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City of Laredo, Texas  
Internal Audit Division



Consolidated Audit Report (with Executive  
Summary): Unannounced Cash and Inventory  
Audits Completed with Department Responses  
(October 2019 through December 2019)

February 7, 2020

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**City of Laredo**  
**Internal Audit Division**

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

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**City of Laredo  
Internal Audit Division**

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

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# I. Executive Summary

## EXECUTIVE SUMMARY

In accordance with the Fiscal Year 2020 approved Audit Plan, enclosed is the **Consolidated Audit Report of Unannounced Cash, Unannounced Inventory and Cash Compliance Audits** completed by the Internal Audit Division during the time period of October 2019 through December 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	99
Unannounced Inventory Count Audits	9
Cash 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**

- Five (5) audits noted where collections / cash funds had overages or shortages.

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 99 unannounced cash audits conducted for the time period of October 2019 through December 2019, only five (5) audits, or five (5%) 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 Fuel Inventory Audit conducted at the Fleet Department, we noted a finding where the average percentage change variance across all fueling stations was a negative five (5%) percent when attempting to reconcile the fuel tanks housed on Daugherty Street and the fuel tanks housed at the City Landfill. We would continue to recommend that Fleet print WinCC receipts at the time of (or as close as possible to) fuel delivery from the vendor with the current system being utilized in order to attempt to close the variance reflected in the reconciliation process.

On the audits conducted on City-wide inventory items, out of fifty-five (55) inventory items randomly selected during the time period of October 2019 through December 2019, three (3) 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 Cash Compliance Audits**

#### ***Petty Cash Compliance Audit – Health Department***

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

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

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

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

October 2019



**CITY OF LAREDO**  
**INTERNAL AUDIT DIVISION**  
**SUMMARY OF SURPRISE CASH AUDITS**  
**OCTOBER 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	7117 Tax (City Hall)	BM	10/8/2019	\$ 9,592.35	\$ 9,592.35	\$ -	0.00%		NO	NO	
2	7118 Tax (City Hall)	BM	10/8/2019	\$ 2,369.64	\$ 2,369.65	\$ 0.01	0.00%		NO	NO	
3	7119 Transit - Lobby Tellers	BM	10/8/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Department Short on Personnel at the Time of Audit
4	7120 Community Development - Housing Rehab	BM	10/8/2019	\$ 306.00	\$ 306.00	\$ -	0.00%		NO	NO	
5	7121 Health - La Familia	BM	10/8/2019	\$ 65.00	\$ 65.00	\$ -	0.00%		NO	NO	
6	7122 Health - WIC	BM	10/8/2019	\$ 300.00	\$ 300.25	\$ 0.25	0.08%	Petty Cash	NO	NO	
7	7123 Bridge III - Toll Booth Collections	BM	10/8/2019	\$ 122.50	\$ 122.50	\$ -	0.00%		NO	NO	
8	7124 Bridge III - Customer Svc.	BM	10/8/2019	\$ 233.75	\$ 233.75	\$ -	0.00%		NO	NO	
9	7125 Bridge III - Toll Booth Collections	BM	10/8/2019	\$ 17.50	\$ 17.52	\$ 0.02	0.11%		NO	NO	
10	7126 Tax (City Hall Annex)	BM	10/9/2019	\$ 1,250.73	\$ 1,250.73	\$ -	0.00%		NO	NO	
11	7127 Tax (City Hall Annex)	BM	10/9/2019	\$ 6,953.50	\$ 6,953.50	\$ -	0.00%		NO	NO	
12	7128 Tax (City Hall Annex)	BM	10/9/2019	\$ 7,694.60	\$ 7,694.60	\$ -	0.00%		NO	NO	
13	7129 Tax (City Hall Annex)	BM	10/9/2019	\$ 250.00	\$ 250.00	\$ -	0.00%	Petty Cash	NO	NO	
14	7130 Parks - Haynes Recreation Center	BM	10/9/2019	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Custodian not Available
15	7131 Parks - Haynes Recreation Center	BM	10/9/2019	\$ 100.00	\$ 99.09	\$ (0.91)	-0.91%	Petty Cash	NO	NO	
16	7132 Building	BM	10/9/2019	\$ 2,777.00	\$ 2,777.00	\$ -	0.00%		NO	NO	
17	7133 IST - Public Access Channel	BM	10/9/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at the Time of Audit
18	7134 Library - Main Branch	BM	10/9/2019	\$ 83.35	\$ 83.10	\$ (0.25)	-0.30%		NO	NO	
19	7135 Bridge II - Toll Booth Collections	BM	10/10/2019	\$ 206.50	\$ 206.70	\$ 0.20	0.10%		NO	NO	
20	7136 Bridge II - Toll Booth Collections	BM	10/10/2019	\$ 224.00	\$ 224.48	\$ 0.48	0.21%		NO	NO	
21	7137 Bridge II - Customer Svc.	BM	10/10/2019	\$ 365.00	\$ 365.00	\$ -	0.00%		NO	NO	
22	7138 Bridge I - Toll Booth Collections	BM	10/10/2019	\$ 262.50	\$ 262.52	\$ 0.02	0.01%		NO	NO	
23	7139 Bridge I - Toll Booth Collections	BM	10/10/2019	\$ 406.00	\$ 406.27	\$ 0.27	0.07%		NO	NO	
24	7140 Public Works - Cemetery	BM	10/10/2019	\$ 40.00	\$ 40.00	\$ -	0.00%		NO	NO	
25	7141 Airport - Federal Inspection Station	BM	10/10/2019	\$ 19.84	\$ 19.84	\$ -	0.00%		NO	NO	
26	7142 Bridge IV - Customer Svc.	BM	10/10/2019	\$ 8,349.75	\$ 8,349.75	\$ -	0.00%		NO	NO	
27	7143 Bridge IV - Customer Svc.	BM	10/10/2019	\$ 4,233.50	\$ 4,233.50	\$ -	0.00%		NO	NO	
28	7144 Animal Care Facility	BM	10/10/2019	\$ 179.00	\$ 179.00	\$ -	0.00%		NO	NO	
29	7145 Utilities - Engineering	BM	10/15/2019	\$ 15,765.00	\$ 15,765.00	\$ -	0.00%		NO	NO	
30	7146 Animal Care Facility	EYR	10/24/2019	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at the Time of Audit; Change Fund to be Turned into Accounts Payable
31	7147 Transit - Lobby Tellers	BM	10/28/2019	\$ 126.00	\$ 126.00	\$ -	0.00%		NO	NO	

November 2019

**CITY OF LAREDO**  
**INTERNAL AUDIT DIVISION**  
**SUMMARY OF SURPRISE CASH AUDITS**  
**NOVEMBER 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
1	7148 Health - Immunization	BM	11/5/2019	\$ 110.00	\$ 110.00	\$ -	0.00%		NO	NO	
2	7149 Health - Ambulance	BM	11/5/2019	\$ 22,958.65	\$ 22,958.65	\$ -	0.00%		NO	NO	
3	7150 Environmental Svcs.	BM	11/5/2019	\$ 1,000.00	\$ 1,000.00	\$ -	0.00%		NO	NO	
4	7151 Utilities - Sewer	BM	11/6/2019	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Custodian could not Access Petty Cash Box; Left Key at Home
5	7152 Community Development / Municipal Housing	BM	11/6/2019	\$ 1,163.00	\$ 1,163.00	\$ -	0.00%		NO	NO	
6	7153 Municipal Court	BM	11/6/2019	\$ 705.10	\$ 705.10	\$ -	0.00%		NO	NO	
7	7154 Traffic	BM	11/6/2019	\$ 200.00	\$ 199.98	\$ (0.02)	-0.01%	Petty Cash	NO	NO	
8	7155 Utility Billing	BM	11/6/2019	\$ 3,371.80	\$ 3,371.80	\$ -	0.00%		NO	NO	
9	7156 Human Resources / Risk Management	BM	11/6/2019	\$ 115.10	\$ 115.10	\$ -	0.00%		NO	NO	
10	7157 IST - Telecommunications	BM	11/6/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at the Time of Audit
11	7158 Tax (City Hall Annex)	BM	11/6/2019	\$ 276,833.98	\$ 276,834.58	\$ 0.60	0.00%		NO	NO	
12	7159 Tax (City Hall Annex)	BM	11/6/2019	\$ 126,450.57	\$ 126,450.76	\$ 0.19	0.00%		NO	NO	
13	7160 Parks - Benavides Recreation Center	BM	11/6/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at the Time of Audit
14	7161 Utilities - Sewer	BM	11/7/2019	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
15	7162 Bridge II - Bridge Toll Collections	BM	11/14/2019	\$ 129.50	\$ 129.39	\$ (0.11)	-0.08%		NO	NO	
16	7163 Bridge II - Bridge Toll Collections	BM	11/14/2019	\$ 687.75	\$ 687.73	\$ (0.02)	0.00%		NO	NO	
17	7164 Bridge II - Customer Svc.	BM	11/14/2019	\$ 1,785.00	\$ 1,785.00	\$ -	0.00%		NO	NO	
18	7165 Bridge II - Customer Svc.	BM	11/14/2019	\$ 1,880.00	\$ 1,880.00	\$ -	0.00%		NO	NO	
19	7166 Transit	BM	11/14/2019	\$ 400.00	\$ 399.00	\$ (1.00)	-0.25%	Petty Cash	NO	NO	
20	7167 Budget	BM	11/18/2019	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
21	7168 Tax (City Hall)	BM	11/18/2019	\$ 22,513.86	\$ 22,513.86	\$ -	0.00%		NO	NO	
22	7169 Tax (City Hall)	BM	11/18/2019	\$ 18,723.08	\$ 18,723.18	\$ 0.10	0.00%		NO	NO	
23	7170 Tax (City Hall)	BM	11/18/2019	\$ 15,471.99	\$ 17,142.09	\$ 1,670.10	10.79%		YES	YES	Cash & Policy Violation(s): Collections Overage; Collector Did Not Enter Credit Card Payments from Previous Day into the I-Series System
24	7171 Bridge III - Customer Svc.	BM	11/19/2019	\$ 4,736.37	\$ 4,736.37	\$ -	0.00%		NO	NO	
25	7172 Bridge III - Toll Booth Collector	BM	11/19/2019	\$ 274.75	\$ 275.20	\$ 0.45	0.16%		NO	NO	
26	7173 Bridge IV - Customer Svc.	BM	11/20/2019	\$ 3,579.75	\$ 3,579.75	\$ -	0.00%		NO	NO	
27	7174 Bridge IV - Customer Svc.	BM	11/20/2019	\$ 4,108.62	\$ 4,108.62	\$ -	0.00%		NO	NO	
28	7175 Traffic	BM	11/22/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at the Time of Audit
29	7176 Traffic - Parking Offices	BM	11/25/2019	\$ 175.00	\$ 175.00	\$ -	0.00%		NO	NO	
30	7177 Bridge I - Toll Booth Collections	BM	11/25/2019	\$ 138.25	\$ 138.25	\$ -	0.00%		NO	NO	
31	7178 Bridge I - Toll Booth Collections	BM	11/25/2019	\$ 49.00	\$ 48.82	\$ (0.18)	-0.37%		NO	NO	
32	7179 Bridge I	BM	11/25/2019	\$ 500.00	\$ 500.00	\$ -	0.00%	Petty Cash	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: November 20, 2019  
Subject: Response to Audit # 7170 dated 11/18/19

The audit performed on 11/18/19 revealed that [redacted] did not balance her credit cards transactions (cash edit listing and the credit card terminal). The problem was that [redacted] did not perform the closing procedure on the credit card terminal on Friday, 11/15. At the time of balancing, [redacted] printed the detail report from the credit card terminal but did not settle the transactions. She used the detail report to balance her paperwork on 11/15 and then resumed using her credit card terminal the remainder of the afternoon on 11/15. Credit card terminals are set up to settle all transactions in the evening so [redacted] terminal settled Friday night with partial transactions that had been reported on 11/15 and the others that would be reported on 11/18. Both the teller and the supervisor have been told to be more careful with the paperwork at the time of balancing. Please let me know if you have any other questions regarding this issue.



December 2019

**CITY OF LAREDO**  
**INTERNAL AUDIT DIVISION**  
**SUMMARY OF SURPRISE CASH AUDITS**  
**DECEMBER 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)	(D)				
						(B-A)	(C/A)				
1	7180 Community Development	BM	12/3/2019	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Custodian not Available
2	7181 Convention & Visitors' Bureau	BM	12/3/2019	\$ 350.00	\$ 350.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at the Time of Audit
3	7182 Health - Ambulance Billing	BM	12/3/2019	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at the Time of Audit
4	7183 Library - Inner City Branch	BM	12/3/2019	\$ 5.30	\$ 5.30	\$ -	0.00%		NO	NO	
5	7184 Bridge I - Toll Booth Collector	BM	12/4/2019	\$ 208.25	\$ 210.47	\$ 2.22	1.07%		YES	YES	Cash & Policy Violation(s): Collections Overage
6	7185 Bridge I - Toll Booth Collector	BM	12/4/2019	\$ 290.50	\$ 290.51	\$ 0.01	0.00%		NO	NO	
7	7186 Municipal Court	BM	12/4/2019	\$ 295.00	\$ 295.10	\$ 0.10	0.03%		NO	NO	
8	7187 Police - Records	BM	12/4/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Supervisors Unavailable due to Training
9	7188 Tax (City Hall Annex)	BM	12/6/2019	\$ 12,145.77	\$ 12,040.49	\$ (105.28)	-0.87%		NO	NO	
10	7189 Tax (City Hall Annex)	BM	12/6/2019	\$ 14,268.63	\$ 14,268.63	\$ -	0.00%		NO	NO	
11	7190 Fleet Management	BM	12/6/2019	\$ 400.00	\$ 400.00	\$ -	0.00%	Petty Cash	NO	NO	
12	7191 Parks - Administration	BM	12/6/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at the Time of Audit
13	7192 Solid Waste - Landfill	BM	12/6/2019	\$ 2,518.40	\$ 2,518.40	\$ -	0.00%		NO	NO	
14	7193 Police - Records	BM	12/6/2019	\$ 41.30	\$ 41.30	\$ -	0.00%		NO	NO	
15	7194 Bridge III - Toll Booth Collector	BM	12/9/2019	\$ 355.25	\$ 355.25	\$ -	0.00%		NO	NO	
16	7195 Traffic - Zaragoza Parking Lot	BM	12/13/2019	\$ 1,316.00	\$ 1,353.00	\$ 37.00	2.81%		YES	YES	Cash & Policy Violation(s): Collections Overage
17	7196 Traffic - Parking Meters (No. HO 1006)	BM	12/13/2019	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at the Time of Audit
18	7197 Traffic - Parking Meters (No. MN 902)	BM	12/13/2019	\$ 3.25	\$ 3.55	\$ 0.30	9.23%		YES	YES	Cash & Policy Violation(s): Collections Overage
19	7198 Traffic - Parking Meters (No. GR 1420)	BM	12/13/2019	\$ 13.00	\$ 13.01	\$ 0.01	0.08%		NO	NO	
20	7199 Traffic - Parking Meters (No. HI 1214)	BM	12/13/2019	\$ 2.10	\$ 2.10	\$ -	0.00%		NO	NO	
21	7200 Traffic - Parking Meters (No. SG 1104)	BM	12/13/2019	\$ 2.30	\$ 2.55	\$ 0.25	10.87%		YES	YES	Cash & Policy Violation(s): Collections Overage
22	7201 Community Development	BM	12/18/2019	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Custodian Out of Office at Meeting
23	7202 Tax (City Hall)	BM	12/18/2019	\$ 144,737.36	\$ 144,737.24	\$ (0.12)	0.00%		NO	NO	
24	7203 Tax (City Hall)	BM	12/18/2019	\$ 29,564.61	\$ 29,564.61	\$ -	0.00%		NO	NO	
25	7204 Tax (City Hall)	BM	12/18/2019	\$ 50,324.32	\$ 50,324.32	\$ -	0.00%		NO	NO	
26	7205 Parks - Aquatics	BM	12/18/2019	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Fund Returned to Accounts Payable and Closed Out
27	7206 Airport	BM	12/23/2019	\$ 1,142.96	\$ 1,142.96	\$ -	0.00%		NO	NO	
28	7207 Utility Billing	BM	12/23/2019	\$ 1,780.57	\$ 1,780.57	\$ -	0.00%		NO	NO	
29	7208 Bridge II - Toll Booth Collections	BM	12/26/2019	\$ 355.25	\$ 355.30	\$ 0.05	0.01%		NO	NO	
30	7209 Bridge II - Toll Booth Collections	BM	12/26/2019	\$ 355.25	\$ 353.66	\$ (1.59)	-0.45%		NO	NO	
31	7210 Bridge II - Toll Booth Collections	BM	12/26/2019	\$ 194.25	\$ 194.31	\$ 0.06	0.03%		NO	NO	
32	7211 Community Development	BM	12/26/2019	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Custodian On Leave
33	7212 Bridge IV - Customer Svc.	BM	12/26/2019	\$ 8,074.63	\$ 8,074.63	\$ -	0.00%		NO	NO	
34	7213 Bridge IV - Customer Svc.	BM	12/26/2019	\$ 901.75	\$ 901.75	\$ -	0.00%		NO	NO	
35	7214 Bridge IV - Customer Svc.	BM	12/26/2019	\$ 3,137.65	\$ 3,137.65	\$ -	0.00%		NO	NO	

CITY OF LAREDO  
INTERNAL AUDIT DIVISION  
SUMMARY OF SURPRISE CASH AUDITS  
DECEMBER 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	Response: Policy Violation	Comments
36 7215	Bridge IV	BM	12/26/2019	\$ 600.00	\$ 600.00	\$ -	0.00%	Change Fund	NO	NO	

# Memo

**To:** Veronica Urbano, Internal Auditor

**From:** Yvette Limon, Bridge Director



**Date:** December 5, 2019

**Re:** Audit # 7184

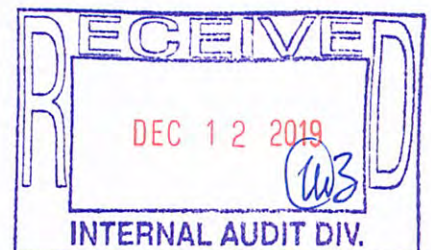
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On December 4, 2019, the City's Internal Audit Staff conducted a surprise cash audit at Bridge I on the Collector located in lane 3; noted below is the response to the audit observation.

Audit # 7184

At the end of the audit, Collector \_\_\_\_\_ was found to be over \$2.22. At the end of her shift, the collector had an overage of \$4.32. The supervisor verified her cash, reviewed her tour of duty report, unusual occurrences report, detailed audit report and exception report. No reason could be found for this variance.

Laredo Bridge System Shortage/ Overage policy was followed. An overage report was prepared, signed by the collector and placed in her employee file.







## City of Laredo Parking Division

### MEMORANDUM

**To:** Veronica Urbano, Internal Auditor  
**From:** Norma Ramirez, Parking/Vehicle for Hire Superintendent  
**cc:** Danny Magee, Traffic Safety Director *Dg Magee*  
**Subject:** Surprise Audit # 7195  
**Date:** December 13, 2019

Parking Division received a violation on Surprise Audit # 7195 – Zaragoza Pay Station

On December 11, 2019, the pay station was malfunctioning; as per vendor we had to re-wire the loops. We are awaiting pay station main electrical board. This malfunction caused the machine to stop issuing change. Pay station recorded this amount as Total Short \$23.

Mr. \_\_\_\_\_ issued \$10.00 in change to customers from the \$500 change fund allocated at Zaragoza Parking Lot (\$200 pay station + \$300 fee computer/teller).

On December 13, 2019 when Mr. \_\_\_\_\_ retrieved the money from the Pay station with Auditors, coins were not collected shown as Floating Total \$2.00.

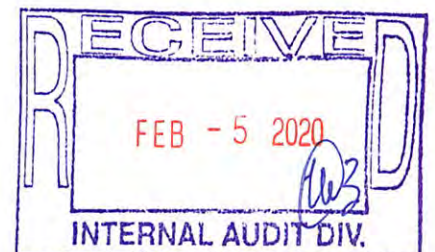
Total Short \$23 + Floating Total \$2 (Coins 8 quarters) + Total Gross \$1316 = \$1341 or \$4.00 over not \$37.00 as stated on Audit # 7195. The \$4.00 were recorded by the pay station, but not physically collected due to the malfunction.

Collected amount \$1156 + Floating Cash \$2.00 = \$1158 - \$200 (change fund) = \$958.00

\$958 - \$10 change to customer on 12/11/19 from the \$300 change fund = \$948 deposited on 12/13/19 deposit # 21 Group # 08389

Pay station report (attached) Total Cash \$948.00 + Total Credit Card \$397.00 = Total Net \$1,345

Please give me a call to go over the explanation if you have any questions.



Change Refund \$418.00  
 Short Refund 11 \$23.00  
 Cancel 0 \$0.00  
 VST Trk Pall 1 \$10.00  
 Race Time Count 14  
 Bag Life Count 0  
 Mt-Pass Off 0  
 Receipt Issued Count 22  
 Credit Note 0

Sequence No. (By Section)  
 Payment No.00000001 - 00000321  
 Credit No.00000001 - 00000001  
 Coin Total No.00000001 - 00000002  
 BNR Total No.00000001 - 00000003  
 Coin Safe No.00000000 - 00000000  
 Note Safe No.00000000 - 00000000  
 Coin Safe Totals # 0  
 Note Safe Totals # 1  
 Coin Totals # 2  
 Receipts 3  
 Change Refund \$0.00  
 Coin Type1(5c) 0  
 Coin Type2(10c) 0  
 Coin Type3(25c) 0  
 Coin Type4(\$1) 0  
 Inventory \$0.00  
 To Change Tray > \$0.00  
 Coin Type1(5c) 0  
 Coin Type2(10c) 0  
 Coin Type3(25c) 0  
 Coin Type4(\$1) 0  
 To Coin Safe > \$0.00  
 Coin Type1(5c) 0  
 Coin Type2(10c) 0  
 Coin Type3(25c) 0  
 Coin Type4(\$1) 0

Totals 3 \$2.00  
 Coin Unit Current Contents  
 Container  
 Tube A (\$1) 0  
 Tube B (5c) 3  
 Tube C (25c) 3  
 Tube D (10c) 3  
 Tube E (25c) 10  
 Tube F (\$1) 0  
 Hopper 1 (\$1) 0  
 Hopper 2 (25c) 0  
 Recycler Cassette report  
 Note Count Amount  
 \$5 0 \$0.00  
 \$1 0 \$0.00  
 \$10 0 \$0.00  
 Totals 0 \$0.00

Coin Unit  
 Coin Type1(5c)  
 Received 0  
 Dispensed 0  
 Coin Type2(10c)  
 Received 0  
 Dispensed 0  
 Coin Type3(25c)  
 Received 3  
 Dispensed 3  
 Coin Type4(\$1)  
 Received 0  
 Dispensed 0

Note Recycler  
 Note3 (\$5)  
 Received 64  
 Dispensed 17  
 Note1 (\$1)  
 Received 114  
 Dispensed 104  
 Note4 (\$10)  
 Received 25  
 Dispensed 20

Miscellaneous  
 Rate A 320 \$1,306.00  
 Credit/Debit Count 75 \$397.00  
 Card Type  
 MasterCard 15 \$86.00  
 Visa 60 \$311.00

T Total  
 12/13/2019 (Fri) 9:20  
 P/S #02 Total No.00000001  
 Start Date: 12/11/2019 9:25  
 Star. Trans. No.:  
 End Date: 12/13/2019 9:20  
 End Trajs. No.: 321  
 Total Trans: 321  
 Total Cancel: 0  
 Total Gross: \$1,316.00  
 Total Discount: 0  
 Total Surcharge: 0  
 Total Others Discount: 0  
 Total Net: \$1,316.00  
 Total Cash: \$918.70  
 Total Short: 11  
 Credit/Debit: 79  
 Starting Money: \$0.00  
 Balance: \$2.00

COIN SAFE TOTAL	Hold Amount
Coin Count	
5c 0	\$0.00
10c 0	\$0.00
25c 0	\$0.00
50c 0	\$0.00
\$1 0	\$0.00
Totals 0	\$0.00

NOTE SAFE TOTAL	Hold Amount
Note Count	
\$1 311	\$311.00
\$2 0	\$0.00
\$5 71	\$355.00
\$10 7	\$70.00
\$20 21	\$420.00
\$50 0	\$0.00
\$100 0	\$0.00
Totals 406	\$1,156.00

FLOATING TOTAL  
 TOTALS \$2.00

COIN UNIT REPORT	AMOUNT
5c 0	\$0.00
10c 0	\$0.00
25c 8	\$2.00
\$1 0	\$0.00



## City of Laredo Parking Division

### MEMORANDUM

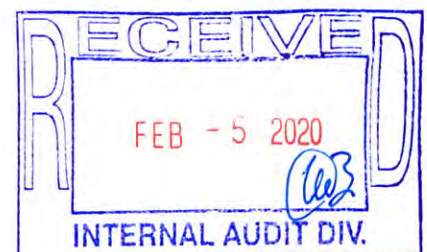
**To:** Veronica Urbano, Internal Auditor  
**From:** Norma Ramirez, Parking/Vehicle for Hire Superintendent  
**cc:** Danny Magee, Traffic Safety Director *Dy Magee*  
**Subject:** Surprise Audit # 7197 & 7200  
**Date:** December 13, 2019

Parking Division received violation on Surprise Audit # 7197 & 7200 – Parking Meters

On December 13, 2019, meter Main 902 (MN902) was audited and it recorded .30 cents over out of the \$3.55 collected. This is a V9 battery operated Duncan meter, reasons for not recording the coins correctly could be a low battery or a defective/damaged coin.

On December 13, 2019, meter San Agustin 1104 (SG1104) was audited and it recorded .25 cents over out of the \$2.55 collected. This is also a V9 battery operated Duncan meter, reasons for not recording the coins correctly could be a low battery or a defective/damaged coin.

Please let me know if you need additional information or have any questions.



# III. Unannounced Inventory Count Audits

October 2019

**Fleet Department  
Fuel Inventory Audit  
September 23, 2019**

**STATEMENT OF SCOPE & METHODOLOGY**

On September 23, 2019, Internal Audit initiated an Inventory Audit of the City's fuel supply housed at the fueling facilities adjacent to Public Works and the Landfill. The objective of this audit was to determine whether or not the fuel supply could be reconciled at any given point in time with the current reporting mechanisms in place. The scope of our audit consisted of a review of the monthly fuel usage reports (WinCC and Veeder-Root systems), as well as the vendor invoices submitted for the month of March 2019 (original records as well as copies were obtained and verified through examination). The following steps were taken to analyze all the data collected.


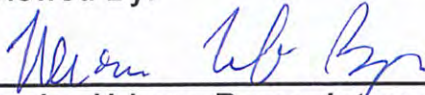
- Interviews were conducted with Fleet Maintenance Staff.
- WinCC and Veeder-Root reports were obtained from Fleet and Solid Waste staff, and an evaluation of the monthly fuel usage reports was conducted. Beginning and ending balances for the month of March 2019 were provided.
- Vendor delivery receipts and statements (invoices) were obtained from Fleet and Solid Waste staff, and an evaluation of fuel replenished and billed was conducted.
- Verified the total gallons used and delivered for the month of March 2019

**INTERNAL AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS**

F1: After reviewing the WinCC and Veeder-Root system reports, the vendor invoices provided by Fleet, and the opening and ending fuel balances for the month of March 2019 we were unable to reconcile the fuel inventory for the month, as indicated in the table below. The Average Percentage Change in Variance across all fueling locations came out to (5.19%).

<b>FUELING LOCATIONS</b>						
	<b>Fleet Unleaded Tank 1</b>	<b>Fleet Unleaded Tank 2</b>	<b>Fleet Diesel Tank 3</b>	<b>Landfill Diesel</b>	<b>Landfill DEF</b>	<b>Landfill D Diesel Tank 3150</b>
<b>Beginning Balance (in Gallons) as per Inventory Report</b>	8,284	7,658	5,155	6,812	784	952
<b>Gallons Delivered</b>	30,743	27,118	29,532	35,236	600	2,525
<b>Gallons Dispensed</b>	35,744	31,474	28,201	33,636	1,129	1,865
<b>Ending Balance Calculated</b>	3,283	3,302	6,486	8,412	255	1,612
<b>Ending Balance (in Gallons) as per Inventory Report</b>	2,811	3,708	6,474	8,429	404	1,612
<b>Variance</b>	472	(406)	12	(17)	(149)	0
<b>Percentage Change in Variance per Location</b>	16.79%	-10.94%	0.18%	-0.21%	-36.96%	0.00%
<b>Average Percentage Change in Variance</b>						-5.19%

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

<b>Prepared by:</b>  10-18-2019 Elia Y. Rodriguez, Auditor II Date		<b>Reviewed By:</b>  10-18-19 Veronica Urbano Baeza, Internal Auditor Date	
<b>Issued to:</b>	<b>Response Required</b>	<b>Response Due Date</b>	
Ronald W. Miller, Fleet Management Director	YES	11/01/2019	
<p><b><u>All responses must be signed by the Department Director, submitted to the Internal Auditor, and include the following:</u></b></p> <ol style="list-style-type: none"> <li>1.) A description of the progress in resolving or addressing the findings or observations noted above.</li> <li>2.) Implementation schedules identifying specific steps to be taken and to assure similar findings or observations are not repeated and target dates for implementation.</li> </ol>			
Cc: Rosario Cabello, Co-Interim City Manager Robert A. Eads, Co-Interim City Manager			



Response to the Fuel Audit Report for Month of March 2019

The reconciling of the fuels will always be a challenge. Many factors affect the variances. We will continue doing everything possible to balance on fuel consumption to environmental Factors that affect fuel levels. Another factor is the unloading of fuel and continue dispensing Fuel during this process of unloading and the one factor we faced this year was the Cyber-Attack. We are working with IT and Trak engineering to resolve the issue. We are looking into upgrading the system. First step we are going to replace the present computer that was affect by the May Cyber-Attack. It is on order and will install and IT and Trak Engineering will set up. We will continue to look into and upgrade system that Trak has offered. This is \$37,000.00 dollar upgrade. Other option is to go with a complete change of the fuel software system. This type of change will be an \$80,000.00 investment. We will explore our options and see if we can prolong the upgrade with the computer and maybe the Trak upgrade.

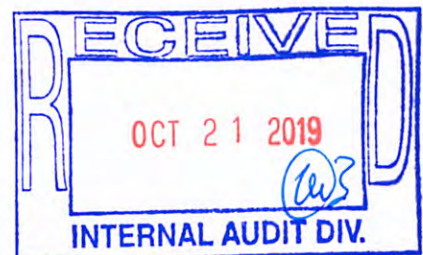
In reference to the variances of the DEF fuel. The Variance was not 36% it should have been 5%. The reason for the different the forms given to Auditor where in a different format. The service truck with key 52811 dispense both diesel and DEF. Prior form had the unit 52811 has a dispensing system. It was in a different format. To avoid this in the future, I will go over the documents with the auditor to avoid any confusion.

Thank you

  
Ron Miller

Fleet Management Director

10/21/19





**Transit Maintenance Division  
Surprise Inventory Count Audit  
October 9, 2019**

**STATEMENT OF SCOPE & METHODOLOGY**

On October 9, 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.
Mirror 09/11 GLG	02-185	\$ 497.65	1	1	0	N/A
Shock Absorber Rear BB 03	16-381	\$ 308.33	1	1	0	N/A
Module Multiplex 09/11 GLG	34-413	\$ 877.05	1	1	0	N/A
Sway Bar Assy Front BB 03	43-202	\$ 895.00	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.

<p><b>Prepared by:</b>    <b>Bianca Medellin, Auditor I</b>  <b>Date: 10/10/19</b></p>	<p><b>Reviewed by:</b>    <b>Veronica Urbano Baeza, Internal Auditor</b>  <b>Date: 10-17-2019</b></p>
<p><b>To: Claudia San Miguel, Acting Transit General Manager</b></p>	
<p><b>Cc: Rosario C. Cabello, Co – Interim City Manager</b>  <b>Robert A. Eads, Co – Interim City Manager</b></p>	

**Utilities Service Center  
Surprise Inventory Count Audit  
October 15, 2019**

**STATEMENT OF SCOPE & METHODOLOGY**

On October 15, 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**

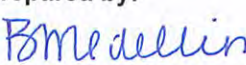
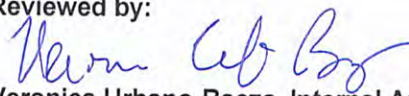
Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING / OBSERVATION NO.
Saddle Bronze 10 x 1/2 in	89007000035	\$ 75.32	6	6	0	N/A
LF 1-1/2 FIP x FIP	89007000358	\$ 166.50	19	19	0	N/A
4" DI Companion Flange	89007000142	\$ 40.73	23	23	0	N/A
Clamp S-B 226-0905-10 8x10 in	8900706034	\$ 95.55	32	32	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><b>Prepared by:</b>                    Bianca Medellin, Auditor I                  Date: 10-16-2019</p>	<p><b>Reviewed by:</b>                    Veronica Urbano-Baeza, Internal Auditor                  Date: 10-16-2019</p>
<p><b>To:</b> Riazul Mia, Utilities Director</p>	
<p><b>Cc:</b> Rosario C. Cabello, Co - Interim City Manager                  Robert A. Eads, Co - Interim City Manager                  Humberto Delgado, Financial Services</p>	

November 2019

# Public Works – Warehouse Division

## Surprise Inventory Count Audit

November 19, 2019

### STATEMENT OF SCOPE & METHODOLOGY

On November 19, 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.
Rebar #4 (1/2" x 20')	Not Available	\$765.00	3	3	0	N/A
Stud 2" x 6" x 16'	Not Available	\$12.99	23	35	12	F1
Spectra Precision Laser	18344	\$1,200.00	1	1	0	N/A
Floor Finisher/Multi quip	PF0197142	\$2,759.00	1	1	0	N/A

#### **Finding #1**

(F1) Overage of twelve (12) Stud 2" x 6" x 16' was discovered during physical count. Dollar average amount of overage equals to a total of \$220.83.

#### **Recommendation**

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

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

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

Prepared by:

*BMedellin*

Bianca Medellin, Auditor I

Date: *11/22/19*

Reviewed by:

*Veronica Urbano Baeza*

Veronica Urbano Baeza, Internal Auditor

Date: *11-22-2019*

To: John Orfila, Public Works Director

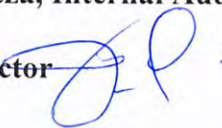
Cc: Rosario C. Cabello, Co- Interim City Manager  
Robert A. Eads, Co – Interim City Manager



**CITY OF LAREDO**  
DEPARTMENT OF PUBLIC WORKS

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**M E M O R A N D U M**

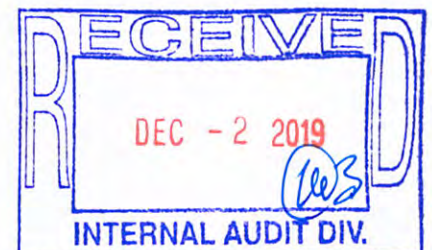
**TO:** Veronica Urbano Baeza, Internal Auditor  
**FROM:** John Orfila, Jr., Director   
**DATE:** November 27, 2019  
**SUBJECT:** Surprise Inventory Count Audit

In response to the Audit dated November 19, 2019, the variance of materials has been accounted for.

F1 12 ea. 2" x 6" x 16' Studs

The studs were replaced by a staff member but the Warehouse Supervisor forgot to update the inventory report.

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



**Parks & Recreation Department – Central Warehouse  
Surprise Inventory Count Audit  
November 25, 2019**

**STATEMENT OF SCOPE & METHODOLOGY**

On November 25, 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 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.
MS 150 Chainsaw	PR-EQ-5155	\$ 399.99	1	1	0	N/A
Stihl Blower BR 450	PR-EQ-7795	\$ 489.99	1	1	0	N/A
Stihl Weedeater 131R	PR-EQ-7028	\$ 359.99	1	1	0	N/A
Edger Mclane	PR-EQ-3339	\$ 684.50	1	1	0	N/A

**AUDIT FINDINGS AND/OR OBSERVATIONS & RECOMMENDATIONS**

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.

No written response is required on this report.

<p><b>Prepared by:</b> <i>Bmedellin</i> Bianca Medellin, Auditor I Date: 12/5/19</p>	<p><b>Reviewed by:</b> <i>Veronica Urbano-Baeza</i> Veronica Urbano-Baeza, Internal Auditor Date: 12-5-2019</p>
<p><b>To:</b> Juan J. Gomez, Jr., Parks &amp; Recreation Director</p>	
<p><b>Cc:</b> Rosario C. Cabello, Co – Interim City Manager Robert A. Eads, Co – Interim City Manager</p>	

# Fleet Management Department

## Surprise Inventory Count Audit

November 25, 2019

### STATEMENT OF SCOPE & METHODOLOGY

On November 25, 2019, a Surprise Inventory Count Audit was conducted on the Fleet Management Department. Four (4) different items were randomly selected from the parts inventory on hand. Division currently uses "Fleet Management Software" in order to keep a database of the division's inventory and to serve as a measure of control of assets.

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

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

### AUDIT FINDINGS AND/OR OBSERVATIONS

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

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING / OBSERVATION NO.
Tire Recap	11R X 22.5 Reman	\$225.50	5	4	-1	F 1
Brake Pads Charger Rear	ATD1057AP	\$55.25	6	6	0	N/A
V-Belt for Explorer	JK6455D	\$18.74	11	7	-4	F 2
Tail Light (L)	534D	\$7.88	8	8	0	N/A

#### **Finding #1**

(F1) Shortage of one (1) Tire Recap was discovered during physical count. Dollar average amount of shortage equals to a total of \$225.50.

#### **Finding #2**

(F2) Shortage of four (4) V-Belt for Explorer was discovered during physical count. Dollar average amount of shortage equals to a total of \$74.96.

#### **Recommendation**

Internal Audit recommends that Fleet 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 Fleet inventory system, Fleet Management Software.

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



Prepared by:

*Bmedellin*

Bianca Medellin, Auditor I

Date: *12/5/19*

Reviewed by:

*Veronica Urbano-Baeza*

Veronica Urbano-Baeza, Internal Auditor

Date: *12-5-2019*

To: Ronald W. Miller, Fleet Management Director

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

Robert A. Eads, Co – Interim City Manager

12/11/2019



### Surprise Inventory Count Audit

The shortage of one recap tire

The tire shortage was caused by wrong tire charged to WO# 86782. Tire inventory #11r22.5steer was charge to work order. It should had been 11r22.5reman. (Correction completed)

The shortage of 4 V Belt for Explorer 4

The V Belts shortage was that two belts where believed to have been charged. But our RTA maintenance software has been had been updated and up graded two weeks before and several issue came up after the installation. (Inventory receiving etc.) We were able to go back and follow the trail of V Belt usage and request. We found that V Belts that should have been charged on WO#84070 and 00336. The other belts where located in the delivery receiving rack. (they fell to the back of the rack.)

All parts have been accountant for and staff will continue to do random checks of inventory to see if we can locate any other possible error due to the RTA upgrade Renewal.

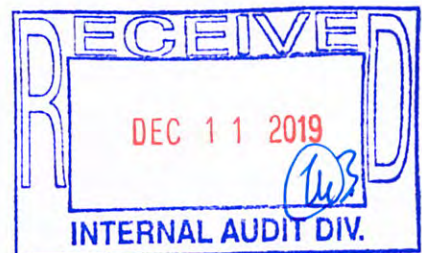
Any questions feel to contact me here at Fleet.

Thank you

Ron Miller

Fleet Management Director

A handwritten signature in red ink, appearing to read "Ron Miller", with a long horizontal line extending to the right.



Work Order #: 00001 - 0086782 Customer: 00001 - 4220 Priority:   
 Vehicle: 00001 - 14630 Name: UTIL/WASTEWATE Reason: 10 ROAD CALL   
 Department: Utilities-Wastewater Coll Vendor: 00001 -   
 Year: 2019 Posting date: 12/11/2019 PM Due Status VMRS Code Template WO   
 Make: INTERNATIONAL Shop ID: All F PAST DUE 066-006-000 None Listed   
 Model: 4400 Status: Open S1 PAST DUE 000-000-000 None Listed   
 Created by: DIMORENO Lines: 01

- Add Line
- Edit Line
- Post Line
- Line Notes

Line	VMRS #	VMRS Description	Type	Mechanic	Rate	Qty	Est. Hrs	Actual Hrs	C-C	Status	Warranty	Veh
01	017-008-000	TIRE MNT REPLACE TIRE	RPL	0	0.000	1.000	0.75	0.00	01	Partial	Yes	No Status As

Line Transactions Work Order Transactions

Line	Type	Date Posted	Name	ItemID	Hrs/Qty	Price/Wage	Total	Description	Trans #	Created By	Sys Date	Sys T
01	P	11/15/2019	TIRE REPAIR	00001-99REPAIR	1.000	82.500	82.500	TIRE REPAIR	0002	R.FLORESO	11/19/2019	091338
01	T	11/15/2019	TIRE STEER 16 PLY	00001-11R0225	1.000	344.300	344.300	TIRE STEER 16 PLY	0001	CJACAMAN	11/15/2019	1041377
01	T	11/15/2019	TIRE STEER 16 PLY	00001-11R0225	1.000	344.300	344.300	TIRE STEER 16 PLY	0002	R.FLORESO	11/25/2019	152724E
01	T	11/25/2019	TIRE RECAP	00001-11R0225REMAN	1.000	240.052	240.052	TIRE RECAP	0004	R.FLORESO	11/25/2019	152759E

Work Order #: 00001 - 0084070 Customer: 00001 - 2366 Priority:   
 Vehicle: 00001 - 01517 Name: LPD - PATROL DI Reason: 10 ROAD CALL   
 Department: PD-PATROL DIVISION Vendor: 00001 -   
 Year: 2015 Posting date: 12/11/2019 PM Due Status VMRS Code Template WO   
 Make: FORD Shop ID: All S DUE SOON 066-011-000 None Listed   
 Model: Explorer Status: Closed S1 NO POSTED DA 000-000-000 00001-DIESEL   
 Created by: AMESQUITA Lines: 05

- Add Line
- Edit Line
- Post Line
- Line Notes

Line	VMRS #	VMRS Description	Type	Mechanic	Rate	Qty	Est. Hrs	Actual Hrs	C-C	Status	Warranty	Veh
01	045-082-000	CHECK ENGINE LIGHT ON	CRR	528	65.000	1.000	0.30	0.30	01	Closed		No Status As
02	045-005-000	COIL	R/R	528	65.000	1.000	0.50	26.29	01	Closed		No Status As
03	045-004-000	O2 SENSORS REPLACEMENT	R/R	528	65.000	1.000	0.20	0.20	01	Closed		No Status As
04	045-002-000	ACCESS DRIVE PULLEY	R/R	528	65.000	1.000	0.00	0.00	01	Closed		No Status As
05	013-001-000	CK3&R FRONT /REAR BRAKES	R/R	528	65.000	1.000	0.75	0.75	01	Closed		No Status As

Line Transactions Work Order Transactions

Line	Type	Date Posted	Name	Item/ID	Hrs/Qty	Price/Wage	Total	Description	Trans #	Created By	Sys Date	Sys Tr
04	L	11/27/2019	ROLANDO MAISONET	00001-0000000528 ROL	0.000	65.000	0.000	ACCES DRIVE PULLEY	0009	AMESQUITA	11/27/2019	09
04	P	11/25/2019	V-BELT FOR EXPLORER	00001-JK64550	1.000	18.746	18.746	V-BELT FOR EXPLORER	0006	RIFLORESO	11/25/2019	15

Work Order #: **00001 - 0000336** Customer: 00001 - 2366 Priority:

Vehicle: 00001 - 01500 Name: LPD - PATROL DI Reason: 10 ROAD CALL

Department: PD-PATROL DIVISION Vendor: 00001 -

Year: 2015 Posting date: 12/11/2019 PM Due Status VMRS Code Template W/O

Make: FORD Shop ID: All

Model: Explorer Status: Closed

Created by: AMESQUITA Lines: 04

S DUE SOON 066-011-000 None Listed

S1 NO POSTED DA 000-000-000 00001-DIESEL

-  Add Line
-  Edit Line
-  Post Line

Line	VMRS #	VMRS Description	Type	Mechanic	Rate	Qty	Est. Hrs	Actual Hrs	C/C	Status	Warranty	Veh
01	001-000-000	AC/HEATER SYSTEM SECTION	CRR	528	65.000	1.000	0.75	22.47	01	Closed		No Status As
02	001-002-000	REPLACE COMPR/CONDENSER/E	R/R	528	65.000	1.000	3.03	21.88	01	Closed		No Status As
03	045-002-000	ACCES DRIVE PULLEY	R/R	528	65.000	1.000	0.40	1.70	01	Closed		No Status As
04	042-004-000	BELT FAN OR ALL	R/R	528	65.000	1.000	0.30	2.88	01	Closed		No Status As

Line Transactions Work Order Transactions

Line	Type	Date Posted	Name	Item/ID	Hrs/Qty	Price/Wage	Total	Description	Trans #	Created By	Sys Date	Sys Tr
04	L	09/19/2019	ROLANDO MAISONET	00001-0000000528 ROL	2.880	65.000	187.200	BELT FAN OR ALL	0006		09/19/2019	1059547
04	P	09/10/2019	V-BELT FOR EXPLORER	00001-JK64550	1.000	12.051	12.051	V-BELT FOR EXPLORER	0001	CJACAMAN	09/10/2019	1539078
04	P	09/10/2019	TENSIONER FOR EXPLORER	00001-B142682098	1.000	73.640	73.640	TENSIONER FOR EXPLORER	0002	CJACAMAN	09/10/2019	1540648

December 2019

**Max Mandel Municipal Golf Course  
Asset Inventory Count Audit  
December 12, 2019**

**STATEMENT OF SCOPE & METHODOLOGY**

On December 12, 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
<b>Assets \$250 - \$4,999</b>						
Safe Depository	14152	\$437.80	1	1	0	N/A
Television	14183	\$833.00	1	1	0	N/A
Baby Changing Station	14206	\$274.32	1	1	0	N/A
Oven Convection	NT	\$2,895.99	1	1	0	O1
Restaurant Minor Equipment	NT	\$1,886.52	1	1	0	O1
Freezer Reach In	14099	\$4,087.13	1	1	0	N/A
Edger Attachment and 2 Side Mount Plates for Pro Gator 2020A	NT	\$4,368.60	1	1	0	O1
Table Round 48" Granite Top w/(4) Iron Grid Chairs	NT	\$986.15	1	1	0	O1
Table Square 36" Mesquite	14187	\$1,200.00	1	1	0	N/A
Table Square 36" Mesquite	14190	\$1,200.00	1	1	0	N/A
Table Square 36" Mesquite	NT	\$1,200.00	1	1	0	O1
Table Square 36" Mesquite	14193	\$1,200.00	1	1	0	N/A
Chairs Mesquite	NT	\$3,950.00	1	1	0	O1
Cart Food Warmer	9219	\$500.00	1	1	0	N/A
<b>Assets \$5,000 &amp; Greater</b>						
Dishwasher Commercial w/Soiled Dish Table	14117	\$9,233.00	1	1	0	N/A
Sound System for Club House	14180	\$13,571.00	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 Greens	NT	\$10,500.00	1	1	0	O1

DESCRIPTION	ASSET NUMBER	AVG. UNIT PRICE	QTY. SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO
Roller Greens	10372	\$5,000.00	1	1	0	N/A
Cart Utility	10375	\$8,500.00	1	1	0	N/A
Mower Precision Cut	NT	\$15,000.00	1	1	0	O1
Cart Utility	10513	\$10,960.00	1	1	0	N/A
Aerator	NT	\$16,996.50	1	1	0	O1
Mower Greens	10516	\$10,525.63	1	1	0	N/A
Cart Utility	10522	\$8,960.84	1	1	0	N/A
Cart Utility	10523	\$8,960.84	1	1	0	N/A
Cart Utility	10525	\$20,978.67	1	1	0	N/A
Mower Precision Cut Trim	10527	\$33,914.86	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
Oven Convection	14101
Restaurant Minor Equipment	NT
Edger Attachment and 2 Side Mount Plates for Pro Gator 2020A	14144
Table Round 48" Granite Top w/(4) Iron Grid Chairs	14171
Table Square 36" Mesquite	14191
Chairs Mesquite	NT
Mower Greens	10381
Mower Precision Cut	NT
Aerator	10514

**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.

**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.**

<b>Prepared by:</b>  Bianca Medellin, Auditor I <b>Date:</b> 12/16/19	<b>Reviewed by:</b>  Veronica Urbano Baeza, Internal Auditor <b>Date:</b> 1-6-2020
<b>To:</b> Dennis Gutierrez, MAX General Manager	
<b>Cc:</b> Rosario C. Cabello, Co – Interim City Manager Robert A. Eads, Co – Interim City Manager Gilberto Sanchez, Jr., Budget Director	



To: Veronica Urbano Baezo

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

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

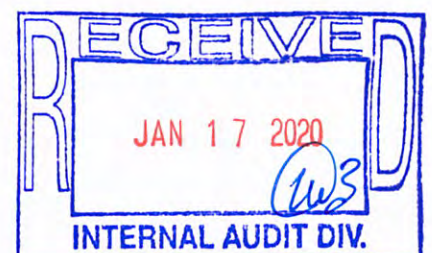
1. The max will approach finance in order to attain more tags and re tag those items that have lost their tags through everyday wear and tear

Thank you,

Dennis Gutierrez

General Manager

1-17-2020





**Utilities Service Center  
Surprise Inventory Count Audit  
December 23, 2019**

**STATEMENT OF SCOPE & METHODOLOGY**

On December 23, 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**

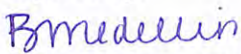

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING / OBSERVATION NO.
Corp Stop 1 Compression 1"	890-070-1205	\$ 52.98	107	107	0	N/A
Saddle Romac 202-1438 CC 12 x 1 Inches	890-070-3100	\$ 195.56	26	26	0	N/A
EII PVC 90 2 Inches	890-070-3039	\$ 0.78	37	37	0	N/A
Union Comp 14503-10050 1 Inch	890-070-1290	\$ 21.69	83	83	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><b>Prepared by:</b>                    Bianca Medellin, Auditor I                  Date: 12/23/19</p>	<p><b>Reviewed by:</b>                    Veronica Urbano-Baeza, Internal Auditor                  Date: 1-6-2020</p>
<p><b>To:</b> Riazul Mia, Utilities Director</p>	
<p><b>Cc:</b> Rosario C. Cabello, Co - Interim City Manager                  Robert A. Eads, Co - Interim City Manager                  Humberto Delgado, Financial Services</p>	

**Bridge System  
Automated Vehicle Identification System (AVI) Tags  
Surprise Inventory Count Audit  
December 26, 2019**

**STATEMENT OF SCOPE & METHODOLOGY**

On December 26, 2019, a surprise Inventory Count Audit was conducted on the Bridge System's Automated Vehicle Identification System (AVI) Inventory Tags. Two (2) inventory tag classifications (with their respective locations) were randomly selected from the AVI Inventory Listings. Department currently uses the new "CAMS 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.) An AVI tag inventory totals summary was requested (document on file).
- 2.) Random selection of tag classification and respective location.
- 3.) Site visit to the Bridge System Warehouse (Bridge I).
- 4.) Bridge System staff interviews.
- 5.) Physical count of selected items.

**AUDIT FINDINGS AND/OR OBSERVATIONS**

Based upon the physical count performed on the randomly selected inventory tags and as shown in the table below, the following findings and/or observations were noted.

TAG CLASSIFICATION/LOCATION	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	AVG. UNIT COST	VARIANCE	REF. FINDING/OBSERVATION NO.
Regular Tags - Warehouse/Bridge I	8741	8741	\$ 15.00	0	N/A
Bumper Sticker Warehouse/Bridge I	5	5	\$ 27.00	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:

*B Medellin*

Bianca Medellin, Auditor I

Date: 12/27/19

Reviewed by:

*Veronica Urbano Baeza*

Veronica Urbano Baeza, Internal Auditor

Date: 1-6-2020

To: Yvette Limon, Bridge Director

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

## IV. Cash Compliance Audits

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

<b>Department/Division Name: Health Department</b>			<b>Audit Date</b>	
<b>Custodian's Name:</b>			<b>Reference: Surprise Cash Audit # 7122</b>	
<b>Period Audited: Last reimbursement &amp; receipts on hand (September 2019)</b>			10/8/2019	
<b>Audit Objective:</b> 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.				
	<b>Department/Division Compliance Checklist</b>	Compliance Comments	Score	Value
1.	Custodian is responsible for funds and preparing vouchers and paperwork.	F1	3.20	5
2.	Custodial Statement of Responsibility is signed and kept on file for the amount of funds in the possession of custodian. (Permanent Assignment)	100 % Compliance	10	10
3.	Petty Cash is returned to Finance when authorized custodian is no longer responsible. Each custodian must complete a Custodial Statement of Responsibility prior to receipt of petty cash funds. (IV-1) (Including the internal temporary transfer of funds.)	N/A	N/A	N/A
4.	Amount of overages are deposited next business day. Shortages are reported to immediate supervisory or department director. Petty cash custodian replenishes the amount of shortage. Continued shortages or material amounts are submitted to Finance and City Manager's Office. Shortages in the Petty Cash Fund, incl. unjustified sales tax exempt expenses, are the liability of custodian to attain the funds from the person making the actual purchase. Exemptions follow Sec.VIII-2. (Shortages/Overages are determined through a surprise cash count and reconciliation of vouchers)	N/A	N/A	N/A
5.	All petty cash funds are kept in a metal box equipped with a lock. The petty cash box is kept overnight in a vault, safe, or in any secure locked area.	100 % Compliance	10	10
6.	Petty cash is restricted to a \$35 limit per purchase. The total purchase to one vendor should not exceed \$35.	100 % Compliance	10	10
7.	Petty Cash is used strictly for City business and operations only and conforms to purchasing guidelines.	100 % Compliance	10	10
8.	Employees' sign voucher in order to obtain petty cash funds (contents of voucher complies with policy), obtain invoice or receipt from vendor, and return left over cash and invoice to custodian.	100 % Compliance	10	10
9.	Custodian reimbursed employee for any additional funds spent.	100 % Compliance	10	10
10.	Funds are verified and replenished at least once a month at the end of month.	100 % Compliance	5	5
	<b>Department/Division-Total Compliance Score – 97%</b>		<b>68.2</b>	<b>70</b>
	<b>Finance/Accounts Payable-Compliance Checklist</b>	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
	<b>Finance/Accounts Payable-Total Compliance Score- 100%</b>		<b>30</b>	<b>30</b>

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 out of nine (9) vouchers reviewed, two (2) vouchers (#3253, and #3254) did not reflect the dollar amount advanced, only the actual amount expended.

**Recommendation:**

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

**Finance/Accounts Payable- Findings Observations and Recommendations:**

Internal Audit found no audit findings.

Prepared by:

Bmedellin 10/22/19  
Bianca Medellin , Auditor I Date

Reviewed By:

Veronica Urbano Baeza 10-29-19  
Veronica Urbano Baeza, Internal Auditor Date

Issued to:

Issued to:	Response Required	Response Due Date	Score	Overall Score
Hector F. Gonzalez – Health Director	YES	Ten (10) Working Days From Receipt of Report	97%	
Jose F. Castillo – Acting Finance Director	NO	N/A	100%	98.50

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



### Laredo Active Living



Laredo Health Department



**Public Health**  
Prevent. Promote. Protect.

2600 Cedar Ave., P.O. Box 2337, Laredo, TX 78044  
Tel. (956) 795-4900 Fax. (956) 726-2632

Hector F. Gonzalez, M.D., M.P.H.  
Director of Health

# Memorandum

To: Veronica Urbano, Internal Audit

From: Hector F. Gonzalez, M.D., M.P.H., Health Director *HFG*

XCS: Rosario Cabello, Interim City Manager

Robert Eads, Interim City Manager

Martin Aleman, Chief for Budget & Grants Management

Guillermo Walls, WIC Director

Date: November 4, 2019

**Re: Compliance Audit Petty Cash – Health Department**



We have received your findings for a recent audit conducted for Petty Cash Fund designated to from WIC division. After our review the following has been determined:

### Finding 1

Internal Audit noticed that out of nine (9) vouchers reviewed, two (2) vouchers (#3253 and #3254) did not reflect the dollar amount advanced, only the actual amount expensed.

### Response

Upon review of receipts, it was determined that the advance was recorded on receipt #3251 as required by the policy. However, because the items that were not available in one single store the individual had to go to multiple stores to obtain the requested items. In total the individual went to three different stores and brought back three different receipts which all pertained to the \$35 advance on receipt #3251. The petty cash custodian then broke down each receipt into their own petty cash voucher hence creating the two additional voucher receipts that are in question.

We were unclear as to the proper handling given this specific scenario, however, the Internal Audit Division has provided interpretation and guidance on the handling of receipts and vouchers given this particular scenario. Therefore, in response and in accordance to the recommendation we will proceed with noting the advance amount in each voucher and create additional vouchers when multiple receipts are involved.

The City of Laredo Health Department is committed to following all established rules and policies and will proceed with the recommended corrective action given by the Internal Audit Division.

# 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