
City of Laredo, Texas
Internal Audit Division



Consolidated Audit Report (with Executive
Summary): Unannounced Cash & Inventory Audits
Completed with Department Responses
(July 2018 through September 2018)

November 1, 2018

City of Laredo
Internal Audit Division

**Consolidated Audit Report (with Executive Summary):
Unannounced Cash & Inventory Audits Completed with
Department Responses
(July 2018 through September 2018)**

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I. Executive Summary

EXECUTIVE SUMMARY

In accordance with the Fiscal Year 2018 approved Audit Plan, enclosed is the **Consolidated Audit Report of Unannounced Cash and Inventory Audits** completed by the Internal Audit Division during the time period of July 2018 through September 2018. 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	101
Unannounced Inventory Count Audits	7

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 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.
- Two (2) audits noted with violations pertaining to the City's Cash Handling Policy and/or the City's Petty Cash Policy. For instance, one policy violation noted that the City's Receipt Issuance Notice to Customers was not posted for the Public. Another policy violation noted pertained to one department not endorsing checks for deposit immediately at the point of receipt.

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 101 unannounced cash audits conducted for the time period of July 2018 through September 2018, only six (6) audits, or six (6%) 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

- On the 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.
- Of the other six (6) inventory audits conducted during the quarter, there were three (3) audits where a variance was noted in reconciling selected inventory items on hand with quantities reflected on the 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 seventy-seven (77) inventory items randomly selected during the time period of July 2018 through September 2018, three (3) items selected were noted with findings for variances, which equates to four (4%) percent of the total population tested.

A more extensive report of all the quarterly 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 2018

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
JULY 2018

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Shortage) / Overage	Percentage (Shortage) / Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
				(A)	(B)	(C)	(D)				
						(B-A)	(C/A)				
1	6631	Bridge III - Toll Booth Collector	EYR 7/19/2018	\$ 155.75	\$ 156.00	\$ 0.25	0.16%		NO	NO	
2	6632	Bridge III - Customer Svc	EYR 7/19/2018	\$ 67.00	\$ 67.00	\$ -	0.00%		NO	NO	
3	6633	Bridge IV - Customer Svc	EYR 7/19/2018	\$ 5,419.50	\$ 5,419.50	\$ -	0.00%		NO	NO	
4	6634	Bridge IV - Customer Svc	EYR 7/19/2018	\$ 6,068.50	\$ 6,053.50	\$ (15.00)	-0.25%		NO	NO	
5	6635	Tax (City Hall)	EYR 7/19/2018	\$ 12,863.85	\$ 12,863.85	\$ -	0.00%		NO	NO	
6	6636	Tax (City Hall)	EYR 7/19/2018	\$ 24,091.21	\$ 24,091.21	\$ -	0.00%		NO	NO	
7	6637	Tax (City Hall Annex)	EYR 7/20/2018	\$ 7,742.36	\$ 7,742.36	\$ -	0.00%		NO	NO	
8	6638	Tax (City Hall Annex)	EYR 7/20/2018	\$ 4,128.44	\$ 4,128.44	\$ -	0.00%		NO	NO	
9	6639	Tax (City Hall Annex)	EYR 7/20/2018	\$ 396.50	\$ 396.50	\$ -	0.00%		NO	NO	
10	6640	Utility Billing	EYR 7/20/2018	\$ 200.00	\$ 200.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
11	6641	Community Development - Municipal Housing	EYR 7/20/2018	\$ 2,117.06	\$ 2,117.06	\$ -	0.00%		NO	NO	
12	6642	Parks - Cemetery	EYR 7/20/2018	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Custodian on Leave
13	6643	Health - Immunization	EYR 7/20/2018	\$ 210.00	\$ 210.00	\$ -	0.00%		NO	NO	
14	6644	Health - Ambulance Billing	EYR 7/20/2018	\$ 2,223.60	\$ 2,223.60	\$ -	0.00%		NO	NO	
15	6645	Solid Waste - Recycling	EYR 7/20/2018	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Fund Closed Out, Returned to Finance Dept.
16	6646	Bridge II - Toll Booth Collector	EYR 7/21/2018	\$ 1,165.50	\$ 1,165.40	\$ (0.10)	-0.01%		NO	NO	
17	6647	Bridge II - Toll Booth Collector	EYR 7/21/2018	\$ 1,417.50	\$ 1,420.20	\$ 2.70	0.19%		NO	NO	
18	6648	Bridge II - Toll Booth Collector	EYR 7/21/2018	\$ 1,429.75	\$ 1,429.75	\$ -	0.00%		NO	NO	
19	6649	Bridge II - Customer Svc	EYR 7/21/2018	\$ 3,418.00	\$ 3,418.00	\$ -	0.00%		NO	NO	
20	6650	Bridge I	EYR 7/21/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Bridge I Short on Personnel at Time of Audit
21	6651	Parks - Independence Pool	EYR 7/21/2018	\$ -	\$ 36.00	\$ 36.00	100.00%		YES	YES	Cash / Policy Violation: Collections Overage; Collector not Issuing Receipts / Tickets
22	6652	Parks - El Eden Pool	EYR 7/21/2018	\$ 12.00	\$ 12.00	\$ -	0.00%		NO	NO	
23	6653	Parks - Benavides Pool	EYR 7/21/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Pool Closed for Repairs
24	6654	Parks - Three Points Pool	EYR 7/21/2018	\$ 12.00	\$ 22.00	\$ 10.00	83.33%		YES	YES	Cash / Policy Violation: Collections Overage
25	6655	Parks - North Central Pool	EYR 7/21/2018	\$ 117.00	\$ 118.00	\$ 1.00	0.85%		NO	NO	
26	6656	Parks - Del Mar Pool	EYR 7/21/2018	\$ 35.00	\$ 35.00	\$ -	0.00%		NO	NO	
27	6657	Bridge I - Toll Booth Collector	EYR 7/21/2018	\$ 913.50	\$ 916.34	\$ 2.84	0.31%		NO	NO	
28	6658	Bridge I - Toll Booth Collector	EYR 7/21/2018	\$ 1,039.50	\$ 1,039.50	\$ -	0.00%		NO	NO	
29	6659	Parks - Bartlett Pool	EYR 7/22/2018	\$ 101.00	\$ 101.00	\$ -	0.00%		NO	YES	Policy Violation: City Receipt Issuance Notice not Posted for the Public
30	6660	Parks - Inner City Pool	EYR 7/22/2018	\$ 159.00	\$ 159.00	\$ -	0.00%		NO	NO	
31	6661	Parks - Haynes Pool	EYR 7/22/2018	\$ 249.00	\$ 249.00	\$ -	0.00%		NO	NO	
32	6662	Police - Narcotics Task Force	EYR 7/26/2018	\$ 5,000.00	\$ 5,000.00	\$ -	0.00%	Confidentiality Fund	NO	NO	
33	6663	Police - Records Division	EYR 7/26/2018	\$ 993.10	\$ 993.10	\$ -	0.00%		NO	YES	Policy Violation: Checks Not "Endorsed for Deposit" at Point of Receipt

**CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
JULY 2018**

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Shortage) / Overage	Percentage (Shortage) / Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
				(A)	(B)	(C)	(D)				
						(B-A)	(C/A)				
34	6664 Parks - Cemetery	EYR	7/26/2018	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
35	6665 Utilities	EYR	7/26/2018	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
36	6666 Convention & Visitors' Bureau	EYR	7/30/2018	\$ 350.00	\$ 350.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit



Parks & Leisure Services Department

Memo

To: Veronica Urbano, Internal Auditor

From: Anita O. Stanley, Parks & Leisure Asst. Director

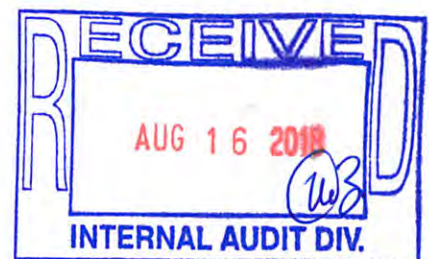
Date: July 24, 2018

Re: Violations of the Cash Receipt Policy

In response to the No.6654 memo received, regarding the surprise cash audit that occurred on July 21, 2018. The custodian had a total prepaid amount of \$22.00 dollars inside the collection box which the custodian should have had \$12.00 dollars and the custodian was actually over 10.00 dollars during the time of audit. The second cash audit No.6651 received a violation for not providing tickets to the customers when receiving the money and the custodian had personal money inside the collection box. The custodians will be given a verbal written warning violation for misconduct in the workplace and, we will be providing additional training in order to avoid future mistakes. The third cash audit No.6659 received was for missing a public notice sign which states that each customer has to be provided with a copy receipt. We already went ahead and provided the sign to that specific location. We apologize for the inconvenience if you have any questions please feel free to call me at 956-794-1765.

Thank you.

Jose Renteria Jr.




Memo

To: Veronica Urbrino-Baeza
Internal Auditor

Thru: Chief Claudio Trevino Jr.



From: Belinda Moreno 
Laredo Police Dept. (Records Supervisor)

Date: August 15, 2018

Re: Internal Audit No.#6663 (Violations of the Cash Receipt Policy)

In reference to the above-listed audit, Ms. _____ has been reminded of the cash-handling policy rule regarding the stamping of checks *upon receipt*. I have conducted periodic inspections to ensure compliance.

Thank you.



August 2018

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
AUGUST 2018

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received (A)	Amount Counted (B)	(Shortage) / Overage (C) (B-A)	Percentage (Shortage) / Overage (D) (C/A)	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
1	6667	Bridge IV	LFR	8/6/2018	\$ 400.00	\$ 400.00	\$ -	0.00%	Petty Cash	NO	NO	
2	6668	Bridge IV - Customer Svc.	LFR	8/6/2018	\$ 807.50	\$ 807.50	\$ -	0.00%		NO	NO	
3	6669	Bridge IV - Customer Svc.	LFR	8/6/2018	\$ 3,143.25	\$ 3,143.25	\$ -	0.00%		NO	NO	
4	6670	Airport	LFR	8/6/2018	\$ 500.00	\$ 500.00	\$ -	0.00%	K-9 Fund	NO	NO	
5	6671	Bridge I	LFR	8/6/2018	\$ 500.00	\$ 500.00	\$ -	0.00%	Petty Cash	NO	NO	
6	6672	Tax (City Hall Annex)	LFR	8/7/2018	\$ 9,285.78	\$ 9,286.72	\$ 0.94	0.01%		NO	NO	
7	6673	Tax (City Hall Annex)	LFR	8/7/2018	\$ 9,013.91	\$ 9,013.91	\$ -	0.00%		NO	NO	
8	6674	Tax (City Hall Annex)	LFR	8/7/2018	\$ 605.01	\$ 605.01	\$ -	0.00%		NO	NO	
9	6675	Utility Billing	LFR	8/7/2018	\$ 1,249.10	\$ 1,249.10	\$ -	0.00%		NO	NO	
10	6676	Parks - Bartlett Pool	LFR	8/8/2018	\$ 27.00	\$ 27.00	\$ -	0.00%		NO	NO	
11	6677	Parks - Del Mar Pool	LFR	8/8/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
12	6678	Parks - North Central Pool	LFR	8/8/2018	\$ 30.00	\$ 30.00	\$ -	0.00%		NO	NO	
13	6679	Parks - Haynes Pool	LFR	8/8/2018	\$ 88.00	\$ 88.00	\$ -	0.00%		NO	NO	
14	6680	Parks - Independence Pool	LFR	8/8/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
15	6681	Parks - El Eden Pool	LFR	8/8/2018	\$ 8.00	\$ 8.00	\$ -	0.00%		NO	NO	
16	6682	Parks - Benavides Pool	LFR	8/8/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Pool Closed for Repairs
17	6683	Parks - Three Points Pool	LFR	8/8/2018	\$ 7.00	\$ 7.00	\$ -	0.00%		NO	NO	
18	6684	Parks - Inner City Pool	LFR	8/8/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
19	6685	Library (Main Branch)	LFR	8/20/2018	\$ 143.50	\$ 143.50	\$ -	0.00%		NO	NO	
20	6686	Building	LFR	8/22/2018	\$ 5,469.00	\$ 5,469.00	\$ -	0.00%		NO	NO	
21	6687	Bridge II - Toll Booth Collector	LFR	8/22/2018	\$ 1,769.25	\$ 1,768.66	\$ (0.59)	-0.03%		NO	NO	
22	6688	Bridge II - Customer Svc.	LFR	8/22/2018	\$ 5,179.50	\$ 5,179.50	\$ -	0.00%		NO	NO	
23	6689	Bridge II - Customer Svc.	LFR	8/22/2018	\$ 6,780.20	\$ 6,780.20	\$ -	0.00%		NO	NO	
24	6690	Bridge I - Toll Booth Collector	LFR	8/23/2018	\$ 936.25	\$ 937.25	\$ 1.00	0.11%		NO	NO	
25	6691	Bridge I - Toll Booth Collector	LFR	8/23/2018	\$ 171.50	\$ 171.50	\$ -	0.00%		NO	NO	
26	6692	Bridge I	LFR	8/23/2018	\$ 700.00	\$ 700.00	\$ -	0.00%	Change Fund	NO	NO	
27	6693	Bridge III - Toll Booth Collector	LFR	8/24/2018	\$ 101.50	\$ 101.50	\$ -	0.00%		NO	NO	
28	6694	Bridge III - Customer Svc.	LFR	8/24/2018	\$ 4,950.00	\$ 4,950.00	\$ -	0.00%		NO	NO	

September 2018

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
SEPTEMBER 2018

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Shortage) / Overage		Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
						(C) (B-A)	(D) (C/A)					
1	6695	Bridge III - Toll Booth Collector	EYR	9/6/2018	\$ 87.50	\$ 84.00	\$ (3.50)	-4.00%		YES	YES	Cash & Policy Violation: Collections Shortage
2	6696	Bridge III - Customer Svc	EYR	9/6/2018	\$ 5,363.75	\$ 5,363.75	\$ -	0.00%		NO	NO	
3	6697	Bridge IV - Customer Svc	EYR	9/6/2018	\$ 2,805.50	\$ 2,805.50	\$ -	0.00%		NO	NO	
4	6698	Bridge IV - Customer Svc	EYR	9/6/2018	\$ 5,334.50	\$ 5,334.50	\$ -	0.00%		NO	NO	
5	6699	Engineering	EYR	9/6/2018	\$ 400.00	\$ 400.00	\$ -	0.00%	Petty Cash	NO	NO	
6	6700	Environmental Services	EYR	9/7/2018	\$ 350.00	\$ 350.00	\$ -	0.00%	Petty Cash	NO	NO	
7	6701	Health - Ambulance Billing	EYR	9/7/2018	\$ 1,910.94	\$ 1,910.94	\$ -	0.00%		NO	NO	
8	6702	Tax (City Hall)	EYR	9/17/2018	\$ 7,469.35	\$ 7,469.55	\$ 0.20	0.00%		NO	NO	
9	6703	Tax (City Hall)	EYR	9/17/2018	\$ 6,895.31	\$ 6,895.35	\$ 0.04	0.00%		NO	NO	
10	6704	Tax (City Hall)	EYR	9/17/2018	\$ 10,832.86	\$ 10,832.86	\$ -	0.00%		NO	NO	
11	6705	Traffic - Parking Office	EYR	9/17/2018	\$ 225.00	\$ 225.00	\$ -	0.00%		NO	NO	
12	6706	Municipal Court	EYR	9/17/2018	\$ 3,723.95	\$ 3,724.20	\$ 0.25	0.01%		NO	NO	
13	6707	Tax (City Hall Annex)	EYR	9/17/2018	\$ 16,856.93	\$ 16,856.93	\$ -	0.00%		NO	NO	
14	6708	Tax (City Hall Annex)	EYR	9/17/2018	\$ 15,921.72	\$ 15,921.42	\$ (0.30)	0.00%		NO	NO	
15	6709	Tax (City Hall Annex)	EYR	9/17/2018	\$ 19,103.14	\$ 19,102.98	\$ (0.16)	0.00%		NO	NO	
16	6710	Tax (City Hall Annex)	EYR	9/17/2018	\$ 14,788.85	\$ 14,788.85	\$ -	0.00%		NO	NO	
17	6711	Airport - Parking Pay Stations	EYR	9/18/2018	\$ 1,980.00	\$ 1,980.00	\$ -	0.00%		NO	NO	
18	6712	Airport	EYR	9/18/2018	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
19	6713	Airport - Administration / Leases	EYR	9/18/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
20	6714	Community Development - Municipal Housing	EYR	9/18/2018	\$ 1,391.23	\$ 1,391.23	\$ -	0.00%		NO	NO	
21	6715	Health - Lab	EYR	9/21/2018	\$ 927.84	\$ 928.84	\$ 1.00	0.11%		NO	NO	
22	6716	Health - Environmental	EYR	9/21/2018	\$ 920.00	\$ 920.00	\$ -	0.00%		NO	NO	
23	6717	Transit - Parking Pay Station	EYR	9/21/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Change Fund Custodian on Leave
24	6718	Bridge II - Customer Svc	EYR	9/21/2018	\$ 8,780.00	\$ 8,780.00	\$ -	0.00%		NO	NO	
25	6719	Bridge II - Customer Svc	EYR	9/21/2018	\$ 15,325.10	\$ 15,325.10	\$ -	0.00%		NO	NO	
26	6720	Bridge II - Toll Booth Collector	EYR	9/21/2018	\$ 1,650.25	\$ 1,650.24	\$ (0.01)	0.00%		NO	NO	
27	6721	Bridge II - Toll Booth Collector	EYR	9/21/2018	\$ 2,005.50	\$ 2,006.42	\$ 0.92	0.05%		NO	NO	
28	6722	Library - Lamar Bruni Vergara Branch	EYR	9/21/2018	\$ 0.45	\$ (0.55)	\$ (1.00)	-222.22%		YES	YES	Cash & Policy Violation: Collections Shortage
29	6723	Transit - El Lift	EYR	9/24/2018	\$ 245.50	\$ 245.75	\$ 0.25	0.10%		NO	NO	
30	6724	Transit - Fixed Route	EYR	9/24/2018	\$ 23,270.12	\$ 23,241.70	\$ (28.42)	-0.12%		NO	NO	
31	6725	Solid Waste - Landfill	EYR	9/24/2018	\$ 139.10	\$ 139.10	\$ -	0.00%		NO	NO	
32	6726	Animal Care Services	EYR	9/24/2018	\$ 85.00	\$ 85.00	\$ -	0.00%		NO	NO	
33	6727	Transit - Parking Pay Station	EYR	9/26/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Change Fund Custodian on Leave
34	6728	Bridge I - Change Machines	EYR	9/26/2018	\$ 13,000.00	\$ 13,000.00	\$ -	0.00%		NO	NO	
35	6729	Bridge I - Toll Booth Collector	EYR	9/26/2018	\$ 402.50	\$ 402.50	\$ -	0.00%		NO	NO	
36	6730	Parks - Administration	EYR	9/26/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
37	6731	Transit - Parking Pay Station	EYR	9/27/2018	\$ 3,570.00	\$ 3,570.00	\$ -	0.00%		NO	NO	

Memo

To: Veronica Urbano, Internal Auditor

From: Yvette Limon, Bridge Director



Date: September 7, 2018

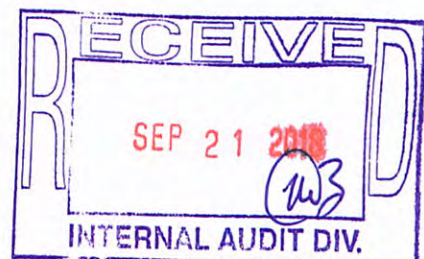
Re: Audit # 6695

On September 6, 2018, the City's Internal Audit Staff conducted a surprise cash audit at Bridge III on a collector in lane 2; noted below is the response to the audit observation.

Audit # 6695

At the end of the audit, Collector [redacted] was short \$3.50. The supervisor verified her cash and reviewed her tour of duty report. The reason for the shortage was that the collector charged a class 4 vehicle \$3.50 instead of \$7.00 which is the correct toll charge.

Laredo Bridge System Shortage/ Overage policy was followed. A shortage report was prepared, signed by the collector and placed in her employee file. Therefore, as per the Laredo Bridge System Shortage/Overage Policy, no further disciplinary action is necessary.



memo



To: Veronica Urbano
From: Danielle Burns *DBurns*
CC: Maria G. Soliz *MGSoliz*
Date: 10/26/2018
Re: Surprise Cash Audit

Comments: Received a surprise cash audit on September 21, 2018, and was \$1.00 over. I will count cash box on a more frequent basis to avoid overages and shortages.

III. Unannounced Inventory Count Audits

July 2018

Fleet Maintenance Division Surprise Inventory Count Audit

July 20, 2018

STATEMENT OF SCOPE & METHODOLOGY

On July 20, 2018, a Surprise Inventory Count Audit was conducted on the Fleet Maintenance Division. 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.
Ford, Cooling , Fan 2005 CV	3W 1Z8C607BD	\$357.44	1	1	0	N/A
Sweeper, Pressure Transition Weldment	502116	\$668.00	2	2	0	N/A
Ford, Manifold Asy. 2010	9W 7Z9424A	\$243.84	1	1	0	N/A
Heavy Equipment, Tire	17.5X25	\$675.00	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.

Prepared by:

Elia Y. Rodriguez
Elia Y Rodriguez, Auditor II
Date: 07-25-2018

Reviewed by:

Veronica Urbano-Baeza
Veronica Urbano-Baeza, Internal Auditor
Date: 7-25-2018

To: Heberto Ramirez, Fleet Management Director
Cc: Horacio A. De Leon, Jr., City Manager
Mario I. Maldonado, Jr., Executive Director for Transportation

**Traffic Department
Surprise Inventory Count Audit
July 31, 2018**

STATEMENT OF SCOPE & METHODOLOGY

On July 31, 2018, a Surprise Inventory Count Audit was conducted on the Traffic Department Inventory. Four (4) different items were randomly selected from the Sign Material inventory on hand. Division currently uses "Cartograph work order 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.) A Sign Material inventory listing of items was requested.
- 2.) Random selection of item(s).
- 3.) Site visit to the Traffic Division Warehouse.
- 4.) Traffic Division 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 NO.
12in Slotted Full Circle Visor 8 Degree Cut	400	\$165.00	26	26	0	N/A
Gama Sonic Imper. II Lantern Solar	360	\$175.00	63	63	0	N/A
Small Pull Box/Cover 13x24x12	188	\$138.00	7	7	0	N/A
12in Thermo Plastic (White)	124	\$86.49	39	39	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:  Elia Y Rodriguez, Auditor II Date: 07-31-2018</p>	<p>Reviewed by:  Veronica Urbano Baeza, Internal Auditor Date: 7-31-2018</p>
<p>To: Robert A. Eads, Traffic Director</p>	
<p>Cc: Horacio A. De Leon Jr., City Manager Ramon Chavez, Executive Director of Public Services</p>	

August 2018

Public Works - Warehouse Division Surprise Inventory Count Audit August 8, 2018

STATEMENT OF SCOPE & METHODOLOGY

On August 8, 2018, a Surprise Inventory Count Audit was conducted on the Public Works - Warehouse Division. Four (4) different material items were randomly selected from the inventory on hand. The Division currently does not keep any form of automated database of the department's inventory. A manual inventory listing is used 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 material and equipment.
- 3.) Site visit to Public Works - Warehouse Division.
- 4.) Public Works-Warehouse staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS & OBSERVATIONS

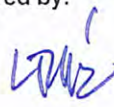

Based upon the physical count performed and as showed in the table below, the following observations were noted.

ITEM NAME	ITEM NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Castle Chairs 6"	N/A	\$165.00	1	1	0	N/A
Color Gel 5 Gal.	AA007H	\$62.00	32	32	0	N/A
Mitsubishi Forklift	10600	\$18,000.00	1	1	0	N/A
Chipping Hammer 25LB	3801959	\$525.00	1	1	0	N/A

AUDIT RECOMMENDATIONS

Internal Audit found no significant audit findings in the reconciliation of items inventoried.

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: 8-24-2018</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 8-24-2018</p>
<p>To: John Orfila, Public Works Director Cc: Horacio De Leon, City Manager Ramon Chavez Executive Director Public Services</p>	

Parks & Leisure / Central Warehouse Surprise Inventory Count Audit August 8, 2018

STATEMENT OF SCOPE & METHODOLOGY

On August 8, 2018, a Surprise Inventory Count Audit was conducted on the Parks & Leisure Department / Central Warehouse. Four (4) equipment 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 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 materials and equipment inventory listing was requested.
- 2.) Random selection of items.
- 3.) Site visit to Parks & Recreation / Central Warehouse.
- 4.) Parks & Recreation staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS & OBSERVATIONS

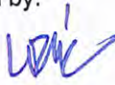
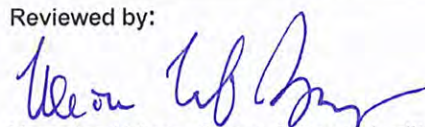
Based upon the physical count performed and as shown in the table below, the following findings were noted.

PART NAME	UNIT ID	APPROX. UNIT PRICE	QTY SHOWING IN SYSTEM/ INVENTORY LISTING	PHYSICALLY COUNTED	SYSTEM/ LISTING VARIANCE	REF. FINDING NO.
Tubino Expander - Yellow Jacket	PR-AC-0024	\$313.93	1	1	0	F1
Recovery XLT - Yellow Jacket	PR-AC-3885	\$1,089.40	1	1	0	F1
Makita Concrete Saw	PR-WH-4584	\$995.00	1	1	0	F1
Ridgid Air Compressor	PR-WH-3415	\$829.00	1	1	0	F1

F1- Internal Audit found that items sampled do not reconciled to inventory listing obtained from the Parks & Leisure Inventory software. We printed out a computer display where we see that custodian of records recorded the asset when first acquired. However, none of the items selected for inventory count appear, with the exception of only one item (Rigid Air Compressor – PR-WH-3415) in the inventory listing

Recommendation - Internal Audit continues to recommend that the Parks & Leisure Services Department acquire a new inventory software program that will better reflect the true inventory counts of material and equipment housed at the various Parks' warehouse facilities. Additionally, we would strongly recommend that a full inventory of items housed at all of the Park's 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.

We are requesting written response for finding/recommendation 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 the Internal Audit Office (956) 790-1810.

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: 8-24-2018</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 8-24-2018</p>
<p>To: Anita Stanley, Assistant Parks & Leisure Director Graciela Briones, Assistant Parks & Leisure Director</p>	
<p>Cc: Horacio De Leon, City Manager Ramon Chavez, Executive Director of Public Service</p>	



MEMORANDUM

TO: Veronica Urbano-Baeza, Internal Auditor

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

RE: Surprise Inventory Count Audit dated August 8, 2018

DATE: October 26, 2018

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

On August 8, 2018, the above mentioned audit was conducted on the Parks and Leisure Central Warehouse. There were no variances noted but the sampled items did not reconcile to inventory listing obtained from the current software with the exception of the compressor. This is attributed to not having an Inventory Software Program that can account for material/equipment received and issued out.

We have conducted conversations with a few companies, including one that the Utilities department is in the process of implementing and should have an inventory software system within this fiscal year.

CC: Ramon Chavez, Executive Director of Public Services



Transit Maintenance Division Surprise Inventory Count Audit August 22, 2018

STATEMENT OF SCOPE & METHODOLOGY

On August 22, 2018, 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.

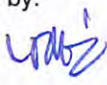

PART NAME	PART NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Filter Transmission 09 Van	44-144	\$5.54	7	7	0	N/A
Filter Oil 09-15 GLC	44-210	\$16.75	11	11	0	N/A
Filter Coolant RTS	44-106	\$4.64	30	29	-1	F1
Filter Diesel Scdary	44-500	\$6.62	10	10	0	N/A

F1- Shortage of one (1) "Filter Coolant RTS," was discovered during physical count. Dollar amount equals to a total of \$4.64. No requisition on file as to any one or any division borrowing equipment.

AUDIT RECOMMENDATIONS

Internal Audit recommends that division should determine why variances were identified. Necessary entries to the inventory system should be conducted (if required) once division has determined cause of shortage and/or overage.

We are requesting written response for finding/recommendation 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) 790-1810.

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: 8.22.18</p> <p>To: Claudia San Miguel, Acting Transit General Manager</p> <p>Cc: Horacio De Leon, City Manager Mario Maldonado, Executive Director of Transportation Joe Jackson, Transit AGM Operational Maintenance</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 8-24-2018</p>
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EL METRO
INTER-OFFICE MEMORANDUM



To: Veronica Urbano Baeza, Internal Auditor, CPM
Leo Rodriguez, Auditor II, CPM

From: Claudia San Miguel, General Manager

Thru: Joe Jackson, Assistant General Manager of Maintenance

Date: 8-28-18

RE: RESPONSE TO AUGUST 22, 2018 SURPRISE INVENTORY COUNT AUDIT

This memo is in response to the Surprise Inventory Count Audit that took place on August 22, 2018. The explanation for the shortage of one (1) filter Coolant (PN 44-106) for a total of \$4.64 is as follows:

The reason for the difference was that part number was missed when posting the parts to the Work Order.

Inventory Parts Pull-Out sheet shows the part was used on Bus 0903. The part was reported on a single list but was posted on two different work orders.

Filters and decals are normally used on Preventive Maintenance Inspections. For this reason, these items were charged to PM Work Order #99431.

When entering parts reported on Inventory Parts Pull-Out Sheet, Filter 44-106 was missed and was not posted to PM Work Order #99431.

This finding was corrected by _____, Parts Buyer, by posting Filter PN 44-106 to Work Order #99431.

CC: Horacio De Leon, City Manager
Mario Maldonado, Executive Director of Transportation



September 2018

**Utilities Service Center
Surprise Inventory Count Audit
September 07, 2018**

STATEMENT OF SCOPE & METHODOLOGY

On September 07, 2018, a Surprise Inventory Count Audit was conducted on the Utilities Service Center Warehouse. Four (4) different items were randomly selected from the parts inventory on hand. Department currently uses "Sungard, HTE Select Version 4.0", 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 manual journal. 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 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.
Fire Hydrant, Mueller 3'	8900708085	\$ 1,317.43	14	14	0	N/A
2 PVC Comp X Mip Coup	89007000367	\$ 94.27	20	20	0	N/A
Resetter Ford 7 5/8 x 3/4in	8900703058	\$ 52.45	22	22	0	N/A
Water Meter 6"	Unknown	Unknown	0	1	1	F1

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS



Finding 1

Overage of one (1) "Water Meter 6"" was discovered during physical count. The Customer Service Superintendent mentioned that this "Water Meter 6"" was received for testing. This "Water Meter 6"" is not part of the Utilities Inventory. (Attachment 1)

Recommendation

Internal Audit recommends that all testing parts received at the Utilities Department should be placed in a specific area within the Utilities Warehouse. In addition, at the same time when a testing part is received at the Utilities Warehouse, a "test" label should be assigned to the item to indicate that they are not part of the Utilities Inventory.

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: 09-24-2018</p>	<p>Reviewed by:  Veronica Urbano-Baeza, Internal Auditor Date: 9-28-2018</p>
<p>To: Riazul Mia, Utilities Director Cc: Horacio A. De Leon, Jr., City Manager Martin Aleman, Executive Director of Finance and Technology Humberto Delgado, Financial Services</p>	



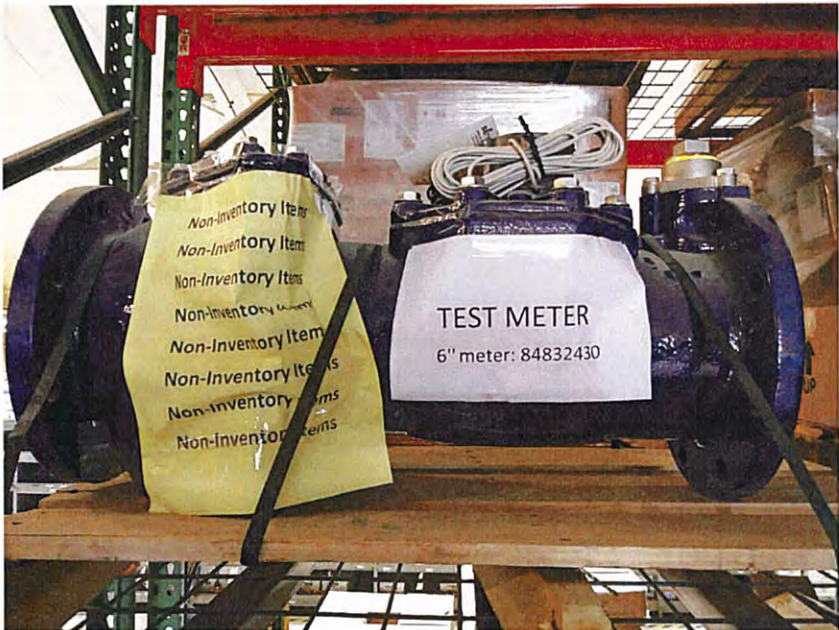
CITY OF LAREDO
Utilities Department

Memo



To: Veronica Urbano-Baeza, Internal Auditor
Thru: Martin Aleman, Executive Director of Finance and Technology
From: Riazul Mia, P.E., Director *[Signature]*
Date: October 29, 2018
Re: Audit finding response dated September 28th, 2018.

As recommended by your audit report on September 28th, 2018, the procedures have been changed at the warehouse and the 6” water meter was labeled with “test” and also any future test meter will be assigned “test” label. The label was done on October 8th but unfortunately the response was not sent to you. Please let me know, if you have any questions regarding this arrangement. Thank you.



Sames Auto Arena
Asset Inventory Count Audit
September 25, 2018

STATEMENT OF SCOPE & METHODOLOGY

On September 25, 2018, an Asset Inventory Count Audit was conducted at the Sames Auto Arena (SAA). 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 Sames Auto Arena.
- 4.) Sames Auto Arena 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 SAA 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 Available (N/A)" 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
CART/CURTAIN STORAGE	8813	\$2,187.19	1	1	0	N/A
MOTOR/RIGGING	7176	\$4,563.45	1	1	0	N/A
CART/WARMING CABINET	9429	\$1,492.00	1	1	0	N/A
SPEAKER	6886	\$550.00	1	1	0	N/A
SPEAKER	6888	\$750.00	1	1	0	N/A
CURTAIN/BACKDROP	8836	\$1,826.06	1	1	0	N/A
CURTAIN/BACKDROP	9916	\$1,826.06	1	1	0	N/A
SINK UNIT 3 TUB	6955	\$2,048.00	1	1	0	N/A
BROILER	7184	\$4,033.00	1	1	0	N/A
OVEN/CONVECTION DUAL STACK	6801-02	\$11,300.00	1	1	0	N/A
WARMING DRAWER 2 DRAWER	6912	\$1,520.00	1	1	0	N/A
COUNTER STAINLESS STEEL	7002	\$3,660.00	1	1	0	N/A
TABLE/WORK S/S	7093	\$960.00	1	1	0	N/A
WARMING DRAWER 2 DRAWER	8216	\$1,120.00	1	1	0	N/A
55IN COMMERCIAL MONITOR (SAMSUNG)	9840	\$1,395.00	1	1	0	N/A
HOT DOG ROLLING GRILL	6822	\$1,029.00	1	1	0	N/A
WARMER/FOOD 3 DRW	7260	\$1,520.00	1	1	0	N/A
FREZZER/UNDERCOUNTER 2 DOOR W/PIZZA TOP	8224	\$1,712.00	1	1	0	N/A
CART/WARMING CABINET	9411	\$1,500.00	1	1	0	N/A

DESCRIPTION	ASSET NUMBER	AVG. UNIT PRICE	QTY. SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO
HOOD/EXHAUST	9413	\$2,915.00	1	1	0	N/A
HOOD/EXHAUST	9412	\$8,000.00	1	1	0	N/A
55IN COMMERCIAL MONITOR (SAMSUNG)	9856	\$1,395.00	1	1	0	N/A
WARMING DRAWER 3 DRAWER	9405	\$1,120.00	1	1	0	N/A
POPCORN MACHINE	9409	\$840.00	1	1	0	N/A
SALAD BAR 4' W/TRAY RAIL	9447	\$820.60	1	1	0	N/A
BEER SYSTEM	8237	\$7,558.00	1	1	0	N/A
55IN COMMERCIAL MONITOR (SAMSUNG)	9844	\$1,395.00	1	1	0	N/A
WARMER FOOD 2 TIER	6833	\$2,008.00	1	1	0	N/A
COUNTER STAINLESS STEEL	7008	\$2,232.00	1	1	0	N/A
OFFICE CHAIRS	9917	\$705.19	1	1	0	N/A
SOFA	6679	\$1,091.00	1	1	0	N/A
CHAIR/LOUNGE	6689	\$1,158.00	1	1	0	N/A
CHAIR/LOUNGE	6715	\$1,158.00	1	1	0	N/A
CHAIR/LOUNGE	6722	\$1,158.00	1	1	0	N/A
COMPUTER	7187	\$1,266.52	1	1	0	N/A
COMPUTER	9371	\$1,360.00	1	1	0	N/A
COUNTER/CASHWRAP S/W CUSTOM	9464	\$1,500.00	1	1	0	N/A
CARRYALL 300 UTILITY CART	9837	\$9,802.50	1	1	0	O1
ZAMBONI	6841	\$58,500.00	1	1	0	N/A
STAGE/STAIRS	8820	\$15,564.25	1	1	0	O1
STAGE/STAIRS	8821	\$15,564.25	1	1	0	O1
FREEZER/UNDERCOUNTER 2 DOOR W/PIZZA TOP	7096	\$3,501.00	1	1	0	O1
TELEVISION	8799	\$909.22	1	1	0	N/A
GATE/METAL DETECTOR	9453	\$3,536.80	1	1	0	N/A
MODULAR WORSTATION	9400	\$1,786.57	1	1	0	N/A
TELEVISION	8801	\$909.22	1	1	0	N/A
VACUUM CLEANER	7167	\$638.14	1	0	1	F1
COMPUTER	14014	\$1,360.00	1	1	0	N/A
COMPUTER	14017	\$1,360.00	1	1	0	N/A
DESK/DP	6540	\$878.00	1	1	0	N/A
CREDENZA	7084	\$798.00	1	1	0	N/A
MIXER/AUDIO	6901	\$1,500.00	1	1	0	N/A
VERA LOVE SEAT	14394	\$780.00	1	1	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

Finding 1

A Vacuum Cleaner (Asset #7167) was listed with a Fixed Asset Tag # and Location on the SAA Inventory Listing; however, location was noted as "Out for Repair" and staff did not have any documentation confirming that item was out for repairs.

Recommendation

Internal Audit recommends, in these instances, that a repair quote or proposal be obtained from the vendor and filed in order to provide verification of item's location while out for repair.

Observation 1

On the Table reflected below, the following items were found but none had a corresponding asset tag number attached.

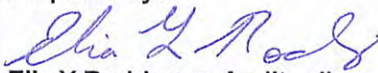
ASSET ITEM DESCRIPTION	ASSET NUMBER
CARRYALL 300 UTILITY CART	9837
STAGE/STAIRS	8820
STAGE/STAIRS	8821
FREESER/UNDERCOUNTER 2 DOOR W/PIZZA TOP	7096

Recommendation

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

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.

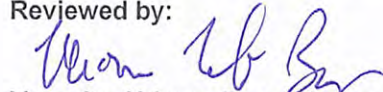
Prepared by:



Elia Y Rodriguez, Auditor II

Date: 09-28-2018

Reviewed by:



Veronica Urbano Baeza, Internal Auditor

Date: 9-28-2018

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

Cc: Horacio A. De Leon Jr., City Manager
Cynthia Collazo, Deputy City Manager
Martin Aleman, Executive Director of Finance and Technology



Sames Auto Arena

MEMORANDUM



TO: Veronica Unrbano-Baeza, Internal Auditor

Cc: Horacio De Leon, City Manager
Cynthia Collazo, Deputy City Manager
Martin Aleman, Executive Director of Finance and Technology

From: Juan C. Mendiola, SMG/ Sames Auto Arena Interim General Manager

Subject: RESPONSE RESOLUTION FOR OBSERVATION 1

DATE: October 16, 2018

This letter is in response to the asset inventory count audit that was conducted by Internal Audit Department on September 25, 2018. The SMG team is dedicated to ensuring that the building's assets are properly managed and secured. Furthermore, SMG 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 and Observation 1 is the following below:

Finding 1: The Sames Auto Arena had an item "Vacuum Cleaner" (Asset #7167) listed. This item was out for repair. We did not have any documentation on the repair status to confirm its physical location. Sames Auto Arena will correct this for all future repairs by requesting and keeping on file a quote and or proposal for repair.

Observation 1: The Sames Auto Arena had a list of four items under this observation, these items were located as stated in our listings however the asset tags had been removed or had come undone due to wear and tear of the use of the different items. Sames Auto Arena has corrected this by assigning a new asset tag number to the items, we have updated the inventory log accordingly to reflect these changes.

Juan C. Mendiola
Interim General Manager
SMG- Sames Auto Arena
(956)523- 6576
jc@samesautoarena.com

IV. Appendix A – Internal Audit Staff Acknowledgment

APPENDIX A
INTERNAL AUDIT STAFF ACKNOWLEDGMENT

Veronica Urbano-Baeza, Internal Auditor

Elia Y. Rodriguez, Auditor II

Leopoldo F. Rodriguez, Jr., Auditor II