
City of Laredo, Texas

Internal Audit Division



Consolidated Audit Report: Unannounced Cash,
Unannounced Inventory & Compliance Audits
Completed with Department Responses
(July 2017 through September 2017)

October 11, 2017

City of Laredo
Internal Audit Division

**Consolidated Audit Report: Unannounced Cash,
Unannounced Inventory & Compliance Audits Completed
with Department Responses
July 2017 through September 2017**

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**City of Laredo
Internal Audit Division**

**Consolidated Audit Report: Unannounced Cash,
Unannounced Inventory & Compliance Audits Completed
with Department Responses
July 2017 through September 2017**

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I. Executive Summary

EXECUTIVE SUMMARY

In accordance with the Fiscal Year 2017 approved Audit Plan, enclosed is the **Consolidated Audit Report of Unannounced Cash, Unannounced Inventory and Compliance Audits** completed by the Internal Audit Division during the time period of July 2017 through September 2017. The enclosed report also contains any responses required from the affected departments on corrective action. The table below reflects the types of audits completed during this time period.

Type of Audits	# of Audits Conducted
Unannounced Cash & Petty Cash Audits	100
Unannounced Inventory Count Audits	9
Compliance Audits	1

To provide some background, when conducting unannounced (surprise) cash audits, Internal Audit staff conducts field audits at various departments scheduled for audit on a monthly basis. The purpose of these types of audits is to reconcile collections with receipts issued, as well as check for compliance with some of the provisions of the City of Laredo's Cash Handling Policy. In regards to unannounced inventory audits, Internal Audit staff conducts field audits of the various departmental warehouse facilities that maintain stock of materials and equipment. The purpose of these types of audits is to reconcile a sample of items selected with the reports generated from each respective department's inventory system, as well as assess the adequacy of the internal controls in place. In regards to the compliance audits conducted, Internal Audit staff conducts audits of various areas such as petty cash, travel, payroll, purchasing, just to name a few, to review for compliance with the terms of City policies, procedures, ordinances, contracts, etc. being reviewed.

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.

Results and Recommendations on Unannounced Cash Audits

- Four (4) audits noted where collections / cash funds had overages or shortages.
- Six (6) 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 not properly securing collections due to the cash drawer not working properly and payment tender type (i.e. cash, checks, credit cards, etc.) not reconciling between amount collected and amount received.

In regards to the collections variances noted, we recommended that the departments affected identify the cause of the variance and retrain and counsel cash handling staff on the City's Cash Handling Policy. *In all of the above mentioned instances where findings were noted, responses on corrective action were submitted by the corresponding departments to Internal Audit. It should be noted that out of 100 unannounced cash audits conducted for the time period of July 2017 through September 2017,*

only ten (10) audits, or ten (10%) percent of the population had findings noted, which conveys that the majority of the population tested is following the City's Cash Handling Policy and maintaining adequate cash handling internal controls.

Results and Recommendations on Unannounced Inventory Audits

- Observation on Fuel Inventory Audit where a less than one (1%) percent average variance was noted in the reconciliation of the fuel tanks housed on Daugherty Street and the fuel tanks housed at the City Landfill. The variance reflected above is minimal, and we would continue to recommend that Fleet print WinCC receipts at the time of (or as close as possible to) fuel delivery from the vendor.
- On other inventory audits conducted, there was one (1) instance with the Parks warehouse where the inventory reports generated from the current inventory software program were providing inaccurate and inconsistent data due to a lack of inventory software support. We have continued to recommend that Parks look at obtaining a replacement inventory software program that can better account for all material and equipment housed at the various Parks warehouse locations.
- On other inventory audits conducted, there were six (6) instances where a variance was noted in reconciling selected inventory items on hand with quantities reflected on corresponding departmental inventory system listings.

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. Additionally, 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. *In all of the above mentioned instances where findings were noted, responses on corrective action were submitted by the corresponding departments to Internal Audit.* It should be noted that out of forty-eight (48) inventory items randomly selected during the time period of July 2017 through September 2017, six (6) items selected were noted with findings for variances, which equates to twelve (12%) percent of the total population tested.

Results and Recommendations on Compliance Audits

Petty Cash Compliance Audit – Police Department

- One (1) Finding: One (1) invoice submitted in the monthly petty cash reimbursement report reflected a date prior to the date reflected on the petty cash voucher advance. Recommendation noted that the City's Petty Cash Policy be followed, in particular that a petty cash advance be authorized through a voucher prior to the employee(s) making the actual purchase.

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

A more extensive report of 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 Audits

July 2017

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF UNANNOUNCED CASH AUDITS
JULY 2017

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Shorty)Over	% Shortage/Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
												(A)
1	6247	Parks - North Central Pool	EYR	7/13/2017	\$ 98.00	\$ 98.00	\$ -	0.00%		NO	NO	
2	6248	Parks - Del Mar Pool	EYR	7/13/2017	\$ 98.00	\$ 98.00	\$ -	0.00%		NO	NO	
3	6249	Parks - Bartlett Pool	EYR	7/13/2017	\$ 205.00	\$ 207.00	\$ 2.00	0.98%		YES	YES	Cash & Policy Violation: Collections Overage
4	6250	Parks - El Eden Pool	EYR	7/14/2017	\$ -	\$ -	\$ -	0.00%		NO	YES	Policy Violation: No Collections Available to Audit; Audit Attempted at 5:38PM and Collector was Gone for the Day (Pool Closed at 7:00PM)
5	6251	Parks - Cigarroa Pool	EYR	7/14/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	Pool Closed for Repairs
6	6252	Parks - Inner City Pool	EYR	7/15/2017	\$ 130.00	\$ 130.00	\$ -	0.00%		NO	YES	Policy Violation: Cash Drawer Not Secured; Key to Cash Drawer Not Available
7	6253	Parks - Three Points Pool	EYR	7/15/2017	\$ 31.00	\$ 31.00	\$ -	0.00%		NO	YES	Policy Violation: Cash Drawer Not Secured; Not Working Properly
8	6254	Parks - Haynes Pool	EYR	7/15/2017	\$ 79.00	\$ 77.00	\$ (2.00)	-2.53%		YES	YES	Cash & Policy Violation: Collections Shortage
9	6255	Parks - Independence Pool	EYR	7/15/2017	\$ 30.00	\$ 30.00	\$ -	0.00%		NO	NO	
10	6256	Bridge III - Customer Svc.	EYR	7/17/2017	\$ 6,888.50	\$ 6,888.50	\$ -	0.00%		NO	NO	
11	6257	Bridge III - Toll Booth Collector	EYR	7/17/2017	\$ 320.25	\$ 320.00	\$ (0.25)	-0.08%		NO	NO	
12	6258	Bridge IV - Customer Svc.	EYR	7/17/2017	\$ 31,662.25	\$ 31,662.25	\$ -	0.00%		NO	NO	
13	6259	Bridge IV - Customer Svc.	EYR	7/17/2017	\$ 20,795.25	\$ 20,795.25	\$ -	0.00%		NO	NO	
14	6260	Parks - Recreation	EYR	7/18/2017	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Custodian's Work Shift Begins in the Afternoon
15	6261	Tax (City Hall Annex)	EYR	7/18/2017	\$ 14,929.67	\$ 14,929.68	\$ 0.01	0.00%		NO	NO	
16	6262	Tax (City Hall Annex)	EYR	7/18/2017	\$ 1,861.52	\$ 1,861.52	\$ -	0.00%		NO	NO	
17	6263	Tax (City Hall Annex)	EYR	7/18/2017	\$ 208.60	\$ 208.60	\$ -	0.00%		NO	NO	
18	6264	Utility Billing	EYR	7/18/2017	\$ 360.37	\$ 360.37	\$ -	0.00%		NO	NO	
19	6265	Bridge II - Toll Booth Collector	EYR	7/18/2017	\$ 1,916.50	\$ 1,916.56	\$ 0.06	0.00%		NO	NO	
20	6266	Bridge II - Toll Booth Collector	EYR	7/18/2017	\$ 2,315.25	\$ 2,316.16	\$ 0.91	0.04%		NO	NO	
21	6267	Bridge II - Customer Svc.	EYR	7/18/2017	\$ 2,481.00	\$ 2,481.00	\$ -	0.00%		NO	NO	
22	6268	Bridge II - Customer Svc.	EYR	7/18/2017	\$ 11,116.75	\$ 11,116.75	\$ -	0.00%		NO	NO	
23	6269	Health - WIC	EYR	7/18/2017	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
24	6270	Parks - Recreation	EYR	7/18/2017	\$ 50.00	\$ 50.00	\$ -	0.00%	Petty Cash	NO	NO	
25	6271	Bridge I - Toll Booth Collector	EYR	7/19/2017	\$ 227.50	\$ 227.50	\$ -	0.00%		NO	NO	
26	6272	Bridge I - Gateway Passes	EYR	7/19/2017	\$ 98.25	\$ 97.50	\$ (0.75)	-0.76%		NO	NO	
27	6273	Solid Waste - Landfill	EYR	7/19/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Only One (1) Collector Available to Audit; Did Not want to Hinder Flow of Operations
28	6274	Municipal Court	EYR	7/19/2017	\$ 6,168.00	\$ 6,169.00	\$ 1.00	0.02%		NO	NO	
29	6275	Tax (City Hall)	EYR	7/19/2017	\$ 10,567.20	\$ 10,567.20	\$ -	0.00%		NO	NO	
30	6276	Tax (City Hall)	EYR	7/19/2017	\$ 12,608.83	\$ 12,610.71	\$ 1.88	0.01%		NO	NO	
31	6277	Building	EYR	7/19/2017	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
32	6278	Airport - Police	EYR	7/19/2017	\$ -	\$ -	\$ -	0.00%	K-9 Fund	NO	NO	Unable to Audit: Custodian on Leave
33	6279	Solid Waste - Landfill	EYR	7/20/2017	\$ 34.90	\$ 34.90	\$ -	0.00%		NO	NO	
34	6280	Animal Care Services	EYR	7/20/2017	\$ 15.00	\$ 15.00	\$ -	0.00%		NO	NO	
35	6281	Police - Financial Task Force	EYR	7/20/2017	\$ 5,000.00	\$ 5,000.00	\$ -	0.00%	Confidentiality Fund	NO	NO	
36	6282	Airport - Police	EYR	7/20/2017	\$ 500.00	\$ 500.00	\$ -	0.00%	K-9 Fund	NO	NO	

PARKS AND RECREATION DEPARTMENT

Memo



To: Veronica Urbano; Internal Auditor
From: *CR* Celina Rivera; Parks and Leisure Department Director
Date: July 24, 2017
Re: Violation Response

This memo is in response to the cash handling violation issued on 07/15/2017 at Haynes Pool and Bartlett Pool. Haynes Pool was two dollars under and Bartlett Pool was two dollars over in their money box. These two violations have both been addressed by having additional cash handling training for employees. If you have any more questions in regards to the cash handling violation received, please feel free to contact me at 956-794-1765.

Thank you,

Jose Renteria Jr.



PARKS AND LEISURE SERVICES DEPARTMENT

Memo



To: Veronica Urbano, Internal Auditor

From: Celina Rivera, Acting Director

Date: August 30, 2017

Re: Internal Surprise Cash Audit

The following Internal Surprise Cash Audit was conducted on July 14 and August 9, 2017.

Findings: No. 6284 – Independence Pool – Cash shortage

Response: Clerk was given an overview on the cash policy procedure. He will be given a verbal/written warning.

Findings: No. 6250 – El Eden Pool – Clerk left early to do cash deposit at Inner City Pool.

Response: Clerk needs to leave early since additional time accumulates driving from El Eden to Inner City Pool to do deposit. As per supervisor, all clerks have been advised to stop charging 10 minutes prior to closing. They will still need to drive to Inner City Pool to do deposit.

I apologize for the inconvenience that this caused.

If you have any questions please call me at 794-1765.


Thank you.



PARKS AND RECREATION DEPARTMENT

Memo



To: Veronica Urbano; Internal Auditor
From:  Celina Rivera; Parks and Leisure Department Director
Date: July 24, 2017
Re: Violation Response

This memo is in response to the violation given on 07/15/2017. The violation took place at Three Points Pool and Inner City Pool. The violation was given due to the money boxes at both pools being damaged. However, those two money boxes have now been replaced at both pools with new ones. If you have any questions in regards to the damaged money box violation received, please feel free to contact me at 956-794-1765.

Thank you,

Jose Renteria Jr.



August 2017

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF UNANNOUNCED CASH AUDITS
AUGUST 2017


Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	% Shortage/Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
				(A)	(B)	(C) (B-A)	(D) (C/A)					
1	6283	Parks - Three Points Pool	LFR	8/9/2017	\$ 50.00	\$ -	\$ (50.00)	100.00%	Change Fund	YES	YES	Cash & Policy Violation: Collections / Change Fund Shortage, Change Fund Assigned to Collector was not in Collector's Possession at Time of Audit
2	6284	Parks - Independence Pool	LFR	8/9/2017	\$ 4.00	\$ (14.00)	\$ (18.00)	-450.00%		YES	YES	Cash & Policy Violation: Collections Shortage
3	6285	Parks - El Eden Pool	LFR	8/9/2017	\$ 50.00	\$ 50.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
4	6286	Parks - Cigarroa Pool	LFR	8/9/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	Pool Closed for Repairs
5	6287	Parks - Haynes Pool	LFR	8/9/2017	\$ 43.00	\$ 43.00	\$ -	0.00%		NO	NO	
6	6288	Parks - North Central Pool	LFR	8/10/2017	\$ 26.00	\$ 26.00	\$ -	0.00%		NO	NO	
7	6289	Parks - Del Mar Pool	LFR	8/10/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
8	6290	Parks - Bartlett Pool	LFR	8/11/2017	\$ 28.00	\$ 28.00	\$ -	0.00%		NO	NO	
9	6291	Parks - Inner City Pool	LFR	8/11/2017	\$ 70.00	\$ 70.00	\$ -	0.00%		NO	NO	
10	6292	Information Svcs & Telecommunication (IST)	LFR	8/17/2017	\$ 350.00	\$ 350.00	\$ -	0.00%	Petty Cash	NO	NO	
11	6293	Information Svcs & Telecommunication (IST)	LFR	8/17/2017	\$ 485,545.85	\$ 485,545.85	\$ -	0.00%		NO	NO	
12	6294	IST - Public Access Channel (PAC)	LFR	8/17/2017	\$ 150.00	\$ 150.00	\$ -	0.00%	Petty Cash	NO	NO	
13	6295	Building	LFR	8/21/2017	\$ 37,637.00	\$ 37,637.00	\$ -	0.00%		NO	NO	
14	6296	Planning	LFR	8/21/2017	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
15	6297	Tax (City Hall)	LFR	8/21/2017	\$ 8,244.51	\$ 8,245.20	\$ 0.69	0.01%		NO	NO	
16	6298	Tax (City Hall)	LFR	8/21/2017	\$ 11,328.24	\$ 11,328.24	\$ -	0.00%		NO	NO	
17	6299	Utility Billing	LFR	8/22/2017	\$ 243.74	\$ 243.74	\$ -	0.00%		NO	NO	
18	6300	Tax (City Hall Annex)	LFR	8/22/2017	\$ 581.31	\$ 581.31	\$ -	0.00%		NO	NO	
19	6301	Tax (City Hall Annex)	LFR	8/22/2017	\$ 3,777.14	\$ 3,777.14	\$ -	0.00%		NO	NO	
20	6302	Tax (City Hall Annex)	LFR	8/22/2017	\$ 233.74	\$ 233.74	\$ -	0.00%		NO	NO	
21	6303	Bridge III - Toll Booth Collector	LFR	8/23/2017	\$ 66.50	\$ 66.50	\$ -	0.00%		NO	NO	
22	6304	Bridge III - Customer Svc.	LFR	8/23/2017	\$ 100.00	\$ 100.00	\$ -	0.00%		NO	NO	
23	6305	Bridge IV - Customer Svc.	LFR	8/23/2017	\$ 3,488.25	\$ 3,488.25	\$ -	0.00%		NO	NO	
24	6306	Bridge IV - Customer Svc.	LFR	8/23/2017	\$ 1,804.50	\$ 1,804.50	\$ -	0.00%		NO	NO	
25	6307	Bridge II - Toll Booth Collector	LFR	8/24/2017	\$ 213.50	\$ 213.51	\$ 0.01	0.00%		NO	NO	
26	6308	Bridge II - Change Fund	LFR	8/24/2017	\$ 2,400.00	\$ 2,400.00	\$ -	0.00%	Change Fund	NO	NO	
27	6309	Bridge II - Customer Svc.	LFR	8/24/2017	\$ 4,656.10	\$ 4,656.10	\$ -	0.00%		NO	NO	
28	6310	Bridge II - Customer Svc.	LFR	8/24/2017	\$ 911.00	\$ 911.00	\$ -	0.00%		NO	NO	
29	6311	Bridge I - Toll Booth Collector	LFR	8/28/2017	\$ 399.00	\$ 399.25	\$ 0.25	0.06%		NO	NO	
30	6312	Bridge I - Toll Booth Collector	LFR	8/28/2017	\$ 407.75	\$ 407.80	\$ 0.05	0.01%		NO	NO	
31	6313	Transit - El Lift Routes	LFR	8/29/2017	\$ 113.00	\$ 113.68	\$ 0.68	0.60%		NO	NO	
32	6314	Transit - Metro Routes	LFR	8/29/2017	\$ 10,058.32	\$ 10,014.98	\$ (43.34)	-0.43%		YES	YES	Cash & Policy Violation: Collections Shortage
33	6315	Parks - Administration	LFR	8/29/2017	\$ 150.00	\$ 150.00	\$ -	0.00%		NO	NO	

PARKS AND LEISURE SERVICES DEPARTMENT

Memo



To: Veronica Urbano, Internal Auditor

From:  Celina Rivera, Acting Director

Date: August 30, 2017

Re: Internal Surprise Cash Audit

The following Internal Surprise Cash Audit was conducted on August 9, 2017.

Findings: No. 6283 – Three Point Pool – No change fund available

Response: Clerk had car problem, therefore, she was picked up and went directly to the pool to open on time. So, she was not able to pick up change fund from Inner City Pool. Clerk has been advised to have enough time to pick up change fund.

I apologize for the inconvenience that this caused.

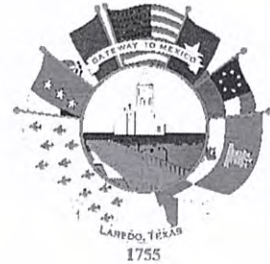
If you have any questions please call me at 794-1765.

Thank you.



PARKS AND LEISURE SERVICES DEPARTMENT

Memo



To: Veronica Urbano, Internal Auditor

From: Celina Rivera, Acting Director

Date: August 30, 2017

Re: Internal Surprise Cash Audit

The following Internal Surprise Cash Audit was conducted on July 14 and August 9, 2017.

Findings: No. 6284 – Independence Pool – Cash shortage

Response: Clerk was given an overview on the cash policy procedure. He will be given a verbal/written warning.

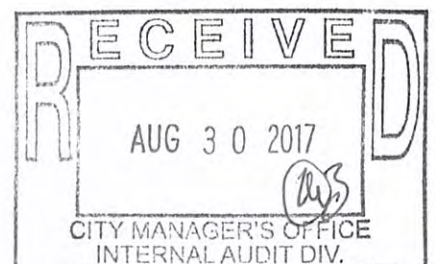
Findings: No. 6250 – El Eden Pool – Clerk left early to do cash deposit at Inner City Pool.

Response: Clerk needs to leave early since additional time accumulates driving from El Eden to Inner City Pool to do deposit. As per supervisor, all clerks have been advised to stop charging 10 minutes prior to closing. They will still need to drive to Inner City Pool to do deposit.

I apologize for the inconvenience that this caused.

If you have any questions please call me at 794-1765.

Thank you.



EL METRO
INTER-OFFICE MEMORANDUM



To: Veronica Urbano-Baeza, Internal Audit Division
Elia Y. Rodriguez, Auditor II

From: Claudia San Miguel, ETMI Acting General Manager
Rosa Soto, AGM for Operations & Administration

CC: Horacio De Leon, City Manager
Cynthia Collazo, Deputy City Manager

Date: September 14, 2017

RE: Response to Surprise Cash Audit #6314

This memo is in response to the Surprise Cash Audit that took place at El Metro's money counting room located at 401 Scott Street on August 29, 2017.

Response

The shortage on Fixed Route revenue of 0.43% could have occurred with money getting stuck to the bottom of the fare box or a bus that was probed and not dumped.

Corrective Action

In order to correct this issue a Supervisor will be on standby to assure every fare box that gets probed is dumped, boxes will then be verified by the Supervisor using the manual key to make sure box is empty and no money is left inside the box. In addition the Operations Manager will conduct random visits during the Month to verify that Supervisors are following the proper probing procedure.



September 2017

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
SEPTEMBER 2017

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	% Shortage/Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
				(A)	(B)	(C) (B-A)	(D) (C/A)				
1	6316 Tax (City Hall Annex)	EYR	9/15/2017	\$ 4,985.94	\$ 4,985.94	\$ -	0.00%		NO	NO	
2	6317 Tax (City Hall Annex)	EYR	9/15/2017	\$ 6,843.20	\$ 6,843.10	\$ (0.10)	0.00%		NO	YES	Policy Violation: Credit Card Transactions did not Reconcile
3	6318 Tax (City Hall Annex)	EYR	9/15/2017	\$ 200.00	\$ 200.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at the Time of Audit
4	6319 Utility Billing	EYR	9/15/2017	\$ 1,336.40	\$ 1,336.40	\$ -	0.00%		NO	NO	
5	6320 Community Development - Municipal Housing	EYR	9/15/2017	\$ 499.00	\$ 499.00	\$ -	0.00%		NO	NO	
6	6321 Police - Records	EYR	9/15/2017	\$ 248.40	\$ 248.40	\$ -	0.00%		NO	YES	Policy Violation: Credit Card Transactions did not Reconcile
7	6322 Bridge III - Toll Booth Collector	EYR	9/15/2017	\$ 136.50	\$ 136.50	\$ -	0.00%		NO	NO	
8	6323 Bridge III - Toll Booth Collector	EYR	9/15/2017	\$ 285.25	\$ 285.25	\$ -	0.00%		NO	NO	
9	6324 Bridge IV - Customer Svc.	EYR	9/15/2017	\$ 6,521.50	\$ 6,521.50	\$ -	0.00%		NO	NO	
10	6325 Bridge IV - Customer Svc.	EYR	9/15/2017	\$ 8,106.39	\$ 8,106.39	\$ -	0.00%		NO	NO	
11	6326 Health - Laboratory	EYR	9/18/2017	\$ 926.33	\$ 926.33	\$ -	0.00%		NO	NO	
12	6327 Health - Immunization	EYR	9/18/2017	\$ 120.00	\$ 120.00	\$ -	0.00%		NO	NO	
13	6328 Tax (City Hall)	EYR	9/18/2017	\$ 6,625.60	\$ 6,625.60	\$ -	0.00%		NO	NO	
14	6329 Tax (City Hall)	EYR	9/18/2017	\$ 16,219.00	\$ 16,219.00	\$ -	0.00%		NO	NO	
15	6330 Traffic - Parking Tellers	EYR	9/18/2017	\$ 625.00	\$ 625.00	\$ -	0.00%		NO	NO	
16	6331 Bridge II - Customer Svc.	EYR	9/18/2017	\$ 3,074.50	\$ 3,074.50	\$ -	0.00%		NO	NO	
17	6332 Bridge II - Customer Svc.	EYR	9/18/2017	\$ 17,179.14	\$ 17,179.14	\$ -	0.00%		NO	NO	
18	6333 Bridge II - Toll Booth Collector	EYR	9/18/2017	\$ 1,483.75	\$ 1,483.68	\$ (0.07)	0.00%		NO	NO	
19	6334 Bridge II - Toll Booth Collector	EYR	9/18/2017	\$ 521.25	\$ 521.25	\$ -	0.00%		NO	NO	
20	6335 Police	EYR	9/18/2017	\$ 350.00	\$ 350.00	\$ -	0.00%	Petty Cash	NO	YES	Compliance Audit
21	6336 Transit - Pay Stations	EYR	9/20/2017	\$ 2,782.00	\$ 2,786.00	\$ 4.00	0.14%		NO	NO	
22	6337 Bridge I - Toll Booth Collector	EYR	9/20/2017	\$ 869.75	\$ 872.15	\$ 2.40	0.28%		NO	NO	
23	6338 Bridge I - Gateway Passes	EYR	9/20/2017	\$ 342.75	\$ 341.02	\$ (1.73)	-0.50%		NO	NO	
24	6339 Convention & Visitors Bureau	EYR	9/20/2017	\$ 350.00	\$ 350.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at the Time of Audit
25	6340 Transit	EYR	9/20/2017	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
26	6341 Health - Ambulance Billing	EYR	9/20/2017	\$ 994.00	\$ 994.00	\$ -	0.00%		NO	NO	
27	6342 Solid Waste	EYR	9/21/2017	\$ 200.00	\$ 199.96	\$ (0.04)	-0.02%	Petty Cash	NO	NO	
28	6343 Airport	EYR	9/21/2017	\$ 4,964.17	\$ 4,964.17	\$ -	0.00%		NO	NO	
29	6344 Utilities - Engineering	EYR	9/26/2017	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
30	6345 Airport - Parking Pay Stations	EYR	9/27/2017	\$ 556.00	\$ 556.00	\$ -	0.00%		NO	NO	
31	6346 Solid Waste - Landfill	EYR	9/28/2017	\$ 197.40	\$ 197.40	\$ -	0.00%		NO	NO	



CITY OF LAREDO
TAX DEPARTMENT
1102 Bob Bullock Loop
LAREDO, TX 78043
(956) 727-6402

Memorandum

To: Veronica Urbano Baeza
From: Sandra M. Aleman *S. Aleman*
Thru: Dora A. Maldonado *D. Maldonado*
Date: September 19, 2017
Subject: Response to Audit dated 9/15/17

The audit performed on 9/15 revealed that Ms. _____ did not balance her credit cards and her cash transactions. It is not unusual for the tellers to erroneously key in a "CC" for a "CA" and vice versa. Although we emphasize extreme caution, keying in one wrong key stroke is sometimes unavoidable. Do know that when we balance our tellers at the end of the day all transactions are balanced to the penny. We match their credit card transactions with the report that is generated from the credit card machine for 100% accuracy. Occasionally when discrepancies are found, the receipts are voided and re-entered correctly before posting the final transactions. We did notify all tellers, not only Ms. _____ to be more careful with the entry of the tender type. Please let me know if you have any other questions regarding this issue.





CITY OF LAREDO POLICE DEPARTMENT



"Proudly serving and protecting the citizens of Laredo"

Chief Claudio Treviño, Jr.

Assistant Chief Gilberto L. Navarro
Deputy Chief Manuel J. Maciel

Assistant Chief Jesus R. Torres
Deputy Chief Miguel A. Rodriguez, Jr.

To: Veronica Urbano-Baeza, City Auditor

From: Belinda Moreno, Records Supervisor *BM*

Thru: Claudio Treviño Jr., Chief of Police *C. Treviño Jr.*

Date: 9/26/17

Re: **Audit No.6321**

Dear Mrs. Urbano-Baeza,

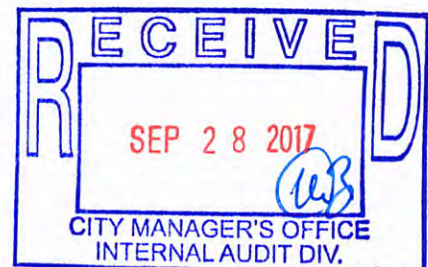
Below please find the Laredo Police Department response to the finding in Audit No. 6321.

The finding in audit no. 6321 was made on September 18th, 3 days after the initial audit that was conducted on September 15th by Ms. Elia Rodriguez. In her initial (E Rodriguez) audit dated the 15th, no finding was made as evidenced by the signatures of Ms. _____, Ms. Rodriguez, and myself.

Subsequently, on September 18th, Ms. Rodriguez returned to the LPD Records office and notified me of the finding. Apparently, Ms. Rodriguez was made aware by her supervisor that the credit card charges were mislabeled as *cash* (CA) as opposed to a *credit card* (CC) entry. Due to this mistake, the totals were not balancing appropriately. A review of the audit report revealed that all the money was accounted for but it was not properly coded.

As a result of this finding, re-training was provided to Ms. _____ and our cashiers regarding the proper coding of credit card transactions (CA). Furthermore, Ms. C. Gonzalez at the Finance office was notified and asked to make the proper correction. I have enclosed a copy of an email dated 9/25/17, wherein Ms. Gonzalez confirms the correction to the bank deposit has been made. A copy of the amended copy of audit 6321 is also enclosed.

Let me know if you have any questions or need any further documentation.



Subject: Correction: Deposit 9-12
Attachments: Stubbed Attachments.htm

----- Original message -----

From: Belinda Moreno <bmoreno@ci.laredo.tx.us>
Date: 9/26/17 11:41 AM (GMT-06:00)
To: Veronica Urbano <vurbano@ci.laredo.tx.us>
Cc: "Claudio Trevino, Jr." <ctrevino@ci.laredo.tx.us>
Subject: FW: Correction: Deposit 9-12

This message's contents have been archived by the Barracuda Message Archiver.

[DOC092517.pdf](#) (155.7K)

[INTERNAL AUDIT.doc](#) (100.5K)

Ms. Urbano-Baeza,

Here's a copy of the corrections for Deposit #9-12 for Audit#6321.

From: Claudia M. Gonzalez
Sent: Monday, September 25, 2017 3:29 PM
To: Belinda Moreno
Subject: Correction: Deposit 9-12

Good afternoon Belinda,

The corrections have been made to deposit 9-12. Receipt numbers 872299 & 872904 have been changed from bank code 43 to bank code 49. Attached is the paperwork showing the corrections.

Thank you,
Claudia M. Gonzalez
City of Laredo
Finance Department
1110 Houston St.
Ph: (956) 791-7453
Fax: (956) 791-7477
cgonzalez4@ci.laredo.tx.us

III. Unannounced Inventory Count Audits

July 2017

**Public Works – Warehouse Division
Surprise Inventory Count Audit
July 20, 2017**

STATEMENT OF SCOPE & METHODOLOGY

On July 20, 2017, 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 AND/OR 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.
Stihl Concrete Chain Saw	180384794	\$1,845.00	1	1	0	N/A
Miller Welder	10783	\$3,917.22	1	1	0	N/A
Key Way Stakes 12"	N/A	\$70.00	7	7	0	N/A
Stud 2"x6"x16'	N/A	\$12.99	61	56	-5	F1

Finding 1

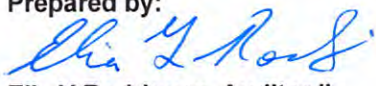

Shortage of five (5) "Stud 2"x6"x16'" was discovered during physical count. Dollar average amount equals to a total of \$64.95 material was not sign out from the warehouse office.

Recommendation

Custodian on duty must make sure that material must be signed out properly to maintain record of where equipment/material is located.

As stated in the "Statement of Scope & Methodology" above, the Public Works Warehouse Division currently uses an "Excel Database System" in order to account for most of the material and equipment housed at the warehouse; however, receiving and issuing out of items must be done manually with Excel. We would recommend 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.

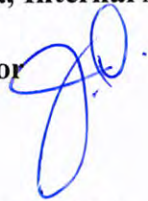
A written response is required on this report for finding(s)/observation(s) no later than ten (10) days after receipt of this report. Response should indicate how findings would be corrected, by whom and by when. If you have any questions, feel free to contact me at the Internal Audit Office (956) 790-1809.

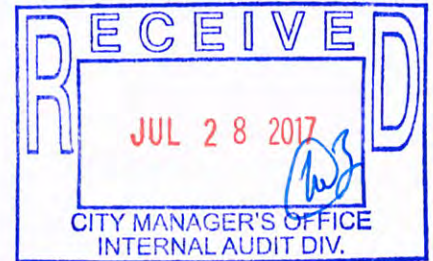
Prepared by:  Elia Y Rodriguez, Auditor II Date: 07-27-2017	Reviewed by:  Veronica Urbano Baeza, Internal Auditor Date: 7-27-2017
To: John Orfila, Public Works Director	
Cc: Horacio De Leon, Interim City Manager Robert Eads, Assistant City Manager	



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: July 27, 2017
SUBJECT: Surprise Inventory Count Audit



In response to the Audit for July 20, 2017, the shortage of materials has been accounted for.

F1 5 ea. 2" x 6" x 16' Studs

The studs were taken to the job site by one of the supervisors. The Warehouse Supervisor was advised but he forgot to update the inventory report.

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

Parks & Leisure Services – Central Warehouse
Surprise Inventory Count Audit
May 24, 2017
June 12, 2017
June 15, 2017

STATEMENT OF SCOPE & METHODOLOGY

On May 24, 2017, a Surprise Inventory Count Audit was conducted on the Parks & Leisure Services Department – Central Warehouse. Four (4) different parts or equipment were randomly selected from the equipment or parts 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 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 part or equipment inventory listing was requested.
- 2.) Random selection of part (s) or equipment.
- 3.) Site visit to Parks & Recreation – Central Warehouse.
- 4.) Parks & Recreation staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

Based upon the physical count performed and as shown in the Table 1 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.
Drain Cleaner Jumbo-Speed Rooter	PR-WH-0296	\$ 1,476.50	1	1	0	F 1
Mower Troy-Bilt 21"	PR-EQ-0885	\$ 255.00	1	1	0	F 1
Air Compressor Wheelbarrow Dewal 5.5	PR-EQ-0113	\$ 300.00	1	1	0	N/A
Hammer Drill Spline Rotary Dewalt	PR-EQ-8913	\$ 453.46	1	1	0	F 1

Finding 1

The initial inventory count conducted on May 24, 2017 consisted of a sampling of four (4) randomly selected items from the Parks warehouse. Of those four items, the following three reflected a variance between the quantities on hand and the inventory report generated from the Parks inventory program.

- Overage of one (1) "Drain Cleaner Jumbo Speed Rooter"
- Overage of one (1) "Mower Troy Bilt 21"
- Overage of one (1) "Hammer Drill Spline Rotary Dewalt"

However, after a further review of the above mentioned items in the Parks inventory system, it was confirmed that the quantities counted on the above items reconciled to what has been entered in the Parks inventory program (print screens of the individual items tested from the Parks inventory system are attached – Attachment 1). We tested an additional sampling of twenty (20) items to confirm the accuracy of the current inventory system on June 12, 2017 and June 15, 2017. The outcome of our additional testing reflected that the inventory reports generated from the current Parks inventory program are inaccurate and inconsistent (Table 2). Specifically, the following items were noted:

- Nine (9) of the twenty (20) items sampled were not reflected on the inventory report generated, but these nine items were entered into the Parks inventory software (print screen confirmation).
- Thirteen (13) of the twenty (20) items sampled reflected an incorrect unit price. In some instances, the unit reflected on the inventory report generated by the Parks inventory software was \$0.00 while the unit price on the print screens from the inventory program reflected the accurate unit price. It should be noted that even when Parks warehouse staff would try to correct the unit prices, sometimes the program would reflect a different unit price.

- To further emphasize the inaccuracy of the information provided on the inventory reports, a review of the inventory report generated on May 24, 2017 from the Parks inventory software reflected two hundred thirty-two (232) items with a quantity of zero and an average unit cost; conversely, the report also reflected two hundred thirty-eight (238) items with a unit cost of zero and a quantity.

Recommendation

In speaking to Parks staff, it appears that the maintenance on the current inventory software has not been maintained in over several years, and as a result it is no longer reflecting accurate data of the inventory entered into this system, especially data reflected in the inventory listing report. Internal Audit recommends that the Parks & Leisure Services 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.

Finding 2

During the follow-up visit on June 12, 2017 to test an additional twenty (20) items, one (1) item reflected a shortage of one when attempting to reconcile the quantity reflected in the inventory software (print screen) with the quantity on hand. Specially, the item with the variance was a "Stihl Weedeater (FS250R)" (Part # PR-EQ-5740) with a unit cost of \$350.00.

Recommendation

Internal Audit recommends that the department determine why variances were identified. Necessary entries to the inventory system should be conducted (if required) once the department has determined the cause of the shortage. Warehouse staff must make sure that items were issued out (signed out) properly to maintain a record of where the item is located.

Finding 3

As part of our review of the inventory listing report generated from the Parks inventory software, we noticed that sixty-eight (68) items reflected comments of "Items to be Deleted" or "Broke" under the Description column. We inquired as to whether these items had corresponding Disposition Forms completed in order to remove from the inventory software program; however, Parks warehouse staff informed us that they were not aware of any Disposition Forms for these items.

Recommendation

Parks administrative staff must verify if items marked as "Item to be Deleted" or "Broke" are eligible for disposition or still active items, and note as such in the inventory software program. Items deemed eligible for disposition must have a corresponding Disposition Form approved by the City Manager and properly filed at the Parks Department.



Observation 1

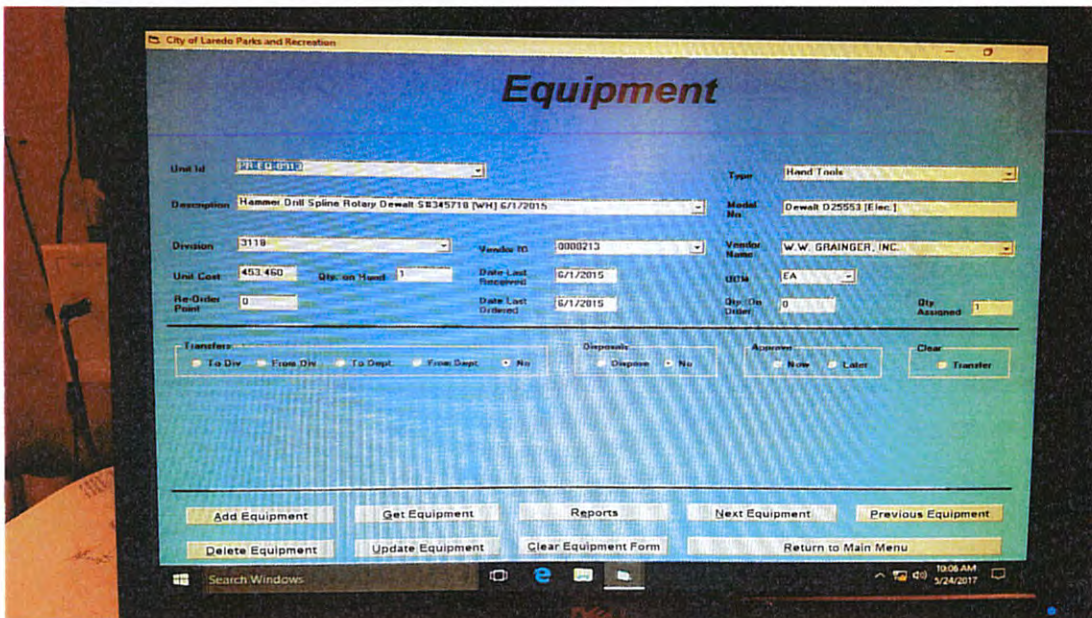
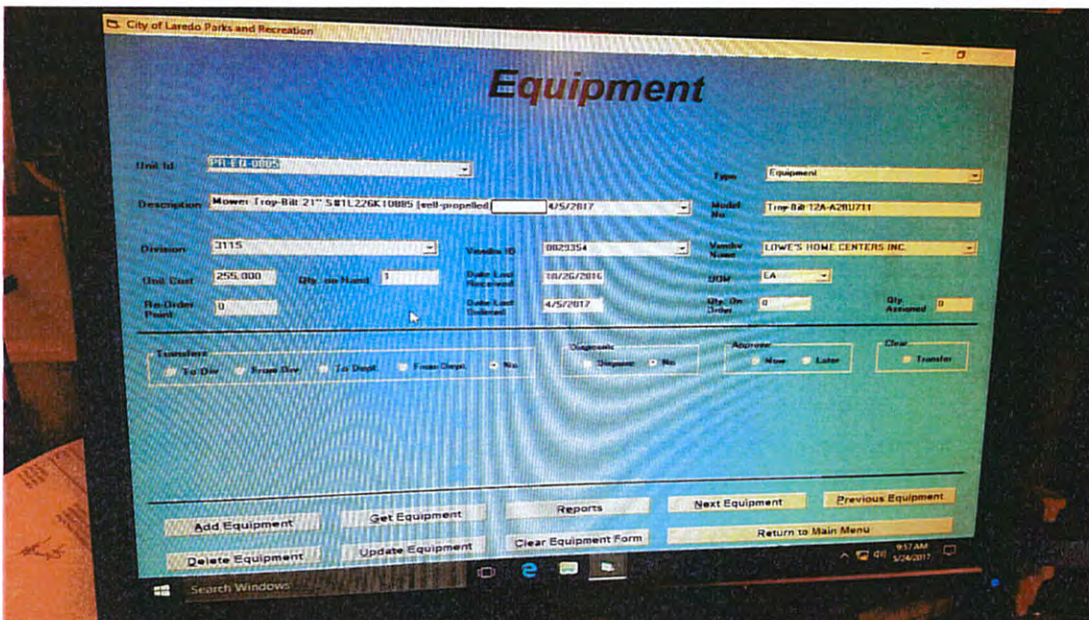
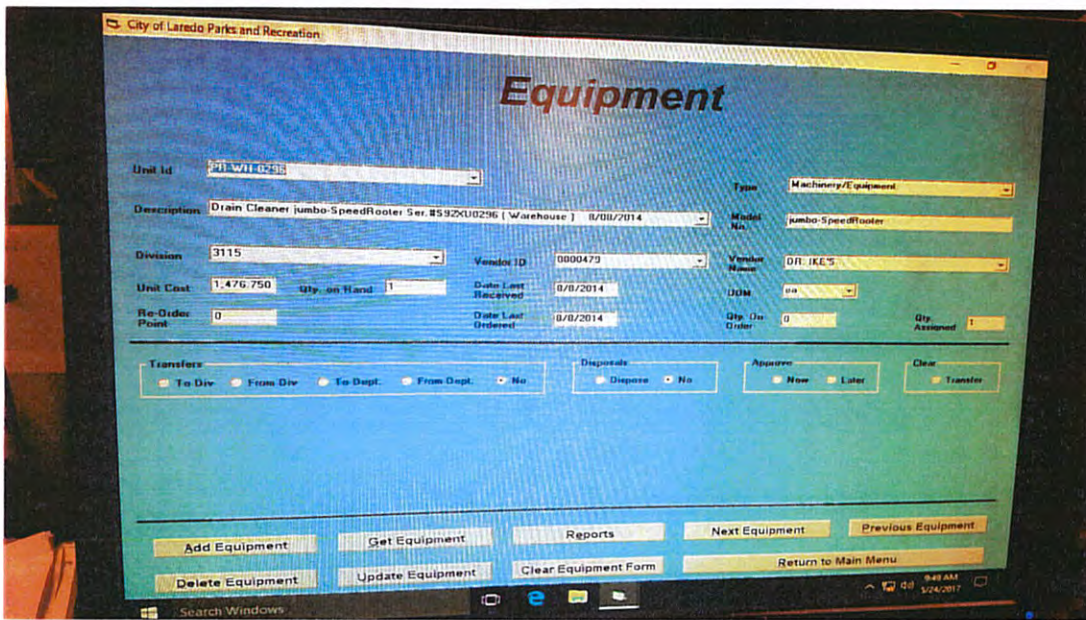
Another observation made during our visits to Parks to conduct inventory count audits is that only one staff person has access to print out the inventory reports needed to conduct a reconciliation of quantities on hand with the inventory reports.

Recommendation

We would recommend that a backup staff person be assigned to access and print out inventory reports in the event the primary staff person is unavailable.

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.

<p>Prepared by:</p>  <p>Elia Y Rodriguez, Auditor II Date: 07-27-2017</p>	<p>Reviewed by:</p>  <p>Veronica Urbano-Baeza, Internal Auditor Date: 7-27-2017</p>
<p>To: Celina Rivera, Acting Parks & Leisure Services Director Cc: Horacio A. De Leon, Jr., Interim City Manager Robert Eads, Assistant City Manager</p>	



ATTACHMENT 1


TABLE 2
 AUDIT TESTING RESULTS (JUNE 12, 2017 AND JUNE 15, 2017)
 COMPARISON OF PARKS INVENTORY SOFTWARE REPORTS

		COMPARISON OF:						COMPARISON OF:								
		INITIAL PRINT SCREENS BY ITEM			FINAL PRINT SCREENS BY ITEM			INITIAL FULL REPORT PRINTED			FINAL FULL REPORT PRINTED					
PART NUMBER	PART NAME	QTY SHOWN IN SYSTEM	PHYSICAL COUNT	VARIANCE	AVG. UNIT PRICE	QTY SHOWN IN SYSTEM	PHYSICAL COUNT	VARIANCE	AVG. UNIT PRICE	QTY SHOWN IN SYSTEM	PHYSICAL COUNT	VARIANCE	AVG. UNIT PRICE	QTY SHOWN IN SYSTEM	PHYSICAL COUNT	VARIANCE
PR-EQ-8915		1	1	0	\$ 350.00	1	1	0	\$0.00	1	1	0	\$0.00	1	1	0
	Blower BR420 Sthl SF#363498915	Unit ID does not exist in the Database! Information brought up by typing the description.														
Note:		1	0	(1)	\$ 350.00	1	0	(1)	\$0.00	1	0	(1)	\$0.00	1	0	(1)
PR-EQ-8916		1	0	(1)	\$ 350.00	1	0	(1)	\$0.00	1	0	(1)	\$0.00	1	0	(1)
	Blower BR420 Sthl SF#363498916	Unit ID does not exist in the Database! Information brought up by typing the description.														
Note:		1	0	(1)	\$ 350.00	1	0	(1)	\$0.00	1	0	(1)	\$0.00	1	0	(1)
PR-EQ-0107	Mower Kawasaki All-Terrain DR 15.0 #FH451VA05554 OUTSIDE WAREHOUSE	1	1	0	\$2,100.00	1	1	0	\$2,100.00	1	1	0	\$2,100.00	1	1	0
PR-EQ-0428	Weedeater FS240R Sthl S#178170428 2/3/2015	1	1	0	\$ 533.99	1	1	0	\$ 533.99	1	1	0	\$ 533.99	1	1	0
PR-EQ-0430	Weedeater FS240R Sthl S#178170430 2/3/2015	1	1	0	\$ 533.99	1	1	0	\$ 533.99	1	1	0	\$ 533.99	1	1	0
	Riding Mower John Deere 612/17	1	1	0	\$3,900.00	1	1	0	\$3,900.00	1	1	0	\$3,900.00	1	1	0
PR-EQ-0850	Riding Mower John Deere S#TC997SC056564 10/6/2010	1	1	0	\$3,900.00	1	1	0	\$ 3.00	1	1	0	\$ 3.00	1	1	0
PR-EQ-0851	Riding Mower John Deere S#TC997SC056568 10/6/2010	1	1	0	\$3,900.00	1	1	0	\$ 3.00	1	1	0	\$ 3.00	1	1	0
PR-EQ-0852	Prunner Sthl HT-131 S#501312296 2/3/2015	1	1	0	\$ 578.49	1	1	0	\$ 578.49	1	1	0	\$ 578.49	1	1	0
PR-EQ-2296	Prunner Sthl HT-131 S#501312297 2/3/2015	1	1	0	\$ 578.49	1	1	0	\$ 578.49	1	1	0	\$ 578.49	1	1	0
PR-EQ-2297	Edger/Trimmer McLane S#723335 2/12/2015	1	1	0	\$ 684.50	1	1	0	\$ 684.50	1	1	0	\$ 684.50	1	1	0
PR-EQ-3335	Edger/Trimmer McLane S#723336 2/12/2015	1	1	0	\$ 684.50	1	1	0	\$ 684.50	1	1	0	\$ 684.50	1	1	0
PR-EQ-3336	Sod Cutter 18" Ryan Jr. Ser.#4595403453 2/26/2014	1	1	0	\$5,898.00	1	1	0	\$ 5.00	1	1	0	\$ 5.00	1	1	0
PR-EQ-3453	Concrete curb screed level S#2432 10/13/14	1	1	0	\$ 450.00	1	1	0	\$ 450.00	1	1	0	\$ 450.00	1	1	0
PR-EQ-35M5A	Weedeater Echo #S74212023888 2/12/2015	1	1	0	\$ 359.00	1	1	0	\$ 359.00	1	1	0	\$ 359.00	1	1	0
PR-EQ-3888	Mower Toro 36" Turbo Force All-terrain SF#400104764 S#285865740 8/5/2011	1	1	0	\$3,950.00	1	1	0	\$ 3.00	1	1	0	\$ 3.00	1	1	0
PR-EQ-4764	Weedeater FS250R Sthl S#285865740 8/5/2011	1	0	(1)	\$ 350.00	1	0	(1)	\$ 350.00	1	0	(1)	\$ 350.00	1	0	(1)
PR-EQ-5740	Weedeater FS250R Sthl S#285865741 8/5/2011 6/12/17	1	1	0	\$ 350.00	1	1	0	\$ 350.00	1	1	0	\$ 350.00	1	1	0
PR-EQ-5741	Weedeater FS250R Sthl S#285865742 8/5/2011 6/12/17	1	1	0	\$ 350.00	1	1	0	\$ 350.00	1	1	0	\$ 350.00	1	1	0
PR-EQ-5742	Generator Honda EB6500X1 Ser.#EBLC-1001339 (Warehouse)	1	1	0	\$4,000.00	1	1	0	\$ 4.00	1	1	0	\$ 4.00	1	1	0
PR-W/H-1339		1	1	0	\$2,857.50	1	1	0	\$2,857.50	1	1	0	\$2,857.50	1	1	0



CITY OF LAREDO

PARKS AND LEISURE DEPARTMENT

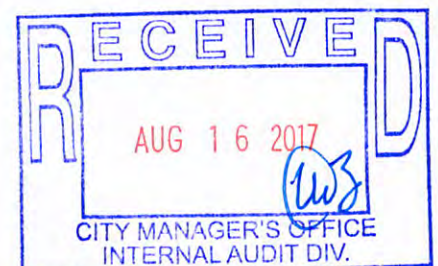
To: Veronica Urbano-Baeza, Auditor
From:  Celina Rivera, Interim Parks and Leisure Director
Date: August 7, 2017
Subject: Response to Surprise Inventory Audits Conducted
May 24, 2017, June 12, 2017, and June 15, 2017

As referenced above, several surprise audits were conducted from May 24 through June 15, 2017. As per your findings attempts to reconcile sampling of items through our current inventory program proved inconsistent. There is a long history of problems with the current system partly because it was custom designed for the department more than 10 years ago with no follow up maintenance.

In the new fiscal year the department is making it a priority to acquire a new inventory software system that will work with the AS400 purchasing system and allow for tracking of items, tying items purchased to work orders and items issued out. Our hope is to be able to run queries for different inventory reports, including items set for disposition.

Additionally we plan to have a current staff person to assist with inputting of inventory items, help update the current system inventory and create work orders. It's our intention to be able to integrate the system throughout our Parks divisions for uniformity.

xc: Horacio Deleon, Interim City Manager
Robert A. Eads, Assistant City Manager



**Parks & Leisure Services Department – Aquatics Division
Surprise Inventory Count Audit
July 25, 2017**

STATEMENT OF SCOPE & METHODOLOGY

On July 25, 2017, a Surprise Inventory Count Audit was conducted on the Parks and Leisure Services Department - Aquatics Division. Four (4) different equipment/material items were randomly selected from the equipment/material inventory on hand.

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 and material.
- 3.) Site visit to Parks and Leisure Services Department - Aquatics Division.
- 4.) Parks and Leisure Services Department – Warehouse staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS AND/OR 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.
Toro Recycle 22" Lawnmower	AQE0013AA	\$0.00	1	0	-1	F1
Stihl MS 250 Chainsaw	AQE0026	\$0.00	1	0	-1	F2
Chlorinating 3" Tablets	N/A	\$0.00	199	0	-199	F3
Hydrochloric Acid 8	N/A	\$0.00	420	0	-420	F4



Finding #s 1-4

The variances noted on the table above are attributable to the Parks - Aquatics Division not having an Inventory Software Program that can account for material and equipment received and issued out.

Recommendation

Internal Audit is recommending that Parks Management make an assessment for and acquire/implement the most suitable Automated Inventory System for the Aquatics Division in order to better account for all the material and equipment housed at the Aquatics warehouse.

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.

<p>Prepared by:  Elia Y. Rodriguez, Auditor II Date: 07-28-2017</p>	<p>Reviewed by:  Veronica Urbano Baeza, Internal Auditor Date: 7-28-2017</p>
<p>To: Celina Rivera, Acting Parks & Leisure Services Director</p>	
<p>Cc: Horacio A. De Leon, Jr., Interim City Manager Robert Eads, Assistant City Manager</p>	



CITY OF LAREDO

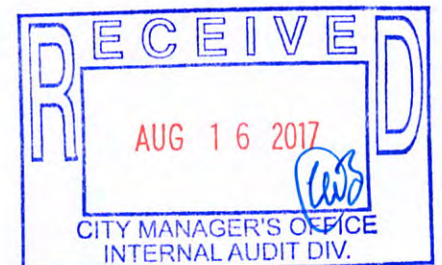
PARKS AND LEISURE DEPARTMENT

To: Veronica Urbano-Baeza, Auditor
From: *CR* Celina Rivera, Interim Parks and Leisure Director
Date: August 7, 2017
Subject: Surprise Inventory Audit, July 25, 2017

Response to Findings 1-4:

The department plans to acquire an inventory software system to manage the items that are purchased, issued out and stored to include those purchased, stored and utilized by the aquatics division.

xc: Horacio Deleon, Interim City Manager
Robert A. Eads, Assistant City Manager



August 2017

**Traffic Department
Surprise Inventory Count Audit
June 30, 2017**

STATEMENT OF SCOPE & METHODOLOGY

On June 30, 2016, Internal Audit attempted to perform a Surprise Inventory Count Audit on the Traffic Department's inventory parts. The Department was using "Cartegraph work order system", in order to keep a database of the department's inventory and to serve as a measure of control of assets; however, we were unsuccessful in conducting our audit count due to the Traffic Inventory System still being inoperable from the storm damage to the Traffic Department back in February 2017.

Our audit would have been limited to the physical count of randomly selected items in order to determine if results coincide with quantity showing on system.

AUDIT FINDINGS & OBSERVATIONS

- 1.) Department was unable to furnish Internal Audit with an inventory listing from their system, and subsequently we could not make a random selection of items since no inventory listing could be generated. No manual backup inventory listing was available either to account for items currently being received and issued out.
- 2.) We were able to pay a site visit to the Traffic Department's warehouse however; we noticed that non-departmental items are being stored at the department's warehouse.
- 3.) The Traffic Department's staff was interviewed and we found that no new inventory items were being recorded in the system; items were only being checked-in against manifest being received.

AUDIT RECOMMENDATIONS

Internal Audit recommends that the department strengthen the inventory count process as established by the City's policies and procedures for inventory count. The department should make every effort to repair the current Traffic Inventory System, as well as have a back-up method for accounting for items received and issued out at the Traffic Warehouse. This will enable the department in establishing accountability for ensuring the process is followed.

We are requesting written response, for reasons listed above, as to why inventory audit cannot take place. The response should be submitted no later than ten (10) days after receipt of this report. Response should indicate what corrective action will take place, by whom and by when. If you have any questions, feel free to contact me at the Internal Audit Office (956) 790-1810.

Prepared by:



Leo Rodriguez, Auditor II, CPM

Date: 8.11.17

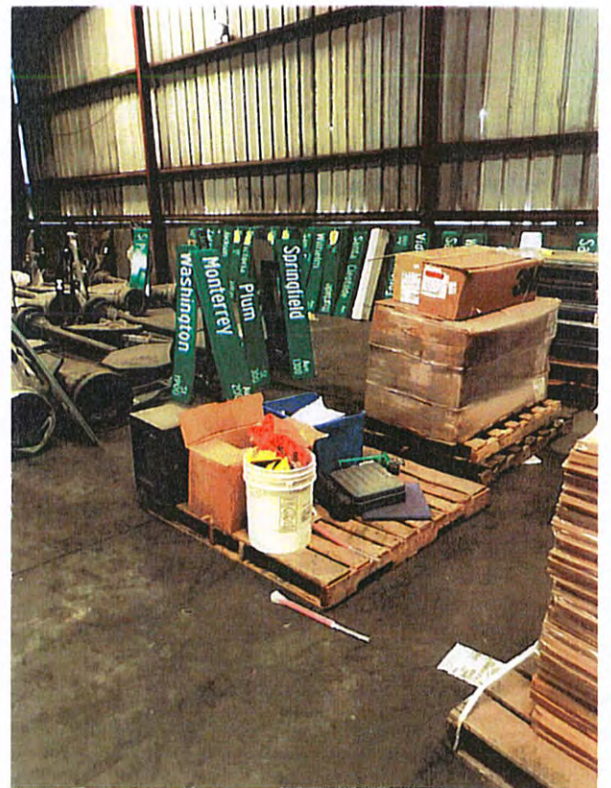
To: Roberto Murillo, Traffic Manager
Cc: Horacio De Leon, Interim City Manager
Robert Eads, Assistant City Manager

Reviewed by:



Veronica Urbano Baeza, Internal Auditor, CPM

Date: 8-11-2017





CITY OF LAREDO
TRAFFIC DEPARTMENT

To: Veronica Urbano-Baeza, Auditor

From: Roberto Murillo, PE, PTOE - Traffic Director

CC: Leo Rodriguez, Audit Department

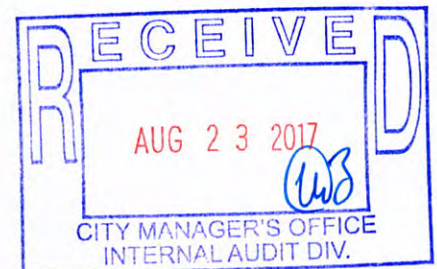
CC: Robert Eads, Assistant City Manager

Date: August 21, 2017

Subject: Response to Surprise Inventory Count Audit

This is the response by Traffic Safety Department on the findings from the surprise inventory count audit of June 30, 2017.

Please call if you have any questions at (956) 795-2550.





CITY OF LAREDO

TRAFFIC SAFETY DEPARTMENT



To: Roberto Murillo, P.E., P.T.O.E., Traffic Safety Director
From: Manuel Benavides, Traffic Operations Manager *MB*
Date: August 17, 2017
Subject: Response to Surprise Inventory Count Audit

On June 30, 2017, An Internal Audit was performed. A random inventory count at the Traffic Safety facilities took place, and according to the report three variances were found:

- 1.) **Traffic Safety Department did not have the Cartegraph inventory system working subsequently no item was able to be selected for random count. No backup system in place.**
- 2.) **Non-department items were being stored at the warehouse**
- 3.) **At the warehouse new items were not being inputted into the inventory system**

Pursuant are the responses to variances 1, 2 and 3:

1.) Traffic Safety Department did not have the Cartegraph inventory system working subsequently no item was able to be selected for random count. No backup system in place.

At the time of the audit, the Cartegraph inventory system was out of service because it was being set up and worked out in a new server.

The Cartegraph inventory system was down because of damages sustained to the building and equipment during an unusually strong storm that passed through Laredo in February, 2017. Extensive damage was sustained by the main computer hub when the building's roof collapsed. Rain damaged all existing computers, including the data links that connect the main office to the warehouse.

Communication and computer equipment were ordered to help bring all systems back to service, including the traffic signal systems. However, the metal roof on the building took more than three months to seal and repair. During the roof repairs, there was no cover to protect the new equipment from the elements. It was impossible to install the new equipment under these conditions (see attached sheet).

Previously it was possible to closely monitor inventory when the warehouse was in close proximity to the Traffic Safety Department. However, the warehouse was moved and became active as recently as, January 13, 2017. The move was accelerated by the airport's need for space to rent. A backup system was under consideration and being reviewed, however, the repairs to the new warehouse located at 1820 West Calton Road, drained all available funds and a decision was made to peruse its purchase for the next fiscal year.

2.) Non-department items were being stored at the warehouse

All the material that is in the warehouse is for exclusive use of the maintenance sections and ongoing projects. Only a small portion is non-departmental items. These consist of items that were removed from the main office and were removed temporarily because of the mentioned storm. These items are being evaluated for continued use in operation and/or otherwise will be disposed of accordingly.

3.) At the warehouse new items were not being inputted into the inventory system

Again, as previously noted, the data communication radio link was out of service for more than three months because of the devastation left by the storm. This storm disrupted all inventory transactions at the warehouse. Hence, the warehouse supervisor in charge opted to take a manual count so as to have control of the materials that were issued. The supervisor is working on better distribution and storage of maintenance materials; however, this is still a work in progress.

Department's Corrective Action:

- A new computer server was bought and is currently hosting the Cartegraph work order/inventory system. The warehouse data radio link was also reestablished and is in operation.
- The process of material data population is being performed by the warehouse supervisor on the new system. Eventually all types of maintenance materials will be counted in this new system. Those that are already in are being issued via work order. Received materials are being once again inputted in the system for proper storage and distribution.
- The finance department was contacted and made aware of the dire need to fund the backup system. Funds were identified in our current budget accounts for this purchase. An amount of \$10,200 was allocated to cover the cost of a warehouse backup system. Bids for the purchase and installation are in process. It is estimated by the end of September the system will be in place and in operation.
- Only materials that are received and used in daily maintenance operations or approved projects should be kept under control inside the warehouse. All other items that are not will be removed from the building or sold as scrap according to the established statutes. The warehouse supervisor has been instructed to keep the premises clean and in good order.

If you have any comments or questions, please I am available at your convenience.



Fleet Maintenance Division Surprise Inventory Count Audit August 22, 2017

STATEMENT OF SCOPE & METHOLODOGY

On August 22, 2017, a Surprise Inventory Count Audit was conducted on the Fleet Maintenance Division. Four (4) different parts 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 system. The following steps were taken to analyze all the data collected.

- 1.) A 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 & OBSERVATIONS

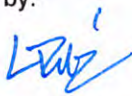

Based upon the physical count performed and as showed in the table below, the following observations were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Firestone Firehawk Police Tire	P 24555R18	\$123.43	8	8	0	N/A
Firestone Firehawk Police Tire	P 23550R18	\$128.40	8	8	0	N/A
Firestone Firehawk Police Tire	P 22560R16V	\$88.31	4	4	0	N/A
Tire Rear Motorcycle (Victory)	5414888	\$342.21	2	2	0	N/A

AUDIT RECOMMENDATIONS

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

No written response is required on this report.

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: <u>8.22.17</u></p> <p>To: Jack Dunn, Jr., Fleet Director</p> <p>Cc: Horacio De Leon, City Manager Robert Eads, Assistant City Manager</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: <u>8-24-2017</u></p>
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Utilities Service Center Surprise Inventory Count Audit August 24, 2017

STATEMENT OF SCOPE & METHODOLOGY

On August 24, 2017, a Surprise Inventory Count Audit was conducted on the Utilities Service Center Warehouse / Sewage Inventory parts. Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses "Sungard, HTE Select Version 8.0", 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 was requested.
- 2.) Random selection of part(s).
- 3.) Site visit to the Utilities Service Center Warehouse.
- 4.) Utilities Service Center staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS & OBSERVATIONS



Based upon the physical count performed and as showed in the table below, the following observations were noted.

PART NAME	PART NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Coupling Smith 1/2"	890-070-2031	\$10.40	11	11	0	N/A
Coupling Smith Blair 3/4"	890-070-2032	\$18.38	8	8	0	N/A
Coupling Dresser 2 1/2"	890-070-2034	\$55.25	7	7	0	N/A
Couplings Smith 1 1/4"	890-070-2029	\$38.06	14	14	0	N/A

AUDIT RECOMMENDATIONS

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

No written response is required on this report.

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: 8.24.17</p> <p>To: Riazul Mia, Utilities Director</p> <p>Cc: Horacio De Leon, City Manager Robert Eads, Assistant City Manager</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 8-31-2017</p>
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Transit Maintenance Division Surprise Inventory Count Audit August 29, 2017

STATEMENT OF SCOPE & METHODOLOGY

On August 29, 2017, 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.) Random selection of part(s).
- 2.) Site visit to Transit Management-Maintenance Division.
- 3.) Transit Maintenance staff interviews.
- 4.) Physical count of selected items.

AUDIT FINDINGS & OBSERVATIONS



Based upon the physical count performed and as showed in the table below, the following observations were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Rod Assm Lower	16-562	\$326.08	3	3	0	N/A
Brake Chamber	16-833	\$138.59	3	3	0	N/A
Rod Assm Upper	16-201	\$357.82	2	2	0	N/A
Turbo	45-856	\$2,678.00	1	1	0	N/A

AUDIT RECOMMENDATIONS

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

No written response is required on this report.

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: 8.29.17</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 8-31-2017</p>
<p>To: Claudia San Miguel, Acting Transit General Manager</p>	
<p>Cc: Horacio De Leon, City Manager Robert Eads, Assistant City Manager Joe Jackson, Transit AGM Operational Maint.</p>	

September 2017

Fleet Department
Fuel Inventory Audit
September 20, 2017

STATEMENT OF SCOPE & METHODOLOGY

On September 20, 2017, Internal Audit initiated an Inventory Audit of the City's fuel supply housed at the fueling facilities adjacent to Public Works and the Landfill. The objective of this audit was to determine whether or not the fuel supply could be reconciled at any given point in time with the current reporting mechanisms in place. The scope of our audit consisted of a review of the monthly fuel usage reports (WinCC system), as well as the vendor invoices submitted for the month of June 2017 (original records as well as copies were obtained and verified through examination). The following steps were taken to analyze all the data collected.



- Interviews were conducted with the Fleet Maintenance Superintendent.
- WinCC reports were obtained from Fleet staff, and an evaluation of the monthly fuel usage reports was conducted. Beginning and ending balances for the month of June 2017 were provided.
- Vendor delivery receipts and statements (invoices) were obtained from Fleet staff, and an evaluation of fuel replenished and billed was conducted.
- Verified the total gallons used and delivered for the month of June 2017

INTERNAL AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

O1: After reviewing the WinCC system reports, the vendor invoices provided by Fleet, and the opening and ending fuel balances for the month of June 2017 we were unable to reconcile the fuel inventory for the month, as indicated in the table below.

FUELING LOCATIONS						
	Fleet Unleaded Tank 1	Fleet Unleaded Tank 2	Fleet Diesel Tank 3	Landfill Diesel	Landfill DEF	Landfill D Diesel Tank 3150
Beginning Balance (in Gallons) as per Inventory Report	4,363	5,518	4,326	4,673	459	1,188
Gallons Delivered	39,398	34,344	36,711	34,559	500	2,504
Gallons Dispensed	36,943	33,610	34,155	32,727	633	2,751
Ending Balance Calculated	6,818	6,252	6,882	6,505	327	941
Ending Balance (in Gallons) as per Inventory Report	7,311	6,756	5,049	6,011	353	1,079
Variance	493	504	-1,833	-494	27	138

R1: While we understand that many factors can affect the reconciliation of the fuel supply and that a zero variance may be difficult to achieve considering those factors, we continue to recommend that the Fleet Department continue printing out WinCC receipts at the same time as (or as close as possible to) the receipt of the fuel delivery received from the vendor. This should be done in an effort to close the variance reflected in the reconciliation process.

Prepared by:  09-29-2017 Elia Y. Rodriguez, Auditor II Date		Reviewed By:  9-29-2017 Veronica Urbano Baeza, Internal Auditor Date	
Issued to:	Response Required	Response Due Date	
Jack Dunn, Jr., Fleet Management Director	Yes	10/13/2017	
<u>All responses must be signed by the Department Director, submitted to the Internal Auditor, and include the following:</u> <ol style="list-style-type: none"> 1.) A description of the progress in resolving or addressing the findings or observations noted above. 2.) Implementation schedules identifying specific steps to be taken and to assure similar findings or observations are not repeated and target dates for implementation. 			
Cc: Horacio De Leon, City Manager Robert Eads, Assistant City Manager			



CITY OF LAREDO Fleet Management Department

MEMORANDUM

TO: Elia Y. Rodriguez, Auditor II, Veronica Urbano Baeza, Internal Auditor

FROM: Jack Dunn, Jr, Fleet Management Director

DATE: 10/06/2017

RE: Fuel Inventory Audit, September 20, 2017

Responding to the request for the fuel audit for the month June, 2017, once again it is not possible to have complete in balance totals due to fuel being dispensed before, during, and after the tanker refuels our fuel tanks. We cannot shut down the pumps due to our first responders. We have continued to have some issues with our fuel dispensers because of the age of the units. We did put out a bid to replace the fuel dispensers, the bid was awarded, and the replacement was completed in July, 2017. We also replaced all of the sump pumps that go on top of the tanks and the fuel Monitors for both of our locations. We are currently waiting for a date to upgrade our Sentry Gold Fuel monitoring pedestals from our now out dated SG-4 heads to the new SG-10 heads. This will take place in the next 30 days.

These replacements and upgrades should greatly improve the information that we extract from the system. We are continuing as recommended our practice of printing the readouts before and after the fuel delivery and keeping each month in a separate folder to facilitate any fuel information requested and to maintain full transparency.

We have had other issues at the Landfill due to the distance, especially during inclement weather, but in the near future, IST will be addressing that with new communication hardware.

Jack Dunn, Jr. Fleet Management Director

Cc: Horacio A. De Leon, Jr. City Manager
Robert A. Eads, Assistant City Manager



Parks & Leisure Services – Central Warehouse Surprise Inventory Count Audit

September 26, 2017

STATEMENT OF SCOPE & METHODOLOGY

On September 26, 2017, a Surprise Inventory Count Audit was conducted on the Parks & Leisure Services Department – Central Warehouse. Four (4) different parts or equipment were randomly selected from the equipment or parts 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 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 part or equipment inventory listing was requested.
- 2.) Random selection of part (s) or equipment.
- 3.) Site visit to Parks & Recreation – Central Warehouse.
- 4.) Parks & Recreation 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 / OBSERVATION NO.
Weedeater Stihl FS 240R	PR-EQ-6309	\$533.99	1	1	0	N/A
Blower Stihl BR600	PR-EQ-9158	\$439.99	1	1	0	N/A
Edger/Trimmer Mc lane	PR-EQ-3336	\$684.50	1	1	0	N/A
Chain saw Stihl MS 250	PR-EQ-8680	\$316.79	1	1	0	N/A

Internal Audit found items inventoried in balance; however, we did note the following observation:



Observation 1

At the time of the Inventory Audit the staff person who has access to print out the inventory report was not available.

Recommendation

We would recommend that a backup staff person be assigned to access and print out inventory reports in the event the primary staff person is unavailable.

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.

<p>Prepared by:</p>  <p>Elia Y Rodriguez, Auditor II Date: 09-28-2017</p>	<p>Reviewed by:</p>  <p>Veronica Urbano-Baeza, Internal Auditor Date: 9-28-2017</p>
<p>To: Anita Stanley, Acting Assistant Parks & Leisure Services Director Cc: Horacio De Leon, City Manager Robert Eads, Assistant City Manager</p>	



MEMORANDUM

TO: Veronica Urbano Baeza, Internal Auditor

FROM: Anita Stanley, Assistant Director, Parks and Leisure Services Department

RE: Response to Central Warehouse Surprise Inventory Count Audit conducted 9/28/17

DATE: October 11, 2017

A handwritten signature in blue ink, appearing to read "Anita Stanley".

This memo is in response to the Surprise Inventory Count Audit mentioned above. While, Internal Audit found items inventoried to be in balance, there was an observation and recommendation made regarding staffing and procedures. The inventory reports can only be accessed for printing off one computer system and if that employee is out during an audit, there is no back up to produce a printout of an inventory report.

Please note that we will be working on training an additional staff member on the software to rectify this issue. Also note we are also working to update the inventory system to optimize all inventory and maintenance management operations and hope to have something in operation this coming year.

I believe this will resolve the observation.

Cc: Horacio De Leon, City Manager
Graciela Briones, Assistant Director, Parks and Leisure Services



IV. Compliance Audit Reports

City of Laredo
City Manager's Office
Internal Audit Division
Petty Cash Policy Compliance Audit

Department/Division Name: Police Department			Audit Date	
Custodian's Name:		Reference: Surprise Cash Audit # 6335		
Period Audited: Last three reimbursements & receipts on hand (May – September 2017)			09/18/17	
Audit Objective: To determine if Dept. /Div. and Finance processed petty cash transactions in accordance with the Accounting Procedures Manual-Petty Cash Funds dated May 7, 2002.				
	Department/Division Compliance Checklist	Compliance Comments	Score	Value
1.	Custodian is responsible for funds and preparing vouchers and paperwork.	O1	5	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.	F1, O2	9.83	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 – 99.76%		69.83	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

City of Laredo
City Manager's Office
Internal Audit Division
Petty Cash Policy Compliance Audit

Department/Division-Findings, Observations, and Recommendations:

Finding # 1

Internal Audit noticed that one (1) vouchers out of the thirty (30) reviewed appeared not to be in compliance with the City's Petty Cash Policy. This particular invoice submitted for reimbursement reflects a date prior to the date the voucher was prepared.

Voucher #	Vendor Name	Amount	Invoice Date	Voucher Date
JUNE 2017				
2084	Executive Office Supply	\$15.95	06/01/17	06/02/17

Recommendation

Internal Audit recommends that the City's Petty Cash Policy be followed. In particular, Section VIII (Disbursement of Petty Cash Fund Performed By: Employee), Subsection #1 of the policy states that the "employee must sign the Petty Cash voucher in order to obtain petty cash funds." In addition, 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 expenses."

Observation # 1

Internal Audit noticed that some vouchers were not issued in chronological order, as can be seen on table below.

Voucher #	Vendor Name	Amount	Invoice Date	Voucher Date
AUGUST 2017				
2100	Patria Office Supply	\$10.19	08/11/17	08/11/17
2101	Insco Distribution	\$6.91	08/09/17	08/09/17
2102	Lowes	\$23.98	08/10/17	08/10/17

Recommendation

Internal Audit recommends that a log be maintained for petty cash disbursements, if it isn't already, in order to account for each voucher number and to maintain some sequential correlation between the voucher numbers issued and the dates that those vouchers are issued and receipts received.

City of Laredo
City Manager's Office
Internal Audit Division
Petty Cash Policy Compliance Audit

Observation # 2


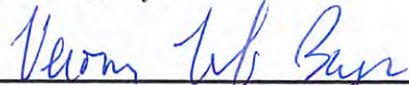
Internal Audit noticed that all eleven (11) vouchers (issued during the months of May 2017 to September 2017) reviewed did not contain the dollar amount advanced.

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 expenses.”

Finance/Accounts Payable- Findings Observations and Recommendations:

Internal Audit found no significant audit findings.

Prepared by:  <u>Elia Y. Rodriguez , Auditor II</u> <u>09-29-2017</u> Date	Reviewed By:  <u>Veronica Urbano Baeza, Internal Auditor</u> <u>9-29-2017</u> Date
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Issued to:	Response Required	Response Due Date	Score	Overall
Claudio Trevino, Jr. – Chief of Police	YES	10/13/2017	99.76%	Score
Jose Castillo – Acting Finance Director	NO	N/A	100%	99.88%

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: Horacio De Leon, City Manager
Cynthia Collazo, Deputy City Manager

To: Veronica Urbano Baeza, City Auditor
From: Jose J. Villarreal, LPD Adm. Planner
Thru: Claudio Trevino, Jr., Chief of Police
Date: October 9, 2017
Re: Audit Report Dated September 29, 2017



Department/Division-Finding, Observations, and Recommendations:

Enclosed is the response to the audit report conducted on September 29, 2017 at the Laredo Police Department regarding the petty cash handled by Mr.

Finding # 1

In response to finding # 1 the Laredo Police Department's Payroll Division was in need of time cards that are used by individuals employed through the temporary service contract. It was not realized that the department did not have enough time cards for employees to clock in for the next payroll week. The order was placed on June 1, 2017 at 17:01:17 (05:01 PM) by Ms.

from the LPD payroll office, and the item was to be delivered on June 2, 2017 to the LPD Finance Office for Mr. to pay with petty cash. Please reference the time and date on the original invoice. The invoice was generated at the time of the call to place the order and not the delivery date. The timecards could not be delivered on June 1, 2017 since the LPD Finance Offices were closed. Once the timecards were delivered to the LPD Finance Office, Ms. pick them up and signed for them at the LPD Finance Office.

Observation # 1

In response to observation # 1 it is the practice of the Laredo Police Department to maintain sequential correlation between the voucher numbers issued and the dates that those vouchers are issued and receipts received, but in this case the employee paid for a part (a/c relay switch) that was needed to repair an a/c unit at the traffic division in the amount of \$6.91 and another part (alerting mechanism) for the LPD Annex in the amount of \$23.98 out of his own pocket. The employee did not bring in these invoices until June 11, 2017 after voucher 2100 was used. To avoid this from reoccurring, all employees using their own money that are requesting reimbursement for authorized expenditures must bring in the receipts on the same day. If receipts are not brought in the same day, a request for check will be utilized to reimburse the employee.

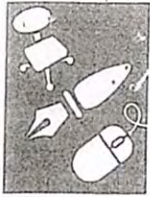
Observation # 2

In response to observation # 2 the Laredo Police Department observes no wrong action on the 11 vouchers in question. In accordance with the internal auditor that reviewed the records in question, it was mention that it is obvious to her that petty cash was issued and the dollar amount of the advance was not reflected on the voucher. In our position all of these expenses were paid from the employees out of pocket and reimbursement was paid after the fact. Other expenses were paid directly to the vendor (COD). For this reasons the voucher does not reflect a dollar amount issued and only shows the dollar amount expensed.

Voucher Number:

- 2084 The expense was a petty cash purchase in which Executive Office Supplies was paid directly for the purchase of time cards upon delivery (COD). This applies to finding number 1 of this audit. (\$15.95)
- 2085 The expense was a petty cash purchase in which Executive Office Supplies was paid directly for the purchase of laser print paper for the Chiefs Office (COD). (\$ 6.99)
- 2088 The expense was a reimbursement for Mr. _____, Building Maintenance Mechanic for the purchase made out of pocket for an a/c capacitor to repair the a/c unit at substation 14. (\$ 18.13)
- 2089 The expense was a reimbursement for Mr. _____ Building Maintenance Mechanic for keys made for a storage cabinet located at the LPD Payroll Office in which he paid out of pocket. (\$ 4.00)
- 2090 The expense was a travel reimbursement for _____ trip # 0116 and not an advance. (\$ 1.19)
- 2091 The expense was a travel reimbursement for _____ trip # 0118 and not an advance. (\$ 1.19)
- 2098 The expense was a reimbursement for Mr. _____ Building Maintenance Mechanic for the purchase of keys made out of pocket for substation 12. (\$12.00)
- 2100 The expense was a petty cash purchase in which Patria Office Supply was paid directly upon delivery in the amount of (\$ 10.19) (COD).
- 2101 The expense was a reimbursement for Mr. _____, Building Maintenance Mechanic for the purchase of switch relay to repair an a/c unit at the traffic division in which he paid out of pocket. (\$6.91)

2102 The expense was a reimbursement for Mr. Building Maintenance
Mechanic for an alerting system that was installed at the LPD Annex in which he paid
out of pocket (\$ 23.98)



Executive OFFICE SUPPLY

3312 SANTA URSULA AVENUE
LAREDO, TEXAS 78040

(956) 722-6791 • FAX (956) 722-0690
www.executiveofficesupply.com

06/01/17 87843-0

SALESMAN TIME 17:01:17

WRITER 151 PAGE 1

FEDERAL #32-0429361

PO #.

CUSTOMER # 10384 DEPT
BILLING ADDRESS

CITY OF LAREDO
ATTN: ACC PAYABLE DIVISIO

PO BOX 210
LAREDO TX 78042 0210

CHARGE INVOICE
ROUTE # CTY

SHIPPING ADDRESS

CITY OF LAREDO
POLICE DEPT

PERSONNEL/
ATN TX 78040

ITEM NUMBER	CO.	DESCRIPTION	UNIT	ORDER QTY	B/O QTY	SHIP QTY	UNIT PRICE	EXTENDED
E7-100	LTH	CARDS, TIME, F/7000E, #1-100	PK	1		1	15.950 *	15.95

..... CALLED TO DELIVER TO WILL PAY
WITH PETTYCASH !!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!
SHIPPED WEIGHT (.980)

PETTY CASH

AMOUNT \$ 15.95	FOR Time Cards to be
NO. 2084	use by Payroll etc.
DATE 6/2/17	
ACCOUNT NO. 101-2310-522-3310	
APPROVED BY	
RECEIVED BY	

12-12
A-1156
T-4109

6-2-17

THE DIFFERENCE IS CUST. SERVICE *X*

SUB-TOTAL 15.95

TOTAL 15.95

ALL ACCOUNTS ARE DUE 10 DAYS AFTER END OF MONTH.
ALL ACCOUNTS ARE DUE AND PAYABLE IN LAREDO, WEBB COUNTY TEXAS.
RETURN POLICY: WITHIN 15 DAYS: IN ORIGINAL PACKAGE(ING), WITH COPY
OF INVOICE. RETURNS ARE SUBJECT TO A 15% RE-STOCKING FEE.

V. Appendix A – Internal
Audit Staff
Acknowledgement

APPENDIX A
INTERNAL AUDIT STAFF ACKNOWLEDGEMENT

Veronica Urbano-Baeza, Internal Auditor

Elia Y. Rodriguez, Auditor II

Leopoldo F. Rodriguez, Jr., Auditor II