
City of Laredo, Texas

Internal Audit Division



Unannounced Cash & Inventory Audit Consolidated
Report (October 2016 through March 2017)

May 26, 2017

**City of Laredo
Internal Audit Division**

**Unannounced Cash & Inventory Audit Consolidated Report
October 2016 through March 2017
Table of Contents**

I.	Executive Summary	i
II.	Unannounced Cash & Petty Cash Audits	
	Cash Audits (October 2016).....	1
	Cash Audits (November 2016).....	2
	Response Received from Community Development – Housing Rehab (Audit # 6004).....	3
	Petty Cash Policy Compliance Audit – Laredo Animal Care Services (Audit # 6007)	4
	Cash Audits (December 2016).....	6
	Response Received from Traffic (Parking Meters).....	7
	Cash Audits (January 2017)	8
	Cash Handling & Internal Controls Assessment Audit – Municipal Court (Audit #s 6049, 6060, 6066-6067, 6079-6081)	9
	Response Received from Municipal Court	12
	Cash Audits (February 2017).....	13
	Petty Cash Policy Compliance Audit – Parks – Administration (Audit # 6085)	14
	Response Received from Parks – Administration	17
	Response Received from Bridge (Audit # 6108)	18
	Cash Audits (March 2017).....	19
	Response Received from Bridge (Audit # 6115).....	20
III.	Unannounced Inventory Count Audits	
	October 2016	
	Public Works	21
	Fleet	22
	Parks	23
	November 2016	
	Transit.....	24
	Utilities	25
	Health - Pharmacy	26
	December 2016	
	Parks	27
	Response Received from Parks	28
	January 2017	
	Fleet	30
	Public Works.....	31
	Response Received from Public Works.....	33
	Utilities.....	34

**City of Laredo
Internal Audit Division**

**Unannounced Cash & Inventory Audit Consolidated Report
October 2016 through March 2017
Table of Contents**

February 2017	
Parks	35
Response Received from Parks	37
Bridge – Automated Vehicle Identification System (AVI) Tags	42
Transit	43
Response Received from Transit.....	44
March 2017	
Utilities	46
Response Received from Utilities	47
IV. Appendix A – Internal Audit Staff Acknowledgement	51

I. Executive Summary

EXECUTIVE SUMMARY

In accordance with the Fiscal Year 2017 approved Audit Plan, enclosed is the **Unannounced Cash and Inventory Audit Consolidated Report** of audits conducted of citywide collections, cash funds and inventory for the time period of October 2016 through March 2017. The table below reflects the types of audits conducted during this time period.

Type of Audits	# of Audits Scheduled	# of Audits Conducted
Unannounced Cash & Petty Cash Audits	183	197
Unannounced Inventory Count Audits	16*	14

**One (1) inventory count audit rescheduled from February 2017 due to storm damage; one (1) inventory count audit rescheduled from March 2017 due to internal audit staff availability.*

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.

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

- Eight (8) audits noted where collections and/or change funds not secured in a safe (vault) overnight as per the City of Laredo’s Cash Handling Policy.
- Three (3) audits noted with collections overages.
- One (1) audit where Sales Tax was paid on a purchase using Petty Cash Funds.

As per the City’s Cash Handling Policy, “each cash-receiving department should maintain strict control over the access to cash and should maintain a safe, vault or similar secure area for the storage of cash on hand. It is highly recommended that a fireproof safe box be purchased.” Additionally, in regards to collections received after designated cut off times, the Cash Handling Policy requires that “collections received after designated cut off times must also be secured in a safe box / vault until the following business day.” Following the provisions of the policy is not only important for the security of the collections on hand, but for the safety and security of staff handling collections as well. In regards to the collections variances notes, 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 197 unannounced cash audits conducted for the time period of October 2016 through March 2017, only twelve (12) audits, or six (6%) percent of the population had findings noted, which conveys that the majority of the population tested is following the City's Cash Handling Policy and maintaining adequate cash handling internal controls.

Results and Recommendations on Unannounced Inventory Audits

- Five (5) instances where variances were noted in reconciling selected inventory items on hand with quantities reflected on corresponding departmental inventory system listings.

In all of the instances where variances were found with the inventory items tested, our recommendation was for the affected departments to determine the cause of the variance and, if necessary, make entries into the corresponding inventory systems once the cause of the variance had been determined. Additionally, in some instances we recommended that an evaluation of some of the affected departmental inventory systems be conducted to determine the adequacy of the internal control structure pertinent to inventory. *In all of the above mentioned instances where findings were noted, responses on corrective action were submitted by the corresponding departments to Internal Audit.* It should be noted that out of fifty-four (54) inventory items randomly selected during the time period of October 2016 through March 2017, five (5) items were noted with findings for variances, which equates to nine (9%) percent of the total population tested.

A more extensive report of the monthly 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 2016

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
OCTOBER 2016

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	% Shortage/Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
				(A)	(B)	(C) (B-A)	(D) (C/A)				
1 5952	City Manager's Office - City Council Support	LFR	10/6/2016	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
2 5953	Budget	LFR	10/6/2016	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
3 5954	Parks - Recreation Centers	LFR	10/6/2016	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
4 5955	Transit	LFR	10/7/2016	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
5 5956	Transit - Lobby Tellers	LFR	10/7/2016	\$ 246.00	\$ 246.00	\$ -	0.00%		NO	NO	
6 5957	Building	LFR	10/7/2016	\$ 93,642.50	\$ 93,642.50	\$ -	0.00%		NO	NO	
7 5958	Bridge III - Toll Booth Collector	LFR	10/10/2016	\$ 38.50	\$ 38.50	\$ -	0.00%		NO	NO	
8 5959	Bridge III	LFR	10/10/2016	\$ 50.00	\$ 50.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
9 5960	Bridge IV - Customer Svc	LFR	10/10/2016	\$ 150.00	\$ 150.00	\$ -	0.00%		NO	NO	
10 5961	Bridge IV - Customer Svc	LFR	10/10/2016	\$ 1,020.00	\$ 1,020.00	\$ -	0.00%		NO	NO	
11 5962	Bridge II - Customer Svc	LFR	10/10/2016	\$ 14,880.80	\$ 14,880.80	\$ -	0.00%		NO	NO	
12 5963	Bridge II - Customer Svc	LFR	10/10/2016	\$ 8,040.00	\$ 8,040.00	\$ -	0.00%		NO	NO	
13 5964	Bridge II - Toll Booth Collector	LFR	10/10/2016	\$ 1,537.00	\$ 1,537.16	\$ 0.16	0.01%		NO	NO	
14 5965	Bridge I - Toll Booth Collector	LFR	10/10/2016	\$ 920.50	\$ 915.28	\$ (5.22)	-0.57%		NO	NO	
15 5966	Bridge I - Toll Booth Collector	LFR	10/10/2016	\$ 1,023.75	\$ 1,023.28	\$ (0.47)	-0.05%		NO	NO	
16 5967	Bridge I - Gateway Passes	LFR	10/10/2016	\$ 729.75	\$ 730.37	\$ 0.62	0.08%		NO	NO	
17 5968	Health - Lab	LFR	10/18/2016	\$ 1,316.50	\$ 1,316.75	\$ 0.25	0.02%		NO	NO	
18 5969	Health - TB	LFR	10/18/2016	\$ 25.00	\$ 25.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
19 5970	Health - Environmental	LFR	10/18/2016	\$ 20.00	\$ 20.00	\$ -	0.00%		NO	NO	
20 5971	Environmental - HazMat	LFR	10/18/2016	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
21 5972	Airport - Federal Inspection Station	LFR	10/19/2016	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
22 5973	Municipal Court	LFR	10/19/2016	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
23 5974	Tax (City Hall)	LFR	10/20/2016	\$ 7,719.20	\$ 7,719.20	\$ -	0.00%		NO	NO	
24 5975	Tax (City Hall)	LFR	10/20/2016	\$ 6,845.64	\$ 6,845.64	\$ -	0.00%		NO	NO	
25 5976	Tax (City Hall)	LFR	10/20/2016	\$ 11,773.60	\$ 11,773.60	\$ -	0.00%		NO	NO	
26 5977	Solid Waste - Landfill	LFR	10/24/2016	\$ 83.60	\$ 83.60	\$ -	0.00%		NO	NO	
27 5978	Tax (City Hall Annex)	LFR	10/25/2016	\$ 76,677.83	\$ 76,677.83	\$ -	0.00%		NO	NO	
28 5979	Tax (City Hall Annex)	LFR	10/25/2016	\$ 57,723.52	\$ 57,723.72	\$ 0.20	0.00%		NO	NO	
32 5980	Utility Billing	LFR	10/25/2016	\$ 189.00	\$ 189.00	\$ -	0.00%		NO	NO	
33 5981	Human Resources - Risk Management	LFR	10/31/2016	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit

November 2016

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
NOVEMBER 2016

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	% Shortage/Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
				(A)	(B)	(C) (B-A)	(D) (C/A)				
1	5982 Bridge III - Customer Svc	EYR	11/01/2016	\$ 4,452.14	\$ 4,452.14	\$ -	0.00%		NO	NO	
2	5983 Bridge III - Toll Booth Collector	EYR	11/01/2016	\$ 208.25	\$ 208.25	\$ -	0.00%		NO	NO	
3	5984 Traffic - Parking Offices	EYR	11/03/2016	\$ 180.00	\$ 180.00	\$ -	0.00%		NO	NO	
4	5985 Traffic - Parking Offices	EYR	11/03/2016	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
5	5986 Tax (City Hall)	EYR	11/03/2016	\$ 9,116.70	\$ 9,116.48	\$ (0.22)	0.00%		NO	NO	
6	5987 Tax (City Hall)	EYR	11/03/2016	\$ 2,919.64	\$ 2,919.64	\$ -	0.00%		NO	NO	
7	5988 Tax (City Hall)	EYR	11/03/2016	\$ 28,651.84	\$ 28,651.84	\$ -	0.00%		NO	NO	
8	5989 Environmental Svcs	EYR	11/03/2016	\$ 350.00	\$ 350.00	\$ -	0.00%	Petty Cash	NO	NO	
9	5990 Bridge IV - Customer Svc	EYR	11/14/2016	\$ 44,163.28	\$ 44,163.28	\$ -	0.00%		NO	NO	
10	5991 Bridge IV - Customer Svc	EYR	11/14/2016	\$ 3,165.75	\$ 3,165.75	\$ -	0.00%		NO	NO	
11	5992 Bridge II - Customer Svc	EYR	11/14/2016	\$ 15,683.69	\$ 15,683.69	\$ -	0.00%		NO	NO	
12	5993 Bridge II - Customer Svc	EYR	11/14/2016	\$ 21,732.20	\$ 21,732.20	\$ -	0.00%		NO	NO	
13	5994 Bridge II - Toll Booth Collector	EYR	11/14/2016	\$ 1,218.75	\$ 1,218.74	\$ (0.01)	0.00%		NO	NO	
14	5995 Bridge II - Toll Booth Collector	EYR	11/14/2016	\$ 1,646.75	\$ 1,646.64	\$ (0.11)	-0.01%		NO	NO	
15	5996 Health - Ambulance Billing	EYR	11/14/2016	\$ 13,764.08	\$ 13,764.08	\$ -	0.00%		NO	NO	
16	5997 Health - Vital Statistics	EYR	11/14/2016	\$ 874.00	\$ 874.00	\$ -	0.00%		NO	NO	
17	5998 Bridge I - Toll Booth Collector	EYR	11/15/2016	\$ 245.00	\$ 245.01	\$ 0.01	0.00%		NO	NO	
18	5999 Bridge I - Gateway Passes	EYR	11/15/2016	\$ 75.00	\$ 75.00	\$ -	0.00%		NO	NO	
19	6000 Parks - Cemetery	EYR	11/15/2016	\$ 1,000.00	\$ 1,000.00	\$ -	0.00%		NO	NO	
20	6001 Tax (City Hall Annex)	EYR	11/16/2016	\$ 159.65	\$ 159.65	\$ -	0.00%		NO	NO	
21	6002 Tax (City Hall Annex)	EYR	11/16/2016	\$ 14,392.85	\$ 14,387.80	\$ (5.05)	-0.04%		NO	NO	
22	6003 Utility Billing	EYR	11/16/2016	\$ 1,159.70	\$ 1,159.70	\$ -	0.00%		NO	NO	
23	6004 Community Development - Housing Rehab	EYR	11/16/2016	\$ 150.00	\$ 150.00	\$ -	0.00%		NO	YES	Policy Violation: Collections Not Maintained in a Secure Area Overnight
25	6006 Animal Care Services	EYR	11/21/2016	\$ 47.00	\$ 47.00	\$ -	0.00%		NO	NO	
26	6007 Animal Care Services	EYR	11/21/2016	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	Compliance Audit
27	6008 Parks - K. Tarver Rec Center	EYR	11/21/2016	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
28	6009 Utilities - Engineering	EYR	11/22/2016	\$ 650.00	\$ 650.00	\$ -	0.00%		NO	NO	
29	6010 Police - Records	EYR	11/22/2016	\$ 245.60	\$ 245.60	\$ -	0.00%		NO	NO	

Memo

To: Ms. Veronica Urbano, Internal Auditor

From: Mr. Arturo Garcia, Acting CD Director

Date: November 21, 2016

Re: Audit Response



This is in response to audit finding on November 16, 2016. During this audit, it was determined that there was need for a safe to secure cash for the Department. Although, this has not been required of the Department in the past, we will be complying with this request. As recommended, I will proceed in directing staff to purchase a new safe. As per our conversation, one safe will be sufficient for the current operations of our Department.

I am requesting your concurrence with allowing us sixty (60) days for the purchase and installation of the new safe. Please let me know if you have any concerns. Thank you.



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

Department/Division Name: Laredo Animal Care Services				Audit Date 11/21/16
Custodian's Name:		Reference: Surprise Cash Audit # 6007		
Period Audited: Last three reimbursements & receipts on hand (July – November 2016)				
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.	100 % Compliance	5	5
2.	Custodial Statement of Responsibility is signed and kept on file for the amount of funds in the possession of custodian. (Permanent Assignment)	100 % Compliance	10	10
3.	Petty Cash is returned to Finance when authorized custodian is no longer responsible. Each custodian must complete a Custodial Statement of Responsibility prior to receipt of petty cash funds. (IV-1) (Including the internal temporary transfer of funds.)	N/A	N/A	N/A
4.	Amount of overages are deposited next business day. Shortages are reported to immediate supervisory or department director. Petty cash custodian replenishes the amount of shortage. Continued shortages or material amounts are submitted to Finance and City Manager's Office. Shortages in the Petty Cash Fund, incl. unjustified sales tax exempt expenses, are the liability of custodian to attain the funds from the person making the actual purchase. Exemptions follow Sec.VIII-2. (Shortages/Overages are determined through a surprise cash count and reconciliation of vouchers)	N/A	N/A	N/A
5.	All petty cash funds are kept in a metal box equipped with a lock. The petty cash box is kept overnight in a vault, safe, or in any secure locked area.	100 % Compliance	10	10
6.	Petty cash is restricted to a \$35 limit per purchase. The total purchase to one vendor should not exceed \$35.	100 % Compliance	10	10
7.	Petty Cash is used strictly for City business and operations only and conforms to purchasing guidelines.	100 % Compliance	10	10
8.	Employees' sign voucher in order to obtain petty cash funds (contents of voucher complies with policy), obtain invoice or receipt from vendor, and return left over cash and invoice to custodian.	100 % Compliance	10	10
9.	Custodian reimbursed employee for any additional funds spent.	100 % Compliance	10	10
10.	Funds are verified and replenished at least once a month at the end of month.	100 % Compliance	5	5
	Department/Division-Total Compliance Score – 100%		70	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:

Internal Audit found no significant audit findings.

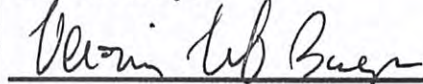
Finance/Accounts Payable- Findings Observations and Recommendations:

Internal Audit found no significant audit findings.

Prepared by:

 12/8/2016
Elia Y. Rodriguez , Auditor II Date

Reviewed By:

 12-8-2016
Veronica Urbano Baeza, Internal Auditor Date

Issued to:	Response Required	Response Due Date	Score	Overall
Homero Vazquez – Laredo Animal Care Services Director	NO	N/A	100%	Score
Rosario Cabello – Finance Director	NO	N/A	100%	100%

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: Jesus Olivares, City Manager
Cynthia Collazo, Deputy City Manager

December 2016

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
DECEMBER 2016

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received (A)	Amount Counted (B)	(Short)/Over (C) (B-A)	% Shortage/Overage (D) (C/A)	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
1	6011	Bridge III - Toll Booth Collector	LFR	12/07/2016	\$ 21.00	\$ 21.00	\$ -	0.00%		NO	NO	
2	6012	Bridge III - Customer Svc.	LFR	12/07/2016	\$ 371.25	\$ 371.25	\$ -	0.00%		NO	NO	
3	6013	Bridge IV	LFR	12/07/2016	\$ 400.00	\$ 400.00	\$ -	0.00%	Petty Cash	NO	NO	
4	6014	Bridge IV - Customer Svc.	LFR	12/07/2016	\$ 1,915.13	\$ 1,915.13	\$ -	0.00%		NO	NO	
5	6015	Bridge IV - Customer Svc.	LFR	12/07/2016	\$ 2,160.00	\$ 2,160.00	\$ -	0.00%		NO	NO	
6	6016	Library - Main Branch	LFR	12/07/2016	\$ 25.05	\$ 25.05	\$ -	0.00%		NO	NO	
7	6017	Municipal Court	LFR	12/07/2016	\$ 3,749.10	\$ 3,749.10	\$ -	0.00%		NO	NO	
8	6018	Bridge I - Toll Booth Collector	LFR	12/07/2016	\$ 467.25	\$ 467.29	\$ 0.04	0.01%		NO	NO	
9	6019	Bridge I - Toll Booth Collector	LFR	12/07/2016	\$ 721.00	\$ 721.83	\$ 0.83	0.12%		NO	NO	
10	6020	Bridge I - Gateway Passes	LFR	12/07/2016	\$ 717.75	\$ 718.96	\$ 1.21	0.17%		NO	NO	
11	6021	Bridge I	LFR	12/07/2016	\$ 1,000.00	\$ 1,000.00	\$ -	0.00%	Petty Cash	NO	NO	
12	6022	Traffic - Parking Meters	LFR	12/09/2016	\$ 3.45	\$ 3.45	\$ -	0.00%		NO	NO	
13	6023	Traffic - Parking Meters	LFR	12/09/2016	\$ 5.30	\$ 5.68	\$ 0.38	7.17%		YES	YES	Cash & Policy Violation: Collections Overage
14	6024	Traffic - Parking Meters	LFR	12/09/2016	\$ 3.80	\$ 3.80	\$ -	0.00%		NO	NO	
15	6025	Traffic - Parking Meters	LFR	12/09/2016	\$ 3.65	\$ 3.65	\$ -	0.00%		NO	NO	
16	6026	Traffic - Parking Meters	LFR	12/09/2016	\$ 4.65	\$ 4.65	\$ -	0.00%		NO	NO	
17	6027	Traffic - Riverfront Pkg Lot	LFR	12/09/2016	\$ 416.00	\$ 416.00	\$ -	0.00%		NO	NO	
18	6028	Bridge II - Customer Svc	LFR	12/12/2016	\$ 9,669.20	\$ 9,669.20	\$ -	0.00%		NO	NO	
19	6029	Bridge II - Customer Svc	LFR	12/12/2016	\$ 7,908.88	\$ 7,908.88	\$ -	0.00%		NO	NO	
20	6030	Bridge II - Customer Svc	LFR	12/12/2016	\$ 12,992.45	\$ 12,992.45	\$ -	0.00%		NO	NO	
21	6031	Convention & Visitors' Bureau	LFR	12/12/2016	\$ 500.00	\$ 500.00	\$ -	0.00%	Petty Cash	NO	NO	
22	6032	Tax (City Hall)	LFR	12/13/2016	\$ 6,422.33	\$ 6,420.33	\$ (2.00)	-0.03%		NO	NO	
23	6033	Tax (City Hall)	LFR	12/13/2016	\$ 5,051.08	\$ 5,051.18	\$ 0.10	0.00%		NO	NO	
24	6034	Tax (City Hall)	LFR	12/13/2016	\$ 4,157.85	\$ 4,157.85	\$ -	0.00%		NO	NO	
25	6035	Community Development - Municipal Housing	LFR	12/13/2016	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
26	6036	Community Development - Municipal Housing	LFR	12/13/2016	\$ 960.80	\$ 960.80	\$ -	0.00%		NO	NO	
27	6037	Information Svcs & Telecommunications	LFR	12/13/2016	\$ 17,236.37	\$ 17,236.37	\$ -	0.00%		NO	NO	
28	6038	Tax (City Hall Annex)	LFR	12/13/2016	\$ 101,035.21	\$ 101,035.21	\$ -	0.00%		NO	NO	
29	6039	Tax (City Hall Annex)	LFR	12/13/2016	\$ 985.40	\$ 985.40	\$ -	0.00%		NO	NO	
30	6040	Health - Immunization	LFR	12/15/2016	\$ 30.00	\$ 30.00	\$ -	0.00%		NO	NO	
31	6041	Solid Waste - Landfill	LFR	12/15/2016	\$ 953.30	\$ 945.20	\$ (8.10)	-0.85%		NO	NO	
32	6042	Airport	LFR	12/15/2016	\$ 714.00	\$ 714.00	\$ -	0.00%		NO	NO	



CITY OF LAREDO
TRAFFIC DEPARTMENT
PARKING/VEHICLE FOR HIRE DIVISIONS



To: Veronica Urbano-Baeza, Auditor
From: Roberto Murillo, Traffic Director
Cc: Leo Rodriguez, Audit Department
Lupita T. Reyes, Parking Enforcement Superintendent
Date: February 23, 2017
Subject: Response to Cash Audits 6023

On December 19, 2016, Leo Rodriguez, Auditor, performed a cash audit on several parking meters. However, meter IT1303 came out \$.38 over. The overages on parking meters is due to people not having correct change or think that by depositing more money the meter is going to give them more time.

Should you have any questions or need further information, please advise.



January 2017

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

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Shorty)Over	% Shortage/Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
												(A)
1	6043	Bridge III - Toll Booth Collector	EYR	1/9/2017	\$ 115.50	\$ 115.54	\$ 0.04	0.03%		NO	NO	
2	6044	Bridge III - Customer Svc	EYR	1/9/2017	\$ 5,390.75	\$ 5,390.75	\$ -	0.00%		NO	NO	
3	6045	Bridge IV - Customer Svc	EYR	1/9/2017	\$ 8,086.19	\$ 8,086.19	\$ -	0.00%		NO	NO	
4	6046	Bridge IV - Customer Svc	EYR	1/9/2017	\$ 14,231.75	\$ 14,231.75	\$ -	0.00%		NO	NO	
5	6047	Parks & Leisure Services	EYR	1/10/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Custodian / Collector on Leave
6	6048	Library (Main)	EYR	1/10/2017	\$ 180.00	\$ 180.55	\$ 0.55	0.31%	Petty Cash	NO	NO	
7	6049	Municipal Court	EYR	1/10/2017	\$ 7,005.00	\$ 7,005.00	\$ -	0.00%		NO	YES	Policy Violation: Collections & Change Funds not Vaulted in Safe Overnight; Safe Inoperable
8	6050	Tax (City Hall Annex)	EYR	1/10/2017	\$ 411.58	\$ 411.58	\$ -	0.00%		NO	NO	
9	6051	Tax (City Hall Annex)	EYR	1/10/2017	\$ 137,175.08	\$ 137,175.08	\$ -	0.00%		NO	NO	
10	6052	Tax (City Hall Annex)	EYR	1/10/2017	\$ 525.00	\$ 525.00	\$ -	0.00%		NO	NO	
11	6053	Tax (City Hall Annex)	EYR	1/10/2017	\$ 3,173.78	\$ 3,173.78	\$ -	0.00%		NO	NO	
12	6054	Utility Billing	EYR	1/10/2017	\$ 3,951.89	\$ 3,951.89	\$ -	0.00%		NO	NO	
13	6055	Parks - Fasken Rec Center	EYR	1/10/2017	\$ 130.00	\$ 130.00	\$ -	0.00%		NO	NO	
14	6056	Parks - Hillside Rec Center	EYR	1/10/2017	\$ 130.00	\$ 130.00	\$ -	0.00%		NO	NO	
15	6057	Parks - El Eden Rec Center	EYR	1/10/2017	\$ 45.00	\$ 45.00	\$ -	0.00%		NO	NO	
16	6058	Parks - Cigarroa Rec Center	EYR	1/10/2017	\$ 110.00	\$ 110.00	\$ -	0.00%		NO	NO	
17	6059	Parks - Haynes Rec Center	EYR	1/10/2017	\$ 449.00	\$ 449.00	\$ -	0.00%		NO	NO	
18	6060	Municipal Court (Follow-Up to Audit # 6049)	EYR	1/23/2017	\$ -	\$ -	\$ -	0.00%		NO	YES	Policy Violation: Policy Violation Noted in Audit No. 6049 Had Not Been Corrected. Safe still Inoperable.
19	6061	Engineering	EYR	1/24/2017	\$ 400.00	\$ 400.00	\$ -	0.00%	Petty Cash	NO	NO	
20	6062	Bridge II - Toll Booth Collector	EYR	1/25/2017	\$ 1,117.50	\$ 1,117.63	\$ 0.13	0.01%		NO	NO	
21	6063	Bridge II - Toll Booth Collector	EYR	1/25/2017	\$ 752.50	\$ 750.89	\$ (1.61)	-0.21%		NO	NO	
22	6064	Bridge II - Customer Svc	EYR	1/25/2017	\$ 33,995.00	\$ 33,995.00	\$ -	0.00%		NO	NO	
23	6065	Bridge II - Customer Svc	EYR	1/25/2017	\$ 11,007.30	\$ 11,007.30	\$ -	0.00%		NO	NO	
24	6066	Municipal Court	EYR	1/25/2017	\$ 100.00	\$ 100.10	\$ 0.10	0.10%	Change Fund	NO	YES	Policy Violation: See Special Audit Attached
25	6067	Municipal Court	EYR	1/25/2017	\$ 10,322.40	\$ 10,322.20	\$ (0.20)	0.00%		NO	YES	Policy Violation: See Special Audit Attached
26	6068	Transit - El Lift	EYR	1/26/2017	\$ 133.00	\$ 132.09	\$ (0.91)	-0.68%		NO	NO	
27	6069	Transit - Operations	EYR	1/26/2017	\$ 8,969.96	\$ 9,002.13	\$ 32.17	0.36%		NO	NO	
28	6070	Tax (City Hall)	EYR	1/26/2017	\$ 19,370.99	\$ 19,370.59	\$ (0.40)	0.00%		NO	NO	
29	6071	Tax (City Hall)	EYR	1/26/2017	\$ 14,827.53	\$ 14,827.53	\$ -	0.00%		NO	NO	
30	6072	Community Development	EYR	1/26/2017	\$ 50.00	\$ 50.00	\$ -	0.00%	Petty Cash	NO	NO	
31	6073	Bridge I - Toll Booth Collector	EYR	1/26/2017	\$ 488.25	\$ 488.27	\$ 0.02	0.00%		NO	NO	
32	6074	Bridge I - Gateway Passes	EYR	1/26/2017	\$ 167.25	\$ 166.64	\$ (0.61)	-0.36%		NO	NO	
33	6075	Convention & Visitors' Bureau	EYR	1/26/2017	\$ 350.00	\$ 350.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
34	6076	Health - Ambulance Billing	EYR	1/26/2017	\$ 112.00	\$ 112.00	\$ -	0.00%		NO	NO	
35	6077	Airport - Paystations	EYR	1/27/2017	\$ 866.00	\$ 866.00	\$ -	0.00%		NO	NO	
36	6078	Parks & Leisure Services	EYR	1/27/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	Collections Had Already Been Deposited at Time of Audit
37	6079	Municipal Court	EYR	1/27/2017	\$ 12,011.30	\$ 12,011.30	\$ -	0.00%		NO	YES	Policy Violation: See Special Audit Attached
38	6080	Municipal Court	EYR	1/27/2017	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	YES	Policy Violation: See Special Audit Attached
39	6081	Municipal Court	EYR	1/27/2017	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	YES	Policy Violation: See Special Audit Attached
40	6082	Traffic	EYR	1/30/2017	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
41	6083	Planning	EYR	1/30/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
42	6084	Health - Lab & Buena Vida	EYR	1/30/2017	\$ 1,447.85	\$ 1,447.85	\$ -	0.00%		NO	NO	

CITY OF LAREDO
CITY MANAGER'S DEPARTMENT
INTERNAL AUDIT DIVISION
INTEROFFICE MEMORANDUM

TO: ANDREA SANCHEZ, ACTING MUNICIPAL COURT CLERK
THRU: VERONICA URBANO-BAEZA, INTERNAL AUDITOR *WJ*
FROM: ELIA RODRIGUEZ, AUDITOR II *ERY*
CC: ROSARIO CABELLO, FINANCIAL SERVICES DIRECTOR
CYNTHIA COLLAZO, DEPUTY CITY MANAGER
SUBJECT: CASH HANDLING & INTERNAL CONTROLS ASSESSMENT AUDIT
DATE: FEBRUARY 28, 2017

On January 10, 2017, Internal Audit staff conducted a Surprise Cash Audit of Municipal Court as per the Annual Audit Plan approved for fiscal year 2017. While the collections and change fund audited reconciled, the department was issued a violation due to their safe / vault not working properly (Audit No. 6049). Specifically, Municipal Court staff mentioned that they could not close the safe because the combination to open it was no longer working. A written response was required on Audit # 6049 within ten (10) working days from the date of the audit. On January 23, 2017, a follow-up audit (No. 6060) was conducted in order to determine if the safe / vault had been repaired or replaced, and unfortunately, the safe was still inoperable. At the time, Municipal Court staff was instructed by the Financial Services Department to deliver their deposits to the Animal Care Facility in order to be vaulted into their safe until the scheduled Rochester pickup. Additionally, Internal Audit recommended to the Supervisor in charge that copies of the Rochester deposit logs be made prior to the deposits being dropped off at the Animal Care Facility. We also recommended that two employees from Municipal Court deliver the deposits to the Animal Care Facility for added security of the collections and staff.

Subsequently, additional visits to Municipal Court were made to check the security of the five (5) change funds registered to employees of Municipal Court (Audit #s 6066, 6067, 6079, 6080 and 6081). It is important to note that the collections and change funds checked during the surprise cash audits did reconcile. The items noted below are weaknesses in the internal control structure and violations of the City's Cash Handling Policy, and the recommendations made are in an effort to minimize any potential risk.

Finding #1

Part A

On the follow-up audit (# 6060) conducted January 23, 2017, Municipal Court staff confirmed that the safe / vault was still not repaired or replaced, but that they were working on resolving the problem.

Part B

Additionally, an examination of the safe by Internal Audit staff reflected additional items of concern. The examination of the safe confirmed the safe was open, since the combination lock was not working. In addition, the Auditor found the following items stored in the safe: yellow legal pads which contained several years' worth of check logs, petty cash booklet, stamps, a bank bag and time cards. Photographs taken of the inside of the safe reflected a lack of space for change funds and daily collections due to the documentation stored in the safe. Follow-up audits (#s 6066-6067, 6079-6081) of the change funds reflected that the change funds are kept at each custodian's desk during the day. In discussions with the Municipal Court staff in charge the day of our audit, it was explained that the five change funds were gathered at the end of each day; however, they were stored under lock and key in the Supervisor's office since the safe was not functioning properly.

Recommendation(s) to Finding #1

Part A

It is our understanding and recommendation that a new safe was to be purchased by Municipal Court in order to secure collections on hand and change funds overnight. If one has not been purchased, we would reiterate the importance of obtaining a safe, not only as a requirement as per the City of Laredo's Cash Handling Policy, but for the security of the collections on hand, as well as the staff handling collections.

A copy of the current Cash Handling Policy was provided to staff the day of the audit. It is important that all aspects of the policy be complied with. We recommend that the following sections of the policy be re-emphasized, and if additional training is needed that it be requested from the Financial Services Department. In particular, under the section titled "Handling of Cash, Checks and Money Orders (Employee B), subsection #3, it states *"each cash receiving department should maintain strict control over the access to cash and should maintain a safe, vault or similar secure area for the storage of cash on hand. It is highly recommended that a fireproof safe box be purchased. Employees who have cash unsecured in this manner will be personally responsible for loss of funds. Cash should not be left unsecured on desktops or in unlocked drawers."*

Additionally, under the section titled "Preparation of the Bank Deposit", subsection #5, it states *"funds collected before the closing of each Department / Division's designated cut off times must be kept in a safe box / vault and secured until the next business day. Collections received after designated cut off times must also be secured in a safe box / vault until the following business day."*

Part B

The documentation found in the safe at the time of the audit must be placed elsewhere, preferably wherever similar items are filed within the department. The five (5) change funds currently in the custody of Municipal Court staff must be vaulted in the safe every day at the end of the day as per the Cash Handling Policy.

Finding #2

Additionally, it was noticed that one key chain contained the keys to three (3) change funds that pertained to three (3) different custodians.

Recommendation(s) to Finding #2

It is important that access to the keys pertaining to individual change fund boxes / bags be secured with limited access. It is recommended that each employee secure their respective change fund box key, and if a backup key is available that the Supervisor secure those keys for limited access. In regards to this particular violation, the following section of the Cash Handling Policy must be re-enforced. Specifically, the section titled "Handling of Cash, Checks, Money Orders and Credit Cards" (Employee B), under subsection #4 it states *"employees are strictly responsible for their own change fund. Employees are prohibited from handling change funds that belong to other employees."*

Observation #1

During the audit counts conducted at Municipal Court, we observed that they had two (2) money counting machines; however, both machines were not functioning properly so the custodians had to count their collections manually.

Recommendation(s) to Observation #1

Internal Audit recommends that Municipal Court acquire another machine to help the collectors sort and count their collections faster since they have a high volume of cash.

Observation #2

During our visits to Municipal Court, staff mentioned that their DIY Remote Access check scanning system was not working, and that checks collected were being deposited manually.

Recommendation(s) to Observation #2

We would recommend that Municipal Court staff contact the Financial Services Department to provide notification that the DIY Remote Access equipment assigned is not working so that replacement equipment can be issued in order for staff to deposit the checks collected electronically.

Copies of the following Surprise Cash Audits conducted are attached for reference (#s 6060, 6066, 6067, 6079, 6080 and 6081). Please provide a written response by **no later than ten (10) working days from receipt of this audit** on how the items referenced above will be corrected, by whom and by when. Should you have any questions or concerns, please contact Elia Rodriguez at (956) 790-1809 or Veronica Urbano-Baeza at (956) 790-1808. Thank you, in advance, for your assistance.



City of Laredo

MUNICIPAL COURT OF RECORD

ROSIE CUELLAR
Municipal Court Judge
956-794-1680

MEMO

To: Elia Rodriguez, Auditor II

Cc: Cynthia Collazo, Deputy City Manager
Rosario Cabello, Finance Services Director
Veronica Urbano- Baeza, Internal Auditor

From: Ana L. Rodriguez, Acting Municipal Court Clerk *AR*

Date: April 3, 2017

Re: Cash Handling & Internal Controls Assessment Audit



A Surprise Cash Audit was conducted on January 10, 2017 with a follow up Audit on January 23, 2017. Below are the responses to the findings.

Finding #1

Part A

A safe has been purchased and is being used. Safe is located in my office and is opened by digital lock. Unused change funds and deposits are kept under lock in the safe.

Part B

Non-change fund or deposit related items are no longer being stored in the safe.

Finding #2

Each employee has, in their possession, their own key to their assigned change fund. All change funds are stored in the safe. At the end of the shift, change funds are returned to the safe with the deposit.

Observation #1

Currently, one currency counter is working, the other is malfunctioning. We are working to get it serviced.

Observation #2

We will contact the Financial Services Department to address the DIY Remote Access equipment.

February 2017

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

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Collections/Receipted	Counted	(Short)/Over	% Shortage/Overage	Change Fund/Petty Cash Audited	Response: Cash Violation	Response: Policy Violation	Comments
				(A)	(B)	(C) (B-A)	(D) (C/A)				
1	6085 Parks - Administration	LFR	2/9/2017	\$ 400.00	\$ 400.23	\$ 0.23	0.06%	Petty Cash	YES	YES	Compliance Audit
2	6086 Tax (City Hall)	LFR	2/13/2017	\$ 81,081.52	\$ 81,081.51	\$ (0.01)	0.00%		NO	NO	
3	6087 Tax (City Hall)	LFR	2/13/2017	\$ 52,650.10	\$ 52,650.10	\$ -	0.00%		NO	NO	
4	6088 Tax (City Hall)	LFR	2/13/2017	\$ 28,868.93	\$ 28,868.88	\$ (0.05)	0.00%		NO	NO	
5	6089 Bridge II - Customer Svc	LFR	2/14/2017	\$ 7,978.49	\$ 7,978.49	\$ -	0.00%		NO	NO	
6	6090 Bridge II - Customer Svc	LFR	2/14/2017	\$ 20,465.10	\$ 20,465.10	\$ -	0.00%		NO	NO	
7	6091 Bridge II - Customer Svc	LFR	2/14/2017	\$ 27,916.00	\$ 27,916.00	\$ -	0.00%		NO	NO	
8	6092 Bridge I - Toll Booth Collector	LFR	2/14/2017	\$ 668.50	\$ 668.52	\$ 0.02	0.00%		NO	NO	
9	6093 Bridge I - Toll Booth Collector	LFR	2/14/2017	\$ 686.00	\$ 685.78	\$ (0.22)	-0.03%		NO	NO	
10	6094 Bridge IV	LFR	2/15/2017	\$ 500.00	\$ 500.00	\$ -	0.00%	Change Fund	NO	NO	
11	6095 Bridge IV - Customer Svc	LFR	2/15/2017	\$ 231.25	\$ 231.25	\$ -	0.00%		NO	NO	
12	6096 Bridge IV - Customer Svc	LFR	2/15/2017	\$ 270.00	\$ 270.00	\$ -	0.00%		NO	NO	
13	6097 Bridge III - Toll Booth Collector	LFR	2/15/2017	\$ 24.50	\$ 24.50	\$ -	0.00%		NO	NO	
14	6098 Tax (City Hall Annex)	LFR	2/15/2017	\$ 16,531.34	\$ 16,531.32	\$ (0.02)	0.00%		NO	NO	
15	6099 Tax (City Hall Annex)	LFR	2/15/2017	\$ 17,135.37	\$ 17,135.38	\$ 0.01	0.00%		NO	NO	
16	6100 Utility Billing	LFR	2/15/2017	\$ 782.00	\$ 782.00	\$ -	0.00%		NO	NO	
17	6101 Fleet Management	LFR	2/15/2017	\$ 400.00	\$ 400.00	\$ -	0.00%	Petty Cash	NO	NO	
18	6102 Convention & Visitors' Bureau	LFR	2/22/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Transitioning to another Custodian / Collector
19	6103 Police - Records	LFR	2/22/2017	\$ 333.60	\$ 333.60	\$ -	0.00%		NO	NO	
21	6105 Health - Ambulance Billing	LFR	2/22/2017	\$ 19,073.80	\$ 19,073.80	\$ -	0.00%		NO	NO	
22	6106 Health - Administration	LFR	2/22/2017	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
23	6107 Parks - Hachar Rec Center	LFR	2/22/2017	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
24	6108 Bridge II - Toll Booth Collector	LFR	2/23/2017	\$ 1,452.50	\$ 1,469.23	\$ 16.73	1.15%		YES	YES	Cash & Policy Violation: Collections Overage
25	6109 Solid Waste - Landfill	LFR	2/24/2017	\$ 319.50	\$ 319.50	\$ -	0.00%		NO	NO	
26	6110 Airport	LFR	2/24/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
27	6111 Traffic	LFR	2/27/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
28	6112 Parks - La Ladrillera Rec Center	LFR	2/28/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit

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

Department/Division Name: Parks & Leisure Department				Audit Date
- Custodian of Account				
Period Audited: Last three reimbursements plus items on hand.				2-15-17
Audit Objective: To determine if Dept. /Div. and Finance processed petty cash transactions in accordance with the Accounting Procedures Manual-Petty Cash Funds dated May 7, 2002.				
Department/Division Compliance Checklist		Compliance Comments	Score	Value
1.	Custodian is responsible for funds and preparing vouchers and paperwork.	100% Compliance	5	5
2.	Custodial Statement of Responsibility is signed and kept on file for the amount of funds in the possession of custodian. (Permanent Assignment)	100 % Compliance	10	10
3.	Petty Cash is returned to Finance when authorized custodian is no longer responsible. Each custodian must complete a Custodial Statement of Responsibility prior to receipt of petty cash funds. (IV-1) (Including the internal temporary transfer of funds.)	N/A	N/A	N/A
4.	Amount of overages are deposited next business day. Shortages are reported to immediate supervisory or department director. Petty cash custodian replenishes the amount of shortage. Continued shortages or material amounts are submitted to Finance and City Manager's Office. Shortages in the Petty Cash Fund, incl. unjustified sales tax-exempt expenses, are the liability of custodian to attain the funds from the person making the actual purchase. Exemptions follow Sec.VIII-2. (Shortages/Overages are determined through a surprise cash count and reconciliation of vouchers)	F1 O1	9	10
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 confirm to purchasing guidelines.	100% Compliance	10	10
8.	Employee's 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.	O2	10	10
9.	Custodian reimbursed employee for any additional funds spent.	N/A	0	0
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-			98%	
			69	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, & Recommendations:

Findings:

F1: The petty cash reimbursement reports reviewed for period covered by our audit reflected the payment of sales tax on "outstanding invoices" by the employees on two (2) separate instances. It should be noted that the division has not yet filed vouchers, and has not been submitted for reimbursement.

Recommendation:

In the future, it is imperative that the employee making the purchase(s) present a sales tax exemption certificate to each respective vendor in order to avoid being held liable for any shortages incurred from the payment of sales tax (as per Section IV (Custodian) of the City's Petty Cash Policy). As per Section VIII (Disbursement of Petty Cash Fund) of the City's Petty Cash Policy, the only exception for the reimbursement of sales tax is when "locations do not accept the tax certificate form, however; appropriate documentation must be provided, in a form of a memo signed by the Department Supervisor."

Observations:

O1: Seven (7) of the receipts reviewed for the "Petty Cash Reimbursement" report for period covered by our audit, reflected the payment of sales tax by the employee making the purchase; however, the department/division did not submit for reimbursement of sales tax from Accounts Payable, nor did Accounts Payable reimburse the sales tax expense.

Recommendation:

While it appears that the employee was not reimbursed the amount of sales tax paid nor did the department/division request reimbursement for the sales tax paid, it is important that the custodian provide the employee with a tax exemption certificate that must be presented to the vendor at the time the purchase is being made.

Observations:

O2: On one (1) of the pending receipts for the month reviewed for the "Petty Cash Reimbursement" report for period covered by our audit, we noticed that the store receipt reflexed a total cash sale of \$24.98. Yet what was registered as "cash tendered" reflexed an amount of \$250.00 with a change of cash for "\$225.02. However, the department/division only has a pending voucher submittal of \$24.98 for reimbursement from Accounts Payable.

Recommendation:

While it appears that the employee was not reimbursed the amount of cash tendered paid, nor did the department/division request reimbursement for the amount tendered, it is important that the custodian review all receipts at the time the receipt and cash are returned to custodian.

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

Finance/Accounts Payable- Findings, Observations, & Recommendations:

Internal Audit found no significant audit findings. Exceptions were reported by the finance division to the department, and corrections were done.

Prepared by: <div style="text-align: center;"><i>LR</i></div>	Date: <div style="text-align: center;">2.24.17</div>	Reviewed By: <div style="text-align: center;"><i>Veronica Urbano Baeza</i></div>	Date: <div style="text-align: center;">2-28-2017</div>		
Leo Rodriguez Auditor II, CPM		Veronica Urbano Baeza Internal Auditor, CPM			
Issued to:		Response Required	Response Due Date	Score	Overall Score
Mr. Osvaldo Guzman, Parks & Leisure Director		YES	3/10/17	98%	
Ms. Rosario Cabello – Finance Director		NO	N/A	100%	
All responses must be approved by the Department Director, submitted to the Internal Auditor, and include the following: <ol style="list-style-type: none"> 1.) A descriptive of the progress in resolving or addressing the findings or observations noted above. 2.) An implementation schedule identifying specific steps to be taken and target dates for implementation or resolution. 					
Xc: Jesus Olivares, City Manager Robert Eads, Assistant City Manager					

**PARKS AND LEISURE SERVICES
DEPARTMENT**

Memo



To: Veronica Urbano Baeza, Internal Auditor, CPM

From: Osbaldo Guzman, Director

Date: May 9, 2017

Re: Petty Cash Policy Compliance Audit

In response to the petty cash policy compliance audit.

Findings:

F1: The petty cash reimbursement reports reviewed for period covered by our audit reflected the payment of sales tax on "outstanding invoices" by the employees on two (2) separate instances. It should be noted that the division has not yet filed vouchers, and has not been submitted for reimbursement.

The tax charges and the amount that reflexed an amount of \$250.00 was an oversight. Will advise on the policy of petty cash and have it reviewed.

I apologize for the inconvenience that this might cause.

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

Thank you.



Memo

To: Veronica Urbano, Internal Auditor
From: Yvette Limon, Acting Bridge Director
Date: February 24, 2017
Re: Audit#6108

On February 23, 2017, the City's Internal Audit Staff conducted a surprise cash audit at Bridge II on the Collector located in Lane 5; noted below is the response to the audit observation.

Audit# 6108

At the end of the audit, Collector [REDACTED] was found to be over \$16.73. The supervisor verified his cash, reviewed his 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 his employee file. A warning (Disciplinary Action Form) was made on Mr. [REDACTED]. Therefore, as per the Laredo Bridge System Shortage/Overage Policy, no further disciplinary action is necessary.



March 2017

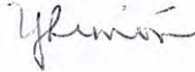
CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
MARCH 2017

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received (A)	Amount Counted (B)	(Short)/Over (C) (B-A)	% Shortage/Overage (D) (C/A)	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
1	6113	Bridge III - Customer Svc	EYR	3/8/2017	\$ 450.00	\$ 450.00	\$ -	0.00%		NO	NO	
2	6114	Bridge III - Toll Booth Collector	EYR	3/8/2017	\$ 35.00	\$ 34.99	\$ (0.01)	-0.03%		NO	NO	
3	6115	Bridge IV- Customer Svc	EYR	3/8/2017	\$ 3,093.75	\$ 3,108.75	\$ 15.00	0.48%	YES	YES	Cash & Policy Violation: Collections Overage	
4	6116	Bridge IV - Customer Svc	EYR	3/8/2017	\$ 500.97	\$ 500.97	\$ -	0.00%		NO	NO	
5	6117	Tax (City Hall Annex)	EYR	3/9/2017	\$ 3,883.85	\$ 3,883.84	\$ (0.01)	0.00%		NO	NO	
6	6118	Tax (City Hall Annex)	EYR	3/9/2017	\$ 2,718.20	\$ 2,718.20	\$ -	0.00%		NO	NO	
7	6119	Tax (City Hall Annex)	EYR	3/9/2017	\$ 6,065.47	\$ 6,065.47	\$ -	0.00%		NO	NO	
8	6120	Utility Billing	EYR	3/9/2017	\$ 520.00	\$ 520.00	\$ -	0.00%		NO	NO	
9	6121	Bridge II - Customer Svc	EYR	3/14/2017	\$ 795.00	\$ 795.00	\$ -	0.00%		NO	NO	
10	6122	Bridge II - Customer Svc	EYR	3/14/2017	\$ 279.80	\$ 279.80	\$ -	0.00%		NO	NO	
11	6123	Bridge II - Toll Booth Collector	EYR	3/14/2017	\$ 492.75	\$ 492.80	\$ 0.05	0.01%		NO	NO	
12	6124	Bridge II - Toll Booth Collector	EYR	3/14/2017	\$ 722.75	\$ 722.65	\$ (0.10)	-0.01%		NO	NO	
13	6125	Community Development - Municipal Housing	EYR	3/14/2017	\$ 2,159.00	\$ 2,159.00	\$ -	0.00%		NO	NO	
14	6126	Library - Fasken Branch	EYR	3/14/2017	\$ 30.00	\$ 30.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
15	6127	Library - MOS Branch	EYR	3/14/2017	\$ 13.40	\$ 13.40	\$ -	0.00%		NO	NO	
16	6128	Transit - Paystations	EYR	3/15/2017	\$ 1,106.00	\$ 1,109.00	\$ 3.00	0.27%		NO	NO	
17	6129	Building	EYR	3/15/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Only One (1) Teller Available to Assist Customers
18	6130	Library - Bruni Branch	EYR	3/15/2017	\$ 6.25	\$ 6.25	\$ -	0.00%		NO	NO	
19	6131	IST - Public Access Channel	EYR	3/15/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit (Last Deposit Collected 3-07-2017)
20	6132	Utilities	EYR	3/15/2017	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
21	6133	Tax (City Hall)	EYR	3/16/2017	\$ 3,169.42	\$ 3,169.42	\$ -	0.00%		NO	NO	
22	6134	Tax (City Hall)	EYR	3/16/2017	\$ 2,227.50	\$ 2,226.62	\$ (0.88)	-0.04%		NO	NO	
23	6135	City Secretary	EYR	3/16/2017	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
24	6136	Community Development	EYR	3/16/2017	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Custodian on Leave
25	6137	Bridge I	EYR	3/28/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: System was Down
26	6138	Solid Waste - Landfill	EYR	3/28/2017	\$ 71.90	\$ 71.90	\$ -	0.00%		NO	NO	
27	6139	Solid Waste - Recycling	EYR	3/28/2017	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Custodian out at Meeting
29	6141	Community Development	EYR	3/28/2017	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
30	6142	Bridge I - Toll Booth Collector	EYR	3/28/2017	\$ 357.00	\$ 357.00	\$ -	0.00%		NO	NO	
31	6143	Bridge I - Gateway Passes	EYR	3/28/2017	\$ 436.50	\$ 439.12	\$ 2.62	0.60%		NO	NO	
32	6144	Health - Ambulance Billing	EYR	3/28/2017	\$ 14,549.84	\$ 14,549.84	\$ -	0.00%		NO	NO	
33	6145	Solid Waste - Recycling	EYR	3/28/2017	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	

Memo

To: Veronica Urbano, Internal Auditor

From: Yvette Limon, Acting Bridge Director



Date: March 8, 2017

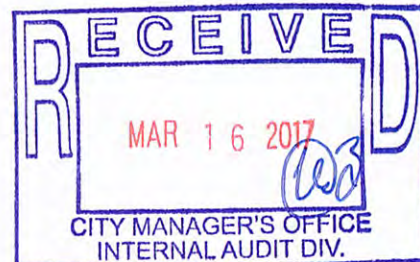
Re: Audit # 6115

On March 8, 2017, the City's Internal Audit Staff conducted a surprise cash audit at Bridge IV on a CSR located in the front office; noted below is the response to the audit observation.

Audit # 6115

At the end of the audit, CSR [redacted] was found to be over \$15.00. The supervisor verified her cash and reviewed her tour of duty report. The reason for the overage was that the CSR charged a customer \$15.00 cash for a sticker tag and also debited the customer's account for the amount of \$15.00. Correction on the customer's account has been made giving her a \$15.00 credit.

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



III. Unannounced Inventory Count Audits

October 2016

**Public Works - Warehouse Division
Surprise Inventory Count Audit
October 21, 2016**

STATEMENT OF SCOPE & METHODOLOGY

On October 21, 2016, a Surprise Inventory Count Audit was conducted on the Public Works - Warehouse Division. Four (4) different equipment items were randomly selected from the equipment inventory on hand. The Division currently does not keep any form of automated database of the department's inventory. A manual inventory listing is used as a measure of control of assets.

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

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

AUDIT FINDINGS & OBSERVATIONS



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

PART NAME	PART NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Mitsubishi Forklift	AF18BO5274	\$18,000.00	1	1	0	N/A
Stihl Blower	299234135	\$429.99	1	1	0	N/A
Mikasa Jumping Jack	P5029	\$3,365.00	1	1	0	N/A
Whiteman Light Tower	DA-7000SSA	\$9,245.00	1	1	0	N/A

AUDIT RECOMMENDATIONS

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

No written response is required on this report.

<p>Prepared by:</p> <p align="center"></p> <p>Leo Rodriguez, Auditor II, CPM Date: 10.21.16</p> <p>To: John Orfila, Public Works Director Cc: Jesus Olivares, City Manager Robert Eads, Asst. City Manager</p>	<p>Reviewed by:</p> <p align="center"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 10-25-2016</p>
--	---

Fleet Maintenance Division Surprise Inventory Count Audit October 24, 2016

STATEMENT OF SCOPE & METHODOLOGY

On October 24, 2016, a Surprise Inventory Count Audit was conducted on the Fleet Maintenance Division. Four (4) different parts were randomly selected from the parts inventory on hand. Division currently uses "Fleet Management Software" in order to keep a database of the division's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS & OBSERVATIONS

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

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Blade Right Wing	820169C	\$39.10	6	6	0	N/A
Blade Left Wing	820170C	\$43.37	8	8	0	N/A
Brake Rotor	145916	\$64.79	4	4	0	N/A
Brake Front Rotor	145615	\$60.52	4	4	0	N/A

AUDIT RECOMMENDATIONS

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

No written response is required on this report.

Prepared by:



Leo Rodriguez, Auditor II, CPM

Date: 10.24.16

To: Jack Dunn, Jr., Fleet Director

Cc: Jesus Olivares, City Manager
Rogelio Rivera, Engineering Director
Robert Eads, Assistant City Manager

Reviewed by:



Veronica Urbano Baeza, Internal Auditor, CPM

Date: 10-31-2016

**Parks & Leisure / Central Warehouse
Surprise Inventory Count Audit
October 27, 2016**

STATEMENT OF SCOPE & METHODOLOGY

On October 27, 2016 a Surprise Inventory Count Audit was conducted on the Parks & Leisure Department / Central Warehouse. Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses an access based system in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS & OBSERVATIONS

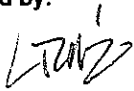

Based upon the physical count performed and as shown in the table below, the following findings were noted.

PART NAME	UNIT ID	APPROX. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
AC Scale Platform Yellow Jacket	PR-AC-0026	\$326.24	1	1	0	N/A
AC Recovery Pump Refrigerant Yellow Jacket	PR-AC-3885	\$1,089.40	1	1	0	N/A
Drill Electric Makita Heavy Duty	PR-WH-8981	\$249.00	1	1	0	N/A
Generator Generac GP 6500E	PR-WH-911A	\$1,055.71	1	1	0	N/A

AUDIT RECOMMENDATIONS

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

No written response is required on this report.

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: 10.27.16</p> <p>To: Osbaldo Guzman, Parks & Leisure Director</p> <p>Cc: Jesus Olivares, City Manager Robert Eads, Assistant City Manager</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 10-27-2016</p>
---	--

November 2016

**Transit Maintenance Division
Surprise Inventory Count Audit
November 03, 2016**

STATEMENT OF SCOPE & METHODOLOGY

On November 03, 2016, 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 manual journal. The following steps were taken to analyze all the data collected.

- 1.) A parts inventory listing 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

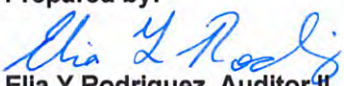

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Tank Water RTS 97 98 2000	10-195	\$ 482.00	2	2	0	N/A
Rod Torque BB 03 06 Upper	12-319	\$ 488.07	2	2	0	N/A
ECM Transmission 2011 GLG	27-869	\$ 539.79	1	1	0	N/A
Starter 12V 03 06 BB	32-463	\$ 676.39	3	3	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

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

No written response is required on this report.

<p>Prepared by:  Elia Y Rodriguez, Auditor II Date: 11/03/2016</p>	<p>Reviewed by:  Veronica Urbano Baeza, Internal Auditor Date: 11-9-2016</p>
<p>To: Claudia San Miguel, Acting Transit General Manager</p>	
<p>Cc: Jesus Olivares, City Manager Cynthia Collazo, Deputy City Manager Robert Eads, Assistant City Manager</p>	

**Utilities Service Center
Surprise Inventory Count Audit
November 16, 2016**

STATEMENT OF SCOPE & METHODOLOGY

On November 16, 2016, a Surprise Inventory Count Audit was conducted on the Utilities Service Center Warehouse. Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses "Sungard, HTE Select Version 4.0", in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS 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.
Meter Flange 2" Compr.	89007000302	\$ 89.63	24	24	0	N/A
Clamp 2 X 7 1/2 Inches	8900702059	\$ 35.19	55	55	0	N/A
8" Bell Restraint	89007000337	\$ 120.00	9	9	0	N/A
Clamp 6 X 12 1/2 Inches	8900706014	\$ 89.65	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>Prepared by:  Ella Y Rodriguez, Auditor II Date: 11-17-2016</p>	<p>Reviewed by:  Veronica Urbano-Baeza, Internal Auditor Date: 11-17-2016</p>
<p>To: Riazul Mia, Utilities Director Cc: Jesus Olivares, City Manager Robert Eads, Assistant City Manager Humberto Delgado, Financial Services</p>	

Health Department – Pharmacy Division

Surprise Inventory Count Audit

November 17, 2016

STATEMENT OF SCOPE & METHODOLOGY

On November 17, 2016, a Surprise Inventory Count Audit was conducted on the Health Department - Pharmacy Division. Four (4) different items were randomly selected from the inventory on hand. Division currently uses "Pharmacy Inventory Control System (PICS)" in order to keep a database of the division's inventory and to serve as a measure of control 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 items.
- 3.) Site visit to Health Department - Pharmacy Division.
- 4.) Health Department - Pharmacy staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS AND/OR OBSERVATIONS

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

PART NAME	INVENTORY NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Depo-Provera	N39576	\$730.61	7	7	0	N/A
Mirena	TOU15N7/ TOU183H	\$318.28	9	9	0	N/A
Paragard Intrauterine Copper Contraceptive	515005/ 516002	\$247.83	11	11	0	N/A
Xulane	614211	\$60.02	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.

Internal audit noticed that the Inventory Listing does not reflect the unit prices. Internal audit recommends that the inventory program has the capability to include the unit price in the Inventory Listing report.

Prepared by:


Elia Y Rodriguez, Auditor II
Date: 11/28/2016

Reviewed by:


Veronica Urbano-Baeza, Internal Auditor
Date: 11-28-2016

To: Dr. Hector F. Gonzalez, Health Director

Cc: Cynthia Collazo, Deputy City Manager

December 2016

Parks & Leisure / Central Warehouse Surprise Inventory Count Audit December 21, 2016

STATEMENT OF SCOPE & METHODOLOGY

On December 21, 2016 a Surprise Inventory Count Audit was conducted on the Parks & Leisure Department / Central Warehouse. Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses an access based system in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS & OBSERVATIONS

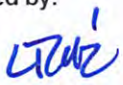

Based upon the physical count performed and as shown in the table below, the following findings were noted.

PART NAME	UNIT ID	APPROX. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Generator Honda	PR-WH-1339	\$2,857.50	0	1	1	F1
Generator Honda	PR-WH-1353	\$2,857.50	1	1	0	N/A
Air Compressor VR5-8	PR-WH-0015	\$299.99	1	1	0	N/A
Air Compressor Ridgid 9GA	PR-WH-3415	\$829.00	1	1	0	N/A

F1– Overage of one (1) "Generator Honda," was discovered during physical count. Dollar amount equals to a total of \$2,857.50.

AUDIT RECOMMENDATIONS

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

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: 12-21-16</p> <p>To: Osbaldo Guzman, Parks & Leisure Director</p> <p>Cc: Jesus Olivares, City Manager Robert Eads, Assistant City Manager</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 12-29-2016</p>
---	--



**CITY OF LAREDO
PARKS AND LEISURE SERVICES DEPARTMENT**



INTERDEPARTMENTAL MEMO

To: Veronica Urbano-Baeza, Internal Auditor
 From: Osbaldo Guzman, Director Parks and Leisure Services Department
 Date: May 05, 2017
 Subject: Response to Surprise Inventory Count Audit December 21, 2016.
 CC: Elia Y. Rodriguez, Auditor II

AUDIT FINDINGS AND/OR OBSERVATIONS

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

PART NAME	PART NUBER	APPROX. UNIT PRICE	QTY. SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING/OBSERVATION NO.
Generator Honda	PR-WH-1339	\$2,857.50	0	1	1	F1
Generator Honda	PR-WH-1353	\$2,857.50	1	1	0	N/A
Air Compressor VR 5-8	PR-W H-0015	\$299.99	1	1	0	N/A
Air Compressor Ridgid 9GA	PR-W H-3415	\$829.00	1	1	0	N/A

(F1) Overage of one (1)" Genrator Honda" was discovered during physical count. Dollar average amount equals to a total of \$2,857.50.

AUDIT RECOMENDATIONS

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

Response: Item was physically found in the warehouse, and will be added to reflect inventory list. See list attached.



Unit ID	Unit Description	ModelNo	Qty	Cost
PR-WH-0015	Air Compressor VR5-8 Champion Electric (warehouse :yard)	Champion VR5-	1	\$299.990
PR-WH-0016	Hammer Drill Cordless Model #8443DWDE S#62540G Makita Se	PR-WH-0016	1	\$249.990
PR-WH-0017	Drill Electric Makita Model DP4000 D#17194 E Sec. 10 Warehou	PR-WH-0017	1	\$199.990
PR-WH-0018	Warehouse Equipment GreenLee 521A Irrigation Wire and Valv	PR-WH-0018	1	\$910.000
PR-WH-0031	Impact Elec. Wrench 1/2" SER.#229B405170031 warehouse 5/1	MILWAUKEE 90	1	\$0.000
PR-WH-0063	Mechanic Tool Set 263 pc Craftsman Sec. #10	PR-WH-0063	1	\$199.990
PR-WH-0063A	Air Compressor Electric Portable D-500 Paasche Sec. #10 wareh	Paasche D-500	1	\$129.990
PR-WH-0099	Concrete Saw PPC-7311 Makita Sec. #11 (warehouse)	PR-WH-0099	1	\$349.000
PR-WH-0184A	Drill Electric HP 2010N Sec. #10	PR-WH-0184A	1	\$129.990
PR-WH-0196	Screwdriver Electric 679D-20 Milwaukee	PR-WH-0196	1	\$99.000
PR-WH-0360	Nailer Finish Cordless IM-250 Sec.#9 Paslode	PR-WH-0360	1	\$199.990
PR-WH-0517	Reciprocating Saw Electric Makita JR-3000Y Sec. #9	PR-WH-0517	1	\$149.990
PR-WH-0572	Drill Cordless Dewalt Ser.#100572 (warehouse) Sec. #9	Dewalt DW953	1	\$219.000
PR-WH-065E	Demolition Hammer Electric 1-1/2" HR3851 Makita Sec. #11	PR-WH-065E	1	\$299.000
PR-WH-0716A	Sander Black & Decker Electric Belt ELU Sec. #10	PR-WH-0716A	1	\$89.990
PR-WH-0727	Metal Cutting shear Electrical SER.# ABOA008470727 MILWAUK	MILWAUKEE 68	0	\$157.950
PR-WH-0790-	Miter Saw Electric 10" LS-1030 Makita Sec. #11	PR-WH-0790-A	1	\$89.990
PR-WH-0814	Drain Cleaner Mini-Rooter Ser.# MR7N0814 (Warehouse) 7/	Mini-Rooter	1	\$510.000
PR-WH-0857	Snears Electric 6850 Milwaukee Sec. #10	PR-WH-0857	1	\$89.990
PR-WH-1339	Generator Honda EB6500X1 Ser.#EBLC-1001339 (Warehouse)	Honda EB6500X	0	\$2,857.500
PR-WH-1353	Generator Honda EB6500X Ser.#EBLC-1001353 (Warehouse)	Honda EB6500X	1	\$2,857.500
PR-WH-1753	Warehouse Equipment CRAFTSMAN Model (320.17543) BASE R	PR-WH-1753	1	\$119.990
PR-WH-2088	Apollo Horizon-2 Projector Sec. #9	Apollo #16000	1	\$149.990
PR-WH-2127	Hammer Drill HR2455 S#0152127 Makita	PR-WH-2127	1	\$255.330
PR-WH-2294	Shop Saw Makita 14" Red 6176-20 Sec. #11 lost mota	PR-WH-2294	1	\$249.990
PR-WH-2517	Jig Saw Electric DW-318 Dewalt Sec. #9	PR-WH-2517	1	\$159.990
PR-WH-2538	Circular Saw 7-1/4"(elec.) Makita Ser.#0013557	Makita 5740NB	1	\$137.500
PR-WH-2554	Reciprocating Saw Electrical Makita SER.# 0052554 Y (Warehouse	MAKITA JR307	1	\$268.950
PR-WH-3015	Belt Sander Electric 9401 MakitaSec. #10	PR-WH-3015	1	\$99.990
PR-WH-3056	Metal Cutting Shear Turbo Attachment For Drill	MALCO TSHD	1	\$99.950

January 2017

**Fleet Maintenance Division
Surprise Inventory Count Audit
January 10, 2017**

STATEMENT OF SCOPE & METHODOLOGY

On January 10, 2017, a Surprise Inventory Count Audit was conducted on the Fleet Maintenance Division. Four (4) different equipment items were randomly selected from the equipment 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

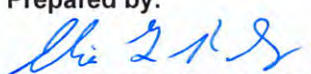

Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING/ OBSERVATION NO.
Starter - Ford Vehicles	6646	\$95.00	3	3	0	N/A
Battery - Ford Vehicles	BAT65R	\$69.00	4	4	0	N/A
Tires	ST235/80R16	\$75.19	5	5	0	N/A
Coolant Radiator - Ford 2009	CU2852	\$145.00	4	4	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

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

No written response is required on this report.

<p>Prepared by:  Elia Y Rodriguez, Auditor II Date: 01/11/2017</p>	<p>Reviewed by:  Veronica Urbano-Baeza, Internal Auditor Date: 1-18-2017</p>
<p>To: Jack Dunn, Jr., Fleet Management Director Cc: Jesus Olivares, City Manager Robert A. Eads, Assistant City Manager</p>	

**Public Works – Warehouse Division
Surprise Inventory Count Audit
January 30, 2017**

STATEMENT OF SCOPE & METHODOLOGY

On January 30, 2017, a Surprise Inventory Count Audit was conducted on the Public Works - Warehouse Division. Four (4) different inventory items were randomly selected from the inventory reports on hand. Division currently uses "Excel worksheet based system" in order to keep a database of the division's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS AND/OR OBSERVATIONS

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
Floor Finisher/Multi equip	PF0197142	\$2,759.00	1	1	0	N/A
Castle Chairs 2"	N/A	\$240.00	5	5	0	N/A
Diamond concrete Blade 14"	N/A	\$125.00	22	20	-2	F1

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

(F1) Shortage of two (2) "Diamond Concrete Blade 14"" was discovered during physical count. Dollar average amount equals to a total of \$250.00 equipment was not sign out from the warehouse office.

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

Internal Audit noticed that the Public Works Warehouse Division continues without an inventory software program, which should reflect all items received into and issued out of the warehouse. Currently, a manual selective inventory is maintained of some of the items. Internal Audit is recommending that Public Works management make an assessment of the most suitable automated inventory system and implement in order to account for all materials received and issued out.

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

Prepared by:



Elia Y Rodriguez, Auditor II

Date: 01-31-2017

Reviewed by:



Veronica Urbano Baeza, Internal Auditor

Date: 1-31-2017

To: John Orfila, Public Works Director

**Cc: Jesus Olivares, City Manager
Robert Eads, Assistant City Manager**



CITY OF LAREDO
DEPARTMENT OF PUBLIC WORKS

M E M O R A N D U M

TO: Veronica Urbano Baeza, Internal Auditor
FROM: John Orfila, Jr., Director
DATE: February 13, 2017
SUBJECT: Surprise Inventory Count Audit

In response to the Audit for January 30, 2017, the shortage of materials has been accounted for.

F1 2 Diamond Concrete
Blades 14"

The blades were taken by one of the supervisors to the job site.

The Warehouse Supervisor was out on leave the Friday before the audit; therefore, the inventory report was pending updates.

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



**Utilities Service Center
Surprise Inventory Count Audit
January 30, 2017**

STATEMENT OF SCOPE & METHODOLOGY

On January 30, 2017, a Surprise Inventory Count Audit was conducted on the Utilities Service Center Warehouse. Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses "Sungard, HTE Select Version 4.0", in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS AND/OR OBSERVATIONS



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

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING/ OBSERVATION NO.
Fire Hydrant Mueller 5'	8900708088	\$ 1,488.78	30	30	0	N/A
Clamp S-B Bell 6 Inch	8900703066	\$ 68.41	3	3	0	N/A
12" Bell Restraint	89007000338	\$ 242.35	12	12	0	N/A
Meter Flange 2" Spacer	89007000300	\$ 91.73	16	16	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

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

No written response is required on this report.

<p>Prepared by:  Elia Y Rodriguez, Auditor II Date: 01-31-2017</p>	<p>Reviewed by:  Veronica Urbano-Baeza, Internal Auditor Date: 1-31-2017</p>
<p>To: Riazul Mia, Utilities Director Cc: Jesus Olivares, City Manager Robert Eads, Assistant City Manager Humberto Delgado, Financial Services</p>	

February 2017

Parks & Leisure / Central Warehouse Surprise Inventory Count Audit February 22, 2017

STATEMENT OF SCOPE & METHODOLOGY

On February 22, 2017, a Surprise Inventory Count Audit was conducted on the Parks & Leisure Department/ Central Warehouse. Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses an access based system in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS & OBSERVATIONS

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

PART NAME	UNIT D	APPROX. UNIT PRICE	QTY SHOWING N SYSTEM/ INVENTORY LISTING	PHYSICALLY COUNTED	SYSTEM/ LISTING VARIANCE	REF. FINDING NO.
Honda/Shockwave Concrete Curb Screed	PR-EQ-35M3A	\$450.00	F1	1	1	F1
Ryan Sod Cutter	PR-EQ-3453	\$5,898.00	F2	1	1	F2
Turbo Force Mower	PR-EQ-4 764	\$3,950.00	F3	1	1	F3
All-terrain Mower Kawasaki	PR-EQ-0107	\$2,100.00	1	1	0	01

F1- Overage of one (1) "Honda/Shockwave Concrete Curb Screed," was discovered during physical count since the corresponding unit I.D. number of the item could not be found in the inventory listing provided by Parks. Dollar amount equals to a total of \$450.00.

F2- Overage of one (1) "Ryan Sod Cutter," was discovered during physical count since the corresponding unit I.D. number of the item could not be found in the inventory listing provided by Parks.. Dollar amount equals to a total of \$5,898.00.

F Overage of one (1) "Turbo Force Mower," was discovered during physical count. Dollar amount equals to a total of \$3,950.00.

Recommendation (F1-F3) - Internal Audit recommends that Department review their inventory listings for accuracy in order to determine cause of variances. Necessary entries to the inventory system should be conducted (if required) once Department has determined cause of overage and/or shortage.

O1– Although one (1) “All-Terrain Kawasaki Mower,” was listed on the inventory list, total cost of item on the inventory report was listed as \$0. However, item cost was recorded as \$2,100.00 in the warehouse computer system.

Recommendation (O1) – Department must accurately reflect not only the quantities of items included in their inventory system, but also the most current costs of those items in order to make well informed decisions when re-ordering items.

Internal Audit recommends that the department update its current inventory program. This will enable the department to reflect accurate counts and allow it to generate true reconciled reports.

We are requesting written response for finding/recommendation no later than ten (10) days after receipt of this report. Response should indicate how findings would be corrected, by whom and by when. If you have any questions, feel free to contact me at the Internal Audit Office (956) 790-1810.

Prepared by:



Leo Rodriguez, Auditor II, CPM

Date: 2.28.17

To: Osbaldo Guzman, Parks & Leisure Director

Cc: Jesus Olivares, City Manager
Robert Eads, Assistant City Manager

Reviewed by:



Veronica Urbano Baeza, Internal Auditor, CPM

Date: 2-28-2017



**CITY OF LAREDO
PARKS AND LEISURE SERVICES DEPARTMENT**



INTERDEPARTMENTAL MEMO

To: Veronica Urbano-Baeza, Internal Auditor
 From: Osbaldo Guzman, Director Parks and Leisure Services Department
 Date: May 05, 2017
 Subject: Response to Surprise Inventory Count Audit February 22, 2017
 CC: Elia Y. Rodriguez, Auditor II

Osbaldo Guzman



AUDIT FINDINGS AND/OR OBSERVATIONS

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

PART NAME	PART NUBER	APPROX. UNIT PRICE	QTY SHOWING IN SYSTEM /INVENTORY LISTING	PHYSICALLY COUNTED	SYSTEM/ LISTING VARIANCE	REF. FINDING/ OBSERVATION NO.
Honda/Shockwave Concrete Screed	PR-EQ-35M3A	\$450.00	F1	1	1	F1
Ryan Sod Cutter	PR-EQ-3453	\$5,898.00	F2	1	1	F2
Turbo Force Mower	PR-EQ-4764	\$299.99	F3	1	1	F3
All-Terrain Mower Kawasaki	PR-EQ-0107	\$829.00	1	1	0	F4

F1- Overage of one (1) "Honda/Shockwave Concrete Curb Screed," was discovered during physical count since the corresponding unit I.D. number of the item could not be found in the inventory listing provided by Parks. Dollar amount equals to a total of \$450.00.

F-2- Overage of one (1) "Ryan Sod Cutter," was discovered during physical count since the corresponding unit I.D. number of the item could not be found in the inventory listing provided by Parks. Dollar amount equals to a total of \$5,989.00

F-3- Overage of one (1) "Turbo Force Mower," was discovered during physical count. Dollar amount equals to a total of \$3,950.00.

Recommendation (F1-F-3)- Internal Audit recommends that Department review their inventory listings for accuracy in order to determine cause of variances. Necessary entries to the inventory system should be conducted (if required) once Department has determined cause of overage and/or shortage

Response: Items were physically found in the warehouse, and will be added to reflect inventory list. See list attached.

O1- Although one(1) "All-Terrain Kawassaki Mower," was listed on the inventory list, total cost of item on the inventory report was listed as \$0. However, item cost was recorded as \$2,100.00 in the warehouse computer system.

Recommendation (01) – Department must accurately/reflect not only the quantities of items included in their inventory system, but also the most current costs of those item in order to make well informed decisions when re-ordering item

Response: Equipment cost was corrected to inventory report. See list attached.

Unit ID	Unit Description	ModelNo	Qty	Cost
PR-EQ-0090	cutterwheel HD Inelodes	3305	0	\$0.000
PR-EQ-0091	Nailer Duo-fast strip model CN 350B	CN 350B	0	\$0.000
PR-EQ-0093	Mechanic tool set 70 pc Craftsman	Craftsman 70pc.	0	\$0.000
PR-EQ-0094	Die grader 1/4" Model GED 600 Makita	GED 600	0	\$0.000
PR-EQ-0095	Concrete floor finisher Whiteman MultiQuip (honda 8.0 HP)	GX 240 MultiQu	1	\$299.000
PR-EQ-0096	Ice maker without stroages means model ADO802A	ADO802A	0	\$0.000
PR-EQ-0097	Grinder Makita 4" MOD.N9501B #20652	Makita N9501B	1	\$0.000
PR-EQ-0100	Hammer drill VAR. SPD. REV. Makita	Makita 4399	0	\$30.000
PR-EQ-0102	Craftsman set 3/4 in drive	Craftsman 4804	0	\$0.000
PR-EQ-0103	circular saw 5007 NB Makita	Makita 5007 NB	0	\$0.000
PR-EQ-0104	Tool Set 5pc craftsman	Craftsman 4969	0	\$0.000
PR-EQ-0105	Air compressor Craftsman	Craftsman	1	\$0.000
PR-EQ-0106	Marker -marking line 3.5 HP Briggs & stratton	Briggs 3.5 HP fo	0	\$0.000
PR-EQ-0107	Mower Kawasaki All-terrain DR 15.0 #FH45IVAO5554	Kawasaki FH45I	1	\$0.000
PR-EQ-0108	Paint spray gun	5741	0	\$0.000
PR-EQ-0109	Paint spray gun	5742	0	\$0.000
PR-EQ-0110	Crown pallet jack	5869	0	\$0.000
PR-EQ-0111	Drill Press Delta 20" (#010743W2090)	Delta 70-200	0	\$500.000
PR-EQ-0112	Air Compressor 2.5 H.P. Prime source 110V DELETED 2/13/2012	Prime source ai	0	\$0.000
PR-EQ-0113	Air compressor Wheelbarrow Dewalt 5.5 HP gas engine (wareh	Honda GX-160	1	\$300.000
PR-EQ-0114	Shop saw Makita 2414 NB size 14"	Makita Shop sa	0	\$0.000
PR-EQ-0115	Drill 1/0" angle model 6300LR Makita	Makita drill 630	0	\$0.000
PR-EQ-0116	Nailer Duo-fast finish LFN-764A	Duo Fast finish	0	\$0.000
PR-EQ-0117	Stapler Air Gun Duo-fast 16ga. Paslode	Dou Fast Staple	1	\$436.990
PR-EQ-0122	Saw contractor's 10" Delta (model 36444)	Delta 10" contr	0	\$0.000
PR-EQ-0123	Ramset M70 22 cal. Piston-type fastening tool	Ramset Piston F	0	\$0.000
PR-EQ-0124	Demolition Hammer HM1500B 1 1/8" with case Makita	HM1500B w/ ca	0	\$0.000
PR-EQ-0127	Hammer drill HR 2420 Makita	Makita hammer	0	\$0.000
PR-EQ-0128	Makita thermo couple heat gym model 099723	Makita thermo	0	\$0.000
PR-EQ-0131	Chain Saw Echo CS-360T #C04412010131 R.Vasquez 16" 9/12	Echo CS-360T 1	1	\$309.990

Unit ID	Unit Description	ModelNo	Qty	Cost
PR-EQ-31043	Mower 6 HP Yardman (Juan Rodriguez) Delete from inventory F	Unit # 31043	1	\$250.000
PR-EQ-3130	Blower PB-755T Echo S# P10812013130 Juan Rodriguez	PR-EQ-3130	1	\$431.990
PR-EQ-3144	Hedge Clipper HC-150 Clipper 20" (09033144) Jasso	HC-150 090331	1	\$242.000
PR-EQ-3149	Rake 24" Truper Tough	EMX24LW3195	5	\$11.500
PR-EQ-3159	Mechanic Tool Set 159pc Craftsman (warehouse)	PR-EQ-3159	1	\$200.000
PR-EQ-3159A	Drain Spade 16" Truper	PEP16ELW	3	\$17.250
PR-EQ-3161	Weedeater SRM311 Echo (N-Castillo)	#3161	1	\$350.000
PR-EQ-3212	Hedge Trimmer HC 180 ECHO (S-WH/Loa)	Unit# 3212	1	\$400.000
PR-EQ-3225	Hedge Trimmer HC 180 ECHO (S-R.Vasquez)	# 3225	1	\$350.000
PR-EQ-3238	Weedeater SRM3100 Echo (S-R.Vasquez) DELETED 8/26/2011	Unit# 3238	1	\$350.000
PR-EQ-3239	Weedeater SRM311 Echo (Loa to Juan Salazar?)	# 3239	1	\$350.000
PR-EQ-3241	Blower PB-770T Echo S#PO3012043241 Rodolfo Perez 4/25/20	Echo PB-770T	1	\$499.990
PR-EQ-3268	Weedeater FS80 STIHL (Ju. R)	Unit # 3268	1	\$350.000
PR-EQ-3411	Blower PB-770T Echo S#PO3012053411 Juan Rodriguez 6/28/2	Echo PB-770T	1	\$499.990
PR-EQ-3557	Circular Saw 7 1/4" Electric Makita (Warehouse)	Makita 5740NB	1	\$250.000
PR-EQ-3670	Mechanic Tool Set 70pc Craftsman (warehouse)	PR-EQ-3670	1	\$200.000
PR-EQ-3675	Compound Tree Prunner 7'-14' PRO TP 6570	TP 6570	6	\$80.000
PR-EQ-3733	Hedge Trimmer SHC 260 ECHO (S-R.Vasquez)	# 3733	1	\$350.000
PR-EQ-3742	Grinder Milwaukee 4" Ser#DO2AD12393742 Fabian Baca 2/19/	Milwaukee Mo	1	\$139.000
PR-EQ-3778	Weedeater FS80 STIHL (N-Jasso-BROKEN)	#3778	1	\$350.000
PR-EQ-3788	Weedeater Echo SRM280T #S74212023788 H.Castillo (Javier Ro	Echo SRM-280T	1	\$359.000
PR-EQ-3792	Weedeater FS250R Stihl S# 289673792 J.Coronado 7/19/2012 (STIHL FS250R	1	\$494.990
PR-EQ-3829	Weedeater FS250R Stihl S# 289673829 J.Hernandez 7/19/2012	STIHL FS250R	1	\$494.990
PR-EQ-3845	Weedeater FS80 STIHL (N-Jasso-BROKEN)	#3845	1	\$350.000
PR-EQ-3848	Weedeater FS80 STIHL (N-J.Hernandez)	#3848	1	\$350.000
PR-EQ-3851	Weedeater FS120 STIHL (N-J.Hernandez)	#3851	1	\$350.000
PR-EQ-3853	Weedeater FS250R Stihl S#3853 (N-Jasso)	STIHL FS-250R	1	\$350.000
PR-EQ-3860	Weedeater FS250R Stihl S# 289673860 H.Castillo 7/19/2012 (N)	STIHL FS250R	1	\$494.990
PR-EQ-3861	Weedeater FS250R Stihl S# 289673861 J.Salazar 7/19/2012 (N)	STIHL FS250R B	1	\$494.990
PR-EQ-3862	Weedeater FS250R Stihl S# 289673862 J.Ochoa 7/19/2012 (N)	STIHL FS250R B	1	\$494.990

Unit ID	Unit Description	ModelNo	Qty	Cost
PR-EQ-4804	Ratchets 3/4" Drive Craftsman (warehouse)	PR-EQ-4804	1	\$150.000
PR-EQ-4969	Wrench Set 5 pc Craftsman (warehouse)	PR-EQ-4969	1	\$150.000
PR-EQ-4985	Chain Saw Echo CS-360T S#09014985 Javier Rodriguez	PR-EQ-4985	1	\$299.000
PR-EQ-4986	Impact Wrench 1/2" Drive 425FT Employee ID # 3137 Javier Ro	PR-EQ-4986	1	\$199.000
PR-EQ-4987	Drive Deep Length 1/2" Metric Set Employee ID # 3137	PR-EQ-4987	1	\$93.010
PR-EQ-4988	Tiller #21A-645A711 S#1L075K60158 Troybilt Proline Javier Ro	PR-EQ-4988 (ID	1	\$348.000
PR-EQ-4YR57	HAMMER CLAW (4YR57)		1	\$12.170
PR-EQ-5	Weedeater FS120 STIHL (WH/Cage)	#5	1	\$350.000
PR-EQ-5010	Edger Troybilt 25B-554D711 S#1E246K50104 (R.Vasquez) 10/2	Troybuilt 4.0HP	0	\$190.000
PR-EQ-5048	Lopper 32" Handle Compound Fiberglass	FL3420	12	\$23.900
PR-EQ-5049	Grease Gun (Warehouse)		6	\$8.770
PR-EQ-5097	Blower PB-770T Echo S#PO3012055097 H.Castillo 7/19/2012 (N	Echo PB-770T	1	\$499.990
PR-EQ-50QC	HOSE DISCHARGE BLUE PVC	V136-2.0x50QC	1	\$29.850
PR-EQ-5105	Blower PB-770T Echo S#PO3012055105 J.Harnandez 7/19/2012	Echo PB-770T	1	\$499.990
PR-EQ-5144	Mower 7.75 HP Husqvarna Ser.#092613M065144 North W.H. 1	Hasqvarna 775	0	\$350.550
PR-EQ-5146	Blower PB-770T Echo S#PO3012055146 J.Coronado 7/19/2012	Echo PB-770T	1	\$499.990
PR-EQ-5154	Blower PB-770T Echo S#PO3012055154 J.Salazar 7/19/2012 (N)	Echo PB-770T b	1	\$499.990
PR-EQ-5260	Water Pump Little Giant Electrical (warehouse)	PR-EQ-5260	1	\$300.000
PR-EQ-5374	Weedeater SRM311 Echo (N-H.Castillo) Deleted 8/5/2011	#5374	1	\$350.000
PR-EQ-5389	Chain Saw Stihl 044 (N-Jasso)	#5389	1	\$400.000
PR-EQ-5401	Weedeater SRM311 Echo (N-J.Hernandez)	Unit # 5401	1	\$350.000
PR-EQ-5412	Weedeater SRM311 Echo (N-Castillo) Deleted 8/5/2011	#5412	1	\$350.000
PR-EQ-5444	Weedeater SRM311 Echo (N-Jasso)	#5444	1	\$350.000
PR-EQ-5497	Weedeater SRM311Echo (S-J.Rodriguez)	Unit # 5497	1	\$350.000
PR-EQ-5509	Sprayer Stihl SR450 Backpack Ser#365030358 R.Perez 1/14/201	Echo SR-450	1	\$622.990
PR-EQ-5511	Weedeater SRM311 Echo (S-WH/Loa)	Unit# 5511	1	\$350.000
PR-EQ-5513	Weedeater SRM311 Echo (N-Castillo) Deleted 8/5/2011	# 5513	1	\$350.000
PR-EQ-5523	Weedeater SRM311 Echo (N-J.Hernandez)	Unit # 5523	1	\$350.000
PR-EQ-5539	Weedeater SRM311 Echo (N-Jasso)	#5539	1	\$350.000
PR-EQ-5544	CAMERA KODAK SER.#KCTLH94712387 warehouse 5/13/2010	KODAK easysa	0	\$0.000

**Bridge System
Automated Vehicle Identification System (AVI) Tags
Surprise Inventory Count Audit
February 23, 2017**

STATEMENT OF SCOPE & METHODOLOGY

On February 23, 2017, a Surprise Inventory Count Audit was conducted on the Bridge System's Automated Vehicle Identification System (AVI) Inventory Tags. Two (2) inventory tag classifications were selected from a random location of inventory tags on hand. 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.) Selection of tag classification and a random inventory tag location.
- 3.) Site visit to the Bridge System Warehouse. (Bridge of the Americas)
- 4.) Bridge System staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

Based upon the physical count performed on the randomly selected inventory tags location and as showed 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	8038	8038	\$12.50	0	N/A
Bumper Sticker- Warehouse/Bridge I	13	13	\$27.00	0	N/A

Internal Audit found no significant audit findings, items inventoried were in balance. No written response request is needed.

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Issuance Date: 2.23.17</p> <p>To: Yvette Limon, Interim Bridge Director</p> <p>Cc: Jesus Olivares, City Manager Robert Eads, Assistant City Manager</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Issuance Date: 2-28-2017</p>
---	---

Transit Maintenance Division Surprise Inventory Count Audit February 24, 2017

STATEMENT OF SCOPE & METHODOLOGY

On February 24, 2017, a Surprise Inventory Count Audit was conducted on the Transit Department (Transit Maintenance Division). Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses "Transit Management Software" in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS & OBSERVATIONS

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

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Filter Oil 09-Trolley	44-210	\$19.27	15	14	-1	*
Belt 17 A/C Compress	01-222	\$47.96	7	6	-1	F1
Belt 16 A/C Compress	31-078	\$65.57	8	8	0	N/A
Filter Coolant RTS	44-106	\$9.65	11	11	0	N/A



* Work order filed in the morning, department pending system adjustment.

F1- Shortage of one (1) "Belt 17 A/C Compress," was discovered during physical count. Dollar amount equals to a total of \$47.96. No requisition on file as to any one or any division borrowing equipment.

AUDIT RECOMMENDATIONS

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

We are requesting written response for finding/recommendation no later than ten (10) days after receipt of this report. Response should indicate how findings would be corrected, by whom and by when. If you have any questions, feel free to contact me at the Internal Audit Office (956) 790-1810.

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: 2-24-17</p> <p>To: Claudia San Miguel, Acting Transit General Manager</p> <p>Cc: Jesus Olivares, City Manager Robert Eads, Assistant City Manager Joe Jackson, Transit AGM Operational Maint.</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 2-28-2017</p>
--	---

EL METRO
INTER-OFFICE MEMORANDUM



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

From: Claudia San Miguel, General Manager

Thru: Joe Jackson, Assistant General Manager of Maintenance

Date: 3-13-17

RE: RESPONSE TO AUGUST 30, 2016 SURPRISE INVENTORY COUNT AUDIT

This memo is in response to the Surprise Inventory Count Audit that took place on February 24, 2017. The explanation is as follows:

A shortage of one (1) Belt AC Compressor 09/11 Gillig, Part Number 01-222 resulted from the cycle count. The reason for the discrepancy was that part was not posted on Work Order 0091301 when Bus 1135 AC repair was being performed.

LTMI Buyer, corrected the discrepancy by posting the part on Work Order 0091301 on February 24, 2017.

CC: Jesus Olivares, City Manager
Robert Eads, Assistant City Manager





LAREDO METRO, INC. WORK ORDER

WO Number 00001-0091301
Vehicle # 00001-1135

CLOSED

SHOP	00001	001
CITY OF LAREDO / EL METRO		
ACCOUNTS PAYABLE DEPT.		
PO BOX 210		
LAREDO, TX 78042		
956 791 7325		
Vendor Number		
Vendor Name		
PO Number		

CUSTOMER: 00001 BUS FIXED RTE
LAREDO METRO

Odometer / Alt Meter 1	305,623.0 Miles	/	0.0	Not In Use
Make	GILLIG			
Year Model	2011 G27D102N4			
Serial #	15GGD2718B1178161			
Plate #	111-8577			
Start	02/24/2017			
Close	02/24/2017 15:00			
Priority	1 FOLLOW-UP WORK			
Reason	14 TRIP CARD			
Shop ID	All			

LINE	TYPE	COMPLETED	VMRS CODE	MECHANIC/PART NUMBER	DESCRIPTION - OUT PO NUMBER	JOB	HRS / QTY	PRICE / WAGE	TOTAL COST
1	LABOR	02/24/2017	001-000-000	0000000010 JMF	AIR CONDITION,HEAT	CHK	1.27	25,000	31.75
	PART	02/24/2017		01-222	BELT A/C COMPRESSOR GLG/TROLLEY 09		1.00	47,960	47.96
2	LABOR	02/24/2017	065-004-000	0000000010 JMF	REPLACE HYD HOSES	RPL	3.80	25,000	95.00
	PART	02/24/2017		45-956	KIT CONTROLLER FAN 2011 GLG		1.00	458,180	458.18
	NOTE				ALSO HAD BAD HYD MODULE!!				

DESCRIPTION	LABOR HOURS	TOTAL COST
LABOR	5.07	\$126.75
PARTS 5813		\$506.14
TIRES		\$0.00
WRNTY		\$0.00
OUTSIDE PARTS	\$0.00	\$0.00
OUTSIDE TIRES	\$0.00	\$0.00
OUTSIDE LABOR	\$0.00	\$0.00
OUTSIDE		\$0.00
SHOP		\$0.00
TAX		\$0.00
MISC		\$0.00
TOTAL		\$632.89

Notes:

AUTHORIZED BY _____ DATE _____
 Date: 03/16/2017 07:13 a.m. Report ID: 3-411/WLNL Page: 1

March 2017

**Utilities Service Center
Surprise Inventory Count Audit
March 15, 2017**

STATEMENT OF SCOPE & METHODOLOGY

On March 15, 2017, a Surprise Inventory Count Audit was conducted on the Utilities Service Center Warehouse. Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses "Sungard, HTE Select Version 4.0", in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS AND/OR OBSERVATIONS

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

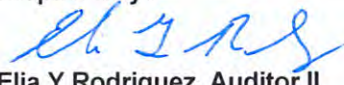

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING/ OBSERVATION NO.
1X2 Meter Adapter	89007000348	\$ 47.96	18	20	2	F 1
Clamp Rockwell 12X15	8900705006	\$ 182.59	16	16	0	N/A
2" Meter R450 FH Turbine	89007000327	\$ 1,031.24	47	47	0	N/A
20X30 Full Circle Clamps	89007000109	\$ 878.46	4	4	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

(F1) Overage of two (2) "1X2 Meter Adapter" was discovered during physical count. Dollar average amount equals to a total of \$95.92.

Recommendation: Staff must determine why this item is not reflected accurately in the inventory listing and then make appropriate corrections.

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: 03-16-2017</p>	<p>Reviewed by:  Veronica Urbano-Baeza, Internal Auditor Date: 3-16-2017</p>
<p>To: Riazul Mia, Utilities Director Cc: Jesus Olivares, City Manager Robert Eads, Assistant City Manager Humberto Delgado, Financial Services</p>	



To: Veronica Urbano-Baeza, Internal Auditor Date: Mar 27, 2017
Thru: Riazul I. Mia, P.E., CFM, Utilities Director
From: Mauro Perez, Asset Management Coordinator
Subject: Surprise Inventory Count Audit

Below is response to “Surprise Inventory Count Audit” conducted by Ms Elia Y Rodriguez, Auditor II on Mar 15, 2017.

Audit Findings & Observations:

F1 – Overage of two (2) WS 890-070-00348 1”X2” Meter Adapter
 Qty on System 18 Physically Counted 20 Variance (+2)

Causes for overage –

On 3/10/2016 Work Order WF0594822, see attachment #1, was generated to issue out water materials for a “meter set” at 8208 Eagle Ridge Ct.

Warehouse Staff issued out several items that included two (2) 890-070-00348 1”X2” Meter Adapters, see attachment #3 (Issue Ticket/Return 1811534 dated 3/10/17). Since the two meter adapters were not utilized on this job they were returned to the warehouse. Warehouse staff returned meter adapters to bin but failed to return them in the system, causing an overage of two 1”X2” Meter adapters.

Corrective Action Taken –

Warehouse personnel have returned 2 (two) WS 890-070-00348 1”X2” Meter Adapter See Attachment #2 (Issue Ticket/Return 1814060 dated 3/20/17).
 Warehouse employee was counseled in regards to his failure to complete transaction resulting in variance in our inventory count.





WF0594822/ 001

CITY OF LAREDO

REPRINT

PAGE 1

CIS JURISDICTION/CLASS/SECTION

JUR:LAREDO CL:RESIDENTIAL SEC:CITY OF LAREDO

TASK: METER SET MS

COMPLETED

CUSTOMER: ARZA CONSTRUCTION

CUSTOMER ID: 1072846

CUST. PHONE: (956) 516-7771 ()

SCHED START:03/07/17

SCHED COMPLETION:

03/07/17

CREW: UTILITY BILLING

UTB

MS @ 8208 EAGLE RIDGE CT

SERVICE/SEQ : WA 000 WATER

CYCLE/ROUTE: 63 02

REQ. DATE: 03/07/17

03/29/17

9:14:01

REQ USER: MORTIZ9 AUTH USER:MORTIZ9

WRK TYPE:ROUTINE WORK

REQUESTOR: ARZA CONSTRUCTION

ORIGIN: CITIZEN WALK-IN

LOCATION: 8208 EAGLE RIDGE CT

LOC ID: 626453

METER NUMBER : A35729837

MAKE : N NEPTUNE

SIZE : 0 5/8 X 3/4 INCH

STYLE : POS POSITIVE DISPLACEMENT

MULTIPLIER : 1.0000

LOCATION :

SPECIFIC LOC:

HAZARD :

READING SEQ : 99

COMMENTS :

MISCELLANEOUS INVENTORY INFORMATION

Meter Size 5/8 x 3/4 Inch

0

CIS CYCLE/ROUTE INFORMATION

NON METERED: CYCLE ROUTE SMTWTFS

CIS METER READING INFORMATION

CURRENT READING:

NEW READING:

HGAL

JOB ORDER INSTRUCTIONS

NEEDS AMI METER, PERMIT#16-16979

EAGLE RIDGE AT THE COUNTRY CLUB, BLK 1, LOT 1-D

MTR SZ 0

JOB ORDER CLOSE INFORMATION

START DATE: ___/___/___

COMPLETION DATE: ___/___/___

JOB ORDER RESULT COMMENTS

ATTACH. # 1

PAGE 1

ISSUE TICKET

** RETURN **

ISSUE NUMBER - 1814060
DATE - 03/20/17
ISSUED BY - HBERNAL

COMMENTS -IMR# 36030 - INCORRECT MATERIAL WAS
ISSUED OUT / MATERIAL WAS RETURNED TO WS
DATE _____

TO - JCGARCIA

DATE _____
ORDER - ENTRY

BUILDING - SERVICE CENTER WATER

WORK ORDER ID - WF0595220 WORK ORDER JOB NUMBER - 1

BIN LOCATION --- QUANTITY --- ITEM NUMBER
ALT BIN LOC BACKORDER/ISSUED UOM ITEM DESCRIPTION
REF NUMBER

UNIT COST EXTENDED COST

D 14B	2.00-EA	890 070 00348	47.9600	95.92-
		1 X 2 METER ADAPTER	1 X 2 METER ADAPTER	
1 X 2 METER ADAPTR				
55741155323016				

TOTAL 95.92-

ATTACH # 2

IV. Appendix A – Internal
Audit Staff
Acknowledgement

APPENDIX A
INTERNAL AUDIT STAFF ACKNOWLEDGEMENT

Veronica Urbano-Baeza, Internal Auditor

Elia Y. Rodriguez, Auditor II

Leopoldo F. Rodriguez, Jr., Auditor II