a disposed asset was not reflected as such on the Arena's asset inventory (listing) system. Asset # 7220 (a Headset & Beltpack) was selected for review from the Arena's asset inventory listing, but not physically found. After review, it was determined that asset # 7220 had been disposed of as per the City's Fixed Asset Policy, but the disposition was not reflected on the Arena's asset inventory system. A copy of the City's Fixed Asset Transfer / Disposition form for asset # 7220 was provided to Internal Audit.

Recommendation(s)

Internal Audit recommends that any updates to the assets noted on the inventory system be done with more frequency in order to provide as accurate of information as possible and to expedite the audit check process.

Observation 3

Noted two (2) instances where the assets were found but with no corresponding asset tag numbers attached. The table below reflects the assets with no tags.

ASSET ITEM DESCRIPTION	ASSIGNED ASSET NUMBER
FMI-SILVER SOFA 90 W x 29 D x 26 H- LEATHER	14080
VERA LOVE SEAT	14367

Recommendation(s)

Internal Audit recommends that these items be re-tagged with their corresponding asset tag number if Financial Services deems these items to meet the tagging standards criteria required as per the City's Fixed Asset Policy.

Sames Auto Arena
Asset Inventory Count Audit
March 3, 2020

A written response is required on this report for finding(s) noted no later than ten (10) days after receipt of this report. Response should indicate how findings would be corrected, by whom and by when. If you have any questions, please feel free to contact me at the Internal Audit Office (956) 790-1809.

Prepared By:

Bmedellin

Bianca Medellin, Auditor I

Date: *6/18/2020*

Reviewed By:

Veronica Urbano Baeza

Veronica Urbano Baeza, Internal Auditor

Date: *6-18-2020*

To: Juan C. Mendiola, Sames Auto Arena General Manager

Cc: Robert A. Eads, City Manager

Kristina L. Hale, Assistant City Manager

Gilberto Sanchez, Budget Director



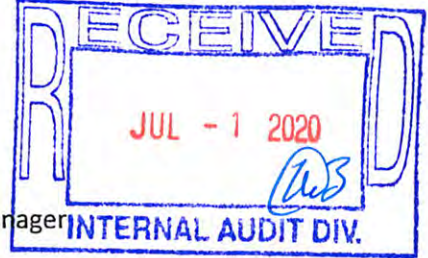
MEMORANDUM

TO: Veronica Urbano-Baeza, Internal Auditor

Cc: Robert A. Eads, City Manager
Gilberto Sanchez, Budget Director
Juan Carlos Mendiola, ASM Global/ Sames Auto Arena General Manager
David Cuellar, ASM Global/ Sames Auto Arena Director of Finance

From: Juan Carlos Mendiola, ASM Global/ Sames Auto Arena General Manager
Subject: RESPONSE RESOLUTION FOR FINDING 1, FINDING 2, OBSERVATION 1 AND OBSERVATION 3

DATE: June 30, 2020



This letter is in response to the asset inventory count audit that was conducted by the Internal Audit Department on March 3, 2020. The ASM Global/ Sames Auto Arena team is dedicated to ensuring that the building's assets are properly managed and secured. Furthermore, ASM Global/ Sames Auto Arena followed the recommendations that were given from the Internal Audit Department and has updated the assets list in accordance to the City of Laredo asset control procedures.

Resolution response to Finding 1 is the following:

Finding 1: During the internal audit the following item was selected and found with Asset Tag #7185 "Washer/Sprayer". However, a replacement "Washer/Sprayer" was recently purchased to replace this asset and had not been tagged. ASM Global/ Sames Auto Arena has assigned Asset Tag #14491 to recently purchased "Washer/Sprayer" item.

Resolution response to Finding 2 is the following:

Finding 2: During the internal audit the following items were selected from the inventory list: Asset Tag #7530 "Cart/Table Upright" & Asset Tag #9366 "Cart/Dish". Both items were physically found with new tags and had not been updated on the fixed asset inventory listing. New tags have been given to both assets, Asset Tag #14492 "Cart/Table Upright" & Asset Tag #14461 "Cart/Dish" and have been updated on the Arena's fixed asset inventory listing.

Resolution response to Observation 1 is the following:

Observation 1: Asset Tag #7220 "Headset & Belt pack" was selected for review and not physically found. After review, it was determined that asset had been disposed in accordance with the City of Laredo Fixed Asset Policy, however, disposition was not reflected on the Arena's asset inventory listing. Asset has been marked as disposed on the fixed asset inventory listing. ASM Global/ Sames Auto Arena is

committed to ensure that the fixed asset inventory system reflects the accurate listings of all assets. Therefore, frequent spot audits will be conducted to ensure that all assets are listed accordingly in the Arena's asset inventory system.

Resolution response to Observation 3 is the following:

Observation 3: Two assets: Asset Tag #14080 "FMI-Silver Sofa 90"W x 29"D x 26"H" & Asset Tag #14367 "Vera Love Seat" were physically found, however, no asset tags were attached. Both assets were re-tagged with Asset Tag #14494 "FMI-Silver Sofa 90"W x 29"D x 26"H" & Asset Tag #14495 "Vera Love Seat", respectively, and updated on the fixed asset inventory listing.



Juan Carlos Mendiola
General Manager
ASM Global/ Sames Auto Arena
(956)523- 6576
jc@samesautoarena.com

April 2020
No Cash and Inventory Field Audits
Conducted due to COVID-19
Restrictions & Safety Protocols

May 2020

**No Cash and Inventory Field Audits
Conducted due to COVID-19
Restrictions & Safety Protocols**

June 2020

**Public Works – Warehouse Division
Surprise Inventory Count Audit
June 23, 2020**

STATEMENT OF SCOPE & METHODOLOGY

On June 23, 2020, a Surprise Inventory Count Audit was conducted on the Public Works - Warehouse Division. Four (4) different inventory items were randomly selected from the inventory reports on hand. Division currently uses "Excel worksheet based system" in order to keep a database of the division's inventory and to serve as a measure of control of assets.

Our audit is limited to the physical count of randomly selected items in order to determine if results coincide with quantity showing on system. The following steps were taken to analyze all the data collected.

- 1.) An inventory listing was requested.
- 2.) Random selection of inventory items.
- 3.) Site visit to Public Works - Warehouse Division.
- 4.) Public Works – Warehouse staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Air Compressor Sullair	10528-4129832	\$9,599 00	1 EACH	1 EACH	0	N/A
Tsurumi Pump	14441776382	\$265 00	1 EACH	1 EACH	0	N/A
Safety Cones 28"x7"	Not Available	\$1,277 00	1 PALLET	1 PALLET	0	N/A
Silt Fence	Not Available	\$69 00	1 PALLET	1 PALLET	0	N/A

Internal Audit found no audit findings. Items inventoried were in balance.

No written response is required on this report.

<p>Prepared by: <i>Bmedellin</i> Bianca Medellin, Auditor I Date: <i>6/23/2020</i></p>	<p>Reviewed by: <i>Veronica Urbano Baeza</i> Veronica Urbano Baeza, Internal Auditor Date: <i>6-23-2020</i></p>
<p>To: John Orfila, Public Works Director</p>	
<p>Cc: Robert A. Eads, City Manager Riazul I. Mia, Assistant City Manager</p>	

**Utilities Service Center
Surprise Inventory Count Audit
June 24, 2020**

STATEMENT OF SCOPE & METHODOLOGY

On June 24, 2020, the Internal Audit Division visited the Utilities Department to conduct an unannounced inventory audit of a random selection of items on hand. The audit methodology followed for this type of audit consists of obtaining an inventory report from the Sungard HTE Select Version 4.0, selecting a random sample of inventory items to test and conducting a physical count of the items selected for reconciliation.

Our audit is limited to the physical count of randomly selected items in order to determine if results coincide with quantity shown on inventory system. The following steps were taken to analyze all the data collected.

- 1.) An inventory items listing was requested.
- 2.) Random selection of items.
- 3.) Site visit to the Utilities Service Center Warehouse.
- 4.) Utilities Service Center staff interviews.
- 5.) Physical count of selected items.

AUDIT RESULTS & RECOMMENDATIONS

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING/ OBSERVATION NO.
Clamp RW Collar Leak 2x7 1/2 Inch	890-070-2063	\$ 42.94	20	20	0	N/A
1" Air Release Valve #200 A-1	890-070-00111	\$ 199.96	44	44	0	N/A
Clamp S-B 226-1110-07 10x7 1/2 Inches	890-070-5018	\$ 98.98	21	21	0	N/A
Clamp S-B 227-0905-12 8x12 1/2 Inches	890-070-6044	\$ 106.16	4	4	0	N/A

Internal Audit found no audit findings. Items inventoried were in balance.

No written response is required on this report.

<p>Prepared by: <i>Bmedellin</i> Bianca Medellin, Auditor I Date: <i>6/24/2020</i></p>	<p>Reviewed by: <i>Veronica Urbano-Baeza</i> Veronica Urbano-Baeza, Internal Auditor Date: <i>6-25-2020</i></p>
<p>To: Michael F. Rodgers, Acting Utilities Director</p>	
<p>Cc: Robert A. Eads, City Manager Riazul I. Mia, Assistant City Manager Humberto Delgado, Financial Services</p>	

IV. Cash Controls Compliance Audits

Internal Audit Division
Petty Cash Policy Compliance Audit

Department/Division Name: Animal Care Department				Audit Date
Custodian's Name:				Reference: Surprise Cash Audit # 7299
Period Audited: December 2019 – February 2020				3/11/2020
Audit Objective: To determine if Dept. /Div. and Finance processed petty cash transactions in accordance with the Accounting Procedures Manual-Petty Cash Funds dated January 20, 2012.				
	Department/Division Compliance Checklist	Compliance Comments	Score	Value
1.	Custodian is responsible for funds and preparing vouchers and paperwork.	F1	4.60	5
2.	Custodial Statement of Responsibility is signed and kept on file for the amount of funds in the possession of custodian. (Permanent Assignment)	100 % Compliance	10	10
3.	Petty Cash is returned to Finance when authorized custodian is no longer responsible. Each custodian must complete a Custodial Statement of Responsibility prior to receipt of petty cash funds. (IV-1) (Including the internal temporary transfer of funds.)	N/A	N/A	N/A
4.	Amount of overages are deposited next business day. Shortages are reported to immediate supervisory or department director. Petty cash custodian replenishes the amount of shortage. Continued shortages or material amounts are submitted to Finance and City Manager's Office. Shortages in the Petty Cash Fund, incl. unjustified sales tax exempt expenses, are the liability of custodian to attain the funds from the person making the actual purchase. Exemptions follow Sec.VIII-2. (Shortages/Overages are determined through a surprise cash count and reconciliation of vouchers)	N/A	N/A	N/A
5.	All petty cash funds are kept in a metal box equipped with a lock. The petty cash box is kept overnight in a vault, safe, or in any secure locked area.	100 % Compliance	10	10
6.	Petty cash is restricted to a \$35 limit per purchase. The total purchase to one vendor should not exceed \$35.	100 % Compliance	10	10
7.	Petty Cash is used strictly for City business and operations only and conforms to purchasing guidelines.	100 % Compliance	10	10
8.	Employees' sign voucher in order to obtain petty cash funds (contents of voucher complies with policy), obtain invoice or receipt from vendor, and return left over cash and invoice to custodian.	100 % Compliance	10	10
9.	Custodian reimbursed employee for any additional funds spent.	100 % Compliance	10	10
10.	Funds are verified and replenished at least once a month at the end of month.	100 % Compliance	5	5
Department/Division-Total Compliance Score – 99%			69.60	70
	Finance/Accounts Payable-Compliance Checklist	Compliance Comments	Score	Value
1.	Custodial Statement of Responsibility is signed and kept on file with Finance for the amount of funds in the possession of custodian. (Initial set up of funds is approved by the Finance Director.)	100 % Compliance	10	10
2.	Accounts Payable reviewed vouchers, supporting documents and reimbursement report and ascertained that all purchases adhered to the City's Purchasing Policies and Procedures.	100 % Compliance	10	10
3.	Accounts Payable verified that the expense accounts have sufficient funds to cover.	100 % Compliance	5	5
4.	Accounts payable reimbursed custodian for approved reports.	100 % Compliance	5	5
Finance/Accounts Payable-Total Compliance Score- 100%			30	30

Internal Audit Division
Petty Cash Policy Compliance Audit

Department/Division-Findings, Observations, and Recommendations:

Finding # 1

Internal Audit noticed that out of twenty-five (25) vouchers reviewed, two (2) vouchers (#64, and #82) did not reflect the dollar amount advanced, only the actual amount expended.

Recommendation:

Internal Audit recommends that the City's Petty Cash Policy be followed. In particular, Section IX (Replenishing and Verification – Performed By: Petty Cash Custodian), Subsection #1 of the policy states that the “custodian must prepare a petty cash voucher for every purchase. The voucher must be complete and include the following a) Date of Transaction, b) Dollar amount advance, c) Reason for purchase, d) The account number to be charged, e) Signature of requestee, and f) Signature of custodian approving the expense.”

Observation #1

Internal Audit noticed that out of twenty-three (23) receipts reviewed, one (1) receipt voucher #75 did not reflect the date of the transaction on the receipt.

Recommendation(s):

It appears that the receipts corresponding to the vendor on voucher #75 typically reflects the date and time issued at the bottom of the receipt. It appears that the date and time were cut off while the copies were made. Internal Audit recommends that the Petty Cash custodian ensure that all information on the receipt is visible when preparing their monthly reimbursement reports.

Finance/Accounts Payable- Findings Observations and Recommendations:

Internal Audit found no audit findings.

Prepared by:

Bmedellin 6/18/2020
Bianca Medellin, Auditor I Date

Reviewed By:

Veronica Urbano Baeza 6-18-2020
Veronica Urbano Baeza, Internal Auditor Date

Issued to:	Response Required on finding(s)	Response Due Date	Score	Overall Score
Heberto Ramirez – Animal Care Services Director	YES	Ten (10) Working Days From Receipt of Report	99%	
Jose F. Castillo – Acting Finance Director	NO	N/A	100%	99.50

Internal Audit Division
Petty Cash Policy Compliance Audit

All responses must be signed by the Department Director, addressed and submitted to the Internal Auditor, and include the following:

- 1.) A description of the progress in resolving or addressing the findings and/or observations noted above.
- 2.) An implementation schedule identifying specific steps to be taken and target dates for implementation or resolution.

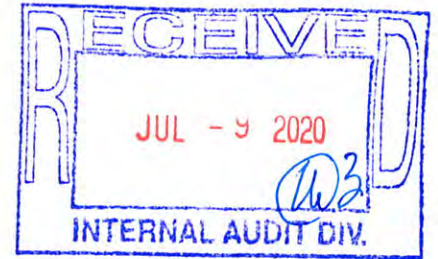
Cc: Robert A. Eads, City Manager
Kristina L. Hale, Assistant City Manager

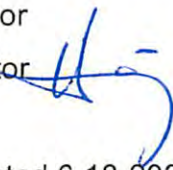


CITY OF LAREDO

Animal Care Services

Memo



To: Veronica Urbano-Baeza, Internal Auditor
From: Heberto "Beto" L. Ramirez, ACS Director 
Date: 7-9-2020
Subject: Petty Cash Policy Compliance Audit dated 6-18-2020

The following is a response to subject audit conducted by Bianca Medellin for audit period December 2019 – February 2020.

Finding #1 – Internal Audit noted that out of twenty-five (25) vouchers reviewed, two (2) vouchers (#64 and #82) did not reflect the dollar amount advanced, only the actual amount expensed.

It has been the department practice to issue one (1) voucher per invoice. In this instance, since we were unable to purchase the needed quantities of a commodity from one Wal-Mart Store, staff used one (1) voucher to shop at several Wal-Mart stores to complete the purchase request. When staff turned in the receipts from the different stores, the petty cash custodian issued additional vouchers.

As per discussion with the Finance Director, the Petty Cash Policy allows one voucher to be issued and for related invoices to be attached.

Therefore, we will only issue one (1) voucher to a vendor and attach all related invoices to that voucher instead of issuing several vouchers, as had been our practice.

**Airport Department
Cash Handling Controls Spot Audit
May 1, 2020**

STATEMENT OF AUDIT SCOPE & METHODOLOGY

A Cash Handling Controls Spot audit was conducted for all collectors issuing receipts from the City's I-Series system during the month of April 2020. A total of ninety-five (95) collector user IDs were reviewed remotely through the I-Series system to verify that collections batches had been closed each day as per the City's Cash Handling Policy. It should be noted that due to the recent COVID-19 pandemic, certain precautionary measures were taken to maintain social distancing recommendations, and many employees were placed on a rotation schedule of reporting to work one day and then working from home / administrative leave the next in order to maintain those safety protocols. Our audit consisted of reviewing the following:

- Listing of I-Series collectors assigned user IDs;
- Daily batch data for each collector in the I-Series during the month of April 2020;
- Applicable daily cash receipts paperwork from the Finance Department;
- City's Cash Handling Policy for compliance with areas reviewed;
- ExecuTime timecard reports for verification of rotation schedules.

AUDIT FINDINGS, OBSERVATIONS, & RECOMMENDATIONS

Observation 1

From our review, we observed instances where collectors were opening cash receipts batches towards the end of the day and not receiving payments by the close of the business day. Subsequently, the collector would be out of the office the following day due to the COVID-19 rotation schedule and would proceed to use that open batch upon their return to work. The result being that the receipts issued reflected the batch date of two days prior with a transaction date in real time.

Recommendation(s)

Internal Audit recommends, as a best practice, that collectors close out all open batches at the end of the business day if they will be continuing on a rotation work schedule.

No response is required on this audit report.

Prepared by:

Bianca Medellin

Bianca Medellin, Auditor I

Date: 6/12/2020

Reviewed by:

Veronica Urbano Baeza

Veronica Urbano Baeza, Internal Auditor

Date: 6-16-2020

To: Jeffrey Miller, Airport Director

Cc: Robert A. Eads, City Manager

Kristina L. Hale, Assistant City Manager

V. Appendix A – Internal Audit Staff Acknowledgment

APPENDIX A
INTERNAL AUDIT STAFF ACKNOWLEDGMENT

Veronica Urbano-Baeza, Internal Auditor

Elia Y. Rodriguez, Auditor II

Bianca V. Medellin, Auditor I