
City of Laredo, Texas
Internal Audit Division



Consolidated Audit Report (with Executive
Summary): Unannounced Cash, Unannounced
Inventory and Compliance Audits Completed with
Department Responses
(July 2019 through September 2019)

November 13, 2019

**City of Laredo
Internal Audit Division**

**Consolidated Audit Report: Unannounced Cash,
Unannounced Inventory and Compliance Audits Completed
with Department Responses
July 2019 through September 2019**

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City of Laredo
Internal Audit Division

**Consolidated Audit Report: Unannounced Cash,
Unannounced Inventory and Compliance Audits Completed
with Department Responses
July 2019 through September 2019**

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I. Executive Summary

EXECUTIVE SUMMARY

In accordance with the Fiscal Year 2019 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 2019 through September 2019. 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	96
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

- Three (3) 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 the following:
 - Checks collected were not "endorsed for deposit" at point of receipt.
 - Change Fund replenishment check(s) not cashed at the time of the audit.
 - Account numbers to be charged not noted on Petty Cash Advance Vouchers.

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 96 unannounced cash audits conducted for the time period of July 2019 through September 2019, only nine (9) audits, or nine (9%) 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

Out of one hundred forty-two (142) inventory items randomly selected during the time period of July 2019 through September 2019, seven (7) items were noted with findings for variances, which equates to five (5%) percent of the total population tested which conveys that the majority of the population tested is maintaining adequate internal controls. In all of the instances where variances were found with the inventory items tested, our recommendation was for the affected departments to determine the cause of the variance and, if necessary, make entries into the corresponding inventory systems once the cause of the variance had been determined. 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.*

Results and Recommendations on Compliance Audits

Petty Cash Compliance Audit – Utilities

The results of the Petty Cash Compliance Audit for the Utilities Department reflected the following findings:

- The dollar amount advanced was not included on the Petty Cash Advance Vouchers as per the City's Petty Cash Policy.
- The payment of sales tax was noted on a petty cash purchase when the City of Laredo is exempt from the payment of sales tax.
- Some instances where the petty cash purchase was made with the employee's personal funds first and then a request for reimbursement was submitted afterwards.

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

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 2019

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
JULY 2019

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	Percentage Shortage / Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
												(A)
				(A)	(B)	(C)	(D)					
						(B-A)	(C/A)					
1	7021	Bridge III - Toll Booth Collections	EYR	7/18/2019	\$ 152.25	\$ 154.00	\$ 1.75	1.15%		YES	YES	Cash & Policy Violation(s): Collections Overage Noted
2	7022	Bridge III - Customer Svc	EYR	7/18/2019	\$ 50.00	\$ 50.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at the Time of Audit
3	7023	Bridge IV - Customer Svc	EYR	7/18/2019	\$ 490.00	\$ 490.00	\$ -	0.00%		NO	NO	
4	7024	Bridge IV - Customer Svc	EYR	7/18/2019	\$ 6,699.75	\$ 6,699.75	\$ -	0.00%		NO	NO	
5	7025	Finance	EYR	7/19/2019	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
6	7026	Tax (City Hall)	EYR	7/19/2019	\$ 2,886.03	\$ 2,886.03	\$ -	0.00%		NO	NO	
7	7027	Tax (City Hall)	EYR	7/19/2019	\$ 9,588.72	\$ 9,588.72	\$ -	0.00%		NO	NO	
8	7028	Tax (City Hall)	EYR	7/19/2019	\$ 7,134.68	\$ 7,135.68	\$ 1.00	0.01%		NO	NO	
9	7029	Bridge II - Customer Svc	EYR	7/26/2019	\$ 207.00	\$ 207.00	\$ -	0.00%		NO	NO	
10	7030	Bridge II - Customer Svc	EYR	7/26/2019	\$ 7,970.80	\$ 7,970.80	\$ -	0.00%		NO	NO	
11	7031	Bridge II - Toll Booth Collections	EYR	7/26/2019	\$ 453.25	\$ 453.25	\$ -	0.00%		NO	NO	
12	7032	Bridge II - Toll Booth Collections	EYR	7/26/2019	\$ 976.50	\$ 976.60	\$ 0.10	0.01%		NO	NO	
13	7033	Bridge I - Toll Booth Collections	EYR	7/26/2019	\$ 430.50	\$ 430.50	\$ -	0.00%		NO	NO	
14	7034	Bridge I - Toll Booth Collections	EYR	7/26/2019	\$ 462.00	\$ 463.75	\$ 1.75	0.38%		NO	NO	
15	7035	Solid Waste - Landfill	EYR	7/26/2019	\$ 365.20	\$ 365.20	\$ -	0.00%		NO	NO	
16	7036	Solid Waste - Landfill	EYR	7/26/2019	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
17	7037	Tax (City Hall Annex)	EYR	7/26/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Department Short on Personnel at Time of Audit
18	7038	Utility Billing	EYR	7/26/2019	\$ 2,906.93	\$ 2,906.93	\$ -	0.00%		NO	NO	
19	7039	IST - Telecommunications	EYR	7/26/2019	\$ 350.00	\$ 350.10	\$ 0.10	0.03%	Petty Cash	NO	NO	
20	7040	Parks - El Eden Pool	EYR	7/26/2019	\$ -	\$ -	\$ -	0.00%		NO	YES	Policy Violation(s): Change Fund Replenishment Check had not been Cashed at the Time of Audit
21	7041	Parks - Sisters of Mercy Water Park	EYR	7/26/2019	\$ 176.50	\$ 181.50	\$ 5.00	2.83%		YES	YES	Cash & Policy Violation(s): Collections Overage Noted
22	7042	Parks - Independence Pool	EYR	7/26/2019	\$ 22.00	\$ 22.00	\$ -	0.00%		NO	NO	
23	7043	Parks - Inner City Pool	EYR	7/29/2019	\$ 50.00	\$ 50.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at the Time of Audit
24	7044	Tax (City Hall Annex)	EYR	7/29/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Department's Check Scanning System Not Working at the Time of Audit
25	7045	Municipal Court	EYR	7/29/2019	\$ 12,342.20	\$ 12,343.20	\$ 1.00	0.01%		NO	NO	
26	7046	Animal Care Facility	EYR	7/29/2019	\$ 302.00	\$ 302.00	\$ -	0.00%		NO	NO	
27	7047	Tax (City Hall Annex)	EYR	7/30/2019	\$ 40,664.98	\$ 40,664.98	\$ -	0.00%		NO	NO	
28	7048	Tax (City Hall Annex)	EYR	7/30/2019	\$ 10,240.10	\$ 10,240.10	\$ -	0.00%		NO	NO	
29	7049	Parks - Three Points Pool	EYR	7/30/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at the Time of Audit
30	7050	Parks - Haynes Pool	EYR	7/30/2019	\$ 21.00	\$ 21.00	\$ -	0.00%		NO	NO	
31	7051	Parks - North Central Pool	EYR	7/30/2019	\$ 45.00	\$ 45.00	\$ -	0.00%		NO	NO	
32	7052	Parks - Del Mar Pool	EYR	7/30/2019	\$ 34.00	\$ 34.00	\$ -	0.00%		NO	YES	Policy Violation(s): Checks Not Endorsed at Time of Receipt
33	7053	Parks - Bartlett Pool	EYR	7/30/2019	\$ 61.00	\$ 61.00	\$ -	0.00%		NO	NO	

Memo

To: Veronica Urbano, Internal Auditor

From: Yvette Limon, Bridge Director

Date: July 26, 2019

Re: Audit # 7021

On July 18, 2019, the City's Internal Audit Staff conducted a surprise cash audit at Bridge III on the Collector located in lane 2; noted below is the response to the audit observation.

Audit # 7021

At the end of the audit, Collector _____ was found to be over \$1.75. At the end of his shift, the collector had an overage of \$1.75 and no reason was given or found for the variance. Laredo Bridge System Shortage/ Overage policy was followed. Therefore, no further disciplinary action is necessary.





Parks & Leisure Services Department

Memo

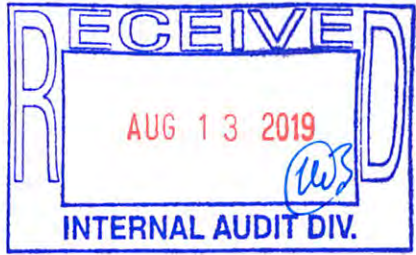
To: Veronica Urbano Baeza, Internal Auditor
From: Juan J Gomez Jr. Parks and Recreation Acting Director *JJG*
Date: August 9, 2019
Re: Surprise Cash Audit #7040

In response to the Surprise Cash Audit on
El Eden Pool: (7040)

- Employee has been verbally warned about the Cash Handling Policy and as well his change fund.

If you have any questions please feel free to call me at (956)794-1765.

Thank you.






Parks & Leisure Services Department

Memo

To: Veronica Urbano Baeza, Internal Auditor

From: Juan J Gomez Jr. Parks and Recreation Acting Director 

Date: August 9, 2019

Re: Surprise Cash Audit #7041 & 7052

In response to the Surprise Cash Audit on 7/26/2019 & 7/30/2019.

Sisters of Mercy Water Park: (7041)

Del Mar Pool: (7052)

- Employees will be retrained on Cash Receipt Policy Procedures.

If you have any questions please feel free to call me at (956)794-1765.

Thank you.



August 2019

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
AUGUST 2019

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received (A)	Amount Counted (B)	(Short)/Over (C) (B-A)	Percentage Shortage / Overage (D) (C/A)	Change / Petty Cash Fund Audited	Response: Cash Violation		Comments	
									Response: Cash Violation	Response: Policy Violation		
1	7054	Bridge III - Toll Booth Collections	EYR	8/15/2019	\$ 66.50	\$ 66.50	\$ -	0.00%		NO	NO	
2	7055	Bridge III - Customer Svc.	EYR	8/15/2019	\$ 215.00	\$ 215.00	\$ -	0.00%		NO	NO	
3	7056	Bridge IV - Customer Svc.	EYR	8/15/2019	\$ 80.75	\$ 80.75	\$ -	0.00%		NO	NO	
4	7057	Bridge IV - Customer Svc.	EYR	8/15/2019	\$ 1,950.00	\$ 1,950.00	\$ -	0.00%		NO	NO	
5	7058	Bridge II	EYR	8/15/2019	\$ 2,400.00	\$ 2,400.00	\$ -	0.00%	Change Fund	NO	NO	
6	7059	Bridge II - Toll Booth Collections	EYR	8/15/2019	\$ 1,848.00	\$ 1,848.00	\$ -	0.00%		NO	NO	
7	7060	Bridge II - Customer Svc.	EYR	8/15/2019	\$ 17,775.00	\$ 17,775.00	\$ -	0.00%		NO	NO	
8	7061	Bridge II - Customer Svc.	EYR	8/15/2019	\$ 14,772.40	\$ 14,772.40	\$ -	0.00%		NO	NO	
9	7062	Tax (City Hall Annex)	EYR	8/16/2019	\$ 14,605.29	\$ 14,605.29	\$ -	0.00%		NO	YES	Policy Violation(s): Credit Card and Cash Transactions Did Not Reconcile
10	7063	Tax (City Hall Annex)	EYR	8/16/2019	\$ 62,051.83	\$ 62,051.93	\$ 0.10	0.00%		NO	NO	
11	7064	Tax (City Hall Annex)	EYR	8/16/2019	\$ 99,694.76	\$ 99,694.86	\$ 0.10	0.00%		NO	YES	Policy Violation(s): Credit Card and Cash Transactions Did Not Reconcile
12	7065	Tax (City Hall)	EYR	8/19/2019	\$ 12,623.76	\$ 12,623.76	\$ -	0.00%		NO	NO	
13	7066	Tax (City Hall)	EYR	8/19/2019	\$ 11,847.26	\$ 11,847.31	\$ 0.05	0.00%		NO	NO	
14	7067	City Secretary	EYR	8/19/2019	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
15	7068	Convention & Visitors' Bureau	EYR	8/19/2019	\$ 500.00	\$ 500.00	\$ -	0.00%	Petty Cash	NO	NO	
16	7069	Transit - El Lift	EYR	8/20/2019	\$ 185.75	\$ 193.98	\$ 8.23	4.43%		YES	YES	Cash & Policy Violation(s): Collections Overage Noted
17	7070	Transit - Fixed Route	EYR	8/20/2019	\$ 12,687.42	\$ 12,693.29	\$ 5.87	0.05%		NO	NO	
18	7071	Transit	EYR	8/20/2019	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
19	7072	Parks - El Eden Recreation Center	EYR	8/27/2019	\$ 45.00	\$ 45.00	\$ -	0.00%		NO	NO	
20	7073	Parks - Cigarroa Recreation Center	EYR	8/27/2019	\$ 15.00	\$ 15.00	\$ -	0.00%		NO	NO	
21	7074	Parks - Haynes Recreation Center	EYR	8/27/2019	\$ 35.00	\$ 35.00	\$ -	0.00%		NO	NO	
22	7075	Parks - Fasken Recreation Center	EYR	8/27/2019	\$ 68.90	\$ 68.90	\$ -	0.00%		NO	NO	
23	7076	Bridge I - Toll Booth Collections	EYR	8/28/2019	\$ 133.00	\$ 133.10	\$ 0.10	0.08%		NO	NO	
24	7077	Bridge I - Toll Booth Collections	EYR	8/28/2019	\$ 523.25	\$ 523.30	\$ 0.05	0.01%		NO	NO	
25	7078	Building	EYR	8/28/2019	\$ 379.00	\$ 379.00	\$ -	0.00%		NO	NO	
26	7079	Parks - Administration	EYR	8/28/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at the Time of Audit
27	7080	IST - Telecommunications	EYR	8/29/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at the Time of Audit
28	7081	Utility Billing	EYR	8/29/2019	\$ 2,806.40	\$ 2,806.40	\$ -	0.00%		NO	NO	
29	7082	Parks - Hachar Recreation Center	EYR	8/29/2019	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at the Time of Audit
30	7083	Parks - Margarito Benavides Recreation Center	EYR	8/29/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at the Time of Audit
31	7084	Parks - Marcos Aranda Recreation Center	EYR	8/29/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at the Time of Audit
32	7085	Parks - Hillside Recreation Center	EYR	8/30/2019	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	

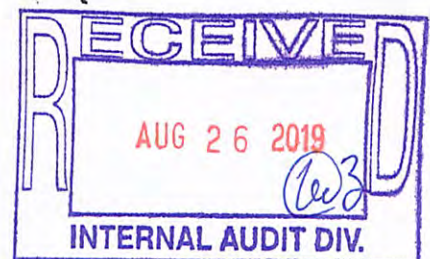


CITY OF LAREDO
TAX DEPARTMENT
1102 Bob Bullock Loop
LAREDO, TX 78043
(956) 727-6402

Memorandum

To: Veronica Urbano Baeza
From: Sandra M. Aleman *S. Aleman*
Thru: Dora A. Maldonado *D. Maldonado*
Date: August 26, 2019
Subject: Response to Audit # 7062 and 7064 dated 8/16/19

The audit performed on 8/19/19 revealed that _____ and _____ did not balance their 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 by the supervisor and re-entered correctly before posting the final transactions. If there are questions on the type of tender received, we use our cameras to verify the exchange of tender. We did notify all tellers, not only _____ and _____, to be more careful with the entry of the tender type. Please let me know if you have any other questions regarding this issue.



EL METRO
INTER-OFFICE MEMORANDUM



To: Veronica Urbano Baeza, Internal Auditor
From: Claudia San Miguel, LTMI General Manager
CC: Rosario C. Cabello, Co-Interim City Manager
Robert A. Eads, Co-Interim City Manager
Date: August 27, 2019
RE: Response to Surprise Cash Audit #7069

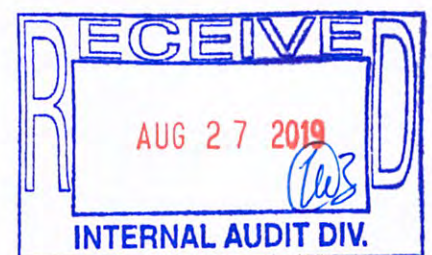
This memo is in response to the Surprise Cash Audit that took place at El Metro's money counting room located at 401 Scott Street on August 20, 2019.

Response

Part of the overage on the El Lift revenue occurred because information was not entered; El Lift assistant riders were not registered as paying customers causing the overage.

Corrective Action

In order to correct this issue drivers and agents will have to verify any mistakes done so they can be corrected before the end of their shift.



September 2019

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
SEPTEMBER 2019

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	Percentage Shortage / Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
				(A)	(B)	(C) (B-A)	(D) (C/A)				
1	7086 Bridge III - Customer Svc	EYR	9/10/2019	\$ 9,257.33	\$ 9,257.33	\$ -	0.00%		NO	NO	
2	7087 Bridge III - Toll Booth Collections	EYR	9/10/2019	\$ 122.50	\$ 122.02	\$ (0.48)	-0.39%		NO	NO	
3	7088 Police - Records	EYR	9/11/2019	\$ 292.60	\$ 293.10	\$ 0.50	0.17%		NO	NO	
4	7089 Municipal Housing	EYR	9/11/2019	\$ 6,363.00	\$ 6,363.00	\$ -	0.00%		NO	NO	
5	7090 Municipal Housing	EYR	9/11/2019	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	YES	Policy Violation(s): Account Number to be Charged Not Noted on Petty Cash Advance Voucher
6	7091 Health - Ambulance	EYR	9/11/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Collector had already Closed and Posted Collections Batch for the Day
7	7092 Bridge II - Toll Booth Collections	EYR	9/18/2019	\$ 945.00	\$ 944.17	\$ (0.83)	-0.09%		NO	NO	
8	7093 Bridge II - Toll Booth Collections	EYR	9/18/2019	\$ 1,408.75	\$ 1,408.72	\$ (0.03)	0.00%		NO	NO	
9	7094 Bridge II - Customer Svc	EYR	9/18/2019	\$ 1,782.63	\$ 1,782.63	\$ -	0.00%		NO	NO	
10	7095 Bridge II - Customer Svc	EYR	9/18/2019	\$ 38,314.17	\$ 38,314.17	\$ -	0.00%		NO	NO	
11	7096 Tax (City Hall Annex)	EYR	9/19/2019	\$ 7,856.31	\$ 7,856.31	\$ -	0.00%		NO	NO	
12	7097 Tax (City Hall Annex)	EYR	9/19/2019	\$ 7,650.99	\$ 7,650.99	\$ -	0.00%		NO	NO	
13	7098 Tax (City Hall Annex)	EYR	9/19/2019	\$ 2,864.45	\$ 2,864.49	\$ 0.04	0.00%		NO	NO	
14	7099 Utility Billing	EYR	9/19/2019	\$ 255.00	\$ 255.00	\$ -	0.00%		NO	NO	
15	7100 Solid Waste - Landfill	EYR	9/19/2019	\$ 476.30	\$ 476.30	\$ -	0.00%		NO	NO	
16	7101 Bridge IV - Customer Svc	EYR	9/19/2019	\$ 3,944.35	\$ 3,944.35	\$ -	0.00%		NO	NO	
17	7102 Bridge IV - Customer Svc	EYR	9/19/2019	\$ 6,020.90	\$ 6,020.90	\$ -	0.00%		NO	NO	
18	7103 Tax (City Hall)	EYR	9/20/2019	\$ 4,538.86	\$ 4,538.86	\$ -	0.00%		NO	NO	
19	7104 Tax (City Hall)	EYR	9/20/2019	\$ 21,839.63	\$ 21,839.63	\$ -	0.00%		NO	NO	
20	7105 Traffic - Parking	EYR	9/20/2019	\$ 101.25	\$ 101.25	\$ -	0.00%		NO	NO	
21	7106 Health - Lab	EYR	9/20/2019	\$ 1,861.93	\$ 1,861.93	\$ -	0.00%		NO	NO	
22	7107 Health - Immunization	EYR	9/20/2019	\$ 130.00	\$ 130.00	\$ -	0.00%		NO	NO	
23	7108 Health - Ambulance Billing	EYR	9/20/2019	\$ 2,604.89	\$ 2,604.89	\$ -	0.00%		NO	NO	
24	7109 Bridge I - Toll Booth Collections	EYR	9/20/2019	\$ 672.00	\$ 672.51	\$ 0.51	0.08%		NO	NO	
25	7110 Bridge I - Toll Booth Collections	EYR	9/20/2019	\$ 1,039.50	\$ 1,039.62	\$ 0.12	0.01%		NO	NO	
26	7111 Transit - Parking Pay Station	EYR	9/24/2019	\$ 2,018.00	\$ 2,017.35	\$ (0.65)	-0.03%		NO	NO	
27	7112 Convention & Visitors' Bureau	EYR	9/24/2019	\$ 350.00	\$ 350.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at the Time of Audit
28	7113 Airport - Parking Pay Station	EYR	9/26/2019	\$ 605.00	\$ 605.00	\$ -	0.00%		NO	NO	
29	7114 Airport	EYR	9/26/2019	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	YES	Policy Violation(s): Account Number to be Charged Not Noted on Petty Cash Advance Voucher
30	7115 Airport	EYR	9/26/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at the Time of Audit
31	7116 Police - Narcotics	EYR	9/26/2019	\$ 5,000.00	\$ 5,000.00	\$ -	0.00%	Confidential Fund	NO	NO	

Memo

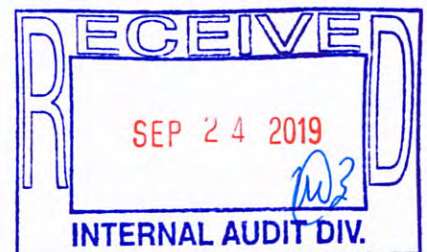
To: Ms. Veronica Urbano-Baeza, Internal Auditor
Thru: Ms. Tina Martinez, Acting CD Director *TM*
From: Ms. Elsa Hinojosa, LMH Executive Director *EH*
Date: September 20, 2019

Re: Voided receipt & missing account number

Please be advised that I received a copy of the Internal Cash Audit No. 7090 dated September 11, 2019 and the voided receipt.

The finding noted that the Department of Community Development's Municipal Housing Division did not comply by failing to sign/initial voided receipt and to include account number on separate receipt for September 11, 2019. It was an oversight on our end and violation has been addressed. Staff has been disciplined to acknowledge the error and any future voids will be brought to the attention of the immediate supervisor.

Rest assured that we will try to avoid any future violations and all receipts will be verified carefully for compliance.





CITY OF LAREDO

LAREDO INTERNATIONAL AIRPORT

MEMO



To: Veronica Urbano, Internal Auditor
From: Jeffery Miller, Airport Director
Date: September 27, 2019
Ref: Surprise Cash Audit No. 7114

This is in reference to Surprise Cash Audit No. 7114, which was conducted/completed on September 26, 2019, with finding on Petty Cash Policy Page 5, IX Replenishing and Verification, on Petty Cash Custodian . Petty Cash vouchers were prepared but left missing to mention the account number to be charged.

Petty Cash Custodian and department will perform the following:

- Make sure Petty Cash Policy is available to all personnel
- Ensure Petty Cash Receipts are accurate, complete and current at all times.
- Review and approval process to be more effective

As an additional control, Airport administration will begin reviewing Petty Cash transactions on a regular basis to make sure that all back-up documentation is being kept and those proper procedures are being followed.

Please if you have any questions, please contact my office at (956) 795-2000.



Jeffrey Miller, Airport Director

9/27/19

Date

III. Unannounced Inventory Count Audits

July 2019

**Unitrade Stadium
Asset Inventory Count Audit
July 22, 2019**

STATEMENT OF SCOPE & METHODOLOGY

On July 22, 2019, an Asset Inventory Count Audit was conducted at the Unitrade Stadium. Forty-seven (47) assets were randomly selected from the Asset Inventory List provided. Location currently uses "Excel worksheet based system" in order to keep a database of the location's asset inventory and to serve as a measure of control of assets.

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

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

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

AUDIT FINDINGS AND/OR OBSERVATIONS

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

DESCRIPTION	ASSET NUMBER	AVG. UNIT PRICE	QTY. SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO
Table Picnic 8FT	9621	\$607.00	1	1	0	N/A
Printer Ticket	9697	\$396.00	1	1	0	N/A
Workstation Modular	9155	\$1,795.00	1	1	0	N/A
Computer	9181	\$500.00	1	1	0	N/A
Television - LG - 42In	9524	\$549.00	1	1	0	N/A
Table Square with Granite Top Short	9532	\$970.00	1	1	0	N/A
Table Square Granite Top Tall 36x36x42	9542	\$995.00	1	1	0	N/A
Table Square Granite Top Tall 36x36x42	9543	\$995.00	1	1	0	N/A
Range - 4 Burner	9211	\$1,500.00	1	1	0	N/A
Warmer Hotdog Bun	9348	\$750.00	1	1	0	N/A
Refrigerator 2 DR	9328	\$3,900.00	1	1	0	N/A
Fryer Deep - 3 Section	9315	\$3,300.00	3	3	0	N/A
Beer System - Located on Side of Walking Cooler	9662	\$5,000.00	1	1	0	N/A
Safe	9201	\$1,500.00	1	1	0	N/A
Ice Machine	9202	\$10,000.00	1	1	0	N/A
Ice Machine	9203	\$10,000.00	1	1	0	N/A
Refrigerator Counter Beer Dispenser	9192	\$1,593.91	1	1	0	N/A
Refrigerator 1 DR	9193	\$2,875.41	1	1	0	O1
Batters Box Template Baseball 4x6	NT	\$467.38	2	2	0	N/A

DESCRIPTION	ASSET NUMBER	AVG. UNIT PRICE	QTY. SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO
Tarp-18OZ Pro Tarp Custom 23.5'X16'	NT	\$518.00	1	1	0	N/A
Cabinet Warming UDR CTR	9655	\$2,800.00	1	1	0	N/A
Washer Pressure	9868	\$3,500.00	1	0	1	F1
Kegeerator – Beer Dispenser	9690	\$5,000.00	1	1	0	N/A
Mower Ridding	9257	\$55,700.00	1	1	0	N/A
Table Picnic 8FT	9582	\$607.00	1	1	0	N/A
Table Picnic 8FT	9599	\$607.00	1	1	0	N/A
Table Picnic 8FT	9610	\$607.00	1	1	0	N/A
Table Picnic 8FT	9611	\$607.00	1	1	0	N/A
Table Picnic 6FT	9607	\$573.00	1	1	0	N/A
Cash Register W/Printer	9245	\$885.00	1	1	0	N/A
Cash Register W/Printer	9231	\$885.00	1	1	0	N/A
Cash Register W/Printer	9341	\$885.00	1	1	0	N/A
Table Square With Granite Top Tall 36x36x42 (Broken In Storage)	NT	\$995.00	1	1	0	N/A
Chair Lounge Side Arm – Black Vinyl	9481	\$825.00	1	1	0	N/A
Table Coffee Round W/Wood Top	9492	\$575.00	1	1	0	N/A
Chair Lounge Side Arm – Black Vinyl	9491	\$825.00	1	1	0	N/A
Television – Vizion – 42In	9506	\$608.78	1	1	0	N/A
Chair Lounge Side Arm – Black Vinyl	9511	\$825.00	1	1	0	N/A
Sofa 3 Seater – Black Vinyl	9144	\$1,725.00	1	1	0	N/A
Cabinet Warming UDR CTR	9551	\$2,800.00	1	1	0	N/A
Sink Unit 3 Tub W/Upper Shelf	9672	\$5,600.00	1	1	0	N/A
Computer License Quest	9297	\$1,000.00	1	1	0	N/A
Cart Ice Smart Cart Gray	NT	\$550.00	1	1	0	N/A
Table Treatment w/High Back	9273	\$575.00	1	1	0	N/A
Exercycle	9286	\$1,100.00	1	1	0	N/A
Tub Whirlpool	9283	\$2,500.00	1	1	0	N/A
Chair Lounge Side Arm – Black Vinyl	9649	\$825.00	1	1	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

Finding 1

Asset No. 9868, a pressure washer with a Unit cost of \$3,500.00 was not found during the audit. Parks Maintenance Staff assigned to Uni-Trade Stadium checked both the Parks – Central Warehouse and Fleet Management for item but were unsuccessful in locating asset No. 9868.

Recommendation

Internal Audit recommends that Parks Staff determine why a variance was identified for asset No. 9868. If it is determined that the asset was disposed of, then it is recommended that a City "Fixed Asset Disposition" Form be prepared for asset No. 9868 and submitted for approval in accordance with the City's Capital Asset Policy and Procedures.

Observation 1

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

ASSET ITEM DESCRIPTION	ASSET NUMBER ON INVENTORY LISTING	AVG. UNIT PRICE
Refrigerator 1 DR	9193	\$2,875.41

Recommendation

Internal Audit recommends that this item be retagged in accordance with the City's Capital Asset Policy and Procedures.

Observation 2

While conducting the audit we encountered computer equipment in several storage rooms no longer being utilized due to the equipment no longer working. It should be noted that some of these items were part of the original sample of items checked.

Recommendation

Internal Audit recommends that the above mentioned computer equipment in storage that is no longer working be disposed of in accordance with the City's Capital Asset Policy and Procedures.

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.

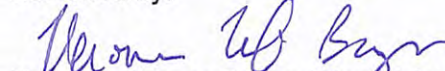
Prepared by:



Elia Y Rodriguez, Auditor II

Date: 07-31-2019

Reviewed by:



Veronica Urbano Baeza, Internal Auditor

Date: 7-31-2019

To: Anita Stanley, Assistant Parks Director
Juan J. Gomez, Jr., Athletics Superintendent (Uni-Trade Stadium)

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



CITY OF LAREDO
PARKS AND RECREATION
DEPARTMENT

MEMORANDUM

TO: Veronica Urbano, Internal Auditor

FROM: Anita Stanley, Assistant Director, Parks and Recreation Department

THRU: Juan J. Gomez, Acting Director, Parks and Recreation Department

RE: Asset Inventory Count Audit dated July 22, 2019 – UniTrade Stadium

DATE: August 16, 2019

Two handwritten signatures in blue ink. The top signature appears to be "Anita Stanley" and the bottom one is "Juan J. Gomez".

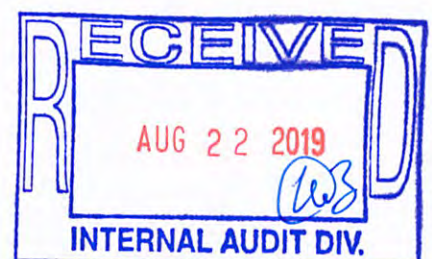
This memo serves as a response to the audit mentioned above for UniTrade Stadium.

Regarding Finding No. 1 on a variance for a Pressure Washer. A Fixed Asset Disposition Form has been initiated and is pending signatures.

On Observation No. 1, there was not an asset tag number affixed to the refrigerator. Staff has requested one and will have it affixed this afternoon.

On Observation No. 2, computer equipment/cash registers are stored in several storage rooms that are no longer working. Staff is initiating Fixed Asset Disposition Forms and will dispose of equipment in accordance with the City's Capital Asset Policy and Procedures.

Thank you.



**Max Mandel Municipal Golf Course
Asset Inventory Count Audit
July 24, 2019**

STATEMENT OF SCOPE & METHODOLOGY

On July 24, 2019, an Asset Inventory Count Audit was conducted on the Max Mandel Municipal Golf Course (MAX) inventory. Twenty-Eight (28) different items were randomly selected from the Asset Inventory List provided by the City of Laredo's (City) Budget Department. The Budget Department has been given the responsibility of keeping track of all inventoried assets that have been assigned to the MAX; and the Finance Department uses the City's I-Series to record these 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 of items was requested.
- 2.) Random selection of asset(s).
- 3.) Site visit to the MAX.
- 4.) The MAX staff was interviewed.
- 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.

DESCRIPTION	ASSET NUMBER	AVG. UNIT PRICE	QTY. SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO
Assets \$250 - \$4,999						
Computer Desktop	14133	\$644.00	1	1	0	N/A
Safe Depository	14152	\$437.80	1	1	0	N/A
Television	14182	\$833.00	1	1	0	N/A
Sink Unit 3 Tub	14113	\$675.00	1	1	0	N/A
Table Work Stainless Steel 72"	NT	\$475.00	1	1	0	O1
Slicer Meat	NT	\$952.60	1	1	0	O1
Printer Receipt	14161	\$300.00	1	1	0	N/A
Cash Register W/Scanner & Swipe Reader	14165	\$527.50	1	1	0	N/A
Radio 2 Way	14141	\$341.93	1	1	0	N/A
Table Round 48" Granite Top W/(4) Iron Grid Chairs	14175	\$986.16	1	1	0	N/A
Table Square 36" Mesquite	14185	\$1,200.00	1	1	0	N/A
Table Square 36" Mesquite	14192	\$1,200.00	1	1	0	N/A
Table Round 50" Mesquite	14196	\$1,500.00	1	1	0	N/A
Television 3D W/Sound Bar	14179	\$1,300.00	1	1	0	N/A
Assets \$5,000 & Greater						
Ice Machine	10362	\$6,768.00	1	1	0	N/A
Security and CCTV System for the Maintenance Building	14135	\$6,155.10	1	1	0	N/A
Alarm System & CCTV C/O 1 Monitor and 14 Cameras	10081	\$16,378.78	1	1	0	N/A
Mower Turf Sidewinder	10365	\$11,000.00	1	1	0	O1

DESCRIPTION	ASSET NUMBER	AVG. UNIT PRICE	QTY. SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO
Mower Greens #1	10368	\$10,500.00	1	1	0	O1
Roller Greens	10372	\$5,000.00	1	1	0	O1
Mower	10378	\$12,000.00	1	1	0	O1
Reel Grinder	14124	\$7,500.00	1	1	0	N/A
Tractor 55HP W/7 Gang Attachment	10382	\$15,000.00	1	1	0	O1
Tractor 65HP W/609 Attachment	NT	\$20,000.00	1	1	0	O1
Mower Fairway	10518	\$57,370.34	1	1	0	O1
Mower Fairway	10519	\$57,370.34	1	1	0	O1
Cart Utility	10522	\$8,960.84	1	1	0	N/A
Cart Utility	10525	\$20,978.67	1	1	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

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

Observation 1

On the Table reflected below, the following items were found, but did not have a corresponding asset tag number attached.

ASSET ITEM DESCRIPTION	ASSET NUMBER
Table Work Stainless Steel 72"	N/T
Slicer Meat	N/T
Mower Turf Sidewinder	10365
Mower Greens #1	10368
Roller Greens	10372
Mower	10378
Tractor 55HP W/7 Gang Attachment	10382
Tractor 65HP W/609 Attachment	NT
Mower Fairway	10518
Mower Fairway	10519

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 Capital Asset Policy and Procedures.

Observation 2

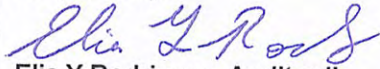
While conducting the audit we encountered equipment which is no longer working according to Max Staff. It should be noted that some of these items were part of the original sample of items checked.

Recommendation

Internal Audit recommends that the above mentioned equipment that is no longer working be disposed of in accordance with the City's Capital Asset Policy and Procedures.

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: 07-29-2019

Reviewed by:



Veronica Urbano Baeza, Internal Auditor

Date: 7-29-2019

To: Dennis Gutierrez, MAX General Manager

Cc: Rosario C. Cabello, Co – Interim City Manager
Robert A. Eads, Co – Interim City Manager
Gilberto Sanchez, Jr., Budget Director



To: Veronica Urbano Baeza

In reference to Memorandum in regards to the inventory count audit on the day of July 24th

Recommendation

Observation 1

Internal Audit recommendations that these items be tagged with a corresponding asset tag number if Financial service deems these items to meet the threshold standards criteria required as per the city's capital asset policy and procedures

1. The Max will approach finance in order to attain more tags and re tag those items that have lost their tags through every day wear and tear.

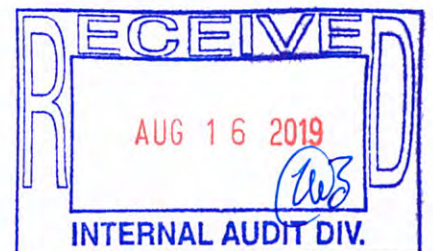
Observation 2

While conducting the audit we encountered equipment which is no longer working according to Max staff. It should be noted that some of these items were part of the original sample of items checked.

2. The Max will acquire disposition forms and make not of the items that are no longer functional including making the arrangements to dispose of properly.

Thank you,

Dennis Gutierrez *DS*
[Signature]
General Manager



**Parks & Recreation Department – Aquatics Division
Surprise Inventory Count Audit
July 31, 2019**

STATEMENT OF SCOPE & METHODOLOGY

On July 31, 2019, a Surprise Inventory Count Audit was conducted on the Parks and Recreation Department - Aquatics Division. Four (4) different equipment/material items were randomly selected from the equipment/material inventory 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 equipment and material.
- 3.) Site visit to Parks and Recreation Department - Aquatics Division.
- 4.) Parks and Recreation Department – Aquatics Division 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.
25 PH Plus	CH0001	\$20.96	53	53	0	N/A
Algaecide 4 per Case	CH0003	\$165.00	182	189	7	F1
Sodium Bicarbonate	CH0005	\$16.50	269	279	10	F2
Stabilizer	CH0009	\$121.00	73	74	1	F3

Finding # 1

(F1) Overage of seven (7) cases of "Algaecide 4 per Case" was discovered during physical count. Dollar average amount of overage equals to a total of \$1,155.00.

Finding # 2

(F2) Overage of ten (10) sacks of "Sodium Bicarbonate" was discovered during physical count. Dollar average amount of overage equals to a total of \$165.00.

Finding # 3

(F3) Overage of one (1) container of "Stabilizer" was discovered during physical count. Dollar average amount of overage equals to a total of \$121.00.


Recommendation

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

Internal Audit is recommending that Parks Management make an assessment for and acquire and 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.

Prepared by:


Elia Y. Rodriguez, Auditor II

Date: 07-31-2019

Reviewed by:


Veronica Urbano Baeza, Internal Auditor

Date: 7-31-2019

To: Anita O. Stanley, Assistant Parks and Recreation Director
Jose Renteria, Jr., Aquatics Manager


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



Parks & Leisure Services Department

Memo

To: Veronica Urbano Baeza, Internal Auditor

From: Juan J Gomez Jr. Parks and Recreation Acting Director 

Date: August 9, 2019

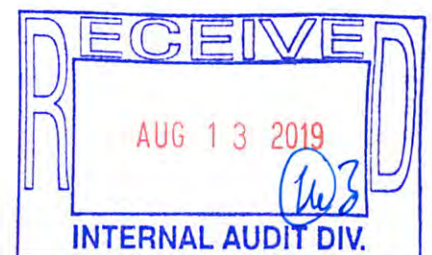
Re: Surprise Inventory Count Audit- Aquatics Division

In response to the Surprise Inventory Count Audit- Aquatics Division.

Supervisor will recount all chemical, he will be using the Chemical Log to help him out. The Chemical Log Sheet on Excel will be updated on a daily basis. We are looking for an Inventory System that can help us out with our chemical count.

If you have any questions please feel free to call me at (956)794-1765.

Thank you.



August 2019

**Transit Maintenance Division
Surprise Inventory Count Audit
August 20, 2019**

STATEMENT OF SCOPE & METHODOLOGY

On August 20, 2019, a Surprise Inventory Count Audit was conducted on the Transit Department (Transit Maintenance Division). Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses "Transit Management Software", in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

AUDIT OBSERVATIONS AND/OR OBSERVATIONS

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

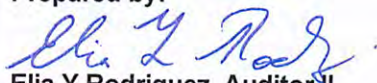
PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
ECM DDEC IV 98/00 RTS	46-027	\$ 2,470.98	1	1	0	N/A
Valve Pressure Regulator 15/17 GLG	45-530	\$ 1,090.00	1	1	0	N/A
Sway Bar Assy Front BB03	43-202	\$ 895.00	1	1	0	N/A
Module Multiplex 09/11 GLG	34-413	\$ 877.05	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, Auditor II
Date: 08-20-2019

Reviewed by:


Veronica Urbano Baeza, Internal Auditor
Date: 8-20-2019

To: Claudia San Miguel, Acting Transit General Manager

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

**Fleet Management Department
Surprise Inventory Count Audit
August 29, 2019**

STATEMENT OF SCOPE & METHODOLOGY

On August 29, 2019, 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 shown on inventory system. 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 Department.
- 4.) Fleet Management 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/OBSERVATION NO.
Alternator For Chevy	92254798	\$467.74	5	3	-2	F1
Bracket Ford Explorer	GB5Z6038A	\$64.97	3	3	0	N/A
Case, Battery 580M Dodge Charger	BAT94R	\$96.00	3	3	0	N/A
Tire, Super Paver 16Ply	18.00x25	\$2,149.50	1	1	0	N/A

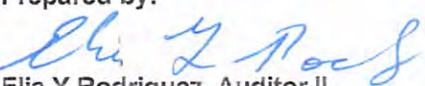

Finding #1

(F1) Shortage of two (2) "Alternator for Chevy" was discovered during physical count. Dollar average amount equals to a total of \$935.48.

Recommendation(s)

Internal Audit recommends that Department review the physical counts, system counts and any pending issuances to determine cause of variance. Necessary entries to the inventory system should be conducted (if required) once Department has determined cause of shortage.

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: 09-06-2019</p>	<p>Reviewed by:  Veronica Urbano-Baeza, Internal Auditor Date: 9-6-2019</p>
<p>To: Ronald W. Miller, Fleet Management Director Cc: Rosario C. Cabello, Co- Interim City Manager Robert A. Eads, Co – Interim City Manager</p>	



Fleet Management Department

Surprise Audit Inventory

The Surprise Audit for 8/29/2019 had an issue with the part #92254798. Since, the cyber-attack in May 2019 we have experience parts issues charging and receiving parts in our system. We were on manual mode for weeks during computer nightmare. We had to request parts by phone or verbally and list parts and handout without our fleet system (RTA) during the computer outage. We had no emails at the same time which would have been our back up. After researching and checking thru parts core we found four core boxes with used alternators. On the cores boxes where unit #1454, 1152, 1458 and 1456 (same makes and models). After checking work orders 399154, 387256, 397519 and 400031 we found that each unit had low voltage output. Yet, no alternators where charged on WO#399154 (date 05/09 thru 07/2/2019) and 400031 (date 5/23/2019). This would answer to the two Alternators short. We will charge the two alternators to correct the error.

During this time we have been doing random counts of our inventory to see if we can locate other issue that may still be present. Last week we experience an issue with our Parts receiving section in Fleet system program. **IT** is still addressing it today.

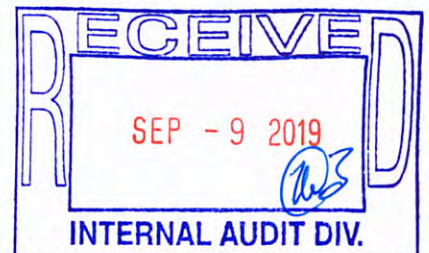
We will charge the two alternators to the two units 1454 and 1456. We will continue to monitor our inventory to resolve any other issues. If you have any more information feel free to contact me here at Fleet.

Thank you,

Ron Miller

Fleet Management Director

Date 9-9-19



**Utilities Service Center
Surprise Inventory Count Audit
August 30, 2019**

STATEMENT OF SCOPE & METHODOLOGY

On August 30, 2019, the Internal Audit Division visited the Utilities Department to conduct an unannounced inventory audit of a random selection of items on hand. The audit methodology followed for this type of audit consists of obtaining an inventory report from the Sungard HTE Select Version 4.0, selecting a random sample of inventory items to test and conducting a physical count of the items selected for reconciliation.

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

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

AUDIT 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/ OBSERVATION NO.
2" Check Valve	89007000350	\$ 208.55	6	6	0	N/A
Brass Saddle 16" x 3/4"	89007000190	\$ 294.13	34	32	-2	F1
Clamp 10 x 10 inches	8900705020	\$ 182.40	7	7	0	N/A
Resetter Ford 5/8 x 3/4 inches	8900703059	\$ 56.91	12	12	0	N/A

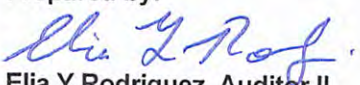

Finding #1

(F1) Shortage of two (2) "Brass Saddle 16" x 3/4"" was discovered during physical count. Dollar average amount equals to a total of \$588.26.

Recommendation(s)

Internal Audit recommends that Department review the physical counts, system counts and any pending issuances to determine cause of variance. Necessary entries to the inventory system should be conducted (if required) once Department has determined cause of shortage.

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: 08-30-2019</p>	<p>Reviewed by:  Veronica Urbano-Baeza, Internal Auditor Date: 9-4-2019</p>
<p>To: Riazul Mia, Utilities Director</p>	
<p>Cc: Rosario C. Cabello, Co – Interim City Manager Robert A. Eads, Co – Interim City Manager Humberto Delgado, Financial Services</p>	



CITY OF LAREDO WATER UTILITIES



5816 Daugherty
Laredo, Texas 78041

Tel. (956) 721-2000
Fax (956) 721-2001

Memorandum

To: Veronica Urbano-Baeza, Internal Auditor

Thru: Mr. Riazul Mia P.E. Utilities Director

From: Juan Arriaga, Assets Management Coordinator *JA*

Date: September 11, 2019

Subject: Surprise Inventory Count Audit

Below is an item by item response and corrective action taken:

Findings F1--- Shortage of two 16x3/4 Brass saddles was discovered during Physical count.

Cause of shortage: On August 28, 2019 ¹ from El Pico Water Treatment Plant had been issue out 10 16x3/4 brass saddles. Two of those brass saddles were a different size which had been place on shelves by mistake. Brass saddles were exchange with correct size but were never issue out.

Corrective Action: Items have since been issue out properly and variance has been corrected. Brass saddles that had been return have now been placed on correct shelve.

Employee has been given verbal warning and has been advise to issue out items immediately.



September 2019

**Parks & Recreation Department – Central Warehouse
Surprise Inventory Count Audit
September 24, 2019**

STATEMENT OF SCOPE & METHODOLOGY

On September 24, 2019, a Surprise Inventory Count Audit was conducted on the Parks & Leisure Services Department – Central Warehouse. Four (4) different items were randomly selected from the inventory on hand. Department currently uses an access based system in order to keep a database of the department's inventory and to serve as a measure of control 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 material and equipment inventory listing was requested.
- 2.) Random selection of material (s) or equipment.
- 3.) Site visit to Parks & Recreation – Central Warehouse.
- 4.) Parks & Recreation staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS, 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.
Nailer Air Gun Roofing Hitachi	PR-EQ-3196	\$ 249.00	1	1	0	N/A
AC Tube Expander/Swager Yellow Jacket	PR-AC-0024	\$ 313.93	1	1	0	N/A
AC Recovery Pump Refrigerant Yellow Jacket	PR-AC-3885	\$ 1,089.40	1	1	0	N/A
Chop Saw Dewalt 14 S#044982	PR-EQ-4982	\$ 199.00	0	1	1	F1

Finding #1

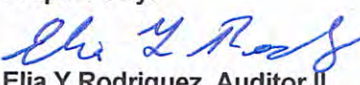
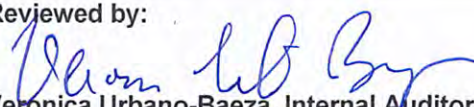
(F1) Overage of one (1) "Chop Saw Dewalt" was discovered during physical count. Dollar average amount of overage equals to a total of \$199.00. (Attachment 1)

Recommendation

Internal Audit recommends that the Parks & Recreation Department review their inventory listings for accuracy in order to determine cause of variances and make any necessary corrections if needed. Regular updates of inventory purchased and issued out should be done to the Parks & Recreation inventory system.

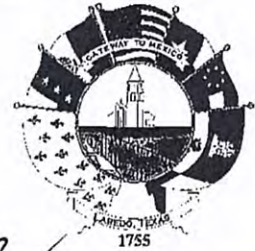
Internal Audit continues to recommend that the Parks & Recreation Department acquire a new inventory software program that will better reflect the inventory counts of materials and equipment housed at the Parks' warehouse facilities. Additionally, we would strongly recommend that a full inventory of items housed at the Parks warehouses be conducted in conjunction with the acquisition of the new inventory software in order to ensure that the most accurate information is entered into the new inventory program.

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

<p>Prepared by:  Elia Y Rodriguez, Auditor II Date: 09-30-2019</p>	<p>Reviewed by:  Veronica Urbano-Baeza, Internal Auditor Date: 9-30-2019</p>
<p>To: Juan J. Gomez, Jr., Acting Parks & Recreation Director</p>	
<p>Cc: Rosario C. Cabello, Co – Interim City Manager Robert A. Eads, Co – Interim City Manager</p>	

PARKS AND RECREATION DEPARTMENT

Memo



To: Veronica Urbano-Baeza, Internal Auditor, CPM
From: Juan J. Gomez, Jr., Acting Parks & Recreation Director *JJG*
Date: October 30, 2019
Re: Internal Surprise Inventory Count Audit

The following Surprise Inventory Count Audit was done on September 24, 2019.

Findings 1: (F1) Overage of one (1) "Chop Saw Dewalt" was discovered during physical count. Dollar average amount of overage equals to a total of \$199.00

Four items randomly selected from the inventory. Only (1) one finding had a variance from the inventory report generated from the Parks inventory program.

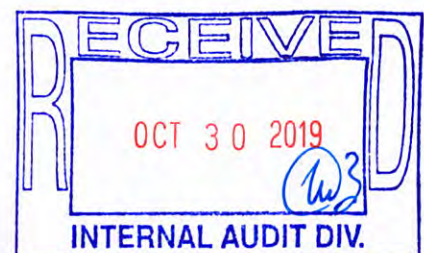
- **Chop Saw Dewalt 14 S #044982 PR-EQ-4982**

Response: The equipment was physically at the warehouse but was not in the inventory system. Therefore, warehouse supervisor added the equipment to the system to ensure it is properly accounted in the inventory.

However, we will continue to inquire about a new inventory system program to reflect better accountability of materials and/or equipment.

If you have any questions, please call me at 729-4610.

Thank you.



**Public Works – Warehouse Division
Surprise Inventory Count Audit
September 25, 2019**

STATEMENT OF SCOPE & METHODOLOGY

On September 25, 2019, a Surprise Inventory Count Audit was conducted on the Public Works - Warehouse Division. Four (4) different inventory items were randomly selected from the inventory reports on hand. Division currently uses "Excel worksheet based system" in order to keep a database of the division's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

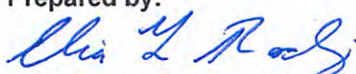

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Stihl Concrete Chain Saw	180384794	\$1,845.00	1	1	0	N/A
Core Drill TS	4032609	\$2,300.00	1	1	0	N/A
Wacker Vibroplate	10574952	\$1,935.00	1	1	0	N/A
Stud 2" x 4" x 16'	Not Available	\$10.00	43	43	0	N/A

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

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.

No written response is required on this report.

<p>Prepared by:  Elia Y Rodriguez, Auditor II Date: 09-30-2019</p>	<p>Reviewed by:  Veronica Urbano Baeza, Internal Auditor Date: 9-30-2019</p>
<p>To: John Orfila, Public Works Director</p>	
<p>Cc: Rosario C. Cabello, Co- Interim City Manager Robert A. Eads, Co – Interim City Manager</p>	

**Sames Auto Arena
Asset Inventory Count Audit
September 25, 2019**

STATEMENT OF SCOPE & METHODOLOGY

On September 25, 2019, an Asset Inventory Count Audit was conducted at the Sames Auto Arena (Arena). Forty-Three (43) 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 assets.
- 3.) Site visit to Sames Auto Arena (Arena).
- 4.) 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 Arena 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	8814	\$2,187.19	1	1	0	N/A
SALAD BAR 4' W/TRAY RAIL	7056	\$820.60	1	1	0	N/A
MOTOR & TRUSS FOR CURTAIN	7247	\$4,863.61	1	1	0	N/A
CAMERA/VIDEO	7214	\$6,147.24	1	1	0	N/A
DESKT/DP	9381	\$878.00	1	1	0	N/A
REFRIGERATOR/DELI SANDWICHES DIPSPLAY CASE	6814	\$2,733.00	1	1	0	N/A
55IN COMMERCIAL MONITOR (SAMSUNG)	9846	\$1,395.00	1	1	0	N/A
DISHWASHER COMMERCIAL	6795	\$8,938.00	1	1	0	N/A
ICE MACHINE	10199	\$10,082.60	1	1	0	N/A
COUNTER STAINLESS STEEL	7042	\$2,252.00	1	1	0	N/A
SINK UNIT 3 TUB	8214	\$2,048.00	1	1	0	N/A
FRYER/DEEP FRY	6829	\$1,727.00	1	1	0	N/A
WARMER FOOD 2 TIER	6836	\$1,050.00	1	1	0	N/A
COUNTER STAINLESS STEEL	7031	\$2,252.00	1	1	0	N/A
SKILLET TILTING	8219	\$7,855.00	1	1	0	N/A
COUNTER STAINLESS STEEL	7021	\$1,559.00	1	1	0	N/A
COUNTER STAINLESS STEEL	7022	\$1,906.00	1	1	0	N/A
HOOD/EXHAUST	9408	\$5,120.00	1	1	0	N/A
GRILL	14407	\$1,445.00	1	1	0	N/A
COMPUTER/LAPTOP	9395	\$850.00	1	1	0	N/A
CHAIR/LOUNGE	6635	\$1,158.00	1	1	0	N/A

DESCRIPTION	ASSET NUMBER	AVG. UNIT PRICE	QTY. SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO
CHAIR/LOUNGE	6642	\$1,158.00	1	1	0	N/A
SOFA	6643	\$1,774.00	1	1	0	N/A
REFRIGERATOR/UNDER COUNTER	6658	\$750.00	1	1	0	N/A
REFRIGERATOR/UNDER COUNTER	6666	\$750.00	1	1	0	N/A
CHAIR/LOUNGE	6678	\$707.00	1	1	0	N/A
REFRIGERATOR/UNDER COUNTER	6680	\$750.00	1	1	0	N/A
SOFA	6695	\$1,091.00	1	1	0	N/A
CHAIR/LOUNGE	6730	\$1,158.00	1	1	0	N/A
CHAIR/LOUNGE	6736	\$1,158.00	1	1	0	N/A
METER/GLUCOSE	8792	\$917.07	1	1	0	N/A
TABLE/TREATMENT FOUR DOOR	9370	\$565.00	1	1	0	N/A
MODULAR WORSTATION	9377	\$1,786.57	1	1	0	O1
COMPUTER	14035	\$1,360.00	1	1	0	N/A
CLOCKS LOCKER ROOM	7067	\$670.00	1	1	0	N/A
HOCKEY GOAL NET	6960	\$600.00	1	1	0	O1
TURNSTILE LH	6166	\$2,142.00	1	1	0	N/A
TURNSTILE RH	6172	\$2,142.00	1	1	0	N/A
COMPUTER	14024	\$1,360.00	1	1	0	N/A
VACUUM CLEANER	7166	\$638.13	1	1	0	N/A
CREDENZA	9389	\$798.00	1	1	0	N/A
CART/DISH	9366	\$900.00	1	1	0	O1 & O2
TABLE/WOOD RECTANGLE	9469	\$530.00	1	1	0	O1

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

Observation 1

On the Table reflected below, the following items were found, but did not have a corresponding asset tag number attached.

ASSET ITEM DESCRIPTION	ASSET NUMBER
MODULAR WORKSTATION	9377
HOCKEY GOAL NET	6960
CART/DISH	9366
THREE (3) ADDTN'L CART/DISH	NOT FOUND
TABLE/WOOD RECTANGLE	9469

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.

Observation 2

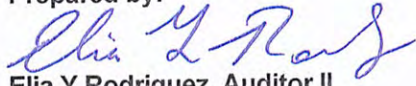
Internal Audit Division found three (3) additional items, "cart/dish," that were not included in the Sames Auto Arena Inventory Listing.

Recommendation

Internal Audit recommends that the Sames Auto Arena review their inventory listings for accuracy in order to determine why the items were not entered into their inventory listing. Necessary entries (corrections) should be made to reflect these items in the Sames Auto Arena's inventory system.

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.

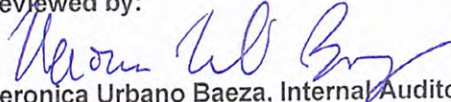
Prepared by:



Elia Y Rodriguez, Auditor II

Date: 09-30-2019

Reviewed by:



Veronica Urbano Baeza, Internal Auditor

Date: 9-30-2019

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

Cc: Rosario C. Cabello, Co – Interim City Manager
Robert A. Eads, Co – Interim City Manager
Gilberto Sanchez, Budget Director



MEMORANDUM

TO: Veronica Urbano-Baeza, Internal Auditor

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

From: Juan Carlos Mendiola, ASM Global/ Sames Auto Arena General Manager

Subject: RESPONSE RESOLUTION FOR OBSERVATION 1 & OBSERVATION 2

DATE: October 1, 2019

This letter is in response to the asset inventory count audit that was conducted by Internal Audit Department on September 25, 2019. The ASM Global/ Sames Auto Arena team is dedicated to ensuring that the building's assets are properly managed and secured. Furthermore, ASM Global/ Sames Auto Arena followed the recommendations that were given from the Internal Audit Department and has updated the assets list in accordance to the City of Laredo asset control procedures.

Resolution response to Observation 1 is the following:

Observation 1: During the internal audit the following items were selected and found without an asset tag. Item #9377 "MODULAR WORKSTATION", item #6960 "HOCKEY GOAL NET", item #9366 "CART/DISH", item #9469 "TABLE/WOOD RECTANGLE". The ASM Global/ Sames Auto Arena will fill out disposition forms for the missing tag and will replace them with new City of Laredo asset tags.

Resolution response to observation 1 is the following below:

Observation 2: The ASM Global/ Sames Auto Arena team will conduct an independent audit to ensure that all new and old items are added to our list. Upon completion the ASM Global/ Sames Auto Arena team will send their updated list to the City of Laredo's Internal Audit Division Department.

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



IV. Compliance Audits

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

Department/Division Name: Utilities Department				Audit Date
Custodian's Name:				Reference: Surprise Cash Audit # 6979
Period Audited: Last three reimbursements & receipts on hand (Feb-June 2017, 2019)				06/13/19
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.	F1	.30	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.	F2	8.30	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.	F3	9.40	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 – 90%			63	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 on all thirty-three (33) vouchers reviewed from the audit sample, they did not reflect the dollar amount advanced, only the actual amount expensed.

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.”

Finding #2

Out of thirty-five receipts reviewed for the sample time period, six (6) receipts reflected the payment of sales tax. Now, it should be noted that neither the department has requested reimbursement for nor has Accounts Payable reimbursed the amount of sales tax paid by the employee or the additional item.

Voucher #	Vendor Name	Amount	Invoice Date	Voucher Date	Tax Paid by Employee
April 2019					
4-4	HEB	\$22.88	04/05/19	04/05/19	\$1.89
May 2019					
5-4	HEB	\$8.84	05/15/19	05/15/19	\$0.40
June 2019 – Outstanding					
6-1	Stripes	\$8.48	06/02/19	06/02/19	\$0.70
6-2	Whataburger	\$8.04	06/02/19	06/02/19	\$0.66
6-3	Whataburger	\$9.94	06/02/19	06/02/19	\$0.82
6-7	McDonald's	\$8.95	06/08/19	06/08/19	\$0.70
TOTAL					\$5.17

Recommendation:

The City of Laredo's Petty Cash Policy must be adhered to; specifically under Section VLL (Uses of Petty Cash) the policy states that “un-reimbursable sales tax without justification on why a tax exempt form was not used” is not an approved use of petty cash funds. A “Texas Sales and Use Tax Exemption Certification” must be presented to the vendor at the time of the purchase. “An exception to this item is made where locations do not accept the tax certification form; however, appropriate documentation must be provided, in a form of a memo signed by the Department Supervisor” as per Section VIII (Disbursement of Petty Cash Fund), Subsection #2 of the Petty Cash Policy.

It is important that the custodian provide the employee with a tax exemption certification that must be presented to the vendor at the time the purchase is being made.

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

Finding #3

Upon reviewing the documentation obtained for the sample time period, we noticed that receipts submitted reflected a payment method of a personal visa credit card, which indicates that the employee made the purchase with his/her own funds first and then requested reimbursement afterwards.

Voucher #	Vendor Name	Amount	Invoice Date	Voucher Date	Method of Payment
June 2019 – Outstanding					
6-1	Stripes	\$8.48	06/02/19	06/02/19	CREDIT CARD USED
6-7	McDonald's	\$8.95	06/08/19	06/08/19	CREDIT CARD USED

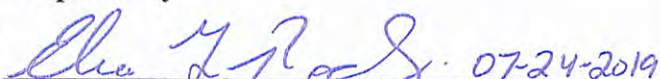
Recommendation:

The City's Petty Cash Policy must be followed; in particular, under Subsection #3 of Section IX, the policy gives instruction as to the disbursement of petty cash funds by stating that the "custodian may disburse the cash from the funds for authorized uses after a voucher has been prepared." When an employee submits receipts for reimbursement from the Petty Cash fund, it is difficult to determine whether or not that employee had the authority to make that purchase in the first place. We recommend that the policy be followed by preparing a voucher and issuing funds prior to the purchase being made, which with the custodian's signature authorizes that particular purchase.

Finance/Accounts Payable- Findings Observations and Recommendations:

Internal Audit found no significant audit findings.

Prepared by:


 Elia Y. Rodriguez, Auditor II Date 07-24-2019

Reviewed By:


 Veronica Urbano Baeza, Internal Auditor Date 7-24-2019

Issued to:	Response Required	Response Due Date	Score	Overall Score
Riazul I. Mia – Utilities Director	YES	Ten (10) Working Days From Receipt of Report	90%	
Jose F. Castillo – Acting Finance Director	NO	N/A	100%	95%

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



CITY OF LAREDO WATER UTILITIES

5816 Daugherty
Laredo, Texas 78041

Tel.(956) 721-2000
Fax.(956) 721-2001



Memorandum



DATE: July 25, 2019

TO: Veronica Urbano Baeza, Internal Auditor

FROM: Gerardo Garza, Administrative Assistant II - Utilities/Engineering

THRU: Riazul I. Mia P.E., CFM, Utilities Department Director 

SUBJECT: Gerardo Garza: Surprise Cash Audit #6979-Responses on Findings

- 1) Finding #1: I was not aware that we had to write the dollar amount that is advanced only the amount that was expensed. I've had petty cash for 6 years and after so many reports given to A/P and surprise audits that I have been given throughout this time, I was surprised to see this finding. I spoke to Ms. Veronica Baeza on this issue and she made it clear that we must write the amount advanced as well. From this day forward, I will write the amount advanced on all vouchers.
- 2) Finding #2: On both HEB receipts that are being stated, the tax was not paid. If you look closely, HEB does state the charge but then they deduct the tax on the line item stating **TAX EXEMPT. As you can see from Voucher 4-4, The subtotal is \$22.88 and the cash given was \$25.00 and the change was \$2.12 with no tax paid. This is seen on the receipt. I have attached and highlighted those sections for your review. On Vouchers 6-1, 6-2, 6-3, & 6-7 the tax was paid by the City employees. These receipts are from workers from Water Distribution that are on call or working on waterline breaks. They don't have the time to come back to the office to pick up the tax exempt form. During this time, _____ who has her own petty cash and is station in that division, was out on sick leave. I was assisting that division in reimbursing the food purchase for these crews. I have attached an email from _____ stating that we don't reimburse the employees for the tax. I will speak to _____ and her Superintendent, _____ about making sure the crews are carrying a copy of the tax exempt form at all times so they no longer get charged for the tax.

CITY OF LAREDO

WATER UTILITIES



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- 3) Finding #3: When sending my petty cash report for this month, A/P also questioned as to why these employees used a credit card and not cash. They requested a memo to justify this and a copy of it is attached for you. These are crews from Water Distribution and at times because of the immediate response time that is required, there is no time for them to get cash. On all their receipts, they have the Supervisor approval signed and stating the location they were responding to. I have already spoken to Water Distribution Superintendent, _____ to speak to the crews to try not to use their own card and rather to use cash. If there comes a time that they don't have access to cash, I told he must make a memo to justify this action.

Please feel free to contact me at (956) 721-2000 or email me at ggarza2@ci.laredo.tx.us if you have any questions or concerns. Thank you.

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

PETTY CASH

AMOUNT \$ <u>22.88</u>	FOR <u>HEB</u>
NO. <u>44</u>	
DATE <u>4-5-19</u>	<u>SOOP for kitchen Supp</u>
ACCOUNT NO. <u>551-4110-532-3410</u>	
APPROVED BY <u>[Signature]</u>	
RECEIVED BY <u>[Signature]</u>	

12-12
A-1156
T-4109

44



1008 1951 0405 1916 4100 186

1 AJAX ORANGE DISH
5 Ea. @ 1/ 2.86 T 14.30
2 AJAX GRAPEFRUIT DISH
3 Ea. @ 1/ 2.86 T 8.58
***** Sale Subtotal** 22.86 *
Sales Tax 1.89
***** Total Sale*** 24.77
*** TAX EXEMPT 1.89
*** CASH 25.00
Change : 2.12 \$

ITEMS PURCHASED: 8

RECEIPT EXPIRES ON 07-04-19



1008 1951 0405 1916 4100 186

HEB Food-Drugs #/186
2310 Saunders, Laredo, TX 78040
Phone: (956) 724-1128
Pharmacy: (956) 724-1141
Fax: (956) 724-7849
Store Hours: 6 a.m. to Midnight

Your Cashier: DANESA S
081951 04-05-19 4:41P 205/01/00186

PETTY CASH

AMOUNT \$ <u>8.84</u>	FOR <u>HOB</u>
NO. <u>5-4</u>	
DATE <u>5-15-19</u>	<u>water & salts</u>
ACCOUNT NO. <u>559-4110-532-3620</u>	<u>Lubbock Mountain</u>
APPROVED BY <u>[Signature]</u>	<u>M. Rodriguez</u>
RECEIVED BY <u>[Signature]</u>	

12-12
A-1156
T-4169

5-4

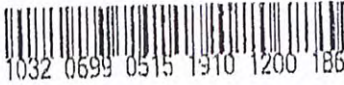


1032 0699 0515 1910 1200 186

1 FP COKE CLASSIC CN TF 4.86
 2 NESTLE PURE LIFE PURIFIED F 3.98
 ***** Sale Subtotal*** 8.84
 Sales Tax 0.40
 ***** Total Sale*** 9.24
 *** TAX EXEMPT 0.40
 *** CASH 10.00
 Change : 1.16 \$

ITEMS PURCHASED: 2

RECEIPT EXPIRES ON 08-13-19



1032 0699 0515 1910 1200 186

HEB Food-Drugs #/186
 2310 Saunders, Laredo, TX 78040
 Phone: (956) 724-1128
 Pharmacy: (956) 724-1141
 Fax: (956) 724-7849
 Store Hours: 6 a.m. to Midnight

Your Cashier: MARICELA C
 320699 05-15-19 10:12A 230/11/00186



CITY OF LAREDO WATER UTILITIES

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Memorandum

To: Riazul I. Mia, P.E., Utilities Director

From: Gerardo Garza, Admin Assist II-Utilities/Engineering

Date: July 09, 2019

Re: Petty Cash Report – June 2019 (Food Reimbursement)

On my petty cash report for June 2019, there were some receipts that were given to me for food reimbursement for the employees that were on stand-by that were working on broken lines. Some of these receipts were paid with a credit card since the stand-by employees did not have cash on them or did not have time to get cash.

A receipt for _____ for May 8, 2019 for food purchased at Pilot was turned in late. _____ stated he was working the night shift and couldn't come in during the day to turn in the receipt for \$12.38.

Permission is being requested to process receipts that were paid with a credit card and to reimburse _____ for the late receipt of \$12.38.

Approve

Not Approved

V. Appendix A – Internal Audit Staff Acknowledgment

APPENDIX A
INTERNAL AUDIT STAFF ACKNOWLEDGMENT

Veronica Urbano-Baeza, Internal Auditor

Elia Y. Rodriguez, Auditor II

Bianca V. Medellin, Auditor I