
City of Laredo, Texas
Internal Audit Division



Consolidated Audit Report (with Executive
Summary): Unannounced Cash, Unannounced
Inventory & Compliance Audits Completed with
Department Responses
(January 2018 through March 2018)

May 7, 2018

City of Laredo
Internal Audit Division

**Consolidated Audit Report: Unannounced Cash,
Unannounced Inventory & Compliance Audits Completed
with Department Responses
January 2018 through March 2018**

Table of Contents

I.	Executive Summary	i
II.	Unannounced Cash & Petty Cash Audits	
	Cash Audits (January 2018).....	1
	Response Received from Library (Audit #s 6435).....	3
	Response Received from Tax (Audit # 6450)	4
	Cash Audits (February 2018).....	5
	Cash Audits (March 2018).....	6
	Response Received from Tax (Audit # 6501).....	8
	Response Received from Utility Billing (Audit # 6504)	9
	Response Received from Transit (Audit # 6523).....	10
III.	Unannounced Inventory Count Audits	
	January 2018	
	Transit	11
	Health / Pharmacy.....	12
	Parks / Central Warehouse	13
	Response Received from Parks	17
	February 2018	
	Fleet Management / Parts	18
	Public Works	19
	Utilities	20
	Response Received from Utilities	22
	March 2018	
	Fleet Management / Fuel	29
	Laredo Energy Arena (LEA).....	31
	Response Received from LEA.....	33
	Parks / Aquatics	34
	Parks / Aquatics (Amended)	35
	Response Received from Parks	36

**City of Laredo
Internal Audit Division**

**Consolidated Audit Report: Unannounced Cash,
Unannounced Inventory & Compliance Audits Completed
with Department Responses
January 2018 through March 2018**

Table of Contents

IV. Compliance Audits	
Petty Cash Compliance Audit (Health Department)...	37
Health Department – Laboratory Fees Compliance Audit	39
Response Received from Health	42
V. Appendix A – Internal Audit Staff Acknowledgment	44

I. Executive Summary

EXECUTIVE SUMMARY

In accordance with the Fiscal Year 2018 approved Audit Plan, enclosed is the **Consolidated Audit Report of Unannounced Cash, Unannounced Inventory and Compliance Audits** completed by the Internal Audit Division during the time period of January 2018 through March 2018. The enclosed report also contains any responses required from the affected departments on corrective action. The table below reflects the types of audits completed during this time period.

Type of Audits	# of Audits Conducted
Unannounced Cash & Petty Cash Audits	110
Unannounced Inventory Count Audits	9
Compliance Audits	2

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

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

Results and Recommendations on Unannounced Cash Audits

- Three (3) audits noted where collections / cash funds had overages or shortages.
- Five (5) audits noted with violations pertaining to the City's Cash Handling Policy and/or the City's Petty Cash Policy. For instance, one policy violation noted included payment tender types not reconciling at the time of the audit. Typically, this type of error occurs when the wrong payment tender type is selected in the I-Series System when issuing out receipts.

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 110 unannounced cash audits conducted for the time period of January 2018 through March 2018, only five (5) audits, or five (5%) percent of the population had findings noted, which conveys that the

majority of the population tested is following the City's Cash Handling Policy and maintaining adequate cash handling internal controls.

Results and Recommendations on Unannounced Inventory Audits

- On the inventory audits conducted, there was one (1) instance with the Parks warehouse where the inventory reports generated from the current inventory software program were providing inaccurate and inconsistent data due to a lack of inventory software support. We have continued to recommend that Parks look at obtaining a replacement inventory software program that can better account for all material and equipment housed at the various Parks warehouse locations.
- On other inventory audits conducted, there were two (2) audits conducted where a variance was noted in reconciling selected inventory items on hand with quantities reflected on the corresponding departmental inventory system listings.

In all of the instances where variances were found with the inventory items tested, our recommendation was for the affected departments to determine the cause of the variance and, if necessary, make entries into the corresponding inventory systems once the cause of the variance had been determined. Additionally, in some instances we recommended that an evaluation of some of the affected departmental inventory systems be conducted to determine the adequacy of the internal control structure pertinent to inventory. *In all of the above mentioned instances where findings were noted, responses on corrective action were submitted by the corresponding departments to Internal Audit.* It should be noted that out of fifty-seven (57) inventory items randomly selected during the time period of January 2018 through March 2018, seven (7) items selected were noted with findings for variances, which equates to twelve (12%) percent of the total population tested.

Results and Recommendations on Compliance Audits

Petty Cash Compliance Audit – Health Department

The results of the Petty Cash Compliance Audit for the Health Department reflected no audit findings as part of our review, and it was deemed to be 100% in compliance based off of the sample supporting documentation tested. Only an observation was noted recommending that Petty Cash purchases be fulfilled the same day as the Petty Cash Advance issued.

Health Department – Laboratory Fees Compliance Audit

The results of the Compliance Audit on the Laboratory Fees Revenue collected by the Health Department reflected that a reconciliation of daily activity (medical tests ordered with their corresponding authorized fees) to daily payment collections (deposits) was not being conducted; only a reconciliation of receipts issued to daily payment collections was being conducted. Our recommendation to the Health Department was that a Laboratory Services Daily Activity Report be developed that would consist of daily encounter (accession) forms created by Laboratory staff. This report should assist the Laboratory Services Supervisor in tracking daily activity and reconciling daily activity to daily collections. This added process was recommended in an effort to provide assurance that all accounts deemed self-pay are being billed and collected on in accordance with the current City of Laredo Code of Ordinances and with the Health Department's policy / procedure that payment must be made at the time of registration for services. The implementation of this additional procedure should further serve to detect any errors or irregularities between daily activity and daily collections.

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

January 2018

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

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	Percentage Shortage / Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
				(A)	(B)	(C) (B-A)	(D) (C/A)				
1	6424 Health - WIC	LFR	1/2/2018	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
2	6425 Health - Ambulance Billing	LFR	1/2/2018	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
3	6426 CVB	LFR	1/2/2018	\$ 350.00	\$ 350.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
4	6427 Building	LFR	1/3/2018	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Custodian Out of Office
5	6428 Tax (City Hall)	LFR	1/3/2018	\$ 62,147.22	\$ 62,147.27	\$ 0.05	0.00%		NO	NO	
6	6429 Tax (City Hall)	LFR	1/3/2018	\$ 103,577.88	\$ 103,577.45	\$ (0.43)	0.00%		NO	NO	
7	6430 Tax (City Hall Annex)	LFR	1/4/2018	\$ 209.53	\$ 209.53	\$ -	0.00%		NO	NO	
8	6431 Tax (City Hall Annex)	LFR	1/4/2018	\$ 200.00	\$ 200.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
9	6432 Tax (City Hall Annex)	LFR	1/4/2018	\$ 10,780.59	\$ 10,780.59	\$ -	0.00%		NO	NO	
10	6433 Utility Billing	LFR	1/4/2018	\$ 1,682.54	\$ 1,682.54	\$ -	0.00%		NO	NO	
11	6434 Solid Waste - Landfill	LFR	1/4/2018	\$ 37.10	\$ 37.10	\$ -	0.00%		NO	NO	
12	6435 Library - Inner City Branch	LFR	1/4/2018	\$ -	\$ 1.05	\$ 1.05	0.00%	Change Fund	YES	YES	Cash & Policy Violation: Fund Overage
13	6436 IST - Public Access Channel	LFR	1/4/2018	\$ 150.00	\$ 150.00	\$ -	0.00%	Petty Cash	NO	NO	
14	6437 Tax	LFR	1/5/2018	\$ 250.00	\$ 250.00	\$ -	0.00%	Petty Cash	NO	NO	
15	6438 Parks - Administration	LFR	1/5/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
16	6439 Bridge IV - Customer Svc	EYR	1/20/2018	\$ 171.25	\$ 171.25	\$ -	0.00%		NO	NO	
17	6440 Bridge IV - Customer Svc	EYR	1/20/2018	\$ 265.10	\$ 265.10	\$ -	0.00%		NO	NO	
18	6441 Bridge III - Toll Booth Collector	EYR	1/20/2018	\$ 290.50	\$ 290.50	\$ -	0.00%		NO	NO	
19	6442 Bridge III - Customer Svc	EYR	1/20/2018	\$ 477.25	\$ 477.25	\$ -	0.00%		NO	NO	
20	6443 Bridge II - Customer Svc	EYR	1/20/2018	\$ 3,902.60	\$ 3,902.60	\$ -	0.00%		NO	NO	
21	6444 Bridge II - Toll Booth Collector	EYR	1/20/2018	\$ 1,188.25	\$ 1,188.05	\$ (0.20)	-0.02%		NO	NO	
22	6445 Bridge II - Toll Booth Collector	EYR	1/20/2018	\$ 2,647.25	\$ 2,647.50	\$ 0.25	0.01%		NO	NO	
23	6446 Bridge II - Toll Booth Collector	EYR	1/20/2018	\$ 1,097.25	\$ 1,097.25	\$ -	0.00%		NO	NO	
24	6447 Bridge I - Gateway Passes	EYR	1/20/2018	\$ 657.00	\$ 657.25	\$ 0.25	0.04%		NO	NO	
25	6448 Bridge I - Toll Booth Collector	EYR	1/20/2018	\$ 1,925.00	\$ 1,925.51	\$ 0.51	0.03%		NO	NO	
26	6449 Tax (City Hall Annex)	EYR	1/23/2018	\$ 1,934.09	\$ 1,934.04	\$ (0.05)	0.00%		NO	NO	
27	6450 Tax (City Hall Annex)	EYR	1/23/2018	\$ 2,461.53	\$ 2,461.53	\$ -	0.00%		NO	YES	Policy Violation: Credit Card Transactions Did Not Reconcile
28	6451 Tax (City Hall Annex)	EYR	1/23/2018	\$ 548.96	\$ 550.16	\$ 1.20	0.22%		NO	NO	
29	6452 Solid Waste - Landfill	EYR	1/23/2018	\$ 13,345.71	\$ 13,345.71	\$ -	0.00%		NO	NO	
30	6453 Health - Vital Statistics	EYR	1/23/2018	\$ 232.00	\$ 232.00	\$ -	0.00%		NO	NO	
31	6454 Health - Administration	EYR	1/23/2018	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	Compliance Audit
32	6455 Animal Care Services	EYR	1/24/2018	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
33	6456 Tax (City Hall)	EYR	1/24/2018	\$ 22,027.89	\$ 22,027.89	\$ -	0.00%		NO	NO	
34	6457 Tax (City Hall)	EYR	1/24/2018	\$ 167,781.60	\$ 167,781.60	\$ -	0.00%		NO	NO	
35	6458 Parks - Cigarroa Rec Center	EYR	1/24/2018	\$ 55.00	\$ 55.00	\$ -	0.00%		NO	NO	
36	6459 Parks - Haynes Rec Center	EYR	1/24/2018	\$ 15.00	\$ 15.00	\$ -	0.00%		NO	NO	
37	6460 Parks - Hillside Rec Center	EYR	1/24/2018	\$ 55.00	\$ 55.00	\$ -	0.00%		NO	NO	
38	6461 Parks - Fasken Rec Center	EYR	1/24/2018	\$ 20.00	\$ 20.00	\$ -	0.00%		NO	NO	

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

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	Percentage Shortage / Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
				(A)	(B)	(C) (B-A)	(D) (C/A)					
39	6462	Parks - Administration	EYR	1/25/2018	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Custodian Out of Office
40	6463	Building	EYR	1/25/2018	\$ 4,577.86	\$ 4,577.86	\$ -	0.00%		NO	NO	
41	6464	Health - Lab	EYR	1/26/2018	\$ 866.10	\$ 866.13	\$ 0.03	0.00%		NO	NO	
42	6465	Parks - Administration	EYR	1/29/2018	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Fund Returned to Finance & Closed Out
43	6466	Transit - Parking Pay Station Machine	EYR	1/30/2018	\$ 2,186.00	\$ 2,186.05	\$ 0.05	0.00%		NO	NO	
44	6467	Transit - Administration	EYR	1/30/2018	\$ 400.00	\$ 400.00	\$ -	0.00%	Petty Cash	NO	NO	
45	6468	Airport - Parking Pay Station Machines	EYR	1/31/2018	\$ 583.00	\$ 583.00	\$ -	0.00%		NO	NO	
46	6469	Airport	EYR	1/31/2018	\$ 97.00	\$ 97.00	\$ -	0.00%		NO	NO	

Memo

To: Veronica Urbano, Internal Auditor

From: Danielle Burns *DBurns*

cc: Maria G. Soliz, Library Director *MS*
Elia Y. Rodriguez, Auditor

Date: 04/09/2018

Re: Overage January 04 Audit 6435

Hello,

I had a Surprise Cash Audit No. 6435, which was conducted on January 04, 2018. I was \$1.05 over without receipts, to ensure this won't happen again I will begin to count my receipts and total before the weekly deposit to make sure the box is balanced.

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 *[Signature]*
Date: January 30, 2018
Subject: Surprise Audit # 6450

On January 23, 2018, three surprise audits were performed at City Hall Annex. Audit # 6450 had a transaction where the teller entered the tender type credit card (CC) and it should have been cash (CA). The one keystroke difference from CC to CA changes the tender type. The morning of the audit, we had the same teller attending the customer line and the drive thru because the other tellers are still in training. The issue would have been resolved at the time of balancing if the audit had not been performed. The balancing at the end of day ensures that tellers balance their cash, checks and credit cards. Again, please know that we have emphasized caution when entering transactions to all our staff but this type of mistake is inevitable. Please contact me if you need additional information on this incident.

Thank you,



February 2018

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

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	Percentage Shortage / Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments	
				(A)	(B)	(C) (B-A)	(D) (C/A)					
1	6470	Bridge IV - Customer Svc	LFR	2/15/2018	\$ 1,684.50	\$ 1,684.50	\$ -	0.00%		NO	NO	
2	6471	Bridge IV - Customer Svc	LFR	2/15/2018	\$ 212.00	\$ 212.00	\$ -	0.00%		NO	NO	
3	6472	Bridge III - Toll Booth Collector	LFR	2/15/2018	\$ 24.50	\$ 24.50	\$ -	0.00%		NO	NO	
4	6473	Bridge III - Customer Svc	LFR	2/15/2018	\$ 560.00	\$ 560.00	\$ -	0.00%		NO	NO	
5	6474	Bridge II - Toll Booth Collector	LFR	2/15/2018	\$ 462.00	\$ 462.05	\$ 0.05	0.01%		NO	NO	
6	6475	Bridge II - Toll Booth Collector	LFR	2/15/2018	\$ 1,687.00	\$ 1,686.49	\$ (0.51)	-0.03%		NO	NO	
7	6476	Bridge II - Customer Svc	LFR	2/15/2018	\$ 5,242.54	\$ 5,242.49	\$ (0.05)	0.00%		NO	NO	
8	6477	Bridge I - Toll Booth Collector	LFR	2/15/2018	\$ 957.25	\$ 957.43	\$ 0.18	0.02%		NO	NO	
9	6478	Bridge I - Toll Booth Collector	LFR	2/15/2018	\$ 910.00	\$ 910.00	\$ -	0.00%		NO	NO	
10	6479	Bridge I - Turnstiles	LFR	2/15/2018	\$ 155.25	\$ 155.25	\$ -	0.00%		NO	NO	
11	6480	Utility Billing	LFR	2/16/2018	\$ 170.00	\$ 170.00	\$ -	0.00%		NO	NO	
12	6481	IST - Telecommunications	LFR	2/16/2018	\$ 350.00	\$ 350.00	\$ -	0.00%	Petty Cash	NO	NO	
13	6482	Solid Waste - Landfill	LFR	2/16/2018	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
14	6483	Tax (City Hall Annex)	LFR	2/26/2018	\$ 10,080.81	\$ 10,080.91	\$ 0.10	0.00%		NO	NO	
15	6484	Tax (City Hall Annex)	LFR	2/26/2018	\$ 14,200.90	\$ 14,200.89	\$ (0.01)	0.00%		NO	NO	
16	6485	Parks - Recreation Centers	LFR	2/26/2018	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
17	6486	Tax (City Hall)	LFR	2/27/2018	\$ 34,997.87	\$ 34,997.98	\$ 0.11	0.00%		NO	NO	
18	6487	Tax (City Hall)	LFR	2/27/2018	\$ 27,449.49	\$ 27,449.49	\$ -	0.00%		NO	NO	
19	6488	Tax (City Hall)	LFR	2/27/2018	\$ 33,947.23	\$ 33,947.23	\$ -	0.00%		NO	NO	
20	6489	Parks - El Eden Recreation Center	LFR	2/27/2018	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
21	6490	Parks - La Ladrillera Recreation Center	LFR	2/27/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
22	6491	Parks - Farias Recreation Center	LFR	2/27/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
23	6492	Parks - Hachar Recreation Center	LFR	2/27/2018	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
24	6493	Municipal Court	LFR	2/28/2018	\$ 50.00	\$ 50.00	\$ -	0.00%		NO	NO	
25	6494	Community Development - Municipal Housing	LFR	2/28/2018	\$ 569.00	\$ 569.00	\$ -	0.00%		NO	NO	
26	6495	Health - Ambulance Billing	LFR	2/28/2018	\$ 25.00	\$ 25.00	\$ -	0.00%		NO	NO	
27	6496	Planning	LFR	2/28/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
28	6497	Convention & Visitors' Bureau	LFR	2/28/2018	\$ 350.00	\$ 350.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit

March 2018

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

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received (A)	Amount Counted (B)	(Short)/Over (C) (B-A)	Percentage Shortage/Overage (D) (C/A)	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
1	6498	Library - Fasken Branch	EYR 3/16/2018	\$ 5.87	\$ 5.87	\$ -	0.00%		NO	NO	
2	6499	Library - Bruni Plaza Branch	EYR 3/16/2018	\$ 9.70	\$ 9.70	\$ -	0.00%		NO	NO	
3	6500	Library - MOS Branch	EYR 3/16/2018	\$ 85.00	\$ 85.00	\$ -	0.00%		NO	NO	
4	6501	Tax (City Hall Annex)	EYR 3/21/2018	\$ 3,166.48	\$ 3,166.48	\$ -	0.00%		NO	YES	Policy Violation: Credit Card Transactions did not Reconcile
5	6502	Tax (City Hall Annex)	EYR 3/21/2018	\$ 4,559.05	\$ 4,559.05	\$ -	0.00%		NO	NO	
6	6503	Tax (City Hall Annex)	EYR 3/21/2018	\$ 327.02	\$ 327.02	\$ -	0.00%		NO	NO	
7	6504	Utility Billing	EYR 3/21/2018	\$ 5,692.00	\$ 5,892.00	\$ 200.00	3.51%		YES	YES	Cash & Policy Violation: Collections Overage
8	6505	Solid Waste - Landfill	EYR 3/21/2018	\$ 1,191.40	\$ 1,190.90	\$ (0.50)	-0.04%		NO	NO	
9	6506	Bridge III - Toll Booth Collector	EYR 3/21/2018	\$ 38.50	\$ 38.50	\$ -	0.00%		NO	NO	
10	6507	Bridge III - Customer Svc	EYR 3/21/2018	\$ 1,679.50	\$ 1,679.50	\$ -	0.00%		NO	NO	
11	6508	Bridge IV - Customer Svc	EYR 3/21/2018	\$ 19,022.25	\$ 19,022.25	\$ -	0.00%		NO	NO	
12	6509	Bridge IV - Customer Svc	EYR 3/21/2018	\$ 2,845.00	\$ 2,845.00	\$ -	0.00%		NO	NO	
13	6510	Bridge II - Toll Booth Collector	EYR 3/21/2018	\$ 500.50	\$ 500.50	\$ -	0.00%		NO	NO	
14	6511	Bridge II - Toll Booth Collector	EYR 3/21/2018	\$ 819.00	\$ 819.00	\$ -	0.00%		NO	NO	
15	6512	Bridge II - Toll Booth Collector	EYR 3/21/2018	\$ 1,485.75	\$ 1,485.26	\$ (0.49)	-0.03%		NO	NO	
16	6513	Bridge II - Toll Booth Collector	EYR 3/21/2018	\$ 1,415.50	\$ 1,415.59	\$ 0.09	0.01%		NO	NO	
17	6514	Bridge I - Turnstiles	EYR 3/21/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Conduct Audit: Change Fund Stuck in Machine
18	6515	Tax (City Hall)	EYR 3/22/2018	\$ 3,683.70	\$ 3,683.70	\$ -	0.00%		NO	NO	
19	6516	Tax (City Hall)	EYR 3/22/2018	\$ 6,209.19	\$ 6,209.19	\$ -	0.00%		NO	NO	
20	6517	City Secretary	EYR 3/22/2018	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
21	6518	Community Development	EYR 3/22/2018	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
22	6519	Convention & Visitors' Bureau	EYR 3/22/2018	\$ 500.00	\$ 500.00	\$ -	0.00%	Petty Cash	NO	NO	
23	6520	Building	EYR 3/23/2018	\$ 7,399.30	\$ 7,399.30	\$ -	0.00%		NO	NO	
24	6521	Transit	EYR 3/23/2018	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
25	6522	Police - Records	EYR 3/23/2018	\$ 80.00	\$ 80.00	\$ -	0.00%		NO	NO	
26	6523	Transit - El Lift Route(s)	EYR 3/26/2018	\$ 279.75	\$ 285.22	\$ 5.47	1.96%		YES	YES	Cash & Policy Violation: Collections Overage
27	6524	Transit - El Metro Route(s)	EYR 3/26/2018	\$ 24,228.88	\$ 24,235.70	\$ 6.82	0.03%		NO	NO	
28	6525	Health - TB	EYR 3/26/2018	\$ 25.00	\$ 25.00	\$ -	0.00%	Change Fund	NO	NO	
29	6526	Traffic - Parking (Meter No. FL701)	EYR 3/28/2018	\$ 4.50	\$ 4.50	\$ -	0.00%		NO	NO	
30	6527	Traffic - Parking (Meter No. HO1409)	EYR 3/28/2018	\$ 4.20	\$ 4.20	\$ -	0.00%		NO	NO	
31	6528	Traffic - Parking (Meter No. SG1010)	EYR 3/28/2018	\$ 7.05	\$ 7.05	\$ -	0.00%		NO	NO	
32	6529	Traffic - Parking (Meter No. MT1610)	EYR 3/28/2018	\$ 0.90	\$ 0.90	\$ -	0.00%		NO	NO	
33	6530	Traffic - Parking (Convent Parking Lot)	EYR 3/28/2018	\$ 30.00	\$ 30.00	\$ -	0.00%		NO	NO	
34	6531	Traffic - Parking (Tickets)	EYR 3/28/2018	\$ 335.00	\$ 335.00	\$ -	0.00%		NO	NO	
35	6532	Bridge I - Toll Booth Collector	EYR 3/28/2018	\$ 428.75	\$ 428.75	\$ -	0.00%		NO	NO	

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

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Short)/Over	Percentage Shortage/Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
				(A)	(B)	(C) (B-A)	(D) (C/A)				
36 6533	Bridge I - Toll Booth Collector	EYR	3/28/2018	\$ 644.00	\$ 644.00	\$ -	0.00%		NO	NO	



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 *SAlemania*
Thru: Dora A. Maldonado, Tax Assessor Collector *DA Maldonado*
Date: March 21, 2018
Subject: Surprise Audit # 6501

On March 21, 2018, two surprise audits were performed at City Hall Annex. Audit # 6501 had a transaction where the teller entered the tender type credit card (CC) and it should have been cash (CA). The one keystroke difference from CC to CA changes the tender type. This error was an oversight of the teller because of the one keystroke difference. The issue would have been resolved at the time of balancing if the audit had not been performed. The balancing at the end of day ensures that tellers balance their cash, checks and credit cards. Again, please know that we have emphasized caution when entering transactions to all our staff but this type of mistake is inevitable. Please contact me if you need additional information on this incident.

Thank you,





CITYOF LAREDO
UTILITIES DEPARTEMENT
CUSTOMER SERVICE
1102 BOB BULLOCK LOOP
LAREDO, TX 78043
(956) 727-6402

Memorandum

To: Veronica Baeza, Internal Audit

From: Araceli Thatcher, Customer Service Supervisor

Thru: Dora A. Maldonado, Tax Assessor Collector

Date: March 22, 2018

Subject: Surprise Audit #6504

Araceli Thatcher
Dora A. Maldonado

On March 21, 2018, a surprise audit was performed at City Hall Annex. Audit #6504 had a transaction where the customer service representative (CSR) entered the tender amount incorrect. The transaction was with check #110029153 in the amount of \$693.20, and the CSR entered \$493.20. This error was corrected by voiding the receipt #455827 and replaced with receipt #457090 to correct the amount of payment. The issue would have been resolved at the time of balancing, if the audit had not been performed. The balancing at the end of the day ensures the CSR balance their cash, checks, and credit cards.

Please note that we have emphasized caution when entering transactions with the CSR. Please contact me if you need additional information on this incident. See attached information.

Thank you.



EL METRO
INTER-OFFICE MEMORANDUM



To: Veronica Baeza, Internal Audit

From: Claudia San Miguel, LTMI General Manager
Rosa Soto, AGM for Operations and Administration

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

Date: March 30, 2018

RE: Response to Surprise Cash Audit # 6523

This memo is in response to the Surprise Cash Audit that took place at El Metro's money counting room located at 401 Scott Street on March 26, 2018.

Response

The overage on the Para-Transit revenue of 1.06% occurred by over payment by passengers, payment by a guest and not recorded, payment was recorded as a ticket instead of cash, and payment by both ticket and cash (only ticket was recorded).

Corrective Action

In order to correct this issue verification of paper work versus tablet will be conducted by P.M. dispatcher and A.M. dispatcher on a daily basis.



III. Unannounced Inventory Count Audits

January 2018

Transit Maintenance Division Surprise Inventory Count Audit January 25, 2018

STATEMENT OF SCOPE & METHODOLOGY

On January 25, 2018, a Surprise Inventory Count Audit was conducted on the Transit Department (Transit Maintenance Division). Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses "Transit Management Software", in order to keep a database of the department's inventory and to serve as a measure of control of assets.

Our audit is limited to the physical count of randomly selected items in order to determine if results coincide with quantity showing on 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.
Alternator 2015 GLG	32-803	\$ 3,150.00	1	1	0	N/A
Motor AC Evaporator Brushless 11 GLG	01-152	\$ 1,341.00	1	1	0	N/A
Alternator 12V 270 AMP BB	32-868	\$ 360.13	3	3	0	N/A
Drum Rear 09 11 GLG, 98 00 RTS	13-014	\$ 225.00	8	8	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

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

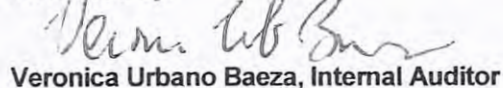
No written response is required on this report.

Prepared by:


Elia Y Rodriguez, Auditor II

Date: 01-25-2018

Reviewed by:


Veronica Urbano Baeza, Internal Auditor

Date: 1-31-2018

To: Claudia San Miguel, Acting Transit General Manager

Cc: Horacio A. De Leon Jr., City Manager
Mario Maldonado, Executive Director Transportation

Health Department – Pharmacy Division

Surprise Inventory Count Audit

January 26, 2018

STATEMENT OF SCOPE & METHODOLOGY

On January 26, 2018, a Surprise Inventory Count Audit was conducted on the Health Department - Pharmacy Division. Four (4) different items were randomly selected from the inventory on hand. Division currently uses "Pharmacy Inventory Control System (PICS)" in order to keep a database of the division's inventory and to serve as a measure of control of assets.

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

- 1.) An inventory listing was requested.
- 2.) Random selection of items.
- 3.) Site visit to Health Department - Pharmacy Division.
- 4.) Health Department - Pharmacy staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS AND/OR OBSERVATIONS

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

PART NAME	INVENTORY NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Hep B (Energix B Adult Prefilled Syringes)	4795H	\$42.40	63	63	0	N/A
MMR (MMR II SDV)	M048036	\$67.03	20	20	0	N/A
Nuvaring	N029622/ M046955	\$8.18	31	31	0	N/A
Ortho Try-Cyclen 28	16DM761/ 16HM844/ 17CM967	\$0.28	584	584	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

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

No written response is required on this report.

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

Prepared by:



Elia Y Rodriguez, Auditor II

Date: 01-26-2018

Reviewed by:



Veronica Urbano-Baeza, Internal Auditor

Date: 1-31-2018

To: Dr. Hector F. Gonzalez, Health Director

Cc: Horacio A. De Leon, Jr., City Manager
Cynthia Collazo, Deputy City Manager

**Parks & Leisure Services – Central Warehouse
Surprise Inventory Count Audit
January 29, 2018**

STATEMENT OF SCOPE & METHODOLOGY

On January 29, 2018, a Surprise Inventory Count Audit was conducted on the Parks & Leisure Services Department – Central Warehouse. Four (4) different parts or equipment were randomly selected from the equipment or parts inventory on hand. Department currently uses an access based system in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

Based upon the physical count performed and as shown in the Table 1 below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING / OBSERVATION NO.
Blower BR 430 Stihl	PR-EQ-4964	\$ 350.00	1	1	0	F1
Weed Eater FS240R Stihl	PR-EQ-9109	\$ 544.39	1	1	0	F1
Edger/Trimmer Mclane	PR-EQ-6473	\$ 789.99	1	1	0	F1
Weed Eater FS240R Stihl	PR-EQ-6217	\$ 544.39	1	1	0	F1

Finding 1

Internal Audit found items inventoried in balance; however, we did note the following finding:

Of four items selected, all four reflected a variance between the quantities on hand and the inventory report generated from the Parks inventory program.

- Overage of one (1) "Blower BR430 Stihl"
- Overage of two (2) "Weed Eater FS240R Stihl"
- Overage of one (1) "Edger/Trimmer Mclane"

The Internal Audit Division confirmed that the quantities counted on the above items reconciled to what has been entered in the Parks inventory program with print screens of the individual items tested from the Parks inventory system. (Attachment 1 and 2).

Recommendation

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

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

Prepared by:



Elia Y Rodriguez, Auditor II

Date: 01-30-2018

Reviewed by:



Veronica Urbano-Baeza, Internal Auditor

Date: 1-31-2018

To: Graciela S. Briones, Assistant Parks Director
Anita O. Stanley, Assistant Parks Director

Cc: Horacio A. De Leon, Jr., City Manager
Ramon Chavez, Executive Director of Public Services

ATTACHMENT 1

City of Laredo Parks and Recreation

Equipment

Unit Id	PR-EQ-4964	Type	Equipment				
Description	Blower BR 430 Stihl S4510654964 J. Aranda given from apt.	Model No.	STIHL BR 430c				
Division	3115	Vendor ID	0010439	Vendor Name	R.P.M. PARTS & SMALL ENGINES		
Unit Cost	350,000	Qty. on Hand	1	Date Last Received	1/25/2018	UDM	EA
Re-Order Point	0	Date Last Ordered	1/25/2018	Qty. On Order	0	Qty. Assigned	0

Transfer: To Div From Div To Dept From Dept No

Dispose: Dispose No

Approve: Now Later

Clear: Transfer

Add Equipment **Get Equipment** **Reports** **Next Equipment** **Previous Equipment**

Delete Equipment **Update Equipment** **Clear Equipment Form** **Return to Main Menu**

Search Windows 3:22 PM 1/29/2018

City of Laredo Parks and Recreation

Equipment

Unit Id	PR-EQ-9109	Type	Machinery/Equipment				
Description	Weedeater FS240R Stihl S8101229109 J. Aranda 6/13/17	Model No.	Stihl FS 240R				
Division	3115	Vendor ID	0010439	Vendor Name	R.P.M. PARTS & SMALL ENGINES		
Unit Cost	544,390	Qty. on Hand	1	Date Last Received	9/21/2016	UDM	ea
Re-Order Point	0	Date Last Ordered	9/21/2016	Qty. On Order	0	Qty. Assigned	1

Transfer: To Div From Div To Dept From Dept No

Dispose: Dispose No

Approve: Now Later

Clear: Transfer

Add Equipment **Get Equipment** **Reports** **Next Equipment** **Previous Equipment**

Delete Equipment **Update Equipment** **Clear Equipment Form** **Return to Main Menu**

Search Windows 3:24 PM 1/29/2018

Equipment

Unit Id	PR-EQ-6473	Type	Equipment
Description	Edger/Trimmer McLane SN# 736473 G. Moim 1/9/2017	Model No.	McLane 4G-7-P
Division	3115	Vendor ID	0010499
Unit Cost	789.990	Date Last Received	1/9/2017
Qty. on Hand	1	Vendor Name	R.P.M. PARTS & SMALL ENGINES.
He-Order Point	0	DOB	ea
Date Last Ordered	9/21/2016	Qty. In Order	0
		Qty. Assigned	1

Transfer:

To Div From Div To Dept. From Dept. No

Dispose:

Dispose No

Approve:

Now Later

Clear:

Transfer

Add Equipment
Get Equipment
Reports
Next Equipment
Previous Equipment

Delete Equipment
Update Equipment
Clear Equipment Form
Return to Main Menu

Equipment

Unit Id	PR-EQ-6217	Type	Machinery/Equipment
Description	Weedeater FS240R Stihl SR101196217 G. Moim 1/9/2017	Model No.	Stihl FS 240R
Division	3115	Vendor ID	0010499
Unit Cost	544.390	Date Last Received	1/9/2017
Qty. on Hand	1	Vendor Name	R.P.M. PARTS & SMALL ENGINES.
He-Order Point	0	DOB	ea
Date Last Ordered	9/21/2016	Qty. In Order	0
		Qty. Assigned	1

Transfer:

To Div From Div To Dept. From Dept. No

Dispose:

Dispose No

Approve:

Now Later

Clear:

Transfer

Add Equipment
Get Equipment
Reports
Next Equipment
Previous Equipment

Delete Equipment
Update Equipment
Clear Equipment Form
Return to Main Menu

PARKS AND LEISURE SERVICES DEPARTMENT

Memo



To: Veronica Urbano-Baeza, Internal Auditor

From: Graciela Sosa-Briones, Asst. Director

Date: February 16, 2018

Re: Internal Surprise Inventory Count Audit

The following Surprise Inventory Count Audit was conducted on January 29, 2018.

Findings 1: Internal Audit found items inventoried in balance; however, we did note the following finding:

Of four items selected, all four reflected a variance between the quantities on hand and the inventory report generated from the Parks inventory program.

- *Overage of one (1) "Blower BR430 Stihl"*
- *Overage of two (2) "Weed Eater FS240R Stihl"*
- *Overage of one (1) "Edger/Trimmer Mclane"*

Response: Due to the version that the department has on the inventory software program, certain errors are encountered. At the time of printing the inventory listing, the items above don't appear; however, in the screen they emerge.

We will inquire about a new inventory system program to reflect better accountability of materials and/or equipment.

If you have any questions, please call me at 794-1765.

Thank you.



February 2018

Fleet Maintenance Division Surprise Inventory Count Audit February 16, 2018

STATEMENT OF SCOPE & METHODOLOGY

On February 16, 2018, a Surprise Inventory Count Audit was conducted on the Fleet Maintenance Division. Four (4) different parts were randomly selected from the parts inventory on hand. Division currently uses "Fleet Management Software" in order to keep a database of the division's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS & OBSERVATIONS



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

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Battery	YTZ 12S	\$58.99	2	2	0	N/A
Battery CT9B-BS Scooter	3492258	\$84.99	4	4	0	N/A
Battery YTXZ0HL 18A	4011496	\$93.55	2	2	0	N/A
Harley Battery	66010-97C	\$145.31	3	3	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: 2.16.18</p> <p>To: Herbeto Ramirez, Fleet Director</p> <p>Cc: Horacio De Leon, City Manager Mario Maldonado, Executive Director Transportation</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 2-20-2018</p>
---	---

**Public Works - Warehouse Division
Surprise Inventory Count Audit
February 16, 2018**

STATEMENT OF SCOPE & METHODOLOGY

On February 16, 2018, 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


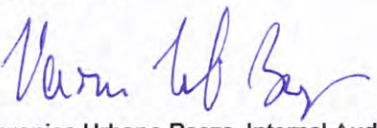
Based upon the physical count performed and as showed in the table below, the following observations were noted.

PART NAME	PART NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Whiteman Light Tower	5599562	\$9,245.00	1	1	0	N/A
Air Compressor Sullair	200802250091	\$13,200.00	1	1	0	N/A
Multiquip Water Pump	3TH22859	\$1,575.00	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: 2.16.18</p> <p>To: John Orfila, Public Works Director Cc: Horacio De Leon, City Manager Ramon Chavez Executive Director Public Services</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 2-21-2018</p>
--	---

**Utilities Service Center
Surprise Inventory Count Audit
February 26, 2018**

STATEMENT OF SCOPE & METHOLODOGY

On February 26,2018, 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.
Union Comp 2 inches	890-070-1300	\$58.07	97	101	4	F1
Union Comp 15403 3/4 inches	890-070-1285	\$11.53	159	159	0	N/A
Union Comp 1 inch	890-070-1290	\$12.54	122	121	-1	F2
Curb Stop 1" x 3/4	WS890-070-00307	\$41.24	32	33	1	F3

Finding 1 (F1) – Our audit on commodity No. 890-070-1300, (the Union Comp 2 inches) reflected units physically counted of 101; however, on the Utilities Inventory Report provided the quantities of the units showed 97. An overage of four (4) units was discovered. Dollar amount equals to a total of \$232.28. Custodian of records indicated that some items had been returned from the weekend jobs posted but the inventory system had not been updated as of time of audit.

Finding 2 (F2) – Our audit on commodity No. 890-070-1290, (the Union Comp 1 inch) reflected units physically counted of 121; however, on the Utilities Inventory Report provided the quantities of the units showed 122. A shortage of one (1) "Union Comp 1 inch," was discovered during physical count. Dollar amount equals to a total of \$12.54. No requisition on file as to any one or any division borrowing equipment.

Finding 3 (F3) – Our audit on commodity No. WS890-070-00307, (the Curb Stop 1" x 3/4) reflected units physically counted of 33; however, on the Utilities Inventory Report provided the quantities of the units showed 32. An overage of one (1) unit was discovered. Dollar amount equals to a total of \$41.24. Custodian of records indicated that some items had been returned from the weekend jobs posted but the inventory system had not been updated as of time of audit.

AUDIT RECOMMENDATIONS

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

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

Prepared by:



Leo Rodriguez, Auditor II, CPM

Date: 2.26.18

To: Riazul Mia, Utilities Director

Cc: Horacio De Leon, City Manager
Martin Aleman, Executive Director of Finance & Technology

Reviewed by:



Veronica Urbano Baeza, Internal Auditor, CPM

Date: 2-28-2018



To: Veronica Urbano-Baeza, Internal Auditor Date: Mar 7th, 2018
Thru: Riazul I. Mia, P.E., CFM, Utilities Director
From: Mauro Perez, Asset Management Coordinator
Subject: Surprise Inventory Count Audit

Below is response to “Surprise Inventory Count Audit” conducted by Mr. Leo Rodriguez, Auditor II, CPM on Monday February 26th, 2018.

Audit Findings & Observations:

F1 – Overage of four (4) 890-070-1300 Union Comp 2”

Qty on System	97	Physically Counted	101	Variance	(4)
---------------	----	--------------------	-----	----------	-----

Causes for Overage –

Four (4) 890-70-1300 Union Comp 2”, along with other items were issued out on Friday February 23, 2018 See Attachment #1 Issue/Return Ticket 1896668 dated 2/23/18.

Four (4) Union Comp 2” were physically returned Monday morning, before surprise audit, and were not returned in the system creating an overage. *Our procedure is to issue out materials before processing any returned materials.* The “Surprise Inventory Count Audit” was conducted on Monday early in the morning before this items were returned in the system.

Corrective Action Taken –

Four (4) 890-070-1300 Union Comp 2” were returned on the system after surprise audit. See Attachment # 2 Issue/Return Ticket 1896698 dated 2/26/18).

F2 – Shortage of one (1) 890-070-1290 Union Comp 1”

Qty on System 122 Physically Counted 121 Variance (1)

One (1) 890-70-1290 Union Comp 1”, along with other items were taken from, emergency/after ours Stand-by Trailer on Sunday February 25,2018 pending work order required to issue out on system. *Our system does not allow us to issue out materials without a work order.* We did not get a work order until after the surprise audit.

The “Surprise Inventory Count Audit” was conducted on Monday early in the morning before this item was issued out in the system

Corrective Action Taken –

One (1) 890-070-1290 Union Comp 1” was issued out. See Attachment # 3 Issue/Return Ticket 1896788 dated 2/26/18).

F3 – Overage of four (1) 890-070-00307 Curb Stop 1” X ¾”

Qty on System 32 Physically Counted 33 Variance (1)

One (1) 890-70-00307 Curb Stop 1” X ¾”, along with other items were issued out on Friday January 26, 2018. See Attachment # 4 Issue/Return Ticket 1890071 dated 1/26/18.

One (1) Curb Stop 1” X ¾” were physically returned on Monday morning but were not returned in the system creating an overage. *Our procedure is to issue out materials before processing any returned materials.*

The “Surprise Inventory Count Audit” was conducted on Monday early in the morning before this items were returned in the system.

Corrective Action Taken –

One (1) 890-70-00307 Curb Stop 1” X ¾” was returned. See Attachment # 5 Issue/Return Ticket 1896735 dated 2/26/18).

PAGE 1

ISSUE TICKET

ISSUE NUMBER - 1896668
 DATE - 02/23/18
 ISSUED BY -
 TO -

COMMENTS - IMR38868

DATE _____
 DATE _____
 ORDER - ENTRY

BUILDING - SERVICE CENTER WATER

WORK ORDER ID - WF0653591 WORK ORDER JOB NUMBER - 1

BIN LOCATION	---	QUANTITY	---	ITEM NUMBER		UNIT COST	EXTENDED COST
--------------	-----	----------	-----	-------------	--	-----------	---------------

ALT BIN LOC	BACKORDER/ISSUED	UOM	ITEM DESCRIPTION	(APPX)			
REF NUMBER							
YDB	2.00	EA	890 070 8060	(APPX)	131.0000	262.00	
			ELL M.J. C.I. 90	6 INCHES			
MJ ELBOW							
55741305323015							

E 07A-D	8.00	EA	890 070 00127		83.9000	671.20	
G4B			6" MEGALUG FOR C-900	6 INCH			
MEGALUGS							
55741305323015							

YDC	2.00	EA	890 070 00225		315.8145	631.63	
			24" HYDRANT EXTENSION	24" HYD. EXT.			
HYDRANT EXTENSION							
55741305323015							

E 01AB	4.00	EA	890 070 1300		58.0735	232.29	
			UNION COMPR. 15403-10050	2 INCHES			
COMPRESSION UNION							
55741305323015							

F 04F	4.00	EA	890 070 1280		188.0000	752.00	
G04D			CURB STOP 2	ANGLE COMPRESSION 2"			
CURB STOP							
55741305323015							

F 09F	4.00	EA	890 070 00184		227.9000	911.60	
G04C			CURB STOP 2	CTS X CTS 2"			
CURB STOP							
55741305323015							

F 09AB	4.00	EA	890 070 00132		121.0000	484.00	
			2" COMP X COMP 90 DEG ELL2	INCH			
COMPRESSION ELBOW							
55741305323015							

YDE	20.00	FT	890 070 006	(APPX)	4.6000	92.00	
			PVC PIPE	6 INCH			
PVC PIPE							
55741305323015							

YDC	1.00	EA	890 070 00224		339.1103	339.11	
			18" HYDRANT EXTENSION	18" HYD. EXT.			
HYDRANT EXTENSION							
55741305323015							

PAGE 1

ISSUE TICKET

** RETURN **

ISSUE NUMBER 1896698

COMMENTS -IMR# 38868

DATE - 02/26/18

ISSUED BY -

DATE

TO -

DATE

ORDER - ENTRY

BUILDING - SERVICE CENTER WATER

WORK ORDER ID - WF0653591 WORK ORDER JOB NUMBER - 1

BIN LOCATION --- QUANTITY --- ITEM NUMBER

ALT BIN LOC BACKORDER/ISSUED UOM ITEM DESCRIPTION

UNIT COST

EXTENDED

COST

REF NUMBER

E 01AB	4.00-EA	890 070 1300	58.0735	232.29-
		UNION COMPR. 15403-10050 2 INCHES		

COMPRESSION UNION

55741305323015

TOTAL 232.29-

PAGE 1

ISSUE TICKET

ISSUE NUMBER - 1896788

COMMENTS -IMR38512

DATE - 02/26/18

ISSUED BY -

DATE

TO -

DATE

ORDER - ENTRY

BUILDING - SERVICE CENTER WATER

WORK ORDER ID - WF0654043 WORK ORDER JOB NUMBER - 1

BIN LOCATION --- QUANTITY --- ITEM NUMBER

ALT BIN LOC BACKORDER/ISSUED UOM ITEM DESCRIPTION

UNIT COST

EXTENDED

COST

REF NUMBER

D 01CD	1.00	EA	890 070 3080 (APPX)	66.0000	66.00
			SADDLE S-B 313-076009-00 6 X 1 INCHES		

BRASS SADDLE
55741305323012

F 01CD	1.00	EA	890 070 1205	52.9844	52.98
			CORP STOP 1	COMPRESSION 1"	

CORPORATION STOP
55741305323012

C 06A-D	2.00	EA	890 070 6010	76.1100	152.22
G02B			CLAMP S-B 226-0690-10	6 X 10 INCHES	

FULL CIRCLE CLAMP
55741305323012

E 02B	1.00	EA	890 070 1290	12.5435	12.54
			UNION COMP. 15403-10050	1 INCH	

COMPRESSION UNION
55741305323012

TOTAL 283.74

PAGE 1

ISSUE TICKET

ISSUE NUMBER - 1890071

COMMENTS -IMR 38662

DATE - 01/26/18

ISSUED BY -

DATE

TO -

DATE
ORDER - ENTRY

BUILDING -	SERVICE CENTER WATER	PROJECT -	W80040			
WORK ORDER ID -	WF0623250	WORK ORDER JOB NUMBER -	1			
BIN LOCATION ---	QUANTITY ---	ITEM NUMBER				
ALT BIN LOC	BACKORDER/ISSUED	UOM	ITEM DESCRIPTION	UNIT COST	EXTENDED COST	
REF NUMBER						
YDE	120.00	FT	890 070 00006 PVC PIPE	17.0103	2041.24	12 INCH
			PVC PIPE			
			55741835380359			
C U 2	180.00	FT	890 070 7014 PIPE COPPER	4.0800	734.40	1 INCH
G03B			COPPER PIPE			
			55741835380359			
D 03CD	1.00	EA	890 070 3089 SADDLES ROMAC BRONZE	82.7112	82.71	8 X 1 INCHES
G4C			BRASS SADDLE			
			55741835380359			
F 01CD	1.00	EA	890 070 1205 CORP STOP 1	52.9844	52.98	COMPRESSION 1"
			CORPORATION STOP			
			55741835380359			
E 02C	1.00	EA	890 070 00307 1" X 3/4" CURB STOP	41.2400	41.24	1" X 3/4" CURB STOP
			CURB STOP			
			55741835380359			
E 02B	4.00	EA	890 070 1290 UNION COMP. 15403-10050	12.5435	50.17	1 INCH
			COMPRESSION UNION			
			55741835380359			
CAGE	2.00	EA	890 070 00131 REGULAR CEMENT(SACKS)	10.2500	20.50	
			PORTLAND CEMENT			
			55741835380359			

TOTAL 3023.24

PAGE 1

ISSUE TICKET

** RETURN **

ISSUE NUMBER - 1896735

COMMENTS -IMR# 38662

DATE - 02/26/18

ISSUED BY -

DATE

TO -

DATE

ORDER - ENTRY

BUILDING - SERVICE CENTER WATER PROJECT - W80040

WORK ORDER ID - WF0623250 WORK ORDER JOB NUMBER - 1

BIN LOCATION --- QUANTITY --- ITEM NUMBER

ALT BIN LOC BACKORDER/ISSUED UOM ITEM DESCRIPTION

UNIT COST

EXTENDED COST

REF NUMBER

E 02C

1.00-EA 890 070 00307

41.2400

41.24-

1" X 3/4" CURB STOP

1" X 3/4" CURB STOP

CURB STOP

55741835380359

TOTAL

41.24-

March 2018

**Fleet Department
Fuel Inventory Audit
March 19, 2018**

STATEMENT OF SCOPE & METHODOLOGY

On March 19, 2018, Internal Audit initiated an Inventory Audit of the City's fuel supply housed at the fueling facilities adjacent to Public Works and the Landfill. The objective of this audit was to determine whether or not the fuel supply could be reconciled at any given point in time with the current reporting mechanisms in place. The scope of our audit consisted of a review of the monthly fuel usage reports (WinCC and Veeder-Root systems), as well as the vendor invoices submitted for the month of February 2018 (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 and Veeder-Root reports were obtained from Fleet and Solid Waste staff, and an evaluation of the monthly fuel usage reports was conducted. Beginning and ending balances for the month of February 2018 were provided.
- Vendor delivery receipts and statements (invoices) were obtained from Fleet and Solid Waste staff, and an evaluation of fuel replenished and billed was conducted.
- Verified the total gallons used and delivered for the month of February 2018

INTERNAL AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

O1: After reviewing the WinCC and Veeder-Root system reports, the vendor invoices provided by Fleet, and the opening and ending fuel balances for the month of February 2018 we were unable to reconcile the fuel inventory for the month, as indicated in the table below; however the Average Percentage Change in Variance across all fueling locations came out to 0.53%, which is considered a minimal variance.

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	4,471	4,901	9,522	4,149	753	328
Gallons Delivered	32,254	25,156	21,938	28,016	600	2,534
Gallons Dispensed	34,373	25,717	25,575	29,026	588	2,414
Ending Balance Calculated	2,352	4,340	5,885	3,139	765	448
Ending Balance (in Gallons) as per Inventory Report	2,532	4,134	5,690	3,147	749	448
Variance	(180)	206	195	(8)	16	0
Percentage Change in Variance per Location	-7.11%	4.99%	3.43%	-0.24%	2.10%	0.00%
Average Percentage Change in Variance						0.53%

Prepared by: <i>Elia Y. Rodriguez</i> 03-29-2018 Elia Y. Rodriguez, Auditor II Date		Reviewed By: <i>Veronica Urbano Baeza</i> 3-29-2018 Veronica Urbano Baeza, Internal Auditor Date	
Issued to:	Response Required	Response Due Date	
Heberto L. Ramirez, Fleet Management Director	NO	N/A	
<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: Horacio A. De Leon, Jr., City Manager Mario I. Maldonado, Jr., Executive Director of Transportation			

Laredo Energy Arena
Asset Inventory Count Audit
March 27, 2018

STATEMENT OF SCOPE & METHODOLOGY

On March 27, 2018, an Asset Inventory Count Audit was conducted at the Laredo Energy Arena (LEA). Twenty-Nine (29) different assets were randomly selected from the Asset Inventory List provided. Division currently uses "Excel worksheet based system" in order to keep a database of the division's asset inventory and to serve as a measure of control of assets.

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

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

We were advised by City staff that the criteria established by the City and currently followed for asset tagging at the LEA requires that all items purchased with City funds be tagged with an asset number for identification purposes. The only exception would be for smaller items (i.e. utensils, etc.)

It should be noted that in some instances an asset number is reflected as "Not Available (N/A)" because the item is a component of a larger item.

AUDIT FINDINGS AND/OR OBSERVATIONS

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

DESCRIPTION	ASSET NUMBER	AVG. UNIT PRICE	QTY. SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO
Cart/Pipe & Drape	8805	\$4,832.83	1	1	0	N/A
Cart/Pipe & Drape	8808	\$4,832.83	1	1	0	N/A
Stencil Custom Logo Center Ice	NT	\$540.00	1	1	0	N/A
Motor & Truss for Curtain	7238	\$4,863.60	1	1	0	N/A
Warmer/Food 2 Tier	6910	\$1,050.00	1	1	0	N/A
Cart/Warming Cabinet	9430	\$1,500.00	1	1	0	N/A
Speaker	6886	\$550.00	1	1	0	N/A
Curtain/Backdrop Panel 5	NT	\$1,826.06	1	1	0	O1
Netting NHL Fan Protection	NT	\$14,400.00	1	1	0	N/A
Scoreboard/Monochrome Amber Message Center	NT	\$177,000.00	1	1	0	N/A
Counter Stainless Steel	7032	\$1,906.00	1	1	0	N/A
Warming Drawer 1 Drawer	6834	\$730.00	1	1	0	N/A
Fryer/Deep Fry	9471	\$1,781.00	1	1	0	N/A
65IN Commercial Monitor (Samsung)	9842	\$2,725.00	1	1	0	N/A
Counter Stainless Steel	7016	\$960.00	1	1	0	N/A
Washer/Spray	7185	\$7,017.00	1	1	0	N/A
Turnstile LH	6166	\$2,142.00	1	1	0	N/A
Turnstile LH	6169	\$2,142.00	1	1	0	N/A
Turnstile RH	9364	\$2,142.00	1	1	0	N/A

DESCRIPTION	ASSET NUMBER	AVG. UNIT PRICE	QTY. SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO
Computer	14020	\$1,360.00	1	1	0	N/A
Computer	14025	\$1,360.00	1	1	0	N/A
(Sound Board) 16 Mono Mic/Line Inputs, 4 Stereo Mic/Line Inputs	14093	\$1,949.95	1	1	0	N/A
Sofa	6650	\$1,774.00	1	1	0	N/A
Chair/Lounge	6722	\$1,158.00	1	1	0	N/A
Sofa	6717	\$1,774.00	1	1	0	N/A
Chair/Lounge	6715	\$1,158.00	1	1	0	N/A
Chair/Lounge	6700	\$707.00	1	1	0	N/A
Clocks Locker room	7065	\$670.00	1	1	0	N/A
Cart/Gas-Mounted Paint Application Pkg.	6753	\$3,550.00	1	1	0	N/A

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

Observation 1

On the Table reflected below, the following items were found and they all had their corresponding asset tag number attached; however, the asset inventory listing used to make our audit selections reflected no corresponding asset tag number.

ASSET ITEM DESCRIPTION	ASSET NUMBER ON INVENTORY LISTING	MODEL	ASSET NUMBER FOUND ON ITEM
Curtain/Backdrop	NT	½ House Curtain	08832
Curtain/Backdrop	NT	Panel 2	08836
Curtain/Backdrop	NT	Panel 3	08833
Curtain/Backdrop	NT	Panel 4	08834
Curtain/Backdrop	NT	Panel 5	08835
Curtain/Backdrop	NT	Panel 6	09916

Recommendation

Internal Audit recommends that LEA staff review the inventory listing and make corrections for missing information, and that appropriate adjustments be made in order to maintain accurate data on inventory reports.

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

Prepared by:



Elia Y Rodriguez, Auditor II

Date: 03-29-2018

Reviewed by:



Verónica Urbano Baeza, Internal Auditor

Date: 3-29-2018

To: Xavier Villalon, General Manager
Laredo Energy Arena

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

MEMORANDUM



TO: Veronica Unrbano-Baeza, Internal Auditor

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

From: Xavier Villalon, SMG/ LEA General Manager

Subject: RESPONSE RESOLUTION FOR OBSERVATION 1

DATE: April 16, 2018

This letter is in response to the asset inventory count audit that was conducted by Internal Audit Department on March 27, 2018. The SMG team is dedicated to ensuring that the building's assets are properly managed and secured. Furthermore, SMG followed the recommendations that were given from the Internal Audit Department and has updated the assets list in accordance to the City of Laredo asset control procedures.

Resolution response to observation 1 is the following below:

Observation 1: The LEA had an item "Curtain/Backdrop" listed as NT on our inventory listing. When item was found with others it did have a tag and was not logged in correctly. LEA corrected the inventory log and added the inventory number that was assigned to this item along with the other curtain/backdrop items.

A handwritten signature in black ink, appearing to be "Xavier Villalon", written over a horizontal line.

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



**Parks & Leisure Services Department – Aquatics Division
Surprise Inventory Count Audit
March 27, 2018**

STATEMENT OF SCOPE & METHODOLOGY

On March 27, 2018, a Surprise Inventory Count Audit was conducted on the Parks and Leisure Services Department - Aquatics Division. Four (4) different equipment/material items were randomly selected from the equipment/material inventory on hand.

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

- 1.) An inventory listing was requested.
- 2.) Random selection of equipment and material.
- 3.) Site visit to Parks and Leisure Services Department - Aquatics Division.
- 4.) Parks and Leisure Services Department – Warehouse staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS AND/OR OBSERVATIONS & RECOMMENDATIONS

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

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
PH Plus	N/A	\$0.00	76	0	-76	F1
Chemson Soda Ash	N/A	\$0.00	21	0	-21	F2
Muriatic Acid	N/A	\$0.00	203	0	-203	F3
Cal Shock	N/A	\$0.00	268	0	-268	F4

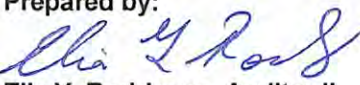

Finding #s 1-4

The variances noted on the table above are attributable to the Parks - Aquatics Division not having an Inventory Software Program that can account for material and equipment received and issued out.

Recommendation

Internal Audit is recommending that Parks Management make an assessment for and acquire/implement the most suitable Automated Inventory System for the Aquatics Division in order to better account for all the material and equipment housed at the Aquatics warehouse.

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

Prepared by:  Elia Y. Rodriguez, Auditor II Date: 03-29-2018	Reviewed by:  Veronica Urbano Baeza, Internal Auditor Date: 3-29-2018
To: Anita O. Stanley, Assistant Parks Director Graciela S. Briones, Assistant Parks Director	
Cc: Horacio A. De Leon, Jr., City Manager Ramon E. Chavez, Executive Director of Public Services	

**Parks & Leisure Services Department – Aquatics Division
Surprise Inventory Count Audit
March 27, 2018**

STATEMENT OF SCOPE & METHODOLOGY

On March 27, 2018, a Surprise Inventory Count Audit was conducted on the Parks and Leisure Services Department - Aquatics Division. Four (4) different equipment/material items were randomly selected from the equipment/material inventory on hand.

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

- 1.) An inventory listing was requested.
- 2.) Random selection of equipment and material.
- 3.) Site visit to Parks and Leisure Services Department - Aquatics Division.
- 4.) Parks and Leisure Services Department – Warehouse staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS AND/OR OBSERVATIONS & RECOMMENDATIONS

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

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
PH Plus	N/A	\$0.00	0	76	76	F1
Chemson Soda Ash	N/A	\$0.00	0	21	21	F2
Muriatic Acid	N/A	\$0.00	0	203	203	F3
Cal Shock	N/A	\$0.00	0	268	268	F4



Finding #s 1-4

The variances noted on the table above are attributable to the Parks - Aquatics Division not having an Inventory Software Program that can account for material and equipment received and issued out.

Recommendation

Internal Audit is recommending that Parks Management make an assessment for and acquire/implement the most suitable Automated Inventory System for the Aquatics Division in order to better account for all the material and equipment housed at the Aquatics warehouse.

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

<p>Prepared by:  Elia Y. Rodriguez, Auditor II Date: 05-01-2018</p>	<p>Reviewed by:  Veronica Urbano Baeza, Internal Auditor Date: 5-1-2018</p>
<p>To: Anita O. Stanley, Assistant Parks Director Graciela S. Briones, Assistant Parks Director</p>	
<p>Cc: Horacio A. De Leon, Jr., City Manager Ramon E. Chavez, Executive Director of Public Services</p>	



MEMORANDUM

TO: Veronica Urbano-Baeza, Internal Auditor

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

RE: Surprise Inventory Count Audit dated March 27, 2018

DATE: April 30, 2018

A handwritten signature in blue ink, reading "Anita Stanley", is written over the "FROM:" line of the memorandum.

On March 27, 2018, the above mentioned audit was conducted on the Aquatics Division. There were variances noted and were attributed to not having an Inventory Software Program that can account for material/equipment received and issued out. When studying the audit, I noted that there is a discrepancy regarding quantity showing in system and what was physically counted. There is no system to show a quantity and the physically counted was product that is actually there. The audit shows 76 bags of PH Plus showing in system and 0 physically counted when the reverse is actually true. There are still 76 bags in storage because they haven't used this product since last year. The remaining audited items are similar. Staff maintains a log that will show material coming in and identify staff that signs out a certain quantity and where it is going. Supervisor reviews this log to ensure proper amounts are going to each site and that all products are accounted for.

Having stated this, we realize this method is antiquated and we had started preliminary conversations with companies and will work toward purchasing an inventory software system this year.

CC: Ramon Chavez, Executive Director of Public Services



IV. Compliance Audit Reports

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

Department/Division Name: Health Department			Audit Date	
Custodian's Name:		Reference: Surprise Cash Audit # 6454		
Period Audited: Last three reimbursements & receipts on hand (Oct-Dec 2017 & Jan 2018)			01/23/18	
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.	01	5	5
2.	Custodial Statement of Responsibility is signed and kept on file for the amount of funds in the possession of custodian. (Permanent Assignment)	100 % Compliance	10	10
3.	Petty Cash is returned to Finance when authorized custodian is no longer responsible. Each custodian must complete a Custodial Statement of Responsibility prior to receipt of petty cash funds. (IV-1) (Including the internal temporary transfer of funds.)	N/A	N/A	N/A
4.	Amount of overages are deposited next business day. Shortages are reported to immediate supervisory or department director. Petty cash custodian replenishes the amount of shortage. Continued shortages or material amounts are submitted to Finance and City Manager's Office. Shortages in the Petty Cash Fund, incl. unjustified sales tax exempt expenses, are the liability of custodian to attain the funds from the person making the actual purchase. Exemptions follow Sec.VIII-2. (Shortages/Overages are determined through a surprise cash count and reconciliation of vouchers)	N/A	N/A	N/A
5.	All petty cash funds are kept in a metal box equipped with a lock. The petty cash box is kept overnight in a vault, safe, or in any secure locked area.	100 % Compliance	10	10
6.	Petty cash is restricted to a \$35 limit per purchase. The total purchase to one vendor should not exceed \$35.	100 % Compliance	10	10
7.	Petty Cash is used strictly for City business and operations only and conforms to purchasing guidelines.	100 % Compliance	10	10
8.	Employees' sign voucher in order to obtain petty cash funds (contents of voucher complies with policy), obtain invoice or receipt from vendor, and return left over cash and invoice to custodian.	100 % Compliance	10	10
9.	Custodian reimbursed employee for any additional funds spent.	100 % Compliance	10	10
10.	Funds are verified and replenished at least once a month at the end of month.	100 % Compliance	5	5
Department/Division-Total Compliance Score – 100%			70	70
	Finance/Accounts Payable-Compliance Checklist	Compliance Comments	Score	Value
1.	Custodial Statement of Responsibility is signed and kept on file with Finance for the amount of funds in the possession of custodian. (Initial set up of funds is approved by the Finance Director.)	100 % Compliance	10	10
2.	Accounts Payable reviewed vouchers, supporting documents and reimbursement report and ascertained that all purchases adhered to the City's Purchasing Policies and Procedures.	100 % Compliance	10	10
3.	Accounts Payable verified that the expense accounts have sufficient funds to cover.	100 % Compliance	5	5
4.	Accounts payable reimbursed custodian for approved reports.	100 % Compliance	5	5
Finance/Accounts Payable-Total Compliance Score- 100%			30	30

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

Department/Division-Findings, Observations, and Recommendations:

Observation # 1

When reviewing the Petty Cash documentation reports for the months of October 2017 thru January 2018, Internal Audit noticed that the department did not make the purchases corresponding to vouchers listed below immediately after the petty cash advance was received.

For instance:

Voucher #	Vendor Name	Amount	Invoice Date	Voucher Date
October 2017				
2883	Lowe's	\$33.66	10/27/17	10/26/17

Recommendation:

Internal Audit strongly recommends that every effort be made to purchase items needed immediately after receiving the Petty Cash Advance.

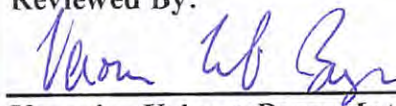
Finance/Accounts Payable- Findings Observations and Recommendations:

Internal Audit found no significant audit findings.

Prepared by:

 01-26-2018
 Elia Y. Rodriguez, Auditor II Date

Reviewed By:

 1-31-2018
 Veronica Urbano Baeza, Internal Auditor Date

Issued to:	Response Required	Response Due Date	Score	Overall
Dr. Hector Gonzalez – Health Director	NO	N/A	100%	Score
Jose Castillo – Assistant Finance Director	NO	N/A	100%	100%

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

- 1.) A description of the progress in resolving or addressing the findings and/or observations noted above.
- 2.) An implementation schedule identifying specific steps to be taken and target dates for implementation or resolution.

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

COMPLIANCE AUDIT LABORATORY FEES HEALTH DEPARTMENT

Introduction and Background

In accordance with our FY 2017-2018 Audit Plan, the Internal Audit Office has completed a Laboratory Fees Compliance Audit of the City of Laredo Health Department which oversees the Laboratory Services Division.

The City of Laredo Health Department's Laboratory Services Division provides clinical laboratory and environmental testing in support of the department's various services and those of other local agencies. The division assists physicians in the diagnosis, prevention, and treatment of clinic patients. It adheres to and compliance with State and Federal guidelines and maintains all Clinical Laboratory Improvement Amendments (CLIA) regulations so as to maintain its current laboratory certification. The Laboratory Services Division currently uses the Antares Lab System which is a specialized software used to track patient activity information through medical encounter (accession) forms, and the City's I-Series 400 System for the issuance of payment receipts and recording of daily revenue received in accordance with the City's Cash Handling Policy.

The laboratory clinic also performs water (bacteriological) analysis to the general public and serves as a preliminary screener for biological threat in the prevention of bioterrorism.

Statement of Objectives

Our audit objectives were to determine if authorized fees are accurately billed, collected and reported in accordance with City of Laredo Code of Ordinances.

Statement of Scope

Our audit focused on the transactions, procedures and other relevant activities that occurred on the audit period selected. We reviewed support documentation that were retained from the Health Department-Laboratory Division, tested for compliance and verified the status of the accounts. This was a limited scope audit.

Statement of Methodology

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

- Reviewed applicable policies, regulations, and best practices,
- Copies of City Code Ordinance 2013-O-154 were obtained from the City's online Municode Library,
- Reviewed Section 15-10-Fees for Laboratory Services, and
- Conducted interviews of personnel involved and departmental staff.

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

Reconciliations of Daily Encounters (Accession) Forms to Deposit (Revenue Posted) is not being conducted by the Laboratory Services Division. For background purposes, a medical encounter (accession) form is used by medical professionals as a uniform way to bill patients. These forms may look different depending on the medical professional a person visits; however, they have required fields consisting of patient name, patient medical record number, date of birth, date of service, place of service, procedural codes with description of service, diagnosis code(s), billing instructions, provider name, signature and date. Currently, the Laboratory Services Division reconciles daily collections with receipts issued from the City's I-Series System, but does not reconcile activity generated in the Antares Lab System to daily collections. Additionally, reconciliation of laboratory clinical services that are NOT performed in house or that are sent to specific state laboratories is not being conducted by the Laboratory Services Division either. As part of this audit, a request was made to Health Department staff for the production of a report on daily Laboratory Services encounters (accession); however, it was explained to us that this type of daily activity report would have to be developed by the software developer, Antares, at an additional fee to the City.

Reconciliation of daily activity with its corresponding fees to daily collections should ensure that all fees billed to self-pay patients are being collected. It is our understanding from Health Department staff that all Laboratory Services self-pay patients must pay for services to be rendered at the time of registration for services. It was further explained that the patient should return at a designated date to receive the results of the testing performed. From the audit sample of encounter (accession) forms tested from the time period of August 2017, there was one (1) instance found where the corresponding fees that should have been collected were not found. During our audit, a check was received by Laboratory Services staff in January 2018 as payment in the amount of \$391.98 for services rendered on an encounter (accession) form from August 2017. Additionally, the check was paid by one of the employees of the laboratory Services Division, not the patient.

Recommendation(s): Internal Audit recommends that a Laboratory Services Daily Activity Report be developed from the Antares System that would consist of the daily encounter (accession) forms created. This report should be utilized by the Laboratory Services Supervisor to track daily activity and reconcile daily activity to daily collections. This added process is recommended in an effort to provide assurance that all accounts deemed self-pay are being billed and collected on in accordance with the current City of Laredo Code of Ordinances and with the Health Department's policy / procedure that payment must be made at the time of registration for services. The implementation of this additional procedure should further serve to detect any errors or irregularities between daily activity and daily collections.

Conclusion

Based on the review we conducted, Internal Audit found that there is a need to strengthen controls related to the reconciliations of encounters, as well as, the reconciliations of contracted laboratory clinical services not performed in house and/or sent to specific state laboratories. Internal controls over the payment of services reflect that there is a lack of adequate management review and a deficiency in monitoring. Management should ensure that all revenue is reconciled and accounted for and that weaknesses in the Health Department's Laboratory internal control structure be corrected.

Internal Audit did find adequate controls over the depositing and securing of collections. Based on the audit test work performed, the division appears to be depositing collections as receipted by staff. Proper review of signatures on cash count sheet, customer receipts, preparation of bank deposit slip, and the cash receipt listing, are in compliance with the separation of duties as required by the City's policy.

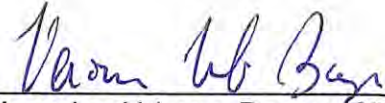
We are requesting a written response from the Health Department / Laboratory Division, no later than ten (10) days after receipt of this report. The response(s) should indicate how the Department/Division would implement policy change, if any. Should you have any questions, feel free to contact the Internal Audit Office.



Leo Rodriguez, CPM

Auditor II

Date: 3.29.18



Veronica Urbano-Baeza, CPM

Internal Auditor

Date: 3-29-2018

Report Issued to: Dr. Hector Gonzalez, Health Department Director

XC: Horacio De Leon, City Manager
Cynthia Collazo, Deputy City Manager
Blandina Gamez, Associate Director Grants & Budget Management



Laredo Active Living



Laredo Health Department



Public Health
Prevent. Promote. Protect.

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

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

Memorandum

To: Veronica Urbano, Internal Audit

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

XCS: Horacio De Leon, City Manager
Cynthia Collazo, Deputy City Manager
M. Blandina Gamez, Associate Director for Budget & Grants Management

Date: April 11, 2018

Re: **Compliance Audit Laboratory Fees-Health Department**



We have received your audit findings of the thorough review of the Laboratory’s processes in regards to authorized fees and the process of charging and collecting was conducted by your office. We apologize for the delay but had been waiting for a price quote from the consultant to develop a daily electronic record of all transactions which but will be out of our financial reach. However your review yielded one finding that needs our immediate attention and corrective action. In response to this finding, the department will implement the following:

Finding 1

Reconciliations of Daily Encounters (Accession) Forms to Deposit (Revenue Posted) is not being conducted by the Laboratory Services Division.

Corrective Action-Reporting

The Laboratory Manager will generate daily reports (after meeting with CLHD IT staff to assist with this report) to reconcile paid and recorded transactions to tests ordered. This will entail multiple reports from various sources.

Our IT division will review and learn the Lab Antares software and develop any necessary reports for review and monitoring of internal controls. The report from the Antares system should generate daily clients registered, specific tests being performed, number of tests, fees charged, and the expected revenue to be collected at the end of the day.

The Laboratory Manager will also generate a Quest report for self pay patients that indicate and match to the tests being requested and that have been paid for by patients. Please note that the fees charged by Quest does not include clinic user fees. However, the tests being

ordered should match to the number of tests paid. The Antares report should differentiate between test fees and clinic user fees.

These two reports from the Antares system and from the Quest system should reconcile to the daily deposit(s) for the Laboratory division. Any variance or discrepancies among the reports should be immediately reported by the Laboratory Manager to our Budget & Grants Division on a daily or weekly basis.

Corrective Action-Daily Operation Activities

In addition, clinical staff (phlebotomists, MOA's, MA's techs, etc.) will continue to review that all tests ordered have been indicated on the patient's registration form (copy provided to client) and paid with the cashier (AS400 receipt). This task will entail cashier to register patients and provide copy of registration form and payment receipt to the patient to provide to clinical staff. The clinical staff will review which tests were accounted on the registration form and paid accordingly. Only tests ordered by doctor and paid by patient will be done. Clinical staff must also review that a legitimate prescription was provided by the patient. This should have already been in place prior to review; however, it will be reemphasized to staff. This process has been proven to be effective and does not require much time to review if implemented and carried out accordingly.

In conclusion, the Budget & Grants Division will monitor the first two weeks of this implementation to ensure that all reports contain the necessary information, reflect as accurate data, and reconcile to the daily collections. After the two weeks, it will become the Laboratory's responsibility to monitor accordingly as stipulated on this memorandum. We will aim to have these reports available and ready immediately no later than the end of May 2018.

V. Appendix A – Internal Audit Staff Acknowledgment

APPENDIX A
INTERNAL AUDIT STAFF ACKNOWLEDGMENT

Veronica Urbano-Baeza, Internal Auditor

Elia Y. Rodriguez, Auditor II

Leopoldo F. Rodriguez, Jr., Auditor II