
City of Laredo, Texas

Internal Audit Division



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

August 17, 2017

**City of Laredo
Internal Audit Division**

**Consolidated Audit Report: Unannounced Cash,
Unannounced Inventory & Compliance Audits Completed
with Department Responses
April 2017 through June 2017
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City of Laredo
Internal Audit Division

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with Department Responses
April 2017 through June 2017
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I. Executive Summary

EXECUTIVE SUMMARY

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

Type of Audits	# of Audits Conducted
Unannounced Cash & Petty Cash Audits	101
Unannounced Inventory Count Audits	6
Compliance Audits	5

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

Understanding that resolving all audit findings was the key to assuring future compliance and minimizing the City's traditional and emerging risks; a strong commitment was made to require the departments audited to analyze and implement proper measures to adequately resolve the issues identified. A brief summary of the audit results and recommendations follows below.

Results and Recommendations on Unannounced Cash Audits

- Nine (9) audits noted where collections / cash funds had overages or shortages.
- One (1) audit where City of Laredo's Receipt Policy Notice to Customers was not posted as required by the City's Cash Handling Policy. The intent of the notice is to inform City customers that they must receive a receipt for every payment processed, immediately at point of receipt of payment.
- Two (2) audits where Sales Tax was paid on a purchase using Petty Cash Funds.

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

of 101 unannounced cash audits conducted for the time period of April 2017 through June 2017, only twelve (12) audits, or twelve (12%) percent of the population had findings noted, which conveys that the majority of the population tested is following the City's Cash Handling Policy and maintaining adequate cash handling internal controls.

Results and Recommendations on Unannounced Inventory Audits

- Observation on Fuel Inventory Audit where a three (3%) percent average variance was noted in the reconciliation of the fuel tanks housed on Daugherty Street and the fuel tanks housed at the City Landfill. The variance reflected above is minimal, and we would recommend that Fleet continue to print WinCC receipts at the time of (or as close as possible to) fuel delivery from the vendor.
- On other inventory audits conducted, there was one (1) instance where a variance was noted in reconciling selected inventory items on hand with quantities reflected on corresponding departmental inventory system listings.

In all of the instances where variances were found with the inventory items tested, our recommendation was for the affected departments to determine the cause of the variance and, if necessary, make entries into the corresponding inventory systems once the cause of the variance had been determined. Additionally, in some instances we recommended that an evaluation of some of the affected departmental inventory systems be conducted to determine the adequacy of the internal control structure pertinent to inventory. *In all of the above mentioned instances where findings were noted, responses on corrective action were submitted by the corresponding departments to Internal Audit.* It should be noted that out of twenty (20) inventory items randomly selected during the time period of April 2017 through June 2017, only one (1) item selected was noted with findings for variances, which equates to five (5%) percent of the total population tested.

Results and Recommendations on Compliance Audits

Petty Cash Compliance Audit – Fire Department

- One (1) Finding: Payment of Sales Tax on a Petty Cash Purchase. Recommendation noted that Sales Tax Exemption Forms be provided to employees making Petty Cash Purchases.

Travel Policy Compliance Audit (Follow-Up) – Health Department / Nurse Family Partnership Program

- No findings noted, just an observation for the Department / Division to be mindful of per diem lodging allowance rates.

Fixed Assets Compliance Audit – Laredo Energy Arena (LEA)

- One (1) Finding: One (1) item selected (Headset & Belt Pack) was not found with a dollar value of \$502.62. A total of forty (40) items were selected, with one (1) variance, which equates to two and one-half (2.5%) percent of the total population tested. Recommendation noted that LEA staff determines cause of variance and that any necessary adjustments be made to their asset inventory system, if required.

Fixed Assets Compliance Audit – Max Mandel Municipal Golf Course

- One (1) Finding: One (1) item selected (Alarm System) was not found with a dollar value of \$6,956.26; however, both the Max Operator and the Budget Department

explained to us that this item represents labor and miscellaneous parts for the installation of the alarm system.

Compensatory Time Compliance Audit – Multiple City Departments Selected

- Finding: Several instances in source documentation reviewed where compensatory time worked was not requested in advance with full justification for its need, as required in Section 2-87.9 (b) of the City of Laredo Code of Ordinances.
- Finding: Several instances in source documentation reviewed where City Manager's authorization was not obtained on compensatory time worked. The City's Code of Ordinances states that "only that work specifically required by the department head may be worked as compensatory time, with the City Manager's approval." (Section 2-87.9 (a) of the City's Code of Ordinances).
- Finding: Several instances in source documentation reviewed where compensatory time earned was not taken off within the next four (4) pay periods as required in Section 2-87.9 (c) of the City's Code of Ordinances.

Recommendations noted on the Compensatory Time Compliance Audit included primarily a review and update of the ordinance addressing Compensatory Time (worked) since it was initially approved April 19, 1983, and the approval requirements currently noted may not be practical for the size of employees that the City of Laredo now has. With the update of the ordinance and any applicable City policies addressing Compensatory Time, we recommended that City Departments be retrained on requirements and approved policies and procedures addressing the management of Compensatory Time worked in order to monitor the balances of Compensatory Time earned. The ultimate objective with Compensatory Time earned is for employees to take that time off earned soon after it was worked because compensatory time accrued over time will be more expensive when paid out to the employee upon separation from the City since it must be paid out at the employee's most current hourly rate.

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

A more extensive report of the audit results and recommendations can be found in the ensuing report along with any corresponding responses on corrective action from the affected departments.

II. Unannounced Cash & Petty Cash Audits

April 2017

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
APRIL 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	6146 Bridge IV - Customer Svc	LFR	4/10/2017	\$ 328.20	\$ 328.20	\$ -	0.00%		NO	NO	
2	6147 Bridge III - Toll Booth Collector	LFR	4/10/2017	\$ 63.00	\$ 63.00	\$ -	0.00%		NO	NO	
3	6148 Bridge III - Customer Svc	LFR	4/10/2017	\$ 1,500.00	\$ 1,500.00	\$ -	0.00%		NO	NO	
4	6149 Bridge II - Toll Booth Collector	LFR	4/10/2017	\$ 567.00	\$ 565.90	\$ (1.10)	-0.19%		NO	NO	
5	6150 Bridge II - Toll Booth Collector	LFR	4/10/2017	\$ 1,589.00	\$ 1,589.21	\$ 0.21	0.01%		NO	NO	
6	6151 Bridge II - Customer Svc	LFR	4/10/2017	\$ 2,260.21	\$ 2,260.21	\$ -	0.00%		NO	NO	
7	6152 Bridge II - Customer Svc	LFR	4/10/2017	\$ 8,372.12	\$ 8,372.12	\$ -	0.00%		NO	NO	
8	6153 Public Works	LFR	4/12/2017	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
9	6154 Bridge I - Toll Booth Collector	LFR	4/12/2017	\$ 273.00	\$ 272.50	\$ (0.50)	-0.18%		NO	NO	
10	6155 Bridge I - Toll Booth Collector	LFR	4/12/2017	\$ 311.50	\$ 311.50	\$ -	0.00%		NO	NO	
11	6156 Bridge I - Gateway Passes	LFR	4/12/2017	\$ 225.00	\$ 224.50	\$ (0.50)	-0.22%		NO	NO	
12	6157 Community Development - Housing Rehab	LFR	4/12/2017	\$ 6,276.25	\$ 6,276.25	\$ -	0.00%		NO	NO	
13	6158 Tax (City Hall)	LFR	4/12/2017	\$ 9,534.27	\$ 9,534.42	\$ 0.15	0.00%		NO	NO	
14	6159 Tax (City Hall)	LFR	4/12/2017	\$ 17,977.70	\$ 17,977.54	\$ (0.16)	0.00%		NO	NO	
15	6160 Parks - Cemetery	LFR	4/13/2017	\$ 470.00	\$ 470.00	\$ -	0.00%		NO	NO	
16	6161 Fire	LFR	4/18/2017	\$ 500.00	\$ 500.00	\$ -	0.00%	Petty Cash	NO	YES	Compliance Audit
17	6162 Tax (City Hall Annex)	LFR	4/21/2017	\$ 2,980.90	\$ 3,180.90	\$ 200.00	6.71%		YES	YES	Cash & Policy Violation: Collections Overage; Change Provided Between Tellers not Recorded
18	6163 Tax (City Hall Annex)	LFR	4/21/2017	\$ 4,773.08	\$ 4,573.08	\$ (200.00)	-4.19%		YES	YES	Cash & Policy Violation: Collections Overage; Change Provided Between Tellers not Recorded
19	6164 Tax (City Hall Annex)	LFR	4/21/2017	\$ 6,331.19	\$ 6,331.18	\$ (0.01)	0.00%		NO	NO	
20	6165 Tax (City Hall Annex)	LFR	4/21/2017	\$ 250.00	\$ 250.00	\$ -	0.00%	Petty Cash	NO	NO	
21	6166 Utility Billing	LFR	4/21/2017	\$ 60.00	\$ 60.00	\$ -	0.00%		NO	NO	
22	6167 Solid Waste - Landfill	LFR	4/21/2017	\$ 1,844.60	\$ 1,844.60	\$ -	0.00%		NO	NO	
23	6168 Airport - Federal Inspection Station	LFR	4/24/2017	\$ 175.00	\$ 175.00	\$ -	0.00%		NO	NO	
24	6169 Police - Records	LFR	4/24/2017	\$ 401.30	\$ 401.30	\$ -	0.00%		NO	NO	
25	6170 Municipal Court	LFR	4/25/2017	\$ 2,855.00	\$ 2,856.00	\$ 1.00	0.04%		NO	NO	
26	6171 Health - Environmental	LFR	4/25/2017	\$ 260.00	\$ 260.00	\$ -	0.00%		NO	NO	
27	6172 Building	LFR	4/25/2017	\$ 22,671.00	\$ 22,671.00	\$ -	0.00%		NO	NO	
28	6173 Traffic - Parking	LFR	4/25/2017	\$ 295.00	\$ 295.00	\$ -	0.00%		NO	NO	
29	6174 Transit - Lobby Tellers	LFR	4/27/2017	\$ 4.00	\$ 4.00	\$ -	0.00%		NO	NO	
30	6175 Utilities	LFR	4/27/2017	\$ 300.00	\$ 300.20	\$ 0.20	0.07%	Petty Cash	NO	YES	Policy Violation: Sales Tax Paid on Petty Cash Purchases
31	6176 Environmental Svcs	LFR	4/27/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
32	6177 Parks - Farias / Aranda Rec Center	LFR	4/27/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit



CITY OF LAREDO
FIRE DEPARTMENT



MEMORANDUM

TO: Veronica Urbano-Baeza, Internal Auditor

FROM: Brenda Perez, Petty Cash Custodian

THRU: Steve E. Landin, Fire Chief

Ramiro R. Elizondo, Asst. Fire Chief

DATE: June 28, 2017

SUBJECT: Petty Cash Policy Compliance Audit



Voucher # 001871, Employee was asked to purchase two Slim Jims for Fire Prevention presentations. He mentioned he advised the cashier that he was purchasing items for the City and no sales tax needed to charge. He didn't notice until he gave me receipt, that tax had been charged.

Voucher# 001880, Employee was asked to purchase HDMI cable needed to update program in training field computers. He mentioned Best Buy was having hard time locating information on sales tax exemption for the City of Laredo and since it was a very busy day and was holding the line he decided to pay tax.

No sales tax was reimbursed to the employees as is reflected in all vouchers.

Thank You.



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



Memorandum

To: Veronica Urbano Baeza, Internal Audit
From: Sandra M. Aleman, Asst. Tax Assessor Collector *S. Aleman*
Thru: Dora A. Maldonado, Tax Assessor Collector *D. Maldonado*
Date: May 3, 2017
Subject: Surprise Audit # 6162 and # 6163

On April 21, 2017 two surprise cash audits were performed at City Hall Annex. The result of the audits was that one teller, [REDACTED], was over \$200 while the other teller, [REDACTED] was short \$200. Earlier that day, [REDACTED] had asked [REDACTED] for change. The change consisted of 60 one dollar bills, 20 five dollar bills, and 4 ten dollar bills. As [REDACTED] counted the money in front of [REDACTED] to verify that the amount was correct, [REDACTED] turned to her work station, got sight tracked with customers and never gave [REDACTED] the \$200. The auditor arrived at approximately 9:20am and started with the audit.

Seldom do tellers exchange money with each other. This happens when the supervisor is not available or when the supervisor is attending customers and can't provide change. Both tellers have been advised to be more cautious and to avoid the exchange of funds whenever possible. We will also speak to all other tellers to assure this doesn't occur in the future. This difference would have also been discovered at the time of balancing. We don't feel there is a need to implement more forms at the time tellers exchange money because these occurrences don't occur often and because we have cameras to verify these transactions.

Please contact me if you need additional clarification on this incident.

Thank you,

CITY OF LAREDO
Water Utilities Department



5816 Daugherty
Laredo, Texas 78041
Ph: (956) 721-2010



P. O. Box 2950
Laredo, Texas 78044
Fax: (956) 721-2003

To: Ms. Veronica Urbano-Baeza, Internal Auditor

From: [REDACTED] Mr. Riazul I. Mia, P.E., CFM, Utilities Director
and Santos Segura, Water Distr. Superintendent

Date: May 9, 2017

cc: Ms. Rosario Cabello, Finance Director

Subject: Audit # 6175 – Petty Cash April, 2017

Please review the attached documents in regards to Audit # 6175.

Food receipts:

April 01 to 15, 2017 Voucher's # are **54** (\$17.48), **57** (\$29.30) and, **58** (\$15.64).
April 16 to 30, 2017 Voucher's # are **59** (\$6.00), **60** (\$9.37), **61** (\$6.00), **64**
(\$23.00), **66** (\$31.12)

When employees are working on an emergency call, they are granted to buy food. Since they pay cash or personal credit card they are charged sales tax. They are aware of their responsibility to inform businesses of their tax exempt. However, they simply forget or state that they don't mind paying sales tax at their expense.

Food receipts:

April 01 to 15, 2017 Voucher's # are **54** (\$17.48) and **58** (\$15.64).
April 16 to 30, 2017 Voucher's # are **60** (\$9.37), **61** (\$6.00), **64** (\$23.00) and **66**
(\$31.12).

Employees submitted a receipt for April 2017 and paid with their personal credit card. I had a pending memo to write for the Petty Cash of April 16 to 30, 2017 to justify their receipt.

CITY OF LAREDO

Water Utilities Department



5816 Daugherty
Laredo, Texas 78041
Ph: (956) 721-2010

P. O. Box 2950
Laredo, Texas 78044
Fax: (956) 721-2003

Please accept our justification.

If you have any questions or concerns, please call me at 721-2010.

Thank you.

May 2017

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

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	% Shortage/Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
												(A)
1	6178	Bridge III - Toll Booth Collector	EYR	5/15/2017	\$ 124.25	\$ 124.25	\$ -	0.00%		NO	NO	
2	6179	Bridge III - Customer Svc.	EYR	5/15/2017	\$ 6,888.80	\$ 6,888.80	\$ -	0.00%		NO	NO	
3	6180	Bridge IV - Customer Svc.	EYR	5/16/2017	\$ 2,800.50	\$ 2,800.50	\$ -	0.00%		NO	NO	
4	6181	Bridge IV - Customer Svc.	EYR	5/16/2017	\$ 2,053.50	\$ 2,053.50	\$ -	0.00%		NO	NO	
5	6182	Bridge II - Customer Svc.	EYR	5/16/2017	\$ 18,025.40	\$ 18,025.40	\$ -	0.00%		NO	NO	
6	6183	Bridge II - Customer Svc.	EYR	5/16/2017	\$ 7,850.81	\$ 7,850.81	\$ -	0.00%		NO	NO	
7	6184	Bridge II - Toll Booth Collector	EYR	5/16/2017	\$ 798.00	\$ 798.04	\$ 0.04	0.01%		NO	NO	
8	6185	Bridge II - Toll Booth Collector	EYR	5/16/2017	\$ 1,625.75	\$ 1,626.15	\$ 0.40	0.02%		NO	NO	
9	6186	Bridge I	EYR	5/17/2017	\$ 4,850.00	\$ 4,850.00	\$ -	0.00%	Change Fund	NO	NO	
10	6187	Bridge I - Toll Booth Collector	EYR	5/17/2017	\$ 245.00	\$ 245.00	\$ -	0.00%		NO	NO	
11	6188	Municipal Housing	EYR	5/17/2017	\$ 1,225.00	\$ 1,225.00	\$ -	0.00%		NO	NO	
12	6189	Parks - Fasken Rec Center	EYR	5/17/2017	\$ 180.00	\$ 180.00	\$ -	0.00%		NO	NO	
13	6190	Parks - Hillside Rec Center	EYR	5/17/2017	\$ 25.00	\$ 25.00	\$ -	0.00%		NO	NO	
14	6191	Parks - Haynes Rec Center	EYR	5/17/2017	\$ 339.00	\$ 339.00	\$ -	0.00%		NO	NO	
15	6192	Tax (City Hall)	EYR	5/23/2017	\$ 5,922.99	\$ 5,922.99	\$ -	0.00%		NO	NO	
16	6193	Tax (City Hall)	EYR	5/23/2017	\$ 5,032.64	\$ 5,032.64	\$ -	0.00%		NO	NO	
17	6194	Tax (City Hall)	EYR	5/23/2017	\$ 10,016.08	\$ 10,016.08	\$ -	0.00%		NO	NO	
18	6195	Tax (City Hall Annex)	EYR	5/23/2017	\$ 3,019.47	\$ 3,019.47	\$ -	0.00%		NO	NO	
19	6196	Tax (City Hall Annex)	EYR	5/23/2017	\$ 59,563.29	\$ 59,563.31	\$ 0.02	0.00%		NO	NO	
20	6197	Utility Billing	EYR	5/24/2017	\$ 1,143.20	\$ 1,143.20	\$ -	0.00%		NO	NO	
21	6198	Solid Waste - Landfill	EYR	5/24/2017	\$ 1,300.40	\$ 1,300.40	\$ -	0.00%		NO	NO	
22	6199	Health - Ambulance Billing	EYR	5/24/2017	\$ 23,369.08	\$ 23,369.08	\$ -	0.00%		NO	NO	
23	6200	Traffic - Parking (Zaragoza Parking Lot)	EYR	5/25/2017	\$ 46.00	\$ 46.00	\$ -	0.00%		NO	YES	Policy Violation: City of Laredo Receipt Policy Notice Not Posted
24	6201	Traffic - Parking Meters (Meter No. SA401)	EYR	5/25/2017	\$ 20.50	\$ 20.50	\$ -	0.00%		NO	NO	
25	6202	Traffic - Parking Meters (Meter No. FL708)	EYR	5/25/2017	\$ -	\$ 3.95	\$ 3.95	100.00%		YES	YES	Cash & Policy Violation: Collections Shortage; System Not Able to Produce Report in order to Reconcile Collections to Receipts
26	6203	Traffic - Parking Meters (Meter No. SU1010)	EYR	5/25/2017	\$ 0.10	\$ 0.10	\$ -	0.00%		NO	NO	
27	6204	Traffic - Parking Meters (Meter No. MN812)	EYR	5/25/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
28	6205	Traffic - Parking Meters (Meter No. IT930)	EYR	5/25/2017	\$ 1.00	\$ 1.00	\$ -	0.00%		NO	NO	
29	6206	Utilities	EYR	5/25/2017	\$ 300.00	\$ 351.54	\$ 51.54	17.18%	Petty Cash	YES	YES	Cash & Policy Violation: Fund Overage; No Secure Area to Vault Fund Overnight; Vouchers Not Prepared at Issuance of Funds
30	6207	Parks - El Eden Rec Center	EYR	5/25/2017	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
31	6208	Parks - Cigarroa Rec Center	EYR	5/25/2017	\$ 35.00	\$ 35.00	\$ -	0.00%		NO	NO	
32	6209	Health - Lab	EYR	5/31/2017	\$ 994.13	\$ 994.13	\$ -	0.00%		NO	NO	
33	6210	City Secretary - City Hall Maintenance	EYR	5/31/2017	\$ 200.00	\$ 200.19	\$ 0.19	0.09%	Petty Cash	NO	NO	
34	6211	Animal Care Facility	EYR	5/31/2017	\$ 60.00	\$ 60.00	\$ -	0.00%		NO	NO	
35	6212	Animal Care Facility	EYR	5/31/2017	\$ 77.00	\$ 77.00	\$ -	0.00%		NO	NO	
36	6213	Police - Narcotics Task Force	EYR	5/31/2017	\$ 5,000.00	\$ 5,020.00	\$ 20.00	0.40%	Confidential Funds	NO	NO	Custodian Provided Documentation of Overage at Time of Audit; Full Disbursement Not Used Causing Overage



CITY OF LAREDO
TRANSPORTATION DEPARTMENT
PARKING/VEHICLE FOR HIRE DIVISIONS



To: Veronica Urbano-Baeza, Auditor
From: Roberto Murillo, Traffic Safety Director
Cc: Elia Rodriguez, Audit Department
Lupita T. Reyes, Parking Enforcement Superintendent
Date: May 25, 2017
Subject: Response to Cash Audits 6200 and 6202

On May 25, 2017, Elia Rodriguez, Auditor, performed cash audits on several parking meters. However, audit 6202 meter FL708 came out \$3.95 short reason being the collection report was not able to process due to meter not able to communicate to system. We have been having issues with internet connection with the meters since company removed some antennas from downtown area making hard for meters to communicate. On audit 6200, the "receipt policy" notice that supposed to be posted for public was not posted on Zaragoza parking lot booth. When booth was relocated from Riverfront to Zaragoza all signs were removed in order to clean booth and forgot to replace sign. It has been posted.

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



Memo

City Of Laredo-Utilities Dept
5816 Daugherty
Laredo, Texas 78040
Telephone 956 721-2000
Facsimile 956 795-2723

DATE: June 27, 2017
TO: Veronica Urbano Baeza, Internal Auditor
FROM: Jose E. Chavarria, WWTP Superintendent
MR for Riazul Ria
THRU: Riazul I. Ria, CFM, P.E., Utilities Director
SUBJECT: The Wastewater Treatment Division May 25, 2017 Petty Cash Audit Report and Response



Ms. Urbano,

As instructed, the following is our response to your May 25, 2017 audit inspection of the Utilities' Department Wastewater Treatment Division Petty Cash Operations Procedures. According to your findings, we were noted up with some deficiencies on said petty cash issues and operations. The following reflects your found audit's discrepancies and our proposed resolution to resolve them:

1. Petty Cash box was found not in a secured area or place.

Petty Cash Box will be secured under locked and key cabinet found the Superintendent's office.

2. Petty Cash Balance exceeded the allowed fund volume of \$300.00.

Clerk was waiting for two purchase tickets from employees. Said tickets were submitted and the petty cash now is balanced. In order to prevent this from happening again, the use of the petty cash voucher and signature will be fill in before any cash is issue.

3. Petty Cash Vouchers not being use when petty cash is issued.

Acknowledge and understood the finding. From now and on, the assigned clerk will not issue any petty cash without filling out a cash voucher. It is fully understood that following this mandated protocol will eliminate all possibilities to have an unbalance petty cash inventory.

Sales tax must not be paid, a copy of the tax exemption form has to be issue to all petty

cash recipients.

A copy of said for will now be issue to all said cash receptions. Taxes paid due to companies not honoring said tax exemption will be paid and added as petty cash.

If you have any questions or need more information in regards to the above, please don't hesitate to contact Jose E. Chavarria, Division Superintendent, at your convenience.

C: [REDACTED] Clerk II
File

June 2017

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

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	% Shortage/Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
												(A)
1	6214	Bridge III - Toll Booth Collector	LFR	06/12/2017	\$ 91.00	\$ 94.50	\$ 3.50	3.85%		YES	YES	Cash & Policy Violation: Collections Overage
2	6215	Bridge III - Customer Svc.	LFR	06/12/2017	\$ 50.00	\$ 50.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
3	6216	Bridge IV - Customer Svc.	LFR	06/12/2017	\$ 2,385.50	\$ 2,385.50	\$ -	0.00%		NO	NO	
4	6217	Bridge IV - Customer Svc.	LFR	06/12/2017	\$ 1,090.00	\$ 1,090.00	\$ -	0.00%		NO	NO	
5	6218	IST - 911 Regional	LFR	06/21/2017	\$ 200.00	\$ 160.00	\$ (40.00)	-20.00%	Petty Cash	YES	YES	Cash & Policy Violation: Fund Shortage
6	6219	Health - Vital Statistics	LFR	06/21/2017	\$ 614.00	\$ 614.00	\$ -	0.00%		NO	NO	
7	6220	Health - Ambulance Billing	LFR	06/21/2017	\$ 20.00	\$ 20.00	\$ -	0.00%		NO	NO	
8	6221	Parks - Cemetery	LFR	06/21/2017	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
9	6222	Tax (City Hall)	LFR	06/23/2017	\$ 6,544.60	\$ 6,544.60	\$ -	0.00%		NO	NO	
10	6223	Tax (City Hall)	LFR	06/23/2017	\$ 8,656.18	\$ 8,656.21	\$ 0.03	0.00%		NO	NO	
11	6224	Tax (City Hall Annex)	LFR	06/23/2017	\$ 7,012.85	\$ 7,012.57	\$ (0.28)	0.00%		NO	NO	
12	6225	Tax (City Hall Annex)	LFR	06/23/2017	\$ 7,444.32	\$ 7,444.32	\$ -	0.00%		NO	NO	
13	6226	Tax (City Hall Annex)	LFR	06/23/2017	\$ 36,450.27	\$ 36,450.51	\$ 0.24	0.00%		NO	NO	
14	6227	Airport	LFR	06/26/2017	\$ 2,706.68	\$ 2,706.68	\$ -	0.00%		NO	NO	
15	6228	Airport	LFR	06/26/2017	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
16	6229	Utilities - Engineering	LFR	06/26/2017	\$ 4,525.00	\$ 4,525.00	\$ -	0.00%		NO	NO	
17	6230	Bridge II - Customer Svc.	LFR	06/27/2017	\$ 2,816.00	\$ 2,816.00	\$ -	0.00%		NO	NO	
18	6231	Bridge II - Customer Svc.	LFR	06/27/2017	\$ 10,050.00	\$ 10,050.00	\$ -	0.00%		NO	NO	
19	6232	Bridge II - Toll Booth Collector	LFR	06/27/2017	\$ 617.75	\$ 617.75	\$ -	0.00%		NO	NO	
20	6233	Bridge II - Toll Booth Collector	LFR	06/27/2017	\$ 367.50	\$ 367.49	\$ (0.01)	0.00%		NO	NO	
21	6234	Bridge I - Toll Booth Collector	LFR	06/27/2017	\$ 126.00	\$ 140.00	\$ 14.00	11.11%		YES	YES	Cash & Policy Violation: Collections Overage; New System Implemented, Trouble with Reconciliation
22	6235	Bridge I - Toll Booth Collector	LFR	06/27/2017	\$ 388.50	\$ 416.50	\$ 28.00	7.21%		YES	YES	Cash & Policy Violation: Collections Overage; New System Implemented, Trouble with Reconciliation
23	6236	Parks - North Central Pool	LFR	06/27/2017	\$ 47.00	\$ 47.00	\$ -	0.00%		NO	NO	
24	6237	Parks - Del Mar Pool	LFR	06/27/2017	\$ 18.00	\$ 18.00	\$ -	0.00%		NO	NO	
25	6238	Parks - Bartlett Pool	LFR	06/27/2017	\$ 97.00	\$ 97.00	\$ -	0.00%		NO	NO	
26	6239	Parks - Haynes Pool	LFR	06/27/2017	\$ 172.00	\$ 172.00	\$ -	0.00%		NO	NO	
27	6240	Solid Waste	LFR	06/28/2017	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
28	6241	Library - Main Branch	LFR	06/28/2017	\$ 46.10	\$ 46.10	\$ -	0.00%		NO	NO	
29	6242	Library - Inner City Branch	LFR	06/28/2017	\$ 13.30	\$ 13.20	\$ (0.10)	-0.75%		NO	NO	
30	6243	Parks - Inner City Pool	LFR	06/28/2017	\$ 640.00	\$ 640.00	\$ -	0.00%		NO	NO	
31	6244	Parks - Independence Pool	LFR	06/28/2017	\$ 20.00	\$ 20.00	\$ -	0.00%		NO	NO	
32	6245	Parks - El Eden Pool	LFR	06/28/2017	\$ 14.00	\$ 15.00	\$ 1.00	7.14%		YES	YES	Cash & Policy Violation: Collections Overage
33	6246	Parks - Three Points Pool	LFR	06/28/2017	\$ 23.00	\$ 23.00	\$ -	0.00%		NO	NO	

Laredo Bridge System

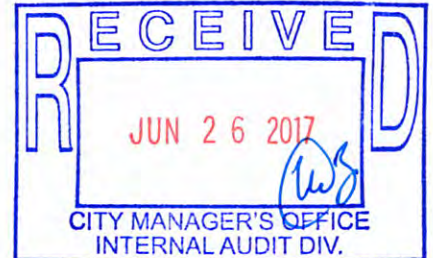
Memo

To: Veronica Urbano, Internal Auditor

From: Yvette Limon, Acting Bridge Director

Date: June 19, 2017

Re: Audit # 6214



On June 12, 2017, the City's Internal Audit Staff conducted a surprise audit at Bridge III on the collector located in lane two; noted below is the response to the audit observation.

Audit # 6214

At the end of the audit, Collector [REDACTED] was found to be \$3.50 over. The supervisor verified his cash, reviewed his tour of duty report, unusual occurrence report, detailed audit report and exception report.

Mr. [REDACTED] had a six (6) axle vehicle go thru his lane; however, he registered the vehicle as four (4) axles. Mr. [REDACTED] properly charged \$10.50. A misclassification report was prepared and signed by the collector noting the discrepancy. His actual difference was zero (0.00). Therefore, as per the Laredo Bridge System Shortage/Overage Policy, no further disciplinary action is necessary.

Memo



To: Veronica Urbano-Baeza, City Manager's Office - Internal Audit Division
From: Heberto L. Ramirez, Acting City Secretary *[Signature]*
Thru: Amanda Tienda, 9-1-1 Program Manager *[Signature]*
Date: June 23, 2017
Re: Internal Surprise Audit Violation

Ms. Urbano-Baeza,

On June 21st, the 9-1-1 Regional Administration received a Surprise Cash Audit from the City of Laredo City Manager's Department Internal Audit Division. Our division received a violation, and I wanted to provide more information.

We received a violation for being short in the cash drawer. On Friday - June 16th, [REDACTED] provided [REDACTED] with \$40 in petty cash to purchase breakfast tacos for a training held at Laredo Community College for telecommunicators in the region. The training was an eight (8) hour training, and she did not return to the office that day. The following Monday, [REDACTED] was out on personal leave. On Tuesday, the receipt was not reconciled. We received this audit Wednesday morning.

The violation was for being short for the \$40. We have reconciled the petty cash drawer, and we are now in compliance. I apologize for this error, and I will discuss and reinforce the proper procedure with staff.

Please let me know if I can provide additional information. Thank you.

Laredo Bridge System

Memo

To: Veronica Urbano, Internal Auditor

From: Yvette Limon, Acting Bridge Director

Date: July 11, 2017

Re: Audit # 6234 and Audit #6235



On June 27, 2017, the City's Internal Audit Staff conducted a surprise audit at Bridge II on the collector located in lane two and lane five; noted below is the response to the audit observation.

Audit # 6234

At the end of the audit, Collector [REDACTED] had \$140.00 in cash and his Tour of Duty noted he was supposed to have \$126.00; a difference of \$14.00 over.

The actual Tour of Duty prepared at the time of the audit was conducted included all misclassification transactions and added/subtracted the transactions as cash. The company installing the new system corrected the error. The new Tour of Duty (copy attached) shows that the actual amount of cash should be \$147.00, a difference of \$7.00 short. Mr. [REDACTED] had two (2) vehicles go thru his lane and the gate stayed open. They were properly charged however, the system registered each transaction twice. A Misclassification Report was prepared and signed by the collector noting the discrepancy. His actual difference at the end of the day was .30 over. Therefore, as per the Laredo Bridge System Shortage/Overage Policy, no further disciplinary action is necessary.

Audit # 6235

At the end of the audit, Collector [REDACTED] had \$416.50 in cash and her Tour of Duty noted she was supposed to have \$388.50; a difference of \$28.00 over.

The actual Tour of Duty prepared at the time of the audit was conducted included all misclassification transactions and added/subtracted the transactions as cash. The company installing the new system corrected the error. The new Tour of Duty (copy attached) shows that the actual amount of cash should be \$416.50, a difference of \$0.00. Therefore, as per the Laredo Bridge System Shortage/Overage Policy, no disciplinary action is necessary.

4115

City of Laredo Collector Tour of Duty

Facility: Bridge 1
Employee Name: [REDACTED] (333)
Start Date: 6/27/2017
End Date: 6/27/2017

Collector: [REDACTED] 333

Deposit Date/Time: 06/27/2017 11:27:59

Adjustments									
Transaction Date/Time	Type	Class	+/- Trans	Plaza	Revenue	Axles	Adjust By	Adj. Date/Time	Comment
06/27/2017 07:45:55				Bridge 1			5	E0000013300627171130	Cash Bag
06/27/2017 09:09:57				Bridge 1			5		

Transactions													
Class	Cash	VIOL	NR	UT	Cash SubTotal	Under Class	Over Class	AVI	NR AVI	AVI SubTotal	Total Trans	Trans Adjust	Adjusted Total
2	119	10	3	0	132	5	4	49	0	49	181	0	181
Total	119	10	3	0	132	5	4	49	0	49	181	0	181

Axles													
Class	AVI	Cash	Total Axles	AVI EXP	Cash EXP	Total EXP	Variance						
2	98	244	342	98	244	342	0						
Total	98	244	342	98	244	342	0						

Revenue

Class	AVI Expected	Cash Expected										
2	\$161.70	\$416.50										
Total	\$161.70	\$416.50										

Deposit Date/Time: 06/27/2017 16:01:08

Adjustments									
Transaction Date/Time	Type	Class	+/- Trans	Plaza	Revenue	Axles	Adjust By	Adj. Date/Time	Comment
06/27/2017 12:36:29				Bridge 1			5	E0000013300627171603	Cash Bag
06/27/2017 14:49:54				Bridge 1			5		

City of Laredo Collector Tour of Duty

Facility: Bridge 1
 Employee Name: [REDACTED] (90)
 Collector: [REDACTED] 90

4115

Start Date: 6/27/2017
 End Date: 6/27/2017

Deposit Date/Time: 06/27/2017 11:01:11

Adjustments

Transaction Date/Time	Type	Class	+/- Trans	Revenue	Axles	Adjust By	Adj. Date/Time	Comment
Date/Time Open						Lane		Cash Bag
06/27/2017 07:48:17			Plaza			1		E0000010870627171103
06/27/2017 09:43:19			Bridge 1			2		
06/27/2017 10:12:47			Bridge 1			2		

Transactions

Class	Cash	VIOL	NR	UT	Cash SubTotal	Under Class	Over Class	AVI	NR AVI	AVI SubTotal	Total Trans	Trans Adjust	Adjusted Total
2	42	5	0	0	47	1	6	1	0	1	48	0	48
Total	42	5	0	0	47	1	6	1	0	1	48	0	48

Axles

Class	AVI	Cash	Total Axles	AVI EXP	Cash EXP	Total EXP	Variance
2	2	90	92	2	73	75	17
Total	2	90	92	2	73	75	17

Revenue

Class	AVI Expected	Cash Expected
2	\$3.30	\$147.00
Total	\$3.30	\$147.00

Deposit Date/Time: 06/27/2017 15:59:31

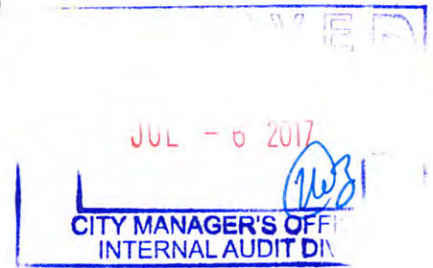
Adjustments

Transaction Date/Time	Type	Class	+/- Trans	Revenue	Axles	Adjust By	Adj. Date/Time	Comment
Date/Time Open			Plaza			Lane		Cash Bag
06/27/2017 11:25:52			Bridge 1			5		E0000010870627171601



CITY OF LAREDO

PARKS AND LEISURE DEPARTMENT



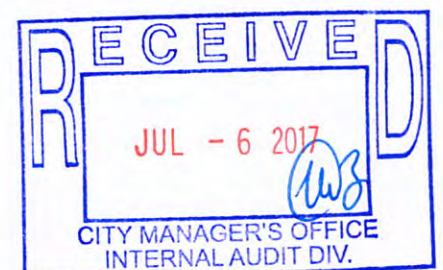
To: Veronica Urbano-Baeza, Auditor
From: *CR* Celina Rivera, Interim Parks and Leisure Director
Date: July 3, 2017
Subject: Response to Surprise Cash Audit

On June 28, 2017, Auditor Rodriguez performed a random cash audit.

The finding for Cash Audit No. 6245 resulted in a cash overage.

Recommendation/Solution: A change fund was issued to correct overage concern.

The Parks and Leisure Department will work to prevent this type of issues from occurring in the future.



III. Unannounced Inventory Count Audits

April 2017

Engineering/Fleet Division

Fuel Inventory Audit

March 16, 2017

STATEMENT OF SCOPE & METHODOLOGY

On March 16, 2017, Internal Audit initiated an Inventory Audit of the City's fuel supply housed at the fueling facilities adjacent to Public Works and the Landfill. The objective of this audit was to determine whether or not the fuel supply could be reconciled at any given point in time with the current reporting mechanisms in place. The scope of our audit consisted of a review of the monthly fuel usage reports (WinCC system), as well as the vendor invoices submitted for the month of November 2016 (original records as well as copies were obtained and verified through examination). The following steps were taken to analyze all the data collected.


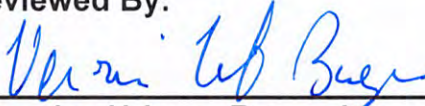
- Interviews were conducted with the Fleet Maintenance Superintendent.
- WinCC reports were obtained from Fleet staff, and an evaluation of the monthly fuel usage reports was conducted. Beginning and ending balances for the month of November 2016 were provided.
- Vendor delivery receipts and statements (invoices) were obtained from Fleet staff, and an evaluation of fuel replenished and billed was conducted.
- Verified the total gallons used and delivered for the month of November 2016
- Note: It needs to be mentioned that the beginning Balance (in Gallons) as per Inventory Report for Tank 1, 2 and 3 system malfunctioned on November 1, 2016. Totals were calculated with the last printout and adding the total from the track fuel system to be able to have the Beginning Balances.

INTERNAL AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

O1: After reviewing the WinCC system reports, the vendor invoices provided by Fleet, and the opening and ending fuel balances for the month of November 2016 we were unable to reconcile the fuel inventory for the month, as indicated in the table below.

FUELING LOCATIONS						
	Fleet Unleaded Tank 1	Fleet Unleaded Tank 2	Fleet Diesel Tank 3	Landfill Diesel	Landfill DEF	Landfill D Diesel Tank 3150
Beginning Balance (in Gallons) as per Inventory Report	4,873	5,629	4,847	2,249	394	1,152
Gallons Delivered	36,390	25,846	28,977	38,098	500	2,565
Gallons Dispensed	37,882	24,968	28,988	31,957	498	2,572
Ending Balance Calculated	3,381	6,507	4,837	8,390	397	1,145
Ending Balance (in Gallons) as per Inventory Report	3,636	6,508	4,696	8,803	413	1,196
Variance	255	1	-141	413	17	51

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

Prepared by:  4/12/17 Elia Y. Rodriguez, Auditor II Date		Reviewed By:  4-12-2017 Veronica Urbano Baeza, Internal Auditor Date	
Issued to:	Response Required	Response Due Date	
Jack Dunn, Jr., Fleet Management Director	Yes	05/03/2017	
<p><u>All responses must be signed by the Department Director, submitted to the Internal Auditor, and include the following:</u></p> <ol style="list-style-type: none"> 1.) A description of the progress in resolving or addressing the findings or observations noted above. 2.) Implementation schedules identifying specific steps to be taken and to assure similar findings or observations are not repeated and target dates for implementation. 			
Cc: Jesus Olivares, City Manager Robert Eads, Assistant City Manager			



CITY OF LAREDO Fleet Management Department

MEMORANDUM

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

FROM: Jack Dunn, Jr. Fleet Management Director

DATE: 05/01/2017

RE: Fuel Inventory Audit, March 16, 2017

Responding to the fuel use of November 2016, the variations of the fuel balances will never be in complete balance as we have advised in the past due to our dispensers being used 24/7, especially our First Responders. The fuel dispensers cannot be turned off while the Fuel truck is re-filling our tanks. That being said, our totals are improved from last year's audit.

We are continuing the practice as recommended of printing the readouts before and after when the fuel is delivered. We are also continuing the practice of keeping each month in a separate folder to facilitate the fuel information and to maintain full transparency. I continue to get reports on a weekly basis from the staff I have assigned to this task.

We have gone out for bids to replace all of our gasoline dispensers at the Daugherty location, and the diesel dispenser at the Landfill. Also included in the bid were the fuel monitor and fuel pumps for the three 10,000 gallon fuel tanks at the Daugherty location. We have awarded the bid to Petroleum Solutions, low bidder and very experienced working on our fuel stations. All of the hardware has been ordered and I look forward to have this job completed in the next 60 to 90 days. This should greatly improve our accountability of our fuel deliveries/use.

Jack Dunn, Jr. Fleet Management Director

Cc: Jesus M. Olivares, City Manager
Robert E..Eads, Assistant City Manager, Operations



Public Works - Warehouse Division Surprise Inventory Count Audit April 24, 2017

STATEMENT OF SCOPE & METHODOLOGY

On April 24, 2017, 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.
Hoshizaki Ice Maker	E01066B	\$8,684.59	1	1	0	N/A
Milwaukee Metal Shear	A80DD13251097	\$158.76	1	1	0	N/A
Stihl Blower	299234135	\$429.99	1	1	0	N/A
Mikasa Jumping Jack	J7470	\$2,685.00	1	1	0	N/A

AUDIT RECOMMENDATIONS

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

No written response is required on this report.

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: 4.24.17</p> <p>To: John Orfila, Public Works Director Cc: Jesus Olivares, City Manager Robert Eads, Asst. City Manager</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 4-28-2017</p>
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Utilities Service Center Surprise Inventory Count Audit April 27, 2017

STATEMENT OF SCOPE & METHODOLOGY

On April 27, 2017, a Surprise Inventory Count Audit was conducted on the Utilities Service Center Warehouse / Sewage Inventory parts. Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses "Sungard, HTE Select Version 8.0", in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS & OBSERVATIONS



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

PART NAME	PART NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Couplings Smith Blair 1/2 inch	890-070-2031	\$10.40	11	11	0	N/A
Couplings Smith Blair 3/4 inch	890-070-2032	\$18.38	8	8	0	N/A
Saddle Bronze 10 x 1 1/2 inch	890-070-00035	\$75.31	6	6	0	N/A
Saddle Bronze 6x3/4 inch	890-070-3079	\$67.70	32	32	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: 4.27.17</p> <p>To: Riazul Mia, Utilities Director 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: 5-1-2017</p>
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May 2017

**Fleet Maintenance Division
Surprise Inventory Count Audit
May 23, 2017**

STATEMENT OF SCOPE & METHODOLOGY

On May 23, 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.
Tire Recap- Garbage Vehicles	11RX22.5Reman	\$179.70	15	14	-1	N/A
Rear Brake Rotor - Explorer Vehicles	680983P	\$85.00	14	14	0	N/A
Battery	BAT26R	\$55.28	3	3	0	N/A
Hub Bearing - Police Vehicles	92192305	\$293.87	2	2	0	N/A

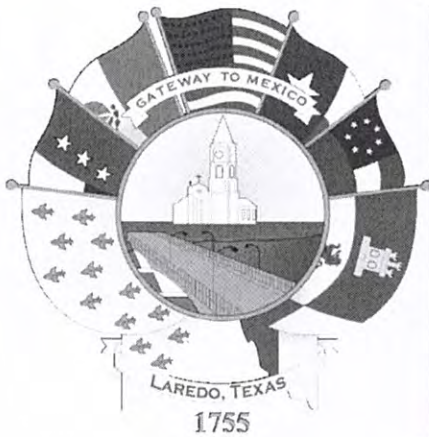
AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

(F1) Shortage of one (1) "Tire – 11RX22.5Reman" was discovered during physical count. Dollar average amount equals to a total of \$179.70.

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

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: 05-26-2017</p>	<p>Reviewed by:  Veronica Urbano-Baeza, Internal Auditor Date: 5-26-2017</p>
<p>To: Jack Dunn, Jr., Fleet Management Director Cc: Horacio A. De Leon, Jr., Interim City Manager Robert A. Eads, Assistant City Manager</p>	



CITY OF LAREDO Fleet Management Department

MEMORANDUM

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

FROM: Jack Dunn, Jr. Fleet Management Director

DATE: 06/06/2017

RE: Surprise Inventory Count Audit, May 23, 2017

Shortage of one 11R22.5 Re-Cap tire came up in the count of our tires. The Warehouse Supervisor, [REDACTED] released a defective tire to our Vendor Southern Tire for replacement, but did not get a receipt for the tire when it was taken and did not account for it in the inventory. Attached is the credit receipt/invoice #68309458, dated the same day. We do have a policy in place to account for any tires taken for credit with a written receipt, but was an oversight since the Tire had just been picked up shortly before the Surprise Audit. I have spoken to the Warehouse Supervisor so this does not occur again.

Jack Dunn, Jr. Fleet Management Director

Cc: Horacio De Leon, Jr, Interim City Manager
Robert E. Eads, Assistant City Manager, Operations



Transit Maintenance Division Surprise Inventory Count Audit

May 31, 2017

STATEMENT OF SCOPE & METHODOLOGY

On May 31, 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 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.
Compressor Air 09 GLG	41-530	\$ 1,050.25	1	1	0	N/A
Battery Van 09 & 02	32-780	\$ 71.90	11	11	0	N/A
Compressor Air 97, 98, & 00 RTS	41-500	\$ 564.56	2	2	0	N/A
Alternator 2009 Van	32-220	\$ 225.00	2	2	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS


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

No written response is required on this report.

Prepared by:


Elia Y Rodriguez, Auditor II
Date: 05-31-2017

Reviewed by:


Veronica Urbano Baeza, Internal Auditor
Date: 5-31-2017

To: Claudia San Miguel, Acting Transit General Manager

Cc: Horacio A. De Leon Jr., Interim City Manager
Cynthia Collazo, Deputy City Manager
Robert Eads, Assistant City Manager

June 2017

**Utilities Service Center
Surprise Inventory Count Audit
June 26, 2017**

STATEMENT OF SCOPE & METHODOLOGY

On June 26, 2017, a Surprise Inventory Count Audit was conducted on the Utilities Service Center Warehouse / Sewage Inventory parts. Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses "Sungard, HTE Select Version 8.0 ", in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS & OBSERVATIONS

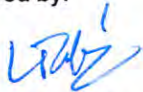

Based upon the physical count performed and as showed in the table below, the following observations were noted.

PART NAME	PART NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
6x6 IPS (G) Gasket	LS-890-065-00870	\$21.03	17	17	0	N/A
6x6 IPS (SP) Spigot	LS-890-065-00890	\$21.03	18	18	0	N/A
6x6 IPS (Couplings)	LS-890-065-00910	\$26.00	8	8	0	N/A
8x8 IPS (Gaskets)	LS-890-065-00880	\$37.15	7	7	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: 6.26.17</p> <p>To: Riazul Mia, Utilities Director</p> <p>Cc: Horacio De Leon, Interim 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: 6-29-2017</p>
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IV. Compliance Audit Reports

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

Department/Division Name: Fire Department			Audit Date		
██████████ – Custodian of Account			4-18-17		
Period Audited: Last three reimbursements plus items on hand.					
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	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.		100% Compliance	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-			99%	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:

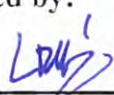
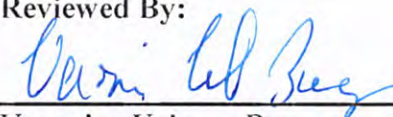
F1: The petty cash reimbursement reports reviewed for period covered by our audit reflected the payment of sales tax on "outstanding invoices" by the employees on two (2) separate instances. It should be noted that the division has not yet filed vouchers, and has not been submitted for reimbursement.

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."

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:	Date:	Reviewed By:	Date:
	4.24.17		4-27-2017
Leo Rodriguez	Auditor II, CPM	Veronica Urbano Baeza	Internal Auditor, CPM

Issued to:	Response Required	Response Due Date	Score	Overall Score
Fire Chief Steve Landin	YES	5/5/17	99%	
Ms. Rosario Cabello – Finance Director	NO	N/A	100%	99%

All responses must be approved by the Department Director, submitted to the Internal Auditor, and include the following:

- 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
Cynthia Collazo, Deputy City Manager



**CITY OF LAREDO
FIRE DEPARTMENT**

MEMORANDUM

TO: Veronica Urbano-Baeza, Internal Auditor

FROM: Brenda Perez, Petty Cash Custodian *BPP*

THRU: Steve E. Landin, Fire Chief *SL*
Ramiro R. Elizondo, Asst. Fire Chief

DATE: June 28, 2017

SUBJECT: Petty Cash Policy Compliance Audit



Voucher # 001871, Employee was asked to purchase two Slim Jims for Fire Prevention presentations. He mentioned he advised the cashier that he was purchasing items for the City and no sales tax needed to charge. He didn't notice until he gave me receipt, that tax had been charged.

Voucher# 001880, Employee was asked to purchase HDMI cable needed to update program in training field computers. He mentioned Best Buy was having hard time locating information on sales tax exemption for the City of Laredo and since it was a very busy day and was holding the line he decided to pay tax.

No sales tax was reimbursed to the employees as is reflected in all vouchers.

Thank You.

**CITY OF LAREDO
CITY MANAGER'S DEPARTMENT INTERNAL AUDIT DIVISION
TRAVEL POLICY COMPLIANCE
FOLLOW-UP AUDIT**

TYPE OF AUDIT	FISCAL YEAR	PERIOD REVIEWED	SAMPLE OR 100%	Audit Date
Travel Policy Compliance Follow-up	2016-2017	Fiscal Year	100%	5/25/2017
DEPARTMENT / DIVISION AUDITED				
Laredo Health Department/Nurse Family Partnership				
<p>BACKGROUND: <i>On August 28, 2016, the Internal Audit division submitted to management a Travel Audit report regarding a discrepancy on a Travel trip from the Health Department's Nurse Family Partnership Program (HD-NFP). This report summarizes the HD-NFP audit report's recommendation and the follow-up findings, which describe how HD-NFP management has implemented the auditor's recommendation.</i></p> <p>AUDIT OBJECTIVE: <i>The objective of this follow-up audit is to ensure that all findings & observations identified on initial report have been addressed accordingly. In addition, more testing was done in order to determine whether department/division and accounts payable are following policies and procedures when processing Travel Authorizations and After Travel Reports.</i></p> <p>AUDIT SCOPE AND METHODOLOGY: <i>All HD-NFP travel requests processed during the fiscal year period were reviewed. Documentation reviewed:</i></p> <p><i>1.) Travel Authorization and corresponding documentation; 2.) After Travel Report and corresponding documentation; 3.) Travel Policy Manual; 4.) iSeries500 Account Information.</i></p>				
DEPARTMENT/DIVISION				
<i>Laredo Health Department/Divisions Prior Audit Recommendations:</i>				
<u>Audit Recommendation:</u>				
<i>The HD-NFP employee should reimburse the City of Laredo for the total gasoline advance provided of \$60.00. Once full reimbursement is made by the employee, the Health Department should contact Financial Services to obtain the correct account numbers to post to. If there is an issue with reimbursement by the employee, then Financial Services must be contacted to approve any optional payment arrangements. Additional, we would recommend that the employee and any HD-NFP staff that prepare Travel Authorizations and After Travel Expense Reports be counseled and re-trained on the City of Laredo's Travel Policy.</i>				
<u>Audit Follow-up Corrective Action:</u>				
<i>Staff was counseled and made aware of the discrepancy and the need to follow City of Laredo travel policy. Staff paid back \$43 dollars for gas fill-up upon return trip to Laredo. Staff was again provided with City of Laredo Travel Policy, in order for staff to adhere to on any future trips. And, supervisor will monitor any future travel that is made by the division.</i>				
<u>Laredo Health Department/Divisions Additional Findings, Observations & Recommendations:</u>				
<p>O1: <i>Internal Audit noticed that on travel trips #15-1015, the "After Travel Report" showed a hotel expenditure of \$978.00 for a 4-day education training program held in Denver, Colorado. The Nurse Family Partnership grant requires that each nurse attend this training in order to comply with the grant's stipulation. However, travel arrangements and hotel accommodations are not provided by the sponsor of the training program and learners are asked to make their own travel arrangements and hotel accommodations according to their travel policy. No block of rooms were reserved for attendees, but sponsor recommended that government rate for those employed by public entities be requested. According to the GSA per diem reimbursement rates for FY17, Denver Colorado's lodging rate stood at \$178.00. On travel trip #15-1015, the rate that was charge for lodging was above the allowable per diem reimbursement rate. No documentation was submitted confirming that there was no other hotel room reservations available.</i></p> <p>R1: <i>Current lodging allowance rates for existing per diem localities should always be followed in order to provide for reimbursement of employees' subsistence expenses while on official travel. As per the City of Laredo Travel Policy, under "Lodging," "Travelers should use standard room accommodations at non-luxury hotels. Except when the conference is at that particular hotel. When making reservation for lodging costs, the traveler should inquire about educational or government discounts." Documentation should have been submitted confirming that there was no other rooms available in the area, in order to substantiate stay at the selected hotel.</i></p>				

O2: Internal Audit found that on travel trip #15-1014, a refund for flight tickets due to cancelation, has not been credited to the City's American Express account. While it has been noted by the department of the flight cancelation due to weather conditions and that it would take one to two billing cycles for credit charges to appear on the credit card statement, as of the date of this audit, no credit has appeared in the credit card statement yet.

R2: Billing cycles of credit card statement must be monitored in order to ensure that the flight cancelation refund is applied to the City's American Express account. Internal Audit recommends that the Department inquire with accounts payable and note when credit to the American Express account is made. This would ensure that all the reports are complete, accurate and justifiable.

FINANCE DEPARTMENT

Finance Department Prior Audit Recommendations:

None

Finance Department Additional Findings, Observations & Recommendations:



O2: Internal Audit found that on travel trip #15-1014, a refund for flight tickets due to cancelation, has not been credited to the City's American Express account. While it has been noted by the department of the flight cancelation due to weather conditions and that it would take one to two billing cycles for credit charges to appear on the credit card statement, as of the date of this audit, no credit has appeared in the credit card statement yet.

R2: Billing cycles of credit card statement must be monitored in order to ensure that the flight cancelation refund is applied to the City's American Express account. Internal Audit recommends that the Department inquire with accounts payable and note when credit to the American Express account is made. This would ensure that all the reports are complete, accurate and justifiable.

COMMENTS

Audit was performed in accordance with Financial Services Travel Policies and Procedures manual submitted to our department as policies being enforced during the period which was reviewed. We would like to note that the Financial Services Department revised the policy and procedure travel manual effective 10/13/2003.

We are requesting written response for your Department/Division finding(s), observation(s) & recommendation(s), no later than ten (10) working days after receipt of this report. Response should indicate how finding(s) & observation(s) would be corrected, by whom, and by when. Written response must be signed by the Department Director and addressed to the Internal Auditor. If you have any questions, feel free to contact the Internal Audit Office.

				
Leo Rodriguez, Auditor II, CPM	Issuance Date 5-25-17	Veronica Urbano Baeza, Internal Auditor, CPM	Issuance Date 5-25-17	
ISSUED TO:	RESPONSE REQUIRED	RESPONSE DUE DATE:	Score	Overall
Dr. Hector Gonzalez, Health Director	YES	06/10/17	100%	Score
Ms. Rosario Cabello, Financial Services Director	YES	06/10/17	100%	100%

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


Travel Policy Compliance Audit (Health Department)

TRAVEL POLICY EVALUATION CRITERIA	Auditor Comments	Compliance	
		Score	Value
Department /Division - Preparation of Travel Authorization and After Travel Request Forms			
1. Travel Authorization and After Travel Request forms submitted to the Finance Dept. for processing.	100% COMPLIANCE	10	10
a. Timely submittal:			
Travel Auth. at least 3 days prior to trip.(unless Emerg.)	100% COMPLIANCE	5	5
After Travel Request submitted within 15 days of return.	100% COMPLIANCE	10	10
b. Approval Requirements	100% COMPLIANCE	10	10
b. Completeness and accuracy	100% COMPLIANCE	10	10
2. Expenses Paid:			
Qualified expenditures (Non-Qualified-Liquor, movies, cigarettes, toiletries)	O1	15	15
Expenditures supported with qualified receipts	100% COMPLIANCE	15	15
Per Diem Calculations (incl. partial days and exemptions)	100% COMPLIANCE	5	5
Mileage Calculations	100% COMPLIANCE	5	5
Food & Beverage (more 1 person) supported w/ disclosure statement	100% COMPLIANCE	5	5
3. Balance Due City/Employee cleared	O2	5	5
4. Travel forms should be submitted individually by each employee traveling.	100% COMPLIANCE	5	5
Compliance Rate for Department/Division	100%	100	100
Finance/ Accounts Payable- Administration & Processing of Travel Authorization & After Travel Request Forms & Policy			
1. Advances coded to a receivable account and After Travel Expenses coded to program's travel account.	100% COMPLIANCE	10	10
2. Advances and reimbursements issued only if sufficient funds.	100% COMPLIANCE	10	10
3. Payment issued only for qualified expenditures.	100% COMPLIANCE	20	20
4. Payment issued only with qualified receipts.	100% COMPLIANCE	20	20
5. All supporting documents attached to reports support advance (e.g. registration documents, itinerary)	100% COMPLIANCE	10	10
6. Was American Express Credit Card procedure followed as identified on travel policy memorandums	O2	10	10
7. Approval from City Manager and Assistant City Manager was obtained if reimbursed on actual expenditures.	100% COMPLIANCE	10	10
8. Travel approved by Department Director or City Manager. (Usually Travel Authorization)	100% COMPLIANCE	10	10
Compliance Rate for Finance/Accounts Payable Division	100%	100	100



Memorandum

To: City of Laredo Internal Audit Division

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

XC: Ms. Cynthia Collazo, Deputy City Manager

Date: June 2, 2017

Re: **Travel Policy Compliance Follow-up Report, 2016-2017, dated May 25, 2017**

Please refer to attachment one, "Travel Policy Compliance Follow-up Audit" report.

O1: Internal Audit noticed that on travel trips #15-1015, the "After Travel Report" showed a hotel expenditure of \$978.00 for a 4-day education training program held in Denver, Colorado. The Nurse Family Partnership grant requires that each nurse attend this training in order to comply with the grant's stipulation. However, travel arrangements and hotel accommodations are not provided by the sponsor of the training program and learners are asked to make their own travel arrangements and hotel accommodations according to their travel policy. No block of rooms were reserved for attendees, but sponsor recommended that government rate for those employed by public entities be requested. According to the GSA per diem reimbursement rates for FY17, Denver Colorado's lodging rate stood at \$178.00. On travel trip #15-1015, the rate that was charge for lodging was above the allowable per diem reimbursement rate. No documentation was submitted confirming that there was no other hotel room reservations available.

Resolution to O1: Under observation number one, the Nurse Family Partnership staff did apparently reserve the hotel at a rate of \$159 per day (which is within the limits), but upon departure found that the rate given was only for the first day, and then it had been raised. Attachment 2 is the copy of the hotel itemized receipt. Staff has been counseled.

O2: Internal Audit found that on travel trip #15-1014, a refund for flight tickets due to cancellation, has not been credited to the City's American Express account. While it has been noted by the department of the flight cancellation due to weather conditions and that it would take one to two billing cycles for credit charges to appear on the credit card statement, as of the date of this audit, no credit has appeared in the credit card statement yet.

Resolution to O2: American Airlines has credited the American Express Card account as of last statement dated 5-2-2017. See Attachment number 3.



WARWICK

DENVER

Ms. [REDACTED]

Arrival : 04/24/17
Departure : 04/28/17
Room No. : 0818
Folio No. : 444572
Cashier : 235
Page No. : 1 of 1
Conf. No. : 16975815
Invoice No. :
Booking No. : 108905859

Date	Description	Charges	Credits
04/24/17	Room Charge	159.00	
04/24/17	State Tax - 4.0%	23.46	
04/25/17	Room Charge	181.00	
04/25/17	State Tax - 4.0%	26.70	
04/26/17	Room Charge	292.00	
04/26/17	State Tax - 4.0%	43.08	
04/27/17	Room Charge	168.00	
04/27/17	State Tax - 4.0%	24.79	
04/28/17	Visa XXXXXXXXXXXXXXXX9713 XX/XX		918.03
		Total Charges	918.03
		Total Credits	918.03
		Balance	0.00

Guest Signature _____

I agree that my liability for this bill is not waived and agree to be held personally liable in the event that the indicated person, association, or company fails to pay for any part or the full amount of these charges. Please leave your room key at reception upon departure. Thank you for staying at Warwick Denver Hotel.

Are you a Warwick Journeys member? Find out more about our exclusive guest recognition program by visiting www.warwickjourneys.com . Join Today!



WARWICK HOTELS AND RESORTS

Warwick Denver Hotel

1776 Grant Street, Denver, Colorado 80203 – Reservations 303-861-2000 - Facsimile 303-832-0320
www.warwickhotels.com



Prepared For
HECTOR F GONZALEZ
CITY OF LAREDO

Account Number
XXXX-XXXXX0-52009

Closing Date
05/02/17

Page 3 of 3

Activity Continued				Reference Code	Amount \$
04/19/17	AMERICAN AIRLINES TKT# 0012113009786 PASSENGER TICKET [REDACTED]	800-433-7300 AIRLINE/AIR C 04/18/17	TX	20170419000	-338.40 Credit
	AMERICAN AIRLINES FROM UNAVAILABLE TO UNAVAILABLE TO UNAVAILABLE TO UNAVAILABLE TO UNAVAILABLE	AMERICAN AIRLINES 800-433-7300 CARRIER CLASS YY 00 YY 00 YY 00 YY 00 YY 00	TX		
04/21/17	SUPERSHUTTLE EXECUCA PHOENIX REF# BNB6NSRQ	8002583826	AZ 04/21/17		28.00
04/22/17	AMERICAN AIRLINES TKT# 0012125081733 PASSENGER TICKET [REDACTED]	800-433-7300 AIRLINE/AIR C 04/21/17	TX	20170422000	581.60
	AMERICAN AIRLINES FROM UNAVAILABLE TO DALLAS/FT WORTH TX TO PHOENIX AZ TO DALLAS/FT WORTH TX TO UNAVAILABLE	AMERICAN AIRLINES 800-433-7300 CARRIER CLASS AA N AA G AA G AA N	TX		
04/25/17	CAPITOL VISITORS REF# 010681234	PAR AUSTIN 512-463-6365	TX 04/25/17	01068123400	4.00
04/26/17	STRIPES 2297 0000000 REF# 000938645	LAREDO 9999999999	TX 04/25/17	00093864500	14.11
04/26/17	PILOT 00568 REF# 00000079068	VON ORMY AUTO FUEL DISPEN	TX 04/25/17	00000079068	37.35
04/26/17	LAREDO INTL AIRPORT REF# 0 9567952000	LAREDO	TX 04/25/17		5.00
Total for HECTOR F GONZALEZ				New Charges/Other Debits Payments/Other Credits	1,015.66 -1,875.04



CITY OF LAREDO FINANCIAL SERVICES DEPARTMENT

Date: June 28, 2017

To: Veronica Urbano-Baeza, Internal Auditor

From: Rosario Camarillo-Cabello, Finance Director *R. C. Cabello*

Subject Travel Policy Compliance – Health Dept. /Nurse Family Partnership

This is in response to the a Travel Compliance Audit for the Health Department / Nurse Partnership

*“**OBSERVATION #2:** Internal Audit found that on a travel trip #15-1014, a refund for flight tickets duet o cancelation, has not been credited to the City’s American Express account. While it has been noted by the department of the flight cancelation due to weather conditions and that it would take one or two billing cycles for credit charges to appear on the credit card statement, as of the date of this audit, no credit has appeared in the credit card statement yet.”*

Please see attached copy of the American Express Card for the supporting documentation on the credit that was applied on said travel.

Thank you very much.

CC: Horacio De Leon, Interim City Manager
Dr. Hector Gonzalez, Health Department Director



Activity Continued					Reference Code	Amount \$
04/19/17	AMERICAN AIRLINES TKT# 0012113009786 PASSENGER TICKET [REDACTED] AMERICAN AIRLINES FROM UNAVAILABLE TO UNAVAILABLE TO UNAVAILABLE TO UNAVAILABLE TO UNAVAILABLE	800-433-7300 AIRLINE/AIR C 04/18/17 AMERICAN AIRLINES 800-433-7300 CARRIER CLASS YY 00 YY 00 YY 00 YY 00 YY 00	TX	20170419000	-338.40 Credit	
04/21/17	SUPERSHUTTLE EXECUCA PHOENIX REF# BNB6NSRQ	8002583826	AZ 04/21/17		28.00 ✓	
04/22/17	AMERICAN AIRLINES TKT# 0012125081733 PASSENGER TICKET [REDACTED] AMERICAN AIRLINES FROM UNAVAILABLE TO DALLAS/FT WORTH TX TO PHOENIX AZ TO DALLAS/FT WORTH TX TO UNAVAILABLE	800-433-7300 AIRLINE/AIR C 04/21/17 AMERICAN AIRLINES 800-433-7300 CARRIER CLASS AA N AA G AA G AA N	TX	20170422000	581.60 ✓	
04/25/17	CAPITOL VISITORS REF# 010681234	PAR AUSTIN 512-463-6365	TX 04/25/17	01068123400	4.00 ✓	
04/26/17	STRIPES 2297 REF# 000938645	0000000 LAREDO 9999999999	TX 04/25/17	00093864500	14.11 ✓	
04/26/17	PILOT 00568 REF# 00000079068	VON ORMY AUTO FUEL DISPEN	TX 04/25/17	00000079068	37.35 ✓	
04/26/17	LAREDO INTL AIRPORT REF# 0	LAREDO 9567952000	TX 04/25/17		5.00 ✓	
Total for HECTOR F GONZALEZ					New Charges/Other Debits Payments/Other Credits	1,015.66 -1,875.04

Search aa.com



Refunds - Start Over

Help

- Start
- Ticket Lookup
- Refund Eligibility
- Contact Information
- Review and Submit
- Finish

Passenger Information

Passenger Name	Ticket Number	Issue Date	Total Sale Amount
[REDACTED]	0012113009786	02/06/2017	338.40 USD

Payment Information

Sale Form of Payment	Credit Card Type	Number	Sale Date	Sale Amount	Ticket Description
Credit Card	AMEX	xxxxxxxxxxxx2009	02/06/2017	338.40 USD	TRANSPORT

Refund Status

A refund has been previously issued on this ticket.

Refund Processed Date	Refund Amount	Form of Payment	Payment Type	Number	Status	Correspondence*
04/18/2017	338.40 USD	AX			Refunded	

Passenger Itinerary

Status*	Coupon	Departure Date	Flight Number	Departure City	Arrival City	Description
Refunded	1	04/17/2017	2840	LRD	DFW	Transport
Refunded	2	04/20/2017	2765	DFW	LRD	Transport

*Hover over text for more information.

Cancel

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- Corporate Responsibility
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- American Airlines Credit Card
- Gift Cards
- DealFinder
- RSS
- Five Star Service
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- Last Minute Packages

Customer Service

- Contact American
- Contact Refunds
- FAQs
- Refunds
- Agency Reference
- American Travel Centers
- Baggage & Optional Service Charges
- Customer Service Plan & Flight Irregularities
- Privacy Policy
- Legal
- Copyright
- Site Map
- Browser Compatibility



FEEDBACK [+]

FIXED ASSETS COMPLIANCE AUDIT OF BUDGET DEPARTMENT / LAREDO ENERGY ARENA

Introduction and Background

In accordance with our FY 2016-2017 Audit Plan, the Internal Audit office conducted a Fixed Assets Compliance Audit on the Budget Department and the Laredo Energy Arena (LEA). Both the Budget Department and the LEA follow the City's Capital Asset Policy and Procedures in order to provide control and accountability over their capital assets.

According to the City's policy, the Finance Department is responsible for keeping a city-wide record of all capitalized assets. A department is allowed to maintain its capital asset inventory system in greater detail, or it may use additional supporting documentation, but must meet the required minimum standards set forth in the City's policy.

Capital assets, as defined by the City's policy, are real or personal property that have a value equal to or greater than the capitalization threshold for the particular classification of the asset and have an estimated life of greater than one year. Assets which meet or exceed established capitalization thresholds will be recorded by the City. Capital assets include: land, land improvements, buildings, building improvements, machinery and equipment, computer equipment, vehicles and heavy equipment, infrastructure, works of art and historical treasures, water rights, and construction in progress.

The responsibility for the custody, use, control, and care of City property lies with each City Department. Additions, disposals, and transfer of capital assets will be recorded in accordance with Generally Accepted Accounting Principles. The Finance Department/Accounting Division tags capital assets on a regular basis, with the assistance of the department in possession of the capital assets. *(Section 1.2- Responsibility, Capital Asset Policy & Procedures)*

Fixed asset components having a unit cost under the City's threshold amount are capitalized if they are originally purchased as part of a system and the system has a value equal to or exceeding the capitalization threshold. The capitalization thresholds are defined by various asset categories. *(Section 3.0- Capitalization Thresholds, Capital Asset Policy & Procedures)*

This audit is focused specifically on the machinery and equipment inventories that the LEA employs. According to the City's policy, the capitalization threshold of \$5,000 and a useful life beyond one year from date of acquisition is the established threshold set forth by the policy for this category. *(Section 4.0- Capital Asset Categories, Capital Asset Policy & Procedures)*

Depreciation is calculated using the straight-line method. All assets will be reported until disposal. When the capital asset is sold, or otherwise disposed of, the historical cost of such asset and any accumulated depreciation are removed from the asset accounts. Machinery and Equipment, according to the City's policy, has an estimated useful life of 10 years. *(Section 6.0- Depreciation, Capital Asset Policy & Procedures)*

Once the assets are assigned an identification number, the Finance Department's Accounting Division will update the Fixed Asset System by entering each capital asset in the system and include information such as; asset identification number, description, serial number, date of acquisition, cost, class type, PO number, physical location, asset life, vendor name, department responsible for asset, fund/account purchasing asset, method of acquisition, date & method of

disposition, and asset classification. (*Section 8.0- Capital Asset Recording, Capital Asset Policy & Procedures*)

Special forms are used for the acquisition, disposal, or transfer of capital assets. These forms should be completed by the department responsible for the asset and approved and signed by the department director. When an asset is transfer, the form must be completed by the department transferring the asset and signed by all appropriate personnel. (*Section 10.0- Acquisition, Disposal and Transfer Forms, Capital Asset Policy & Procedures*)

The Budget department has been given the responsibility of keeping track of all inventoried assets that have been assigned to the LEA; however, the Finance Department uses an Asset Management software application to record these assets.

Statement of Objectives

Our audit objective is to evaluate the Laredo Energy Arena and the Budget Departments' asset management policies and practices by determining whether the assets are being adequately recorded and safeguarded.

Statement of Scope and Methodology

To accomplish our audit objectives, we performed the following steps:

- Analyzed applicable policies, regulations, and best practices.
- Requested inventory reports from the Finance Department and from the Budget Department.
- Reviewed the reports of contracted auditors that performed an "inventory, tagging and reconciliation" of LEA inventory fixed assets.
- We interviewed LEA personnel involved and City staff responsible for various related duties and/or oversight functions.
- Copies of required documents were obtained from the Budget Department, as well as, from the LEA, that we used for test purposes.
- Performed an on-site asset inventory count audit of forty (40) different items that were randomly selected from the asset inventory list provided by the LEA.

This was done in order for Internal Audit to obtain sufficient evidence to achieve our objectives and support our conclusions.

Findings, Observations and Recommendations

The following are the findings, observations and recommendations made during the audit conducted.

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

DESCRIPTION	ASSET NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Assets \$5,000.00 & Greater						
1) Scrubber/Floor	6181	\$5,662.01	1	1	0	
2) Spotlight	6684	\$10,980.00	1	1	0	
3) Oven Pizza	6830	\$13,359.00	1	1	0	
4) Lift/Wheelchair Portable	6839	\$17,797.00	1	1	0	
5) Forklift	7033	\$29,628.00	1	1	0	
6) Forklift	7034	\$25,228.00	1	1	0	
7) Washer/Spray	7185	\$7,017.00	1	1	0	
8) Display Board Computer	8831	\$139,550.00	1	1	0	
9) Cooler Walk-In	9423	\$7,022.00	1	1	0	
10) Golf Cart	9440	\$6,397.58	1	1	0	
11) Receiver Control	10198	\$8,572.77	1	1	0	
12) Ice Machine	10199	\$10,082.60	1	1	0	
13) Bleachers	NT	\$112,395.00	1	1	0	
14) Scoreboard	NT	\$20,270.00	1	1	0	
15) Basketball Floor	NT	\$6,556.66	1	1	0	
16) Basketball Floor	NT	\$6,556.67	1	1	0	
17) Basketball Floor	NT	\$6,556.67	1	1	0	
18) Basketball Floor	NT	\$6,556.67	1	1	0	
19) Basketball Floor	NT	\$6,556.67	1	1	0	
20) Storage Carts	NT	\$6,556.67	1	1	0	
Assets \$500 - \$4,999						
1) Ice Edger	6844	\$2,500.00	1	1	0	
2) Modular Workstation	NT	\$1,786.57	1	1	0	

3) Sofa	6643	\$1,744.00	1	1	0	
4) Chair/Lounge	6737	\$1,158.00	1	1	0	
5) Desk/DP	7081	\$878.00	1	1	0	
6) Hutch Door	6556	\$929.00	1	1	0	
7) Desk L Shape	6522	\$1,055.00	1	1	0	
8) Refrigerator	6666	\$750.00	1	1	0	
9) Sofa 3 Seat	14009	\$750.00	1	1	0	
10) Stage Comp 4x8	NT	\$1,730.59	1	1	0	
11) Stage Comp 4x8	NT	\$1,730.60	1	1	0	
12) Gate Detector	9388	\$3,536.80	1	1	0	
13) Headset & Belt pack	7220	\$502.62	1	0	-1	F1/O1
14) Television	8797	\$909.22	1	1	0	
15) Sink Unit 3 Tub	6930	\$1,678.00	1	1	0	
16) Counter Stainless	7031	\$2,252.00	1	1	0	
17) Warmer/Food 2 Tier	6823	\$2,008.00	1	1	0	
18) Hot Dog Grill	8236	\$1,209.00	1	1	0	
19) Hood/Exhaust	9413	\$2,915.00	1	1	0	
20) Cart/Dish	9366	\$900.00	1	1	0	

Finding #1: A shortage of one (1) “Headset & Belt Pack” was discovered during physical count. Total dollar amount equals to \$502.62. No requisition on file as to anyone or any division borrowing equipment and/or disposition of asset. When we did our physical count, we found several of the Headset & Belt packs which are used in various locations around the arena; however the asset tag number that we were looking for did not appear. We also found that;

- One Headset & Belt pack had the City of Laredo asset tag missing.*

**Special note: Serial numbers were not posted on inventory list that was provided by the LEA and/or the City of Laredo Budget department.*

Recommendation #1: Internal Audit recommends that Department/LEA should determine why variance was identified. Necessary entries to the inventory system must be conducted (if required) once Department/LEA has determined cause of shortage and/or overage. All information pertinent to the inventory item must be entered into the system immediately at the point of receipt of said

item. Also, serial numbers must be incorporated into the inventory listings so that the asset can be properly identified and easily located.

We are requesting a written response from the Laredo Energy Arena, to the audit Finding (1) no later than ten (10) days after receipt of this report. The response(s) should indicate how the Finding would be corrected, by whom and by when. If you should have any questions, please feel free to contact the Internal Audit Office.

Observation #1: The City's current Assets System application lacks integration with the reports that are used by the LEA. In our request for an asset listing report, we were unable to obtain one from the Finance Department. We therefore requested an asset listing report from the Budget Department; they furnished Internal Audit with an "Inventory, Tagging and Reconciliation" report that was performed by an independent equipment valuation firm. Due to the lack of accessing information, Internal Audit believes that there may be an absence of report integration. We also believe that there is weakened communication, duplication of effort, and an increasing risk that the records between department/division(s) will be inconsistent.

Observation Recommendation #1: Internal Audit recommends that the department(s) should facilitate information flow and access, in order to improve the accuracy of the asset records and/or duplication of effort. When the systems are not integrated, there is an increased risk that the records will be inconsistent and allow differences in information that should be identical. Asset tagging should be consistent with what is dictated within the policy.

We are requesting a written response from the Budget Department, to the audit Observation (1) no later than ten (10) days after receipt of this report. The response(s) should indicate how the Observation (1) would be corrected, by whom and by when. If you should have any questions, please feel free to contact the Internal Audit Office.

Observation #2: The City lacks Clear, Sufficient, Consistent, or Updated policies. Policies for asset management should promote accountability and consistency. Current policies and procedures do not adequately address inter-department communication, asset tagging, or report generation. In our review, we found that the capitalization thresholds are not consistent with what the Finance department and the LEA currently perform. We also found that asset tagging was not consistent with current City of Laredo's policy and procedures.

Observation Recommendation #2: Well-written policies and procedures ensure that capital assets records are complete, accurate and that consistent reporting is being performed. Documented policies and procedures that provide sufficient direction regarding capitalization thresholds, asset tagging responsibilities and report generation should be developed. Management should consider what policies and procedures should be implemented to meet its financial reporting goals and also meet its asset management objectives of ensuring that the city assets are properly safeguarded, maintained, and utilized.

We are requesting a written response from the Finance Department, to the audit Observation (2) no later than ten (10) days after receipt of this report. The response(s) should indicate how the Observation (2) would be corrected, by whom and by when. If you should have any questions, please feel free to contact the Internal Audit Office.

Conclusion

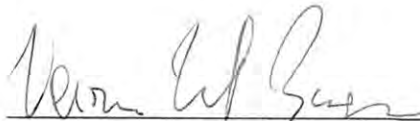
In this audit we found that the Laredo Energy Arena has adequately maintains its assets and logs their inventory activities reasonably well. In addition, all of their assets were maintained in a clean, well-kept manner.

Based on the review we conducted, Internal Audit found that the department(s)/division(s) lack sufficient process to adhere to the regulations and requirements that are currently in place by the City's *Capital Asset Policy and Procedures (October 2006)*. Internal Audit recommends that management re-evaluate the regulations and requirements establish by the current policy and procedures in place, in order to provide for accountability and a coordination mechanism. Management should consider revising its policy in order to provide sufficient direction regarding the capital asset inventory system and allow the proper safeguarding and recording of assets.

Written response to the audit Finding(s) and/or Observation(s) should be submitted, no later than ten (10) days after receipt of this report and should indicate how the Finding(s) and/or Observation(s) would be corrected, by whom and by when. If you should have any questions, please feel free to contact the Internal Audit Office.



Leo Rodriguez, CPM
Auditor II
Date: 5.24.17



Veronica Urbano-Baeza, CPM
Internal Auditor
Date: 5-24-2017

Report Issued to: Martin Aleman, Budget Director
Rosario Cabello, Finance Director
Xavier Villalon, LEA General Manager

XC: Horacio De Leon, Acting City Manager
Cynthia Collazo, Deputy City Manager
Robert Eads, Assistant City Manager
Andy Ysaguirre, LEA Operations Manager

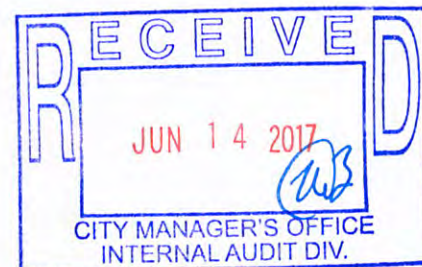
MEMORANDUM



TO: Veronica Unrbano-Baeza, Internal Auditor

Cc: Horacio De Leon, Interim City Manager
Cynthia Collazo, Deputy City Manager
Martin Aleman, Budget Manager
Xavier Villalon, SMG/ LEA General Manager
Juan Carlos Mendiola, SMG/ LEA Director of Finance

From: Xavier Villalon, SMG/ LEA General Manager
Subject: RESPONSE RESOLUTION FOR FINDING 1



DATE: June 1, 2017

This letter is in response to the asset inventory count audit that was conducted by Internal Audit Department on March 28, 2017. The SMG team is dedicated to ensuring that the building's assets are properly managed and secured. Furthermore, SMG followed the recommendations that were given from the Internal Audit Department and has updated the assets list in accordance to the City of Laredo asset control procedures.

Resolution response to finding 1 is the following below:

Finding 1: The LEA was found short one "Headset & Belt Pack". With a detailed inventory check list, the LEA has concluded that the missing headset & belt pack was obsolete and was disposed of. A disposition form was unable to be found in disposition records, therefore, a new disposition form will be created and turned in to the City of Laredo.


A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned above a horizontal line.

Xavier Villalon
General Manager
SMG- Laredo Energy Arena
(956)523- 6587
x@learena.com



City of Laredo
Budget Department



To: Veronica Urbano-Baeza, CPM Internal Auditor
From: Martin Aleman, Budget Director 
Date: June 6, 2017
Ref: Response to the LEA Fixed Asset Compliance Audit

Finding #1: A shortage of one (1) "Headset & Belt Pack" was discovered during physical count. Total dollar amount equals to \$502.62. No requisition on file as to anyone or any division borrowing equipment (parts) and/or disposition of assets. When we did our physical count, we found several of the Headset & Belt pack which are used in various locations around the arena: however the asset tag number that we were looking for did not appear.

Resolution response to finding 1 is the following below:

Finding 1: The LEA was found short one "Headset & Belt Pack". With a detailed inventory check list, the LEA has concluded that the missing headset & belt was obsolete and was disposed of. A disposition form was unable to be found in disposition records, therefore, a new disposition form will be created and turned in to the City of Laredo.

Observation #1: The City's current Assets System application lacks integration with the reports that are used by the MAX. In our request for an asset listing report, we were unable to obtain one from the Finance Department. We therefore requested an asset listing report from the Budget Department; they furnished Internal Audit with an "Inventory, Tagging and Reconciliation" report that was performed by and independent equipment valuation firm. Due to the lack of accessing information, Internal Audit believes that there may be an absence of report integration. We also believe that there is weakened communication, duplication of effort, and an increasing risk that the records between department/division(s) will be inconsistent.

Observation Recommendation #1: Internal Audit recommends that the department(s) should facilitate information flow and access, in order to improve the accuracy of the asset records and/or duplication of effort. When the systems are not integrated, there is an increased risk that the records will be inconsistent and allow differences in information that should be identical. Asset tagging should be consistent with what is dictated within the policy.

Initially the fixed asset system included a lump sum cost of all expenditures related to the construction and purchase of equipment for The LEA. Additionally, since the operations are handled by a private entity, it was decided that a third party would be hired to conduct an asset inventory for The LEA in order to have a detailed list of all items located at the facility.

We have been working with Finance staff by providing the list with items of \$5,000 or greater in order to reconcile to the City's fixed asset system and ultimately have one list. I will also submit to them the most recent asset inventory performed by Principle Valuation LLC in March 2017.

XC: Horacio De Leon, Acting City Manager
Cynthia Collazo, Deputy City Manager
Robert Eads, Assistant City Manager
Rosario Cabello, Financial Services Director
Xavier Villalon, LEA General Manager

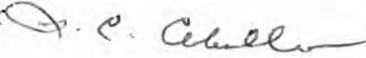


CITY OF LAREDO FINANCIAL SERVICES DEPARTMENT



Date: June 28, 2017

To: Veronica Urbano-Baeza, Internal Auditor

From: Rosario Camarillo-Cabello, Finance Director 

Subject: LEA – Fixed Assets Compliance Audit

This is in response to the Fixed Asset Compliance Audit Observation #2:

*“**OBSERVATION #2:** The City lacks clear, sufficient, consistent, or updated policies. Policies for asset management should promote accountability and consistency. Current policies and procedures do not adequately address inter-department communication, asset tagging, or report generation. In our review, we found that the capitalization thresholds are not consistent with what the Finance Department and the LEA currently perform. We also found that asset tagging was not consistent with current City of Laredo’s policy and procedures.”*

Please see attached Capital Asset Policy for reference. The policies and procedures do promote accountability and consistency (Section 1.0 of Policy). They do address inter-department communication (Section 8.0, 9.0 and 10.0 of Policy). Compliance thresholds are met (Section 1.2 of Policy), as well as the tagging.

The Finance Department is responsible for tagging and accounting for equipment that has a cost of \$5,000 or greater. This is also a standard that is followed by GAAP (Generally Accepted Accounting Principles) and a recommended amount from GFOA (Government Finance Officers Association). All items below this amount are not considered Capital Outlay and it is the responsibility of the department to track items as stated. Therefore, Internal Audit may have found differences in the tagging inconsistency between Finance and the City department. The thresholds are on section 3.0 of the policy.

There are Capital Outlay items that were included as part of the construction contract and therefore added to the total cost of the completed building/facility. These items will be itemized in the Fixed Asset System by reducing their estimated cost from the facility asset cost and adding them as individual capitalized items. The items with a value of \$5,000 or over will be added to the Fixed Asset System and accounted for separately.

CC: Horacio De Leon, Interim City Manager
Martin Aleman, Budget Director

FIXED ASSETS COMPLIANCE AUDIT OF BUDGET DEPARTMENT / MAX MANDEL GOLF COURSE

Introduction and Background

In accordance with our FY 2016-2017 Audit Plan, the Internal Audit office conducted a Fixed Assets Compliance Audit on the Budget Department and the Max Mandel Golf Course (MAX). Both the Budget Department and the MAX follow the City's Capital Asset Policy and Procedures in order to provide control and accountability over their capital assets.

According to the City's policy, the Finance Department is responsible for keeping a city-wide record of all capitalized assets. A department is allowed to maintain its capital asset inventory system in greater detail, or it may use additional supporting documentation, but must meet the required minimum standards set forth in the City's policy.

Capital assets, as defined by the City's policy, are real or personal property that have a value equal to or greater than the capitalization threshold for the particular classification of the asset and have an estimated life of greater than one year. Assets which meet or exceed established capitalization thresholds will be recorded by the City. Capital assets include: land, land improvements, buildings, building improvements, machinery and equipment, computer equipment, vehicles and heavy equipment, infrastructure, works of art and historical treasures, water rights, and construction in progress.

The responsibility for the custody, use, control, and care of City property lies with each City Department. Additions, disposals, and transfer of capital assets will be recorded in accordance with Generally Accepted Accounting Principles. The Finance Department/Accounting Division tags capital assets on a regular basis, with the assistance of the department in possession of the capital assets. *(Section 1.2- Responsibility, Capital Asset Policy & Procedures)*

Fixed asset components having a unit cost under the City's threshold amount are capitalized if they are originally purchased as part of a system and the system has a value equal to or exceeding the capitalization threshold. The capitalization thresholds are defined by various asset categories. *(Section 3.0- Capitalization Thresholds, Capital Asset Policy & Procedures)*

This audit is focused specifically on the machinery and equipment inventories that the MAX employs. According to the City's policy, the capitalization threshold of \$5,000 and a useful life beyond one year from date of acquisition is the established threshold set forth by the policy for this category. *(Section 4.0- Capital Asset Categories, Capital Asset Policy & Procedures)*

Depreciation is calculated using the straight-line method. All assets will be reported until disposal. When the capital asset is sold, or otherwise disposed of, the historical cost of such asset and any accumulated depreciation are removed from the asset accounts. Machinery and Equipment, according to the City's policy, has an estimated useful life of 10 years. *(Section 6.0- Depreciation, Capital Asset Policy & Procedures)*

Once the assets are assigned an identification number, the Finance Department's Accounting Division will update the Fixed Asset System by entering each capital asset in the system and include information such as; asset identification number, description, serial number, date of acquisition, cost, class type, PO number, physical location, asset life, vendor name, department responsible for asset, fund/account purchasing asset, method of acquisition, date & method of

disposition, and asset classification. (*Section 8.0- Capital Asset Recording, Capital Asset Policy & Procedures*)

Special forms are used for the acquisition, disposal, or transfer of capital assets. These forms should be completed by the department responsible for the asset and approved and signed by the department director. When an asset is transfer, the form must be completed by the department transferring the asset and signed by all appropriate personnel. (*Section 10.0- Acquisition, Disposal and Transfer Forms, Capital Asset Policy & Procedures*)

The Budget department has been given the responsibility of keeping track of all inventoried assets that have been assigned to the MAX; however, the Finance Department uses an Asset Management software application to record these assets.

Statement of Objectives

Our audit objective is to evaluate the Max Mandel Golf Course and the Budget Departments' asset management policies and practices by determining whether the assets are being adequately recorded and safeguarded.

Statement of Scope and Methodology

To accomplish our audit objectives, we performed the following steps:

- Analyzed applicable policies, regulations, and best practices.
- Requested inventory reports from the Finance Department and from the Budget Department.
- Reviewed the reports of contracted auditors that performed an "inventory, tagging and reconciliation" of the MAX inventory fixed assets.
- We interviewed the MAX personnel involved and City staff responsible for various related duties and/or oversight functions.
- Copies of required documents were obtained from the Budget Department, as well as, from the MAX, that we used for test purposes.
- Performed an on-site asset inventory count audit of forty (40) different items that were randomly selected from the asset inventory list provided by the MAX.

This was done in order for Internal Audit to obtain sufficient evidence to achieve our objectives and support our conclusions.

Findings, Observations and Recommendations

The following are the findings, observations and recommendations made during the audit conducted.

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

DESCRIPTION	ASSET NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Assets \$5,000.00 & Greater						
1) Cooler Walk-in	10080	\$16,989.84	1	1	0	
2) Alarm System	10081B	\$6,956.25	1	0	-1	F1
3) Mower Turf	10365	\$11,000.00	1	1	0	
4) Mower Greens #1	10368	\$10,500.00	1	1	0	
5) Roller Greens	10372	\$5,000.00	1	1	0	
6) Cart Utility	10380	\$8,500.00	1	1	0	
7) Spreader Fertilizer	14127	\$6,000.00	1	1	0	
8) Reel Grinder	14124	\$7,500.00	1	1	0	
9) Tractor Gang Attach.	10382	\$15,000.00	1	1	0	
10) Hood Exhaust	10361	\$5,000.00	1	1	0	
11) Cart Utility	10513	\$10,960.00	1	1	0	
12) Mower Greens	10515	\$10,525.63	1	1	0	
13) Mower Fairway	10518	\$57,370.34	1	1	0	
14) Three Wheeler Bunker	10524	\$11,656.63	1	1	0	
Assets \$500 - \$4,999						
1) Computer Desktop	14133	\$644.00	1	1	0	
2) Computer Desktop	14169	\$644.00	1	1	0	
3) Computer Desktop	14170	\$644.00	1	1	0	
4) Pressure Washer	14143	\$2,295.00	1	1	0	
5) Safe Depository	14152	\$435.80	1	1	0	
6) Sink Unit 3 Tub	14113	\$675.00	1	1	0	
7) Blender Commercial	14110	\$1,195.00	1	1	0	
8) Oven Range	NT	\$1,270.15	1	1	0	

9) Ice Bin	14114	\$833.67	1	1	0	
10) Refrigerator Counter	14159	\$4,152.14	1	1	0	
11) Server Telephone SYS	10082	\$1,713.80	1	1	0	
12) Cash Register	141165	\$527.50	1	1	0	
13) Printer Receipt Kitchen	14100	\$400.00	1	1	0	
14) Radio 2-Way	NT	\$400.00	1	1	0	
15) Radio 2-Way	14156	\$382.86	1	1	0	
16) Edger Attachment	14144	\$4,368.60	1	1	0	
17) Table Round W/Chairs	14172	\$986.15	1	1	0	
18) Table Round W/Chairs	14175	\$986.15	1	1	0	
19) Table SQ 36"	14187	\$1,200.00	1	1	0	
20) Table SQ 36"	14192	\$1,200.00	1	1	0	
21) Mower Greens	14121	\$3,500.00	1	1	0	
22) Reel Grinder	14123	\$4,500.00	1	1	0	
23) Debris Blower	NT	\$3,500.00	1	1	0	
24) Television 3D	14179	\$1,300.00	1	1	0	
25) Printer All-In-One	14203	\$300.00	1	1	0	
26) Cart Food Warmer	9219	\$500.00	1	1	0	

Finding #1: A shortage of one (1) "Alarm System Parts & Labor for Security and CCTV System" was discovered during physical count. Total dollar amount equals to \$6,956.25. No requisition on file as to anyone or any division borrowing equipment (parts) and/or disposition of asset. When we did our physical count, we found asset tag number 10081 which is the original Alarm system and the cameras that are used in various locations around the golf course; however the asset tag number **10081B** that we were looking for did not appear. We also found out that;

- Asset Tag numbers with a **sub-letter** are NOT used by the Finance department to identify City of Laredo assets. *

Special note: The description on the inventory list described asset as "Alarm System **Parts & Labor for Security and CCTV System"*

Recommendation #1: Internal Audit recommends that Department/ MAX should determine why variance was identified. Necessary entries to the inventory system must be conducted (if required)

once Department/ MAX have determined cause of shortage and/or overage. All information pertinent to the inventory item must be entered into the system immediately at the point of receipt of said item. Also, tag clarification must be determined to see if this item is an actual asset or whether this was an additional labor cost that was incurred for the original asset.

We are requesting a written response from the Max Mandel Golf Course, to the audit Finding (1) no later than ten (10) days after receipt of this report. The response(s) should indicate how the Finding would be corrected, by whom and by when. If you should have any questions, please feel free to contact the Internal Audit Office.

Observation #1: The City's current Assets System application lacks integration with the reports that are used by the MAX. In our request for an asset listing report, we were unable to obtain one from the Finance Department. We therefore requested an asset listing report from the Budget Department; they furnished Internal Audit with an "Inventory, Tagging and Reconciliation" report that was performed by an independent equipment valuation firm. Due to the lack of accessing information, Internal Audit believes that there may be an absence of report integration. We also believe that there is weakened communication, duplication of effort, and an increasing risk that the records between department/division(s) will be inconsistent.

Observation Recommendation #1: Internal Audit recommends that the department(s) should facilitate information flow and access, in order to improve the accuracy of the asset records and/or duplication of effort. When the systems are not integrated, there is an increased risk that the records will be inconsistent and allow differences in information that should be identical. Asset tagging should be consistent with what is dictated within the policy.

We are requesting a written response from the Budget Department, to the audit Observation (1) no later than ten (10) days after receipt of this report. The response(s) should indicate how the Observation (1) would be corrected, by whom and by when. If you should have any questions, please feel free to contact the Internal Audit Office.

Observation #2: The City lacks Clear, Sufficient, Consistent, or Updated policies. Policies for asset management should promote accountability and consistency. Current policies and procedures do not adequately address inter-department communication, asset tagging, or report generation. In our review, we found that the capitalization thresholds are not consistent with what the Finance department and the MAX currently perform. We also found that asset tagging was not consistent with current City of Laredo's policy and procedures.

Observation Recommendation #2: Well-written policies and procedures ensure that capital assets records are complete, accurate and that consistent reporting is being performed. Documented policies and procedures that provide sufficient direction regarding capitalization thresholds, asset tagging responsibilities and report generation should be developed. Management should consider what policies and procedures should be implemented to meet its financial reporting goals and also meet its asset management objectives of ensuring that the city assets are properly safeguarded, maintained, and utilized.

We are requesting a written response from the Finance Department, to the audit Observation (2) no later than ten (10) days after receipt of this report. The response(s) should indicate how the Observation (2) would be corrected, by whom and by when. If you should have any questions, please feel free to contact the Internal Audit Office.

Conclusion

In this audit we found that the Max Mandel Golf Course has adequately maintains its assets and logs their inventory activities reasonably well. In addition, all of their assets were maintained in a clean, well-kept manner.


Based on the review we conducted, Internal Audit found that the department(s)/division(s) lack sufficient process to adhere to the regulations and requirements that are currently in place by the City's *Capital Asset Policy and Procedures (October 2006)*. Internal Audit recommends that management re-evaluate the regulations and requirements establish by the current policy and procedures in place, in order to provide for accountability and a coordination mechanism. Management should consider revising its policy in order to provide sufficient direction regarding the capital asset inventory system and allow the proper safeguarding and recording of assets.

Written response to the audit Finding(s) and/or Observation(s) should be submitted, no later than ten (10) days after receipt of this report and should indicate how the Finding(s) and/or Observation(s) would be corrected, by whom and by when. If you should have any questions, please feel free to contact the Internal Audit Office.



Leo Rodriguez, CPM
Auditor II

Date: 5.24.17



Veronica Urbano-Baeza, CPM
Internal Auditor

Date: 5-24-2017

Report Issued to: Martin Aleman, Budget Director
Rosario Cabello, Finance Director
Dennis Gutierrez, MAX General Manager

XC: Horacio De Leon, Acting City Manager
Cynthia Collazo, Deputy City Manager
Robert Eads, Assistant City Manager



City of Laredo
Budget Department



To: Veronica Urbano-Baeza, CPM, Internal Auditor
From: Martin Aleman, Budget Director *M. Aleman*
Date: June 5, 2017
Ref: Response to the Max Golf Course Fixed Asset Compliance Audit

Finding #1: A shortage of one (1) "Alarm System Parts & Labor for Security and CCTV System" was discovered during physical count. Total dollar amount equals to \$6,956.25. No requisition on file as to anyone or any division borrowing equipment (parts) and/or disposition of assets. When we did our physical count, we found asset tag number 10081 which is the original Alarm system and the cameras that are used in various locations around the golf course: however the asset tag number 10081B that we were looking for did not appear. We also found out that: -Asset Tag numbers with a sub-letter are NOT used by Finance department to identify City of Laredo Assets.

This item represents labor and miscellaneous parts to install items with tag number 14135 and 10081. The tag number 10081B that you selected corresponds to the installation of the system tag number 10081. Please see the attached invoice for reference.

Observation #1: The City's current Assets System application lacks integration with the reports that are used by the MAX. In our request for an asset listing report, we were unable to obtain one from the Finance Department. We therefore requested an asset listing report from the Budget Department; they furnished Internal Audit with an "Inventory, Tagging and Reconciliation" report that was performed by and independent equipment valuation firm. Due to the lack of accessing information, Internal Audit believes that there may be an absence of report integration. We also believe that there is weakened communication, duplication of effort, and an increasing risk that the records between department/division(s) will be inconsistent.

Observation Recommendation #1: Internal Audit recommends that the department(s) should facilitate information flow and access, in order to improve the accuracy of the asset records and/or duplication of effort. When the systems are not integrated, there is an increased risk that the records will be inconsistent and allow differences in information that should be identical. Asset tagging should be consistent with what is dictated within the policy.

Initially the fixed asset system included a lump sum cost of all expenditures related to the construction and purchase of equipment for The Max. Additionally, since the operations are handled by a private entity, it was decided that a third party would be hired to conduct an asset inventory for The Max in order to have a detailed list of all items located at the facility.

We have been working with Finance staff by providing them with a list of items of \$5,000 or greater in order to reconcile to the City's' fixed asset system and ultimately have one list. I will also submit to them the most recent asset inventory performed by Principle Valuation LLC in December, 2016.

XC: Horacio De Leon, Jr., Acting City Manager
Cynthia Collazo, Deputy City Manager
Robert Eads, Assistant City Manager
Rosario Cabello, Financial Services Director
Dennis Gutierrez, General Manager

Texas Electronic Systems Specialists, Inc.



7492 Reindeer Trail
 San Antonio, TX 78238
 (210) 520-8737 Fax: (210) 520-9506

OK To Pay

Invoice

DATE	INVOICE #
10/18/2012	14253

www.tessinc.com Email: diana@tessinc.com



BILL TO

Foresight Golf
 ATTN: Ed Miller
 512 East Blanco Rd. Suite 100
 Boerne, TX 78006

S.O. No	P.O. NO	TERMS	DUE DATE	Job Name	
John Forsythe	Quote	Net 30	11/17/2012	Cart Barn	
QTY	DESCRIPTION			RATE	AMOUNT
	Misc Parts for Security and CCTV system			4,733.60	4,733.60
	Labor			1,692.50	1,692.50
	LOCATION: The Max Golf Course Laredo, TX Cart Barn Sales tax			8.25%	530.15
Remit to above address. We accept credit card payments with a 2% fee. Thank you for your business.				Total	\$6,956.25
A 1.5% late fee will incur every 30 days late					

Veronica Urbano

From: Max Mandel <themaxgolf@gmail.com>
Sent: Wednesday, August 09, 2017 4:04 PM
To: Veronica Urbano
Subject: Fwd: asset # 10081B

Hello Veronica,

Here is the email exchange in regards to asset 10081B

Call me if you have any questions at 9566124851. Have a great day!

Dennis Gutierrez
956-613-4851

Begin forwarded message:

From: Max Mandel <themaxgolf@gmail.com>
Date: June 2, 2017 at 3:57:49 PM CDT
To: maleman@ci.laredo.tx.us
Subject: asset # 10081B

Good afternoon Mr. Aleman in reference to the asset tag # 10081B. We believe that the asset tag was part of a labor cost to install the original Alarm and CCTV as it was labeled on our inventory list. The inventory list read as follows: "Alarm System Parts & Labor for Security and CCTV System.





CITY OF LAREDO
FINANCIAL SERVICES DEPARTMENT



Date: June 28, 2017

To: Veronica Urbano-Baeza, Internal Auditor

From: Rosario Camarillo-Cabello, Finance Director *R. C. Cabello*

Subject: Max Mandel Golf Course – Fixed Assets Compliance Audit

This is in response to the Fixed Asset Compliance Audit Observation #2:

*“**OBSERVATION #2:** The City lacks clear, sufficient, consistent, or updated policies. Policies for asset management should promote accountability and consistency. Current policies and procedures do not adequately address inter-department communication, asset tagging, or report generation. In our review, we found that the capitalization thresholds are not consistent with what the Finance Department and the MAX currently perform. We also found that asset tagging was not consistent with current City of Laredo’s policy and procedures.”*

Please see attached Capital Asset Policy for reference. The policies and procedures do promote accountability and consistency (Section 1.0 of Policy). They do address inter-department communication (Section 8.0, 9.0 and 10.0 of Policy). Compliance thresholds are met (Section 1.2 of Policy), as well as the tagging.

The Finance Department is responsible for tagging and accounting for equipment that has a cost of \$5,000 or greater. This is also a standard that is followed by GAAP (Generally Accepted Accounting Principles) and a recommended amount from GFOA (Government Finance Officers Association). All items below this amount are not considered Capital Outlay and it is the responsibility of the department to track items as stated. Therefore, Internal Audit may have found differences in the tagging inconsistency between Finance and the City department. The thresholds are on section 3.0 of the policy.

There were some items that were not included in the Fixed Asset System because they were not purchased by the City. These items were purchased by the previous operator, Foresight Golf. These donated items with a value of \$5,000 or over will be added to the Fixed Asset System and accounted for as contributions.

CC: Horacio De Leon, Interim City Manager
Martin Aleman, Budget Director

COMPENSATORY TIME (MULTIPLE DEPARTMENTS) COMPLIANCE AUDIT

Introduction and Background

In accordance with our FY 2016-2017 Audit Plan, the Internal Audit office conducted a Compensatory Time Compliance Audit, on a sample of multiple city departments. The City of Laredo's Code of Ordinances governs the accumulation and use of compensatory time.

The Fair Labor Standards Act (FLSA) requires employers to pay at least one and one-half times the employees' regular rates of pay for all hours actually worked over 40 in the work week. Under certain prescribed conditions, employees of State or local government agencies may receive compensatory time off, at a rate of not less than one and one-half hours for each overtime hour worked, instead of cash overtime pay. Law enforcement, fire protection, and emergency response personnel and employees engaged in seasonal activities may accrue up to 480 hours of compensatory time; all other state and local government employees may accrue up to 240 hours. An employee must be permitted to use compensatory time on the date requested unless doing so would "unduly disrupt" the operations of the agency.

For certain employees, the calculation of overtime pay may differ from the general requirements of the FLSA. An exempt employee is an employee who is exempt from the minimum wage and overtime provisions of the Fair Labor Standards Act. Employees who meet exemptions according to the Act are Executive, Administrative, Professional or Outside Sales occupations. Non-exempt employees earn overtime at 1 ½ their regular rate for all hours worked over 40 in a workweek.

Chapter 2 (Administration), Division 6 (Pay Administration), Section 2-87.9 (Compensatory time), of the City of Laredo Code of Ordinances determines the city's policy of compensatory time. The ordinance states that; (a) only that work specifically required by the department head may be worked as compensatory time, with the city manager's approval. (b) Compensatory time must be requested in advance in writing with full justification for its need. In cases of emergency, the City Manager will be informed, the following workday, as to the conditions that caused the emergency and the reasons for the compensatory time. (c) The time worked as compensatory time must be taken off within the next four (4) pay periods. (d) The time off for compensatory time is one (1) hour for each hour of compensatory time worked.

According to the City's Payroll Training Manual, overtime can be compensated either in monetary overtime compensation or compensatory time off in lieu of monetary overtime compensation at a rate of one and one-half hours of compensatory time off each hour of overtime worked. In addition, an agreement of understanding to use compensatory time as compensation for overtime hours worked must be reached prior to working the overtime. A written department policy will suffice as long as it is followed consistently with all non-exempt employees of the department. Also, the time worked as compensatory time must be taken off within the next four pay periods as per the May 1, 2000 Christensen et al. v. Harris County et al., Supreme Court of the United States decision that held that "*Nothing in the FLSA or its implementing regulations prohibits a public employer from compelling the use of compensatory time.*"

In December 2016, Financial Services along with the Human Resources department issued a memorandum to all department directors reminding them of City Ordinance 2-87.9 and requesting that all departments comply with the compensatory time ordinance. The memorandum attached a listing of all department employees with comp-time balances. Directors were told to work with their employees and schedule time off for employees who have comp-time hour's balances. The memorandum also informed the directors that quarterly reports will be issued so that they can monitor their employee comp-time balances.

In addition, directors were reminded that the City's established practice is to default hours worked over 40 in a week to comp-time unless employees are advised that hours worked over 40 in a week will be paid as overtime when funding is available and noted that once employees have been offered overtime, they should not be paid compensatory time.

Below are tables indicating the number of employees accruing comp-time, the comp-time hours the employees have accrued, and the total comp-time value amount for all employee, as per memorandum issued;

Top Ten Departments	
# of Staff Accruing Comp-Time	1,106
Comp-Time Hours Accrued	49,604.54
Comp-Time Value Amount	\$1,333,155

All Other Departments	
# of Staff Accruing Comp-Time	268
Comp-Time Hours Accrued	3,575.18
Comp-Time Value Amount	\$71,061

*Memorandum Issued December 21, 2016.

Compensatory leave records indicate that 1,374 employees have accrued 53,179 hours of compensatory time, which is an average of 39 hours per employee.

According to the city policy, the accrual of compensatory time off for non-exempt employees is limited to two hundred and forty hours (240), unless otherwise specified by the department. After accruing two hundred and forty hours of compensatory time off, an employee receives overtime pay for excess hours in the designated work week.

Statement of Objectives

Our audit objective is to determine whether the compensatory time policies, procedure and practices are in compliance with the City of Laredo code of ordinances accordingly.

Statement of Scope

Our audit focused on the operations as performed by the departments and selected a sample of employee records using payroll data from September 2016 to December 2016. We reviewed support documentation that were retained by the various departments, tested for compliance and verified that compensatory time hours accrued were correct. The top ten departments that were selected for review are as follows:

1. Police Department
2. Solid Waste Department
3. Traffic Department
4. Public Works Department
5. Health Department
6. Parks & Leisure Department
7. Airport Department
8. Environmental Department
9. Bridge Department
10. Information Services & Telecommunication Department

Statement of Methodology

To accomplish our audit objectives, we performed the following steps:

- Analyzed applicable policies, regulations, and best practices.
- Copies of City Ordinance 2-87.9 (4) were obtained from the City's online Municode Library.
- We interviewed personnel involved and departmental staff.
- Copies of required documents were obtained from the Payroll Department, as well as, from the various departments that were tested.
- Analyzed for the period reviewed, the compensatory time accruals.

This was done in order for Internal Audit to obtain sufficient evidence to achieve our objectives and support our conclusions.

Findings, Observations and Recommendations

The following are the findings, observations and recommendations made during the audit conducted:

Finding #1: No request in advance in writing with justification for compensatory time is being performed. Also, no city manager's approval for compensatory time is being authorized. When we interviewed the various departmental personnel concerning the process that is currently in place, we found that almost always supervisory approval to incur compensatory time was done after the employee earned compensatory time. We also found that;

- No specification of work being performed and worked as compensatory time was filed by the department head. *(as per Ordinance Chapter 2, Division 6, Section 2-87.9)*

- City manager's approval for compensatory time worked was not found. (as per Ordinance Chapter 2, Division 6, Section 2-87.9)
- No written compensatory time request in advance with full justification for its need was being filed by the majority of the department heads. (as per Ordinance Chapter 2, Division 6, Section 2-87.9)*

**Special note: Only two (2) departments in our sample selection, out of the ten (10) that we reviewed had written specification of work being performed as overtime. However, one department pays out overtime and does not accrue any compensation time for their employees and the other is a FLSA 207(k) exemption department.*

Recommendation #1: Internal Audit believes that the City Manager's office must request from all department heads as to the justification of the compensatory time that is being incurred by their employees. The departments heads must ensure that the recording of compensatory time, as per the ordinance in place, be practiced by all department personnel. Supervisor approval of compensatory time is required in **advance**. We also believe that management must periodically review and update the City's Pay Administration Ordinance in order to align the city's policy with FLSA minimum requirements.

We are requesting a written response to the audit Finding (1) no later than ten (10) working days after receipt of this report from the following departments: Solid Waste, Traffic, Health, Parks & Leisure, Airport, Environmental, Bridge, and Information Services & Telecommunication. The response(s) should indicate how the Finding would be corrected, by whom and by when. If you should have any questions, feel free to contact the Internal Audit Office.

Finding #2: Time worked as compensatory time was almost never taken within the next four (4) pay periods. In order to comply with the regulations and requirements as established by the ordinance in effect, employees are to take time worked as compensatory time within the next four (4) pay periods. As part of our audit, we analyzed compensatory time records on a sample of employees for pay periods Twenty-one (21) thru Twenty-six (26) of 2016, in order to gain an understanding of the total compensatory hours earned and compensatory hours taken. Internal Audit reviewed the top ten departments accruing compensatory time and randomly selected forty-eight (48) employees and found the following:

*Top Ten Departments	
# of Staff Accruing Comp-Time	48
Comp-Time Hours Accrued 586.04 hrs x 1.5	879.06
Comp-Time Taken	657.59

*In addition, a total of 718.13 Overtime hours were paid by some of the departments in addition to Comp-time earned.

The analysis revealed that employees continue to earn a substantial amount of compensatory time and almost never was compensatory time taken by the employees within the next four (4) pay periods. **Special Note; The period we reviewed coincided with the holiday season, this we believe*

contribute to the amount of compensatory hours that employees took during the period we reviewed. Since compensatory time is earned at time and one-half the rate of pay, this has allowed employees to accrue more comp-time and less for comp-time taken. We also notice that comp-time was earned; at the same time that comp-time was taken, further allowing employees of taking compensatory time to earn additional compensatory time or overtime. This we believe does not ensure reasonable compliance with the City's ordinance.

Recommendation #2: Internal Audit believes that management should implement a process of carefully monitoring compensation time earned by its employees; we believe that this would greatly reduce the amount of compensatory time being accumulated. Additionally, we recommend that the departments perform a review of their comp-time/overtime practices which could result in significant departmental cost savings.

We are requesting a written response to the audit Finding (2) no later than ten (10) working days after receipt of this report from the following departments: Traffic, Health, Parks & Leisure, Airport, Environmental, Bridge, and Information Services & Telecommunication. The response(s) should indicate how the Finding would be corrected, by whom and by when. If you should have any questions, feel free to contact the Internal Audit Office.

Observation #1: Time card hour's totals at times did not match with classification hours posted on the departmental proof listings. In our review of the actual hours worked vs. the hours paid, we noticed that on several occasions, the totals did not match with the hour's proof listings that are submitted to Financial Services. We could not identify how the department arrives at the approval method when reclassifications are made.

Observation Recommendation #1: Internal Audit recommends that each department payroll assistant ensure that all time card hours match the hours approved in the proof listings that are submitted to Financial Services. This would ensure proper hour classifications are submitted.

We are requesting a written response to the audit Observation (1) no later than ten (10) working days after receipt of this report from the following departments: Police, Public Works, Parks & Leisure, Airport, and Information Services & Telecommunication. The response(s) should indicate how the Finding would be corrected, by whom and by when. If you should have any questions, feel free to contact the Internal Audit Office.

Conclusion

While compensatory time is a worthwhile program which provides flexibility for management to prioritize and complete unplanned time sensitive special projects which occur during the year and which also allows for the managing of seasonal and variable workloads, the compensatory time incurred during the period we conducted our audit was substantial.

Based on the review we conducted, Internal Audit found that the departments lacks sufficient process to adhere to the regulations and requirements that are currently in place by *City Ordinance 2-87.9 (4), (DIVISION 6-PAY ADMINISTRATION)*. Internal Audit recommends that the Financial Services department and/or the Human Resources department re-evaluate the regulations and requirements establish by the ordinance, so that it can provide for accountability and a coordination mechanism such as: CMO approvals, advance writing approvals for comp-time worked, time period required to take compensatory time, etc. Management should consider changing the City's overtime and compensatory time policies and should consider directing departments to utilize flexible scheduling when sick leave and overtime or compensatory time is recorded during the same work week.

We are also requesting a written response from the Financial Services Department, and the Human Resources Department, to Internal Audit's Conclusion no later than ten (10) days after receipt of this report. The response(s) should indicate how the Departments would implement policy change, if any. Should you have any questions, feel free to contact the Internal Audit Office.

Leo Rodriguez, CPM
Auditor II
Date: 6-15-17

Veronica Urbano-Baeza, CPM
Internal Auditor
Date: 6-15-2017

Report Issued to: Rosario Cabello, Financial Services Director
Monica Flores, Human Resources Director
Claudio Treviño, Jr., Police Chief
Steven Geiss, Solid Waste Director
Roberto Murillo, Traffic Director
John Orfila, Public Works Director
Hector F. Gonzalez, Health Director
Celina Rivera, Acting Parks & Leisure Director
Mario Maldonado, Acting Airport Director
John Porter Environmental Services Director
Yvette Limon, Acting Bridge Director
Heberto L. Ramirez, Information Services & Telecommunication Director

XC: Horacio De Leon, Interim City Manager
Cynthia Collazo, Deputy City Manager
Robert Eads, Assistant City Manager
Jesus Esparza, Payroll Manager

Memo



TO: Veronica Urbano-Baeza, Internal Auditor

FROM: Monica C. Flores, Human Resources Director

mfj

Rosario Camarillo Cabello, Finance Director

R. C. Cabello

DATE: July 7, 2017

RE: Compensatory Time (Multiple Departments Compliance Audit)

This is in response to the Compensatory Time – Audit report dated June 15, 2017.

● **Audit statement:** Re-evaluate the regulations and requirements established by the ordinance.
Response: This ordinance was created on April 19, 1983. Number of employees has risen significantly since 1983. (from approx. 800 to approx. 2,614). We will need to review this ordinance with the Acting City Manager and seek direction.

● **Audit statement:** City Manager approvals, advance writing approval for comp-time worked.
Response: As per Code Of Ordinance Chapter 2 Administration, Article II.-Department, Officers and Employees, Division 3, Section 2-56- Responsibility for Personnel Management, letter (a): The overall responsibility for personnel management rests with City Manager, who may delegate it as necessary and proper. It has been past practice to delegate comp-time approvals to Department Directors. We will need to discuss this item with the Acting City Manager as to whether to continue the same practice in regards to comp-time approvals.

● **Audit statement:** Time period required to take compensatory time, etc.
Response: Currently the time period to take compensatory time off is four pay periods. We will need to further discuss this time frame with the Acting City Manager. As a reminder to Department Directors, a comp-time balance report will be sent to them and their payroll assistant(s) by the Finance Department on a quarterly basis in order to monitor comp-time and comply with the ordinance. A summary report by department will also be sent to the City Manager’s office on a quarterly basis for his review.

● **Audit statement:** Consider changing the City’s overtime and compensatory time policies and should consider directing Departments to utilize flexible scheduling.
Response: We will need to discuss this item with the Acting City Manager as to what approach Department Directors may take in regards to whether overtime or comptime should be allowed first depending on departmental budget availability.

XC: Horacio A. De Leon, Jr., Acting City Manager
Cynthia Collazo, Deputy City Manager
Robert A. Eads, Assistant City Manager



CITY OF LAREDO POLICE DEPARTMENT

"Proudly serving and protecting the citizens of Laredo"



Chief Claudio Treviño, Jr.

Assistant Chief Gilberto L. Navarro
Assistant Chief Jesus R. Torres

Deputy Chief Mario A. Gonzalez
Deputy Chief Miguel A. Rodriguez, Jr.



July 07, 2017

Dear Mrs. Urbano-Baeza,

Below please find the Laredo Police Department responses to the Compensatory Time and Compliance Audit.

Audit Observation & Recommendation

Observation #1

Internal Audit noticed that time card hour's total at times did not match with classification hours posted on the department proof listing.

Observation Recommendation #1

Internal Audit recommends that each department payroll assistant ensure that all time card hours match the hours approved in the proof listings that are submitted to Financial Services. This would ensure proper hour classifications are submitted.

Laredo Police Department Responses

Response to Observation 1 for Officer [REDACTED]

Upon reviewing timesheet for [REDACTED] pay period #22- 10/09/16 to 10/22/16 (pay date 10/28/16), the 6 hours dated 9/24/16 of comp time earned are not reflected in the work attendance record because the OT slip was turned in late and therefore the payroll correction was submitted to finance to be paid on pay date 10/28/16. Please see attached payroll correction.

Response to Observation 1 for Officer [REDACTED]

Upon reviewing time sheet for [REDACTED] pay period #24- 11/06/16 to 11/19/16 (pay date 11/23/16), it was determined that the employee was not paid 10 hours of Holiday as it was indicated on the Time Card Hours in the table provided by the Audit Department. Since they indicated that 10 hours under Holiday it is giving them an out of balance 20 hours. These hours should have been reported as a HA-10 by the auditor therefore cancelling out the Hours Proof Listing (HPL) Hours of 10 and balancing both columns. To further explain, the HPL hours (10.00) should be coded as a negative as per Article 18.4 of the Collective Bargaining Agreement which states *that one day with pay shall be allowed for each holiday not taken, added on to the following year's vacation time*, see attachment. The negative will deduct the total amount of hours but does not affect the actual hours that were paid. The HA-10 should be recorded on the time sheets to reflect the hours proof listing. An email was sent to all payroll assistants on July 7, 2017 stating that effective immediately as per the Collective Bargaining Agreement Article 18.2 and 18.4 payroll codes HA-10 and HP10 should be recorded on the employee's time sheet on the specific holidays worked. This will ensure that all time card hours match the hours approved in the hours proof listing that are submitted to the Financial Services Department. Please see attachment.

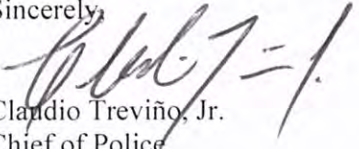
Response to Observation 1 for Officer [REDACTED] for Pay Date 12/09/16:

When reviewing the time sheet for [REDACTED] pay period #25 11/20/16 to 12/03/16 (pay date 12/09/16) the HA-10 for Holidays not taken by the employee 11/24/16 and 11/25/16 should be reflected on the employee's time card as well as the HP 10 hours of OT for employees who worked 11/24/16 as stated on the Collective Bargaining Agreement Article 18.2 and 18.4 (see attachment). Following the recommendation from the Audit Department, Payroll Assistants have been made aware of this matter in which they are required to effective immediately record the HA-10 and the HP10 on the work attendance record for the specific Holiday (Thanksgiving, Christmas, and New Year's).

Response to Observation 1 for Officer [REDACTED] for Pay Date 12/09/16:

When reviewing payroll for [REDACTED] pay period #25 11/20/16 to 12/03/16 (pay date 12/09/16), the HA-10 for Holidays not taken by the employee 11/24/16 and 11/25/16 should be reflected on the employee's time card as well as the HP10 hours of OT for employees who worked 11/24/16 as stated on the Collective Bargaining Agreement Article 18.3 and 18.4, see attachment. An email was sent to all payroll assistants on July 7, 2017 stating that effective immediately as per the Collective Bargaining Agreement Article 18.2 and 18.4 payroll codes HA-10 and HP10 should be recorded on the employee's time sheet on the specific holidays worked. This will ensure that all time card hours match the hours approved in the hours proof listing that are submitted to the Financial Services Department. Please see attachment.

Sincerely,


Claudio Treviño, Jr.
Chief of Police

ARTICLE 18

HOLIDAYS

18.1 The recognized and observed holidays under this agreement shall be the following:

- (1) New Year's Day
- (2) Martin Luther King, Jr.
- (3) Presidents Day
- (4) Friday Before Easter Sunday
- (5) Memorial Day (Last Monday in May)
- (6) Independence Day
- (7) Labor Day (First Monday in September)
- (8) Armistice (Veteran's) Day
- (9) Thanksgiving Day
- (10) Friday after Thanksgiving
- (11) Christmas Eve
- (12) Christmas Day
- (13) Personal Holiday (Date subjected to departmental director approval)

18.2 Bargaining unit personnel who works on a holiday in his/her regular tour of duty shall be paid his/her regular rate of pay. Bargaining unit personnel working on the following specified days will receive 1-1/2 times regular rate of pay for the night, morning, and afternoon shifts: Thanksgiving Day, Christmas Day and New Year's Day, as set out in the table below.

Holiday	Night	Morning	Afternoon
Thanksgiving	Eve of Thanksgiving Day	Thanksgiving Day	Thanksgiving Day
Christmas	24 th day of December	December 25 th	December 25 th
New Year's	31 st day of December	January 1 st	January 1 st

18.3 Bargaining unit personnel who is required to work on a holiday not in his/her regular tour of duty shall be paid a premium rate of time and one-half of his/her regular rate of pay.

18.4 One (1) day with pay shall be allowed for each holiday not taken, added on to the following year's vacation time. For officers assigned to a compressed work, holiday pay shall consist of ten (10) hours, rather than eight (8) hours.

18.5 In addition to those holidays granted in this article, the City agrees that bargaining unit personnel shall also receive any additional holidays granted to any other City employees, by City Ordinance. However, bargaining unit personnel shall receive the same number of holidays as other city employees.

18.6 Article 18 supplants any contrary provisions of section 142.0013 of the TLGC.

/o=City of Laredo/ou=LAREDOINET/cn=Recipients/cn=lgarcia

From: /o=City of Laredo/ou=LAREDOINET/cn=Recipients/cn=lgarcia
Sent: Friday, July 07, 2017 11:43 AM
To: Leticia Lombrana; Gracelda A. Castillo; Larissa M. Flores
Cc: 'Claudio Trevino, Jr.'; Jose J. Villarreal; Jesus Esparza, III
Subject: Holidays Worked

Payroll Assistants,

Effective immediately as stated on the Collective Bargaining Agreement Article 18.2 and 18.4 payroll codes HA-10 and HP10 should be recorded on employee's time sheet on the specific holiday worked; this would ensure that all time card hours match the hours approved in the proof listings that are submitted to the Financial Services.

If you have any questions or concerns please feel free to contact me.

Thank you,

70

Leticia Garcia
Finance/Personnel Supervisor
City of Laredo Police Department
(956) 795-3111
(956) 795-2907 fax
[*lgarcia@ci.laredo.tx.us*](mailto:lgarcia@ci.laredo.tx.us)



City of Laredo

Corrections to Payment of Payroll Hours

(Submit form to Finance, Payroll Division by Friday ending pay period week)

Employee Name _____ Employee ID No. 4316

Dept. Name Laredo Police Dept/Division No. 101-2366

Hours Code	<u>Column A</u> On pay period ending <u>09/24/16</u> employee should have been paid: (Enter all hrs. which should have been paid)	<u>Column B</u> Hours Paid: (Enter all hours paid as per hours history detail)	<u>Column C</u> Enter correction on pay period ending <u>10/22/16</u> . (C = A - B)
	Hours	Hours	Hours
RG	79.00	79.00	0.00
CT	1.00	1.00	0.00
OT	5.00	5.00	0.00
FT	7.52	7.52	0.00
CW	5.00	5.00	0.00
CW	6.00 (9/24/16)	0.00	6.00 (9/24/16)
Total	103.52	97.52	6.00

Reason why this employee was incorrectly paid: Employee turned in OT Slip late.

ACCRUAL SECTION MUST BE COMPLETED FOR CORRECTION/

<u>Accrual Code</u>	<u>Column A</u> Correct Accruals	<u>Column B</u> Incorrect Accruals	<u>Column C = A - B</u> Accrual Adjustments needed
AL	0.00	0.00	0.00
SL	0.00	0.00	0.00
Total	0.00	0.00	0.00

Prepared by (Please Print): Larissa M. Flores Date: 10/18/2016 Telephone: 795-2853

Employee Signature: _____ Date: 10/19/16

Department Director's Signature: [Signature] Date: 10-21-16

Attach all supporting documentation (ex. time card, leave request, hours detail report, etc.).

Form Distribution: Original: Finance / Payroll Division Copy: Attached to Employee Time Card/Sheet

For Payroll Use Only:

Verified & Entered by _____ Pay Day Follow-up by _____

LAREDO POLICE DEPARTMENT

WORK ATTENDANCE RECORD



Name: [REDACTED]

Employee ID#: 4316

Precinct: Platoon C

Sector/Section: Patrol West

Duty Hours From: 6:00 A.M. To: 4:00 A.M.
 P.M. P.M.

PAY PERIOD FROM: 9/11/2016 TO: 9/24/2016

FIRST WEEK:

Day:	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Hours:
Date:	09-11	09-12	09-13	09-14	09-15	09-16	09-17	RG: <u>403</u>
Time in:			<u>0600</u>	<u>0600</u>	<u>0700</u>	<u>0600</u>		AL:
Time out:			<u>1600</u>	<u>1600</u>	<u>1600</u>	<u>1600</u>		SL:
Time in:								CT: <u>1</u>
Time out:								ST:
Total Hours:	OFF	OFF	<u>10 RG</u>	<u>10 RG</u>	<u>9 RG</u>	<u>10 RG</u>	OFF	IP:
*Other Payroll Hours		<u>3 CW</u>	<u>FTO 1.88</u>	<u>FTO 1.88</u>	<u>FTO 1.88</u>	<u>FTO 1.88</u>		HO:
Time in:		<u>1830</u>			<u>1 CT</u>			OT:
Time out:		<u>2130</u>						CW: <u>3</u>
								CD:
								CB:

SECOND WEEK:

Day:	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Hours:
Date:	09-18	09-19	09-20	09-21	09-22	09-23	09-24	RG: <u>40</u>
Time in:			<u>0600</u>	<u>0600</u>	<u>0600</u>	<u>0600</u>		AL:
Time out:			<u>1600</u>	<u>1600</u>	<u>1600</u>	<u>1600</u>		SL:
Time in:								CT:
Time out:								ST:
Total Hours:	OFF	OFF	<u>10 RG</u>	<u>10 RG</u>	<u>10 RG</u>	<u>10 RG</u>	OFF	IP:
*Other Payroll Hours	<u>5 OT</u>	<u>2 CW</u>	<u>FTO 1.88</u>	<u>FTO 1.88</u>	<u>FTO 1.88</u>	<u>FTO 1.88</u>		HO:
Time in:	<u>2200</u>	<u>1900</u>					<u>2.5 CW</u>	OT: <u>12.6</u>
Time out:	<u>0300</u>	<u>2100</u>					<u>6 CW</u>	CW: <u>2.8</u>
	<u>9/17</u>							CD:
								CB:

● **All time noted is actual time worked.** Hours paid will be paid in accordance with terms specified in the Collective Bargaining Agreement.
 Comments: TEOAF ; 09/18/16 ; 2200-0300 R679 CT 1 FT 7.52
CW 11
OT 5 (779-2320)

PAYROLL CODES:

Regular Hours Worked	RG	Overtime Hours Worked	OT
Annual Leave	AL	Sick Leave	SL
School Training	ST	Holiday	HO
Injury With Pay	IP	Injury Without Pay	IW
Funeral Leave	FL	Court Leave	CL
Comp-Time Taken	CT	Comp-Time Worked	CW
Leave Without Pay	LW	AWOL	AW
Business Association Leave	AB	Suspension W/O Pay	SW
Serious Illness Pool	SI	Military Leave	MF
Personal Holiday	PH	Administrative Leave	AM
Court Overtime	CD	Call Back	CB

I certify that all hours noted reflect actual time worked.

[REDACTED]

Employee's Signature

[Handwritten Signature]

Supervisor's Signature

LAREDO POLICE DEPARTMENT - OVERTIME DUTY

Officer [redacted] Command Patrol Duty Hours 0600-1600 Days Off Sat-Sun-Mon
Date 9/24/16 Day Saturday Time In 0800 Time Out 1400 Total Hours 6

- Court _____ Attested By _____
- Patrol/Crim. Invest Case# _____ Supervisor _____
- Call Back Assignment _____ Case # _____ Approving Supervisor ES Cabello
- Special Assignment Police Explorer/Agility Test As Authorized By SGT. R. MEDINA
- Travel Time _____ As Authorized By _____

On this Date I Was: OFF DUTY DAY OFF VACATION

Consideration Requested: OVERTIME PAY COMPENSATORY TIME

OFFICER'S SIGNATURE [redacted]

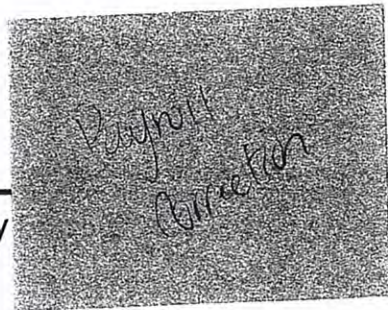
DATE PAY PERIOD ENDED: 9/24/16 RECEIVED ON: _____

Defendant _____

Charge _____

Justification:

On this date I assisted at the Laredo Police Dept agility training facility) from 08:00-14:00 hrs.



Laredo Fire/PD

RECEIVED
PERSONNEL OFFICE
2016 OCT 10 PM 2 13

Program PR704L
CITY OF LAREDO
Dp/Dv/Act 2366-521 POLICE/PATROL DIVISION/PUBLIC SAFETY PERSONNEL

Employee	Date	Description	Period	Day	Quantity	Rate	Amount
	9/23/16	OT/POLICE FTO PAY	20	Fri	1.880	36.2400	102.20
	9/23/16	REGULAR HOURS	20	Fri	10.000	36.2400	362.40
	9/22/16	OT/POLICE FTO PAY	20	Thr	1.880	36.2400	102.20
	9/22/16	REGULAR HOURS	20	Thr	10.000	36.2400	362.40
	9/21/16	OT/POLICE FTO PAY	20	Wed	1.880	36.2400	102.20
	9/21/16	REGULAR HOURS	20	Wed	10.000	36.2400	362.40
	9/20/16	OT/POLICE FTO PAY	20	Tue	1.880	36.2400	102.20
	9/20/16	REGULAR HOURS	20	Tue	10.000	36.2400	362.40
	9/19/16	COMP TIME EARNED	20	Mon	2.000	36.2400	72.48
	9/17/16	OVERTIME	20	Sat	5.000	36.2400	181.20
	9/16/16	REGULAR HOURS	20	Fri	10.000	36.2400	362.40
	9/15/16	COMP TIME USED	20	Thr	1.000	36.2400	36.24
	9/15/16	REGULAR HOURS	20	Thr	9.000	36.2400	326.16
	9/14/16	REGULAR HOURS	20	Wed	10.000	36.2400	362.40
	9/13/16	REGULAR HOURS	20	Tue	10.000	36.2400	362.40
	9/12/16	COMP TIME EARNED	20	Mon	3.000	36.2400	108.72
		COMP TIME EARNED			5.000		181.20
		COMP TIME USED			1.000		36.24
		OT/POLICE FTO PAY			7.520		271.80
		OVERTIME			5.000		181.20
		REGULAR HOURS			79.000		2,862.96
					97.520		3,579.80

Employee totals -



City of Laredo
Solid Waste Services



Date: August 8, 2017
To: Veronica Urbano-Baeza, Internal Auditor
From: Stephen R. Geiss, Director Solid Waste Services *sm*
RE: **Response to Compensatory Time Compliance Audit**

Finding #1: No request in writing with justification for compensatory time is being performed. Also no city manager's approval for compensatory time is being authorized.

Response: This is a true statement as the department has never submitted any requests for compensatory time to the City Manager. Compensatory time has always been used as a replacement for overtime pay when the budgeted overtime pay had been depleted. The use of overtime is a necessary and integral part of the functioning of the department and approval of the overtime budget is taken as tacit approval of the use of that overtime by the City Manager, as during the budget process the written justification for overtime is presented and approved by the City Manager and subsequently by City Council.

Corrective Action: From this point onward, compensatory time will not be used unless the Department Director provides a written justification to the City Manager and receives his written approval.





CITY OF LAREDO

TRAFFIC DEPARTMENT



To: Veronica Urbano-Baeza, CPM, Internal Auditor
From: Roberto Murillo, P.E., Traffic Director
Cc: Leo Rodriguez, CPM., Auditor II
Robert Eads, Assistant City Manager
Date: June 28, 2017
Subject: Response to Compensatory Time Compliance Audit - 6/15/2017

As requested, this is the response to the subject audit dated June 15, 2017.

Finding # 1: *No request in advance in writing with justification for compensatory time is being performed. Also, no city manager's approval for compensatory time is being authorized.*

The Traffic Department does not have a policy in place requiring a request in writing with justification in advance of incurring compensatory time for approval by Supervisor and City Manager. The majority of employees work out in the field, some responding to emergency trouble calls. It would be difficult to implement such a policy since it could possibly require that employee come into the office to fill out any required form in advance for proper approvals prior to incurring any compensatory time as required by existing regulations which is not practical. Compensatory time is normally approved in Executime system, by Supervisor, after employee has already incurred the compensatory time as was identified by audit. Regulations and requirements currently in place, as established by city ordinance, should be carefully reviewed and re-evaluated as recommended by the Internal Audit review for improved accountability. Staff will be informed that justification for incurring any compensatory time will be required when any compensatory time is incurred.

Finding # 2: *Time worked as compensatory time was almost never taken within the next four (4) pay periods.*

Employees will be immediately informed in writing, by their respective Supervisor, that they will be required to take compensatory time on certain days, as assigned by Supervisor, for the next four (4) to six (6) pay periods, due to the heavy work load, in order to comply with regulations and requirements as per city ordinance. However, one (1) employee, in supervisory capacity, currently has 163 CT hours and will possibly take a longer time to comply but this employee no longer incurs compensatory time due to his employment status. Supervisors will also be instructed immediately that they are responsible for regularly monitoring compensatory time status of employees so to comply with established regulations.

Please feel free to contact me if you have any questions or need additional information.



CITY OF LAREDO
DEPARTMENT OF PUBLIC WORKS

M E M O R A N D U M

TO: Veronica Urbano, Internal Auditor

FROM: John Orfila, Jr., Public Works Director

DATE: June 23, 2017

SUBJECT: Compliance Audit

In response to the audit observation, we are running hours proof listing and verifying totals with time balancing report. We will continue to make sure hours are balanced every pay period.

Approved:

John Orfila Jr,
Public Works Director

Date





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

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

Memorandum

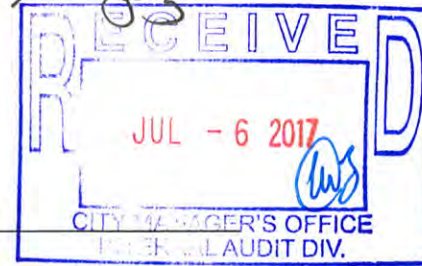
To: Horacio De Leon, Interim City Manager
 Cynthia Collazo, Deputy City Manager

From: Hector F. Gonzalez, MD, MPH Director of Health

XCS: Veronica Urbano Baeza, Internal Auditor
 Rosario Cabello, Finance Director

Date: July 3, 2017

Re: Compensatory Time Compliance audit of Multiple Departments



Finding #1

While we agree we need to follow the code of Ord. Chapter 2, Div. 6, Sec 2-87.0 several internal memos (see attached) and the City of Laredo Payroll and Training Manual are being followed. This department has in writing directed all Supervisors to approve CT/OT with the Director due to need.

In the past we have informally been given approval to use CT/OT for flex schedules for night and weekend services due to budget constraints and not having enough staff, hiring freezes, and to conduct appropriate and rapid response to the public needs (after hour services for inspections, response to public complaints and 311 calls, special task forces for clean-ups, after hour clinics, special events, disease investigations and public health emergency response). While we try and limit this due to the reasons stated above CT is a necessary need and getting CM approval for every request would be time consuming and may also interfere with regular duties and emergency response. However we understand the code but hope that we can amend the ordinance to allow for reasonable operations support for this need, as we are currently under another staff hiring freeze forcing our current staff to have to add additional duties that at times adds CT/OT on a daily basis.

Finding #2

Although we try to have staff take CT time off within the next 4 pay periods for the reasons stated above as to why CT is needed, the constant need of staff due to budget constraints, staff leave, staff illness and needing staff to conduct the work duties and respond to after hour, weekends, task forces and special events doesn't allow this time off for the most part. However at the department level we are monitoring and working with supervisors to assure they take the time within the approved period. For some staff this does cause some abuse, i.e. "a clinic staff schedule is to start 7 am and leave at 4 pm. but someone called in sick and stayed the extra hour to cover. Knowing staff gained an hour of CT they come late the next day or leave an hour early when they are needed due to being short of staff".

We also ask that this procedure have some flexibility due to the budget constraints, position freezes and daily personnel occurrences (absences, leave, sickness and emergencies).

Observation #1


Our department does exactly what is being recommended, we monitor all time cards to match the hours approved. We will conduct additional training with all payroll clerks to assure this is being done consistently.



City of Laredo Health Department

2600 Cedar – P.O. Box 2337
Laredo, TX 78044-2337
Tel. No. (956) 795-4900 Fax No. (956) 726-2632

Memorandum

To: Management
From: Hector F. Gonzalez, M.D., M.P.H. 
XC: Jesus Esparza, Payroll Manager
Date: June 30, 2006
Re: Payroll Changes Recommendation and enforcement of procedures.

To assure efficiency and accountability on “work time” documentation procedures we are providing these guidelines for adherence by both staff and management which are effective immediately. In part we are providing this information to clarify several payroll issues (including flex time) as well to minimize the number of edits, ensure employees are taking a full lunch break, verify actual worked hours and above all ensure the timely submittal of leave forms.

Time Soft

- Be more specific in edits. Edits should be done at a minimal. To reduce the number of edits enforce that each employee (at Cedar location) utilize the time clock despite their work site. Administration doors (to time clock) are open from 7 a.m. to 6 p.m. Before or after this, time is permitted to be edited by the payroll clerk. Exceptions are to be approved by the supervisor by a case per case.
- Exceptions should be very few as the time clock is available until 9 pm every day and arrangements have been made for Saturdays
- Each employee is to clock in and out; it is prohibited for an employee to do so for another employee. Violation of this will result in disciplinary action.

Lunch Break

- Indicate why employee did not take a lunch break.
 - Every employee is given a 1 hour lunch break (30 minute minimum with the approval of your supervisor).
 - Employee is prohibited from making their own hours; change in work schedule must be approved by supervisor.

Time Sheets

- Exempt (salaried) employees will continue to submit a bi-weekly Time Card but no longer be required to submit a bi-weekly time sheet.
 - Employees whose salary is funded through more than one budget source will continue to complete the time allocation worksheet on a bi-weekly basis as well to conduct time studies once a year as per previous memorandum on time allocation.
- As clarification for “Time off”, also referred to as “flex time” there is no automatic time granted for exempt employees working over 40 hours. As always flex time is only approved for over and beyond duties for special efforts, clinics and/or after hour programmed activities previously approved by the Director

As always time will only be granted for over and beyond duties and services of special efforts, clinics, health fairs that occur after hours or on weekends and that has been previously approved by the director.

Payroll Processing


- Payroll must be reviewed and processed on a weekly basis.
 - Employees must submit their leave forms promptly to payroll clerk.
 - Annual leave, compensatory time and personal holiday is to be requested at least three (3) days in advance.
 - Sick leave immediately upon return.
 - Payroll clerks are not to fill out the employee’s leave request form; it is the responsibility of each employee.
 - Overtime and compensatory time must be approved by supervisor and Director before it is worked.
- Supervisors must review payroll before they sign. By signing each form the supervisor is verifying that the hours are accurate and true.

Failure to do so may result in disciplinary action. We ask for your assistance to reinforce the procedures. Any payroll questions or concerns should be addressed with Ms. Marlene Martel or me. Thank you for your attention to this matter.



CITY OF LAREDO

PARKS AND LEISURE DEPARTMENT

To: Veronica Urbano-Baeza, Auditor
From:  Celina Rivera, Interim Parks and Leisure Director
Date: August 7, 2017
Subject: Response to Compensatory Time Compliance Audit

Finding #1- The department utilizes written request forms for use of compensatory time or over time. The request includes a description of the work to be performed and the location and date. This form is submitted to the supervisor for authorization and approved at the department level. Every effort is made to gain approvals before the work is accomplished.

Finding#2- The department currently suffers from approximately 12% staff vacancy rate. This has made it very difficult for the department to avoid the use compensatory time. What makes matters more challenging is the number of after hour events and weekend commitments that staff is asked to assist with. In addition from monitoring the use of comp time we have been augmenting our staff with contract labor to help alleviate the extended hours some staff has been requested to work. Furthermore, significant effort is being made to address the department vacancies.

Observation #1- The department payroll assistant will be made aware to closely monitor and ensure that time card hours coincide with the hours approved listing and manage this as strictly as possible.

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





CITY OF LAREDO

LAREDO INTERNATIONAL AIRPORT

Outstanding Texas Airport 2006



MEMO

To: Veronica Urbano-Baeza, Internal Auditor
From: Mario I. Maldonado, Jr., Acting Airport Director *Mario Maldonado Jr.*
Date: Audit Response, Compensatory Time Audit
Ref: August 9, 2017

Airport management staff is aware of the existing Compensatory Time Policy that is in existence and it has always been the intent for the Airport Department to comply with all City of Laredo policies. Compared to other fiscal years, fiscal year 2016 – 2017 has been an extremely challenging year due to the hiring freeze that was implemented during the first quarter and the loss of most key managerial and administrative staff at the Airport Department. Also, some critical and valuable management staff from the Airport were transferred to other departments in need of managerial assistance. Normally, hiring freezes occur during the last quarter of every fiscal year, but due to early unexpected economic challenges, revenues short falls occurred causing a hiring freeze to be implemented in order to reduce expenditures.

Currently, the Airport has seventeen (17) vacant positions which represent 28.3% of the total work force (60). Operating as a department that handles over 200,000 passengers per year at the terminal, maintains a federal inspection station & parking facility 24 hours a day, airport terminal, rental facilities, runways, 1,200 airport acres of grass trimming, police security 24/7, and comply with all TSA and FAA regulations leaves us with no other alternative but to utilize every measure to keep the Airport operating safely and efficiently. Even under this challenging situation, the Airport was able to continue operating and comply with all TSA & FAA regulations. All security audits were satisfactory and no fines have been issued to the Airport during this current fiscal year.

Finding # 1: No request in advance in writing with justification for compensatory time is being performed. Also, no City Manager's approval for compensatory time is being authorized.

Response to Finding #1: Due to the loss of key managerial / administrative staff and hiring freeze, most recommended positions for hire were denied. Verbal instructions provided by the former City Manager were to find any means to get the job done with current staffing levels. These verbal instructions included paying overtime and compensatory time.

A written request will be prepared for the current City Manager to authorize overtime and compensatory time for Airport employees until proper staffing levels are provided.

Finding # 2: Time worked as compensatory time was almost never taken within the next four (4) pay periods.

Response to Finding #2: Due to the high amount of vacant positions, Airport management could not afford to allow employees to take their compensatory time without affecting operations, security, and the expected service to passengers and cargo industry.

As mentioned above, verbal instructions provided by the former City Manager were to find any means to get the job done with current staffing levels.

Observation #1: Time cards hour's totals at times did not match with classification hours posted on the departmental proof listings.

Response to Observation #1: Time card hour totals sometimes do not match the hours proof listing because the correction of payroll hours is being submitted after the fact. The Airport Department will make every effort to prevent this from occurring again.


Thank you



**City of Laredo
Environmental Services Department
Memorandum**



To: Veronica Urbano, Internal Auditor

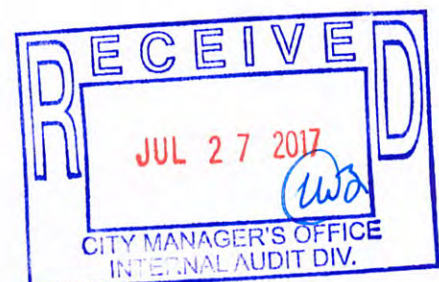
From: John Porter, Director 

Date: July 17, 2017

RE: Memo regarding Comp-time

As per our phone conversation, Department employees (Environmental Investigators) are currently being granted Comp-time as part of the City Manager's Weekend Enforcement Taskforce. Some action has been taken by the Department to resolve the accumulation. Employees have been notified that they need to use this time within 4 pay periods. Moreover, staff has been notified to utilize the "Comments" section of Executime to describe the nature of the Weekend work.

Should you have any questions regarding this memo, please contact me at 794-1650.

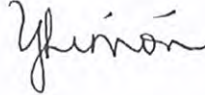


Laredo Bridge System

Memo

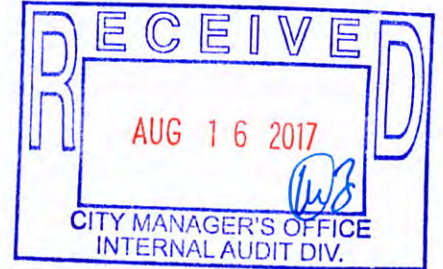
To: Veronica Urbano-Baeza, Internal Auditor

From: Yvette Limon, Acting Bridge Director



Date: August 16, 2017

Re: Compensatory Time Compliance Audit



The City's Internal Audit Staff conducted an audit on Compensatory Time, noted below is the response to the audit findings and observations.

Finding # 1

No request in advance in writing with justification for compensatory time is being performed. Also, no city manager's approval for compensatory time is being authorized.

Response Finding # 1

The Bridge Department needs to provide service to all customers crossing on a daily basis. When Bridge employees are out due to annual leave, compensatory time leave, sick leave or vacant positions, Bridge operations requires that we call off duty employees or retain current employees to cover a shift or part of a shift, which in turn may cause employees to accrue compensatory time. Otherwise, being short staffed would create an impact to the wait times of our bridge customers.

The Bridge Department Superintendents have been advised that compensatory time has to be approved by the Acting Bridge Director prior to notifying staff to report to work.

Finding # 2

Time worked as compensatory time was almost never taken within the next four (4) pay periods.

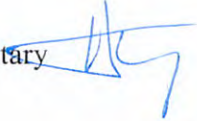
Response Finding # 2

The Bridge Department is reviewing and closely monitoring this issue and taking proper measures to adhere to Audit Department recommendations. However, allowing the employees to use compensatory time accrued within four pay periods is not always possible due to leave requests and vacant positions.



MEMORANDUM

TO: Veronica Baez, Internal Auditor

FROM: Heberto "Beto" L. Ramirez, IST Director/Acting City Secretary 

DATE: June 29, 2017

SUBJECT: Response to Compensatory Time Compliance Audit

Enclosed please find my response to the Compensatory Time (Multiple Departments) Compliance Audit performed by Internal Audit.

If you have any questions, please feel free to call me.

Xc: Horacio de Leon, Interim City Manager
Cynthia Collazo, Deputy City Manager
Robert Eads, Assistant City Manager
Jesus Esparza, Payroll Manager



**CITY OF LAREDO
INFORMATION SERVICES & TELECOMMUNICATIONS DEPT.
RESPONSE TO COMPENSATORY TIME COMPLIANCE AUDIT
BY INTERNAL AUDIT**

Finding #1: No request in advance in writing with justification for compensatory time is being performed. Also, no city manager's approval for compensatory time is being authorized.

- No specification of work being performed and worked as compensatory time was filed by the department head. *(as per Ordinance Chapter 2, Division 6, Section 2-87.9)*
- City Manager's approval for compensatory time worked was not found. *(as per Ordinance Chapter 2, Division 6, Section 2-87.9)*
- No written compensatory time request in advance with full justification for its need was being filed by the majority of the department heads. *(as per Ordinance Chapter 2, Division 6, Section 2-87.9)*

Recommendation #1: Internal Audit believes that the City Manager's office must request from all department heads as to the justification of the compensatory time that is being incurred by their employees. The department heads must ensure that the recording of compensatory time, as per the ordinance in place, be practiced by all department personnel. Supervisor approval of compensatory time is required in **advance**. We also believe that management must periodically review and update the City's Pay Administration Ordinance in order to align the city's policy with FLSA minimum requirements.

RESPONSE BY IST DEPARTMENT:

The current practice for authorizing the use of compensatory time is for the supervisor to request comp-time hours from the department director due to an emergency, task, or project that has to be performed and completed after work hours, i.e. software upgrades, network equipment upgrades, equipment failure, request for support requested by other departments (usually emergencies), etc.

Currently, the City of Laredo does not have nor use a standard form for reporting or authorizing compensatory time.

I have created a draft form (Exhibit A) which if approved by management, can be implemented citywide.

Additionally, I recommend that Ordinance Chapter 2, Division 6, Section 2-87.9 be revised to reflect a more practical policy to authorize compensatory time.

Finding #2: Time worked as compensatory time was almost never taken the next four (4) pay periods. In order to comply with the regulations and requirements as established by the ordinance in effect, employees are to take time worked as compensatory time within the next four (4) pay periods.

Recommendation #2: Internal Audit believes that management should implement a process of carefully monitoring compensation time earned by its employees; we believe that this would greatly reduce the amount of compensatory time being accumulated. Additionally, we recommend that the departments perform a review of their comp-time/overtime practices which could result in significant departmental cost savings.

RESPONSE BY IST DEPARTMENT:

The IST Department has been working diligently in an effort to reduce the hours of compensatory time.

Attached is a memo and a department listing of all employees with compensatory time balances dated December 21, 2016. Please note that the IST Department total comp-time balance was 510.11 hours. (See "Exhibit B")

Also attached is a worksheet (query produced by IST) comp-time balance of 254.30 hours as of June 22, 2017. (See "Exhibit C")

Clearly, in a six-month time span the Department has reduced its comp-time balance by 255.81 hours given the workloads and the current staffing levels.

The IST Department will continue to work with all supervisors and employees to further reduce the compensatory balances and abide by the Ordinance Chapter 2, Division 6, Section 2-87.9.

Observation #1: Time card hour's totals at times did not match with classification hours posted on the departmental proof listings. In our review of the actual hours worked vs. the hours paid, we noticed that on several occasions, the totals did not match with the hour's proof listings that are submitted to Financial Services. We could not identify how the department arrives at the approval method when reclassifications are made.

Observation Recommendation #1: Internal Audit recommends that each department payroll assistant ensure that all time card hours match the hours approved in the proof listings that are submitted to Financial Services. This would ensure proper hour classifications are submitted.

RESPONSE BY IST DEPARTMENT:

As per our research, we found that there was one occurrence in which the classification of hours did not match with the hour's proof listing due to a payroll correction entered on pay period ending December 17, 2016 for the pay period ending August 13, 2016.

The hour's detail on the check history does show the correction. The IST Department will continue to ensure that all hours on the time card match the hours approved in the Final Payment of Hours and that payroll corrections are requested on a timely basis. (See "Exhibit D").

**“EXHIBIT A”
CITY OF LAREDO
COMPENSATORY TIME REQUEST**

This form should be completed by supervisor prior to employee earning compensatory time or the next business day following an unexpected situation requiring immediate action. Report should be for estimated time of work completion. Department Director must approve all compensatory time.

Note: This form is used for reporting compensatory time only. Please submit this form to payroll assistant at the end of the work day.

Employee Name: _____

Date: _____

Amount of hours to be Worked: _____

Actual hours worked: _____

Project: _____

Purpose/Reason:

Employee Signature: _____

Supervisor Signature: _____

Department Director Signature: _____

City Manager Approval: _____

"EXHIBIT B"

City of Laredo Financial Services Department



Memorandum

To: Department Directors

From: Rosario Camarillo-Cabello, Financial Services Director *R. C. Cabello*
Monica Flores, Human Resources Director *M. Flores*

Date: December 21, 2016

Re: Sec. 2-87.9. Compensatory time

As per City Ordinance 2-87.9.(4) the time worked as compensatory time must be taken off within the next four (4) pay periods. Attached is a listing of your department employees with their comp-time balances.

Please work with your employees to comply with the aforementioned ordinance. Directors are asked to schedule time off for employees who have comp-time hours. We will be running this report quarterly so you may monitor employee balances.

In addition, we would like to remind you that the City's established practice is to default hours worked over 40 in a week to comp-time unless employees are advised that hours worked over 40 in a week will be paid as overtime when funding is available. Please keep in mind that once employees have been offered overtime, they should not be paid compensatory time.

CC: Jesus M. Olivares, City Manager
Cynthia Collazo, Deputy City Manager
Horacio A. De Leon Jr, Assistant City Manager
Robert A. Eads, Assistant City Manager
Payroll Assistants & Alternates

Dp	Dv	Emp#	Name	Position	Hourly Rate	Exempt from OT	Comp-Time Balance	Comp-Time Amount
55	68	5806		911 MAPPING & DBASE MAINT SPEC	26.04	N	173.46	4,516.90
55	68	1285		911 PROGRAM SPECIALIST	26.14	N	104.21	2,724.05
55	25	5857		NETWORK SPECIALIST	22.26	N	49.48	1,101.42
55	30	7370		NETWORK SPECIALIST	21.28	N	28.07	597.33
55	7	7981		CUSTOMER SVC. REPRESENTATIVE	12.01	N	27.73	333.04
55	10	7671		CUSTODIAN	9.95	N	20.46	203.58
55	10	8057		CUSTODIAN	10.02	N	19.67	197.09
55	40	1542		AUDIO VISUAL TECHNICIAN SUPVR	23.37	N	15.97	373.22
55	40	6856		ADMINISTRATIVE ASSISTANT I	15.42	N	15.16	233.77
55	7	6671		CUSTOMER SVC. REPRESENTATIVE	12.38	N	11.87	146.95
55	25	3267		NETWORK SPECIALIST	27.75	N	11.85	328.84
55	40	6858		AUDIO VISUAL TECHNICIAN I	13.27	N	6.77	89.84
55	20	6461		MGMT. INFO.APPLICATION ANALYST	22.26	N	6.73	149.81
55	25	2800		COMPUTER OPERATOR	24.62	N	4.27	105.13
55	40	7875		AUDIO VISUAL TECHNICIAN I	11.62	N	3.99	46.36
55	40	6230		AUDIO VISUAL TECHNICIAN II	14.2	N	3.82	54.24
55	68	6080		911 PROGRAM SPECIALIST	16.79	N	2.92	49.03
55	25	6830		NETWORK SPECIALIST	21.9	N	2.51	54.97
55	30	5795		NETWORK SPECIALIST	21.28	N	2.22	47.24
55	7	5591		CUSTOMER SVC. REPRESENTATIVE	13.19	N	1.47	19.39
55	20	1309		COMPUTER OPERATOR	18.35	N	0.18	3.30
55	20	6907		CLERK I	10.66	N	0.08	0.85
55	7	8770		CUSTOMER SVC. REPRESENTATIVE	10.85	N	(2.78)	(30.16)
55	Total						510.11	11,346.19

"EXHIBIT B" (CONTINUED)

"EXHIBIT C"

Heberto "Beto" L. Ramirez

From: Javier Hinojosa
Sent: Thursday, June 22, 2017 9:01 AM
To: Heberto "Beto" L. Ramirez
Subject: Accruals for Dept 55
Attachments: ACCRUAL7.xlsx

Requested file is attached.

Javier Hinojosa * City of Laredo * IST Department * System Analyst * 1102 Bob Bullock Loop * Laredo, TX 78043-9800 *
Office # (956) 727-6510 *

Dpt	Div	Last name	Sfx	First	MI	Position	Rate Code	Accrual Hours	Expense
55	7					CUSTOMER SVC. REPRESENTATIVE	10.85 CMP	13.10	142.14
55	7					CUSTOMER SVC. REPRESENTATIVE	12.38 CMP	0.44	5.45
55	7					CUSTOMER SVC. REPRESENTATIVE	10.85 CMP	5.93	64.34
55	7					CUSTOMER SVC. REPRESENTATIVE	13.19 CMP	0.28	3.69
55	10					CUSTODIAN	9.95 CMP	7.41	73.73
55	10					CUSTODIAN	10.02 CMP	10.16	101.80
55	20					COMPUTER OPERATOR	18.35 CMP	0.18	3.30
55	20					MGMT. INFO.APPLICATION ANALYST	22.26 CMP	6.59	146.69
55	20					CLERK I	10.66 CMP	0.05	0.53
55	25					NETWORK SPECIALIST	22.26 CMP	42.34	942.49
55	25					NETWORK SPECIALIST	27.75 CMP	2.42	67.16
55	25					NETWORK SPECIALIST	21.90 CMP	2.06	45.11
55	25					COMPUTER OPERATOR	24.62 CMP	4.17	102.67
55	30					NETWORK SPECIALIST	20.00 CMP	1.06	21.20
55	30					NETWORK SPECIALIST	21.28 CMP	3.68	78.31
55	40					ADMINISTRATIVE ASSISTANT I	15.42 CMP	3.20	49.34
55	40					AUDIO VISUAL TECHNICIAN SUPVR	23.37 CMP	15.97	373.22
55	40					AUDIO VISUAL TECHNICIAN II	14.20 CMP	10.90	154.78
55	40					AUDIO VISUAL TECHNICIAN I	11.62 CMP	3.34	38.81
55	40					AUDIO VISUAL TECHNICIAN I	13.27 CMP	10.32	136.95
55	68					911 PROGRAM SPECIALIST	26.14 CMP	46.57	1,217.34
55	68					ADMINISTRATIVE ASSISTANT I	15.22 CMP	9.08	138.20
55	68					911 MAPPING & DBASE MAINT SPEC	26.04 CMP	51.30	1,335.85
55	68					GEOGRAPHIC INFO SYSTEM ANALYST	22.36 CMP	3.75	83.85
								254.30	5,326.95

"EXHIBIT C" (CONTINUED)

"EXHIBIT D"

Heberto "Beto" L. Ramirez

From: Mimi Jacaman
Sent: Tuesday, June 27, 2017 12:39 PM
To: Heberto "Beto" L. Ramirez
Subject: Emailing: Emp #1285 Payroll Correction 12-16
Attachments: Emp #1285 Payroll Correction 12-16.pdf

Please see attached. The Hours Proof Listing, reflects the number of hours worked and any CT earned or leave taken, as per the timesheet. If a Payroll Correction is made, then the Hours Proof will also reflect the correction, however, it does not change the hours on the timesheet. The correction will reflect in the employee's paycheck. IA should have just asked if there was a payroll correction instead of what is written in the compliance report.

Your message is ready to be sent with the following file or link attachments:

Emp #1285 Payroll Correction 12-16

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

CITY OF LAREDO
Check Detail

Employee :	1285						
Pay period :		26		Gross amount :			2,111.94
Check number :				Net amount :			1,339.23
Check date :	12/22/16			Check amount :			
				Imputed income :			2.73

Description Code	Date	Cyc	Qty (2)	Amount	Description Code	Date	Cyc	Qty (2)	Amount
CT	08/13	16	283-	71.83-	RG	12/13	25	960	250.94
RG	08/13	16	283	71.83	CT	12/14	25	800	209.12
RG	12/05	25	725	189.52	CT	12/15	25	800	209.12
RG	12/06	25	510	133.31	CT	12/16	25	203	53.06
RG	12/06	25	398	104.04	RG	12/16	25	432	112.92
RG	12/07	25	843	220.36	Additional Pay				
CT	12/08	25	595	155.53	CELL PHONE LEVEL 1				20.75
RG	12/09	25	929	242.84	Adjustments				
RG	12/12	25	805	210.43	PAI FAMILY 100000				1.85
									More...

Press Enter to continue.

F3=Exit F12=Cancel F13=Hours summary F18=Distribution detail

Employee SSN	Shift	Date	Date	Cycle	PLSA	Qty	Type	Shf	Rate	Proj	Work Order	Job Order	Total Hours	Total Dollars
1285		8/13/16	16/16			2.83	CT		25.3800					
		8/13/16	16/16			2.83	RG		25.3800					
		12/05/16	16/25			7.25	RG		26.1400					
		12/06/16	16/25			5.10	RG		26.1400					
		12/06/16	16/25			3.98	RG		26.1400					
		12/07/16	16/25			8.43	RG		26.1400					
		12/08/16	16/25			5.95	CT		26.1400					
		12/09/16	16/25			9.29	RG		26.1400					
		12/12/16	16/25			8.05	RG		26.1400					
		12/13/16	16/25			9.60	RG		26.1400					
		12/14/16	16/25			8.00	CT		26.1400					
		12/15/16	16/25			8.00	CT		26.1400					
		12/16/16	16/25			2.03	CT		26.1400					
		12/16/16	16/25			4.32	RG		26.1400					

COMP TIME USED CT 21.15
 REGULAR HOURS RG 58.85
 Total quantity 80.00

		12/05/16	16/25			2.00	AL		15.2200					
		12/05/16	16/25			4.15	RG		15.2200					
		12/05/16	16/25			2.00	SL		15.2200					
		12/06/16	16/25			8.48	RG		15.2200					
		12/07/16	16/25			7.71	RG		15.2200					
		12/08/16	16/25			7.23	RG		15.2200					
		12/09/16	16/25			7.3	AL		15.2200					
		12/09/16	16/25			3.23	RG		15.2200					
		12/09/16	16/25			4.47	RG		15.2200					
		12/12/16	16/25			8.03	RG		15.2200					
		12/13/16	16/25			7.71	RG		15.2200					
		12/14/16	16/25			7.65	RG		15.2200					
		12/15/16	16/25			7.80	RG		15.2200					
		12/16/16	16/25			1.53	AL		15.2200					
		12/16/16	16/25			7.28	RG		15.2200					

ANNUAL LEAVE AL 4.26
 REGULAR HOURS RG 73.74
 SICK LEAVE SL 2.00
 Total quantity 80.00

		12/05/16	16/25			7.65	RG		26.0400					
		12/06/16	16/25			7.88	RG		26.0400					
		12/07/16	16/25			3.95	RG		26.0400					
		12/07/16	16/25			4.00	SL		26.0400					
		12/08/16	16/25			8.00	SL		26.0400					
		12/09/16	16/25			4.2	CT		26.0400					
		12/09/16	16/25			8.10	RG		26.0400					
		12/12/16	16/25			7.90	RG		26.0400					
		12/13/16	16/25			8.35	RG		26.0400					
		12/14/16	16/25			7.95	RG		26.0400					
		12/15/16	16/25			7.98	RG		26.0400					
		12/16/16	16/25			4.9	CT		26.0400					



City of Laredo

Corrections to Payment of Hours

(Submit form to Finance, Payroll Division by Friday ending pay period week)



Employee Name [REDACTED] Employee ID No. 1285
 Dept. Name IST Dept/Division No. 5568

Hours Code	Column A	Column B	Column C
	On pay period ending 8/13/16 employee should have been paid: (Enter all hrs. which should have been paid)	Hours Paid: (Enter all hours paid as per hours history detail)	Enter correction on pay period ending 12/21/16 (C = A - B)
	Hours	Hours	Hours
RG	77.89 75.77	72.94 75.06 ✓	2.83
CW	9.88	9.88 ✓	0.00
CT	2.11	4.94 ✓	-2.83
ST	2.12	2.12 ✓	-
Total	89.88	89.88 ✓	0.00

Reason why this employee was incorrectly paid: Employee worked event on 8/5/16.

ACCRUAL SECTION MUST BE COMPLETED FOR CORRECTION

Accrual Code	Column A	Column B	Column C = A - B
	Correct Accruals	Accruals Earned	Accrual Adjustments needed
AL	4.62	4.62	0.00
SL	2.00	2.00	0.00
Total			0.00

Prepared by (Please Print): Amanda K. Tienda Date: 12/05/16 Telephone: 794-1788

Employee Signature: [REDACTED] Date: 12/5/16

Department Director's Signature: [Signature] Date: 12/5/16

Attach all supporting documentation (ex. time card, leave request, hours detail report, etc.).

Form Distribution: Original: Finance / Payroll Division Copy: Attached to Employee Time Card/Sheet

For Payroll Use Only:
 Verified & Entered by A. Peña 12/19/16 Pay Day Follow-up by [Signature] 12/20/16
 Form Revised 5/11/2010



City of Laredo

Corrections to Payment of Hours

(Submit form to Finance, Payroll Division by Friday ending pay period week)

Employee Name [REDACTED] Employee ID No. 1285

Dept. Name IST Dept(Division No. 5568

<u>Hours Code</u>	<u>Column A</u> On pay period ending <u>8/13/16</u> employee should have been paid: (Enter all hrs. which should have been paid)	<u>Column B</u> Hours Paid: (Enter all hours paid as per hours history detail)	<u>Column C</u> Enter correction on pay period ending <u>12/21/16</u> (C = A - B)
	Hours	Hours	Hours
RG	75.77 <i>AKS</i>	72.94 <i>AKS</i>	2.83
CW	9.88	9.88	0.00
CT	2.11	4.94	-2.83
ST	2.12 <i>AKS</i>	2.12 <i>AKS</i>	0.00 <i>AKS</i>
Total	89.88 <i>AKS</i>	89.88 <i>AKS</i>	0.00

Reason why this employee was incorrectly paid: Employee worked event on 8/5/16.

ACCURAL SECTION MUST BE COMPLETED FOR CORRECTION

<u>Accrual Code</u>	<u>Column A</u> Correct Accruals	<u>Column B</u> Accruals Earned	<u>Column C = A - B</u> Accrual Adjustments needed
AL	4.62	4.62	0.00
SL	2.00	2.00	0.00
Total			0.00

Prepared by (Please Print): Amanda K. Tienda Date: 12/14/16 Telephone: 794-1788

Employee Signature: _____ Date: _____

Department Director's Signature: _____ Date: _____

Attach all supporting documentation (ex. time card, leave request, hours detail report, etc.).

Form Distribution: Original: Finance / Payroll Division Copy: Attached to Employee Time Card/Sheet

For Payroll Use Only:

Verified & Entered by _____ Pay Day Follow-up by _____

Form Revised 5/11/2010

"EXHIBIT D" (CONTINUED)

Report Date: 12/5/16
 Report Time: 11:43 AM
 Report Run By:
 AMANDA K TIENDA

Time Card Report

Pay Period: BW: 07/31/2016 - 08/13/2016

	Regular	Overtime	Comptime	Benefits	Deduction	Other	Rounding	Amount	Total
	75.06	0.00	9.88	4.94	0.00	0.00	0	0.00	89.88

Date	In	Out	Pay Code	Time Logged	Auto Deduct	Daily Total	Total Time	Amount	Comment	Employee Approval	Supervisor Approval
Mon, 8/1/2016	08:00	12:56	CT (Comp Time Leave)	4.94 2.11	0.00	4.94	4.94	0.00			TIENDA, AMANDA K (AKT) 08/11/2016
Tue, 8/2/2016	07:02	12:47	IO(Clock In/Out)	5.75	0.00	5.75	10.69	0.00			TIENDA, AMANDA K (AKT) 08/11/2016
Tue, 8/2/2016	13:29	16:16	IO(Clock In/Out)	2.78	0.00	8.53	13.47	0.00			TIENDA, AMANDA K (AKT) 08/11/2016
Wed, 8/3/2016	07:04	12:00	IO(Clock In/Out)	4.93	0.00	4.93	18.40	0.00	compliance visits at zapata so and webb so		TIENDA, AMANDA K (AKT) 08/11/2016
Wed, 8/3/2016	13:00	17:33	IO(Clock In/Out)	4.55	0.00	9.48	22.95	0.00	compliance visits at zapata so and webb so		TIENDA, AMANDA K (AKT) 08/11/2016
Thu, 8/4/2016	06:58	12:00	IO(Clock In/Out)	5.03	0.00	5.03	27.98	0.00	compliance visits at jim hogg so and laredo pd		TIENDA, AMANDA K (AKT) 08/11/2016
Thu, 8/4/2016	13:00	16:01	IO(Clock In/Out)	3.02	0.00	8.05	31.00	0.00	compliance visits at jim hogg so and laredo pd		TIENDA, AMANDA K (AKT) 08/11/2016



"EXHIBIT D" (CONTINUED)

Report Date: 12/5/16
 Report Time: 11:43 AM
 Report Run By:
 AMANDA K TIENDA

Time Card Report

Pay Period: BW: 07/31/2016 - 08/13/2016

Date	In	Out	Pay Code	Time Logged	Auto Deduct	Daily Total	Total Time	Amount	Comment	Employee Approval	Supervisor Approval
Fri, 8/5/2016	07:24	12:53	IO(Clock In/Out)	5.48	0.00	5.48	36.48	0.00			TIENDA, AMANDA K (AKT) 08/11/2016
Fri, 8/5/2016	13:21 <i>AKT 14:53</i>	16:52 <i>19:43</i>	IO(Clock In/Out)	3.52	0.00	9.00	40.00	0.00			TIENDA, AMANDA K (AKT) 08/11/2016
Mon, 8/8/2016	07:15	12:00	IO(Clock In/Out)	4.75	0.00	4.75	44.75	0.00	csec meeting in austin, tx travel day		TIENDA, AMANDA K (AKT) 08/11/2016
Mon, 8/8/2016	13:00	17:00	IO(Clock In/Out)	4.00	0.00	8.75	48.75	0.00	csec meeting in austin, tx travel day		TIENDA, AMANDA K (AKT) 08/11/2016
Tue, 8/9/2016	08:00	12:00	IO(Clock In/Out)	4.00	0.00	4.00	52.75	0.00	csec meeting in austin, tx		TIENDA, AMANDA K (AKT) 08/11/2016
Tue, 8/9/2016	13:00	17:00	IO(Clock In/Out)	4.00	0.00	8.00	56.75	0.00	csec meeting in austin, tx		TIENDA, AMANDA K (AKT) 08/11/2016
Wed, 8/10/2016	08:00	12:00	IO(Clock In/Out)	4.00	0.00	4.00	60.75	0.00	csec meeting in austin, tx		TIENDA, AMANDA K (AKT) 08/11/2016
Wed, 8/10/2016	13:00	17:00	IO(Clock In/Out)	4.00	0.00	8.00	64.75	0.00	csec meeting in austin, tx		TIENDA, AMANDA K (AKT) 08/11/2016
Thu, 8/11/2016	06:58	13:09	IO(Clock In/Out)	6.18	0.00	6.18	70.93	0.00			



"EXHIBIT D" (CONTINUED)

Report Date: 12/5/16
 Report Time: 11:43 AM
 Report Run By:
 AMANDA K TIENDA

Time Card Report

Pay Period: BW: 07/31/2016 - 08/13/2016

Date	In	Out	Pay Code	Time Logged	Auto Deduct	Daily Total	Total Time	Amount	Comment	Employee Approval	Supervisor Approval
Fri, 8/5/2016	07:24	12:53	IO(Clock In/Out)	5.48	0.00	5.48	36.48	0.00			TIENDA, AMANDA K (AKT) 08/11/2016
Fri, 8/5/2016	13:21	16:52	IO(Clock In/Out)	3.52	0.00	9.00	40.00	0.00			TIENDA, AMANDA K (AKT) 08/11/2016
Mon, 8/8/2016	07:15	12:00	IO(Clock In/Out)	4.75	0.00	4.75	44.75	0.00	csec meeting in austin, tx travel day		TIENDA, AMANDA K (AKT) 08/11/2016
Mon, 8/8/2016	13:00	17:00	IO(Clock In/Out)	4.00	0.00	8.75	48.75	0.00	csec meeting in austin, tx travel day		TIENDA, AMANDA K (AKT) 08/11/2016
Tue, 8/9/2016	08:00	12:00	IO(Clock In/Out)	4.00	0.00	4.00	52.75	0.00	csec meeting in austin, tx		TIENDA, AMANDA K (AKT) 08/11/2016
Tue, 8/9/2016	13:00	17:00	IO(Clock In/Out)	4.00	0.00	8.00	56.75	0.00	csec meeting in austin, tx		TIENDA, AMANDA K (AKT) 08/11/2016
Wed, 8/10/2016	08:00	12:00	IO(Clock In/Out)	4.00	0.00	4.00	60.75	0.00	csec meeting in austin, tx		TIENDA, AMANDA K (AKT) 08/11/2016
Wed, 8/10/2016	13:00	17:00	IO(Clock In/Out)	4.00	0.00	8.00	64.75	0.00	csec meeting in austin, tx		TIENDA, AMANDA K (AKT) 08/11/2016
Thu, 8/11/2016	06:58	13:09	IO(Clock In/Out)	6.18	0.00	6.18	70.93	0.00			



"EXHIBIT D" (CONTINUED)

Time Card Report

Pay Period: BW: 07/31/2016 - 08/13/2016

Date	In	Out	Pay Code	Time Logged	Auto Deduct	Daily Total	Total Time	Amount	Comment	Employee Approval	Supervisor Approval
Fri, 8/12/2016	05:03	12:00	IO(Clock In/Out)	6.95	0.00	6.95	77.88	0.00	apco internati conferenc travel day		TIENDA, AMANDA K (AKT) 08/11/2016
Fri, 8/12/2016	13:00	15:07	ST (Training)	2.12	0.00	10.95	81.88	0.00	apco internati conferenc travel day		TIENDA, AMANDA K (AKT) 08/11/2016
Fri, 8/12/2016	15:07	17:00	CW (*SYS CODE* CT Worked)	1.88	0.00	10.95	81.88	0.00	apco internati conferenc travel day		TIENDA, AMANDA K (AKT) 08/11/2016
Sat, 8/13/2016	08:00	12:00	CW (*SYS CODE* CT Worked)	4.00	0.00	4.00	85.88	0.00	apco internati conferenc pre- conferenc course		TIENDA, AMANDA K (AKT) 08/11/2016
Sat, 8/13/2016	13:00	17:00	CW (*SYS CODE* CT Worked)	4.00	0.00	8.00	89.88	0.00	apco internati conferenc pre- conferenc course		TIENDA, AMANDA K (AKT) 08/11/2016

~~4.11~~ - CT 2.11
 37.88 - RG
 10.00

~~4.11~~ RG 37.88
 2.12 - ST
 9.88 OT-CW

75.77 RG



"EXHIBIT D" (CONTINUED)

Hours History Detail

Employee	Date	Description	Period	Day	Quantity	Rate	Amount
	8/13/16	COMP TIME EARNED	17	Sat	8.000	25.3800	
	8/12/16	COMP TIME EARNED	17	Fri	1.880	25.3800	
	8/12/16	REGULAR HOURS	17	Fri	6.950	25.3800	175.39
	8/12/16	TRAINING	17	Fri	2.120	25.3800	53.81
	8/11/16	REGULAR HOURS	17	Thr	6.180	25.3800	156.85
	8/10/16	REGULAR HOURS	17	Wed	8.000	25.3800	203.04
	8/09/16	REGULAR HOURS	17	Tue	8.000	25.3800	203.04
	8/08/16	REGULAR HOURS	17	Mon	8.750	25.3800	222.08
	8/05/16	REGULAR HOURS	17	Fri	9.000	25.3800	228.42
	8/04/16	REGULAR HOURS	17	Thr	8.050	25.3800	204.31
	8/03/16	REGULAR HOURS	17	Wed	9.480	25.3800	240.60
	8/02/16	REGULAR HOURS	17	Tue	8.530	25.3800	216.49
	8/01/16	COMP TIME USED	17	Mon	4.940	25.3800	125.38
		COMP TIME EARNED			9.880		.00
		COMP TIME USED			4.940		125.38
		REGULAR HOURS			72.940		1,851.22
		TRAINING			2.120		53.81
					89.880		2,030.41

Employee totals -

"EXHIBIT D" (CONTINUED)

PR600002

CITY OF LAREDO
Hours Entry - Summary

12/19/16
14:14:25

Employee : ██████████ 1285
Pay period : BI-WEEKLY 26

Press Enter to continue.

	Type	Quantity	Amount
TOTAL	CT	23.980	COMP TIME USED
TOTAL	RG	56.020	REGULAR HOURS
FINAL		80.000	

F12=Cancel

Bottom

"EXHIBIT D" (CONTINUED)

Employee : ██████████ 1285
Pay period : BI-WEEKLY 26
Position : 911 PROGRAM SPECIALIST - I.S.T./911 REGIONAL-OT/PU
Overtime status : HOURLY NON-EXEMPT

Type information, press Enter.

Type	Hours (2)	Date mmdd	Project Number Shf	Dollars (2)	Rate(4)	Account Override Fnd DpDvAct ElOb		
CT	283-	813	---	---	253800	---	---	---
RG	283	813	---	---	253800	---	---	---
RG	725	1205	---	---	261400	---	---	---
RG	510	1206	---	---	261400	---	---	---
RG	398	1206	---	---	261400	---	---	---
RG	843	1207	---	---	261400	---	---	---
CT	595	1208	---	---	261400	---	---	---

More...

80.00

F3=Exit F4=Prompt F5=Year override F7=Copy field F8=Paste field
 F9=Alt data F11=Accrual inquiry F12=Cancel F24=More keys

"EXHIBIT D" (CONTINUED)

V. Appendix A – Internal
Audit Staff
Acknowledgement

APPENDIX A
INTERNAL AUDIT STAFF ACKNOWLEDGEMENT

Veronica Urbano-Baeza, Internal Auditor

Elia Y. Rodriguez, Auditor II

Leopoldo F. Rodriguez, Jr., Auditor II