
City of Laredo, Texas
Internal Audit Division



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

August 3, 2018

City of Laredo
Internal Audit Division

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

Table of Contents

I.	Executive Summary	i
II.	Unannounced Cash & Petty Cash Audits	
	Cash Audits (April 2018).....	1
	Response Received from Traffic - Parking (Audit #s 6537).....	2
	Cash Audits (May 2018).....	3
	Response Received from Building (Audit # 6568).....	4
	Cash Audits (June 2018).....	5
	Response Received from Budget (Audit # 6597).....	6
	Response Received from Library (Audit # 6622).....	7
III.	Unannounced Inventory Count Audits	
	April 2018	
	Fleet Management / Parts	8
	Response Received from Fleet	9
	Parks / Central Warehouse	11
	Response Received from Parks	12
	Utilities	13
	May 2018	
	Transit	14
	Public Works	15
	June 2018	
	Max Mandel Municipal Golf Course	16
	Utilities.....	18
	Parks / North Side Warehouse	19
	Response Received from Parks	20
IV.	Compliance Audits	
	Petty Cash Compliance Audit (IST Department / 911 Regional).....	21
	Transit Texas Urban State Program Grant Compliance Audit	23
V.	Appendix A – Internal Audit Staff Acknowledgment	26

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 April 2018 through June 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	97
Unannounced Inventory Count Audits	8
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.
- Two (2) 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 the payment of sales tax on a petty cash purchase. Another policy violation noted was that petty cash replenishment funds were not properly secured in a safe, vault or similar secured locked area as per the City's Petty Cash Policy.

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 97 unannounced cash audits conducted for the time period of April 2018 through June 2018, only*

four (4) audits, or four (4%) 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 were two (2) instances 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.
- Of the other six (6) inventory audits conducted during the quarter, there was one (1) other audit 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 thirty-eight (38) inventory items randomly selected during the time period of April 2018 through June 2018, five (5) items selected were noted with findings for variances, which equates to thirteen (13%) percent of the total population tested.

Results and Recommendations on Compliance Audits

Petty Cash Compliance Audit – Information Services & Telecommunications (IST) Department / 911 Regional Division

The results of the Petty Cash Compliance Audit for the IST / 911 Regional Division 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.

Transit Department – Texas Urban State Program Grant (STATE-U-2016-LAREDO-000108)

As per the audit testing conducted for the Compliance Audit on the Transit Department's Texas Urban State Program Grant, the results reflected that both the Transit and Financial Services Departments made a good effort to comply with all the reporting requirements and conditions outlined by the granting agency. Furthermore, the grant funding allocated was used in a timely manner, and all supporting documentation was properly filed. All grant reporting requirements were submitted timely to the granting agency.

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

II. Unannounced Cash & Petty Cash Audits

April 2018

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
APRIL 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	6534	Traffic	LFR 4/5/2018	\$ 200.00	\$ 200.12	\$ 0.12	0.06%	Petty Cash	NO	NO	
2	6535	Utilities	LFR 4/5/2018	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
3	6536	Planning	LFR 4/5/2018	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
4	6537	Traffic - Parking	LFR 4/6/2018	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	YES	Policy Violation: Payment of Sales Tax on Petty Cash Voucher Audited
5	6538	Tax (City Hall)	LFR 4/10/2018	\$ 7,488.19	\$ 7,488.19	\$ -	0.00%		NO	NO	
6	6539	Tax (City Hall)	LFR 4/10/2018	\$ 3,907.91	\$ 3,907.91	\$ -	0.00%		NO	NO	
7	6540	Utility Billing	LFR 4/11/2018	\$ 428.69	\$ 428.69	\$ -	0.00%		NO	NO	
8	6541	Tax (City Hall Annex)	LFR 4/11/2018	\$ 11,797.55	\$ 11,798.05	\$ 0.50	0.00%		NO	NO	
9	6542	Tax (City Hall Annex)	LFR 4/11/2018	\$ 5,208.29	\$ 5,208.29	\$ -	0.00%		NO	NO	
10	6543	Tax (City Hall Annex)	LFR 4/11/2018	\$ 5,526.01	\$ 5,526.01	\$ -	0.00%		NO	NO	
11	6544	Information Services & Telecommunications (IST)	LFR 4/11/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
12	6545	Solid Waste - Landfill	LFR 4/12/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Short-Staffed on Collectors at Time of Audit
13	6546	Community Development - Municipal Housing	LFR 4/12/2018	\$ 5,001.00	\$ 5,001.00	\$ -	0.00%		NO	NO	
14	6547	Airport	LFR 4/12/2018	\$ 7,306.57	\$ 7,306.57	\$ -	0.00%		NO	NO	
15	6548	Environmental Svcs - Hazardous Materials	LFR 4/12/2018	\$ 500.00	\$ 500.00	\$ -	0.00%		NO	NO	
16	6549	Solid Waste - Landfill	LFR 4/20/2018	\$ 813.30	\$ 813.20	\$ (0.10)	-0.01%		NO	NO	
17	6550	Transit - Lobby Tellers	LFR 4/23/2018	\$ 45.00	\$ 45.00	\$ -	0.00%		NO	NO	
18	6551	Community Development - Housing Rehab	LFR 4/23/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
19	6552	Bridge III - Customer Svc	LFR 4/24/2018	\$ 375.05	\$ 375.05	\$ -	0.00%		NO	NO	
20	6553	Bridge III - Toll Booth Collector	LFR 4/24/2018	\$ 49.00	\$ 49.00	\$ -	0.00%		NO	NO	
21	6554	Bridge IV - Customer Svc	LFR 4/24/2018	\$ 1,207.75	\$ 1,207.75	\$ -	0.00%		NO	NO	
22	6555	Bridge IV - Customer Svc	LFR 4/24/2018	\$ 40,789.75	\$ 40,789.75	\$ -	0.00%		NO	NO	
23	6556	Bridge IV - Customer Svc	LFR 4/24/2018	\$ 899.75	\$ 899.75	\$ -	0.00%		NO	NO	
24	6557	Bridge II - Toll Booth Collector	LFR 4/25/2018	\$ 266.00	\$ 266.00	\$ -	0.00%		NO	NO	
25	6558	Bridge II - Customer Svc	LFR 4/25/2018	\$ 1,305.00	\$ 1,305.00	\$ -	0.00%		NO	NO	
26	6559	Bridge II - Customer Svc	LFR 4/25/2018	\$ 2,149.00	\$ 2,149.00	\$ -	0.00%		NO	NO	
27	6560	Bridge I - Toll Booth Collector	LFR 4/25/2018	\$ 420.00	\$ 420.00	\$ -	0.00%		NO	NO	
28	6561	Health - Environmental	LFR 4/25/2018	\$ 1,100.00	\$ 1,100.00	\$ -	0.00%		NO	NO	
29	6562	Health - Ambulance Billing	LFR 4/25/2018	\$ 45.00	\$ 45.00	\$ -	0.00%		NO	NO	
30	6563	Traffic - Parking (Zaragoza Parking Lot)	LFR 4/26/2018	\$ 10.00	\$ 10.00	\$ -	0.00%		NO	NO	
31	6564	Bridge I - Toll Booth Collector	LFR 4/30/2018	\$ 392.00	\$ 392.00	\$ -	0.00%		NO	NO	
32	6565	Animal Care Services	LFR 4/30/2018	\$ 130.00	\$ 130.00	\$ -	0.00%		NO	NO	



City of Laredo
Parking Division

MEMORANDUM

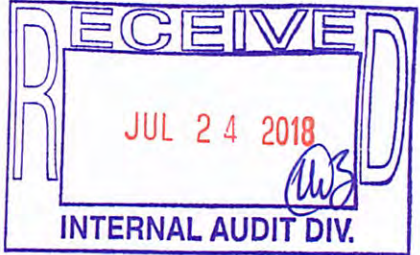
To: Veronica Urbano, Internal Auditor
From: Norma Ramirez, Parking/Vehicle for Hire Superintendent
cc: Robert A. Eads, Traffic Safety Director *Norma Ramirez 7/24/18*
Subject: Surprise Petty Cash Audit # 6537
Date: July 24, 2018

Parking Division received violation on Petty Cash Audit # 6637 - sales tax on receipt, voucher #2482.

Mr. maintenance person, notice on Saturday, March 10, 2018; the doorknob on the storage room downstairs had been damaged. He called me to notify me of the incident and I asked him to go buy a doorknob to replace it. This storage room has all of Mr. tools and equipment needed to perform his job and we could not wait until Monday to replace it.

He went to the store not realizing he did not have a tax-exempt form with him because Mrs. usually provides the form when she issues petty cash money. He explained the vendor about the taxes, but they advised they needed the form or else he had to pay for the taxes. He paid for the taxes and I reimbursed him the amount of the taxes. This was an emergency and we did not collect the taxes from the City because we are well aware the City does not pay taxes.

Parking Division follows all policies and procedures, but this was an emergency and that is the reason why we paid taxes on receipt.



May 2018

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

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Shorty)Over	% Shortage/Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
1	6566 Tax (City Hall)	EYR	5/17/2018	\$ 3,282.76	\$ 3,282.76	\$ -	0.00%		NO	NO	
2	6567 Tax (City Hall)	EYR	5/17/2018	\$ 6,856.48	\$ 6,856.48	\$ -	0.00%		NO	NO	
3	6568 Building	EYR	5/17/2018	\$ 7,972.00	\$ 8,214.00	\$ 242.00	3.04%		YES	YES	Cash & Policy Violation: Check Received for Payment was Processed without Owner's Signature
4	6569 Parks - Fasken Recreation Center	EYR	5/17/2018	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
5	6570 Parks - Hillside Recreation Center	EYR	5/17/2018	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
6	6571 Parks - El Eden Recreation Center	EYR	5/17/2018	\$ 65.00	\$ 65.00	\$ -	0.00%		NO	NO	
7	6572 Parks - Cigarroa Recreation Center	EYR	5/17/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
8	6573 Parks - Haynes Recreation Center	EYR	5/17/2018	\$ 115.00	\$ 115.00	\$ -	0.00%		NO	NO	
9	6574 Bridge IV - Customer Svc	EYR	5/19/2018	\$ 3,250.00	\$ 3,250.00	\$ -	0.00%		NO	NO	
10	6575 Bridge IV - Customer Svc	EYR	5/19/2018	\$ 836.25	\$ 836.25	\$ -	0.00%		NO	NO	
11	6576 Bridge III - Customer Svc	EYR	5/19/2018	\$ 612.50	\$ 612.50	\$ -	0.00%	Change Fund	NO	NO	
12	6577 Bridge III - Toll Booth Collector	EYR	5/19/2018	\$ 253.75	\$ 253.75	\$ -	0.00%		NO	NO	
13	6578 Bridge I - Toll Booth Collector	EYR	5/19/2018	\$ 1,529.50	\$ 1,530.50	\$ 1.00	0.07%		NO	NO	
14	6579 Bridge I - Toll Booth Collector	EYR	5/19/2018	\$ 1,802.50	\$ 1,802.74	\$ 0.24	0.01%		NO	NO	
15	6580 Bridge II - Toll Booth Collector	EYR	5/20/2018	\$ 763.00	\$ 763.18	\$ 0.18	0.02%		NO	NO	
16	6581 Bridge II - Toll Booth Collector	EYR	5/20/2018	\$ 1,062.25	\$ 1,062.10	\$ (0.15)	-0.01%		NO	NO	
17	6582 Bridge II - Toll Booth Collector	EYR	5/20/2018	\$ 1,653.00	\$ 1,652.90	\$ (0.10)	0.00%		NO	NO	
18	6583 Bridge II - Toll Booth Collector	EYR	5/20/2018	\$ 1,417.50	\$ 1,418.08	\$ 0.58	0.04%		NO	NO	
19	6584 Tax (City Hall Annex)	EYR	5/25/2018	\$ 1,554.44	\$ 1,554.44	\$ -	0.00%		NO	NO	
20	6585 Tax (City Hall Annex)	EYR	5/25/2018	\$ 3,607.37	\$ 3,607.37	\$ -	0.00%		NO	NO	
21	6586 Tax (City Hall Annex)	EYR	5/25/2018	\$ 200.00	\$ 200.00	\$ -	0.00%	Change Fund	NO	NO	
22	6587 Utility Billing	EYR	5/25/2018	\$ 442.34	\$ 442.34	\$ -	0.00%		NO	NO	
23	6588 Municipal Court	EYR	5/25/2018	\$ 789.00	\$ 789.00	\$ -	0.00%		NO	NO	
24	6589 Police	EYR	5/25/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Petty Cash Fund Closed & Returned to Financial Services
25	6590 Utilities - Engineering	EYR	5/25/2018	\$ 14,555.00	\$ 14,555.00	\$ -	0.00%		NO	NO	
26	6591 Parks - Cemetery	EYR	5/25/2018	\$ 30.00	\$ 30.00	\$ -	0.00%		NO	NO	
27	6592 Health - Ambulance Billing	EYR	5/25/2018	\$ 1,370.52	\$ 1,370.52	\$ -	0.00%		NO	NO	
28	6593 Health - Lab / Buena Vida	EYR	5/29/2018	\$ 1,093.45	\$ 1,093.05	\$ (0.40)	-0.04%		NO	NO	
29	6594 Police - Financial Task Force	EYR	5/29/2018	\$ 5,000.00	\$ 5,000.00	\$ -	0.00%	Confidentiality Fund	NO	NO	



CITY OF LAREDO

BUILDING DEVELOPMENT SERVICES DEPARTMENT

1120 San Bernardo Ave, Laredo, Texas, 78040 • Phone: 956.794.1625 • Fax: 956.795.2998



Memo

To: Veronica Urbano-Baeza, Internal Auditor

From: Victor J. Linares, P.E., Acting Director

A handwritten signature in blue ink, appearing to read 'VJL', is written over the name 'Victor J. Linares'.

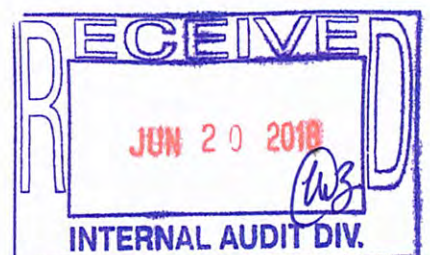
Date: May 17, 2018

Re: Audit Findings 5/17/2018

A Surprise Cash Audit was conducted on May 17, 2018 and there was a finding of a check on indorsed by the contractor. The check was brought in at the time of the audit. In addition, Ms. _____ did balance for the day.

Should you have any question please feel free in letting me know.

Xc: Sandra Escamilla, Administrative Assistant/Custodian of Account
File



June 2018

CITY OF LAREDO
INTERNAL AUDIT DIVISION
SUMMARY OF SURPRISE CASH AUDITS
JUNE 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)	(D)					
						(B-A)	(C/A)					
1	6595	Community Development - Municipal Housing	LFR	6/13/2018	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
2	6596	Information Services & Telecommunications (IST) - 911 Regional	LFR	6/13/2018	\$ 200.00	\$ 200.20	\$ 0.20	0.10%	Petty Cash	NO	NO	
3	6597	Budget	LFR	6/13/2018	\$ 100.00	\$ 27.79	\$ (72.21)	-72.21%	Petty Cash	YES	YES	Cash & Policy Violation: Petty Cash Replenishment Funds not Secured in Safe, Vault or Similar Secured Locked Area
4	6598	Parks - Bartlett Pool	LFR	6/13/2018	\$ 18.00	\$ 18.00	\$ -	0.00%		NO	NO	
5	6599	Parks - North Central Pool	LFR	6/13/2018	\$ 18.00	\$ 18.00	\$ -	0.00%		NO	NO	
6	6600	Parks - Del Mar Pool	LFR	6/13/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
7	6601	Parks - Hachar Recreation Center	LFR	6/13/2018	\$ 50.00	\$ 50.00	\$ -	0.00%	Petty Cash	NO	NO	
8	6602	Bridge III - Toll Booth Collector	LFR	6/14/2018	\$ 175.00	\$ 175.26	\$ 0.26	0.15%		NO	NO	
9	6603	Bridge III - Customer Svc	LFR	6/14/2018	\$ 50.00	\$ 50.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
10	6604	Parks - Inner City Pool	LFR	6/14/2018	\$ 30.00	\$ 30.00	\$ -	0.00%		NO	NO	
11	6605	Parks - Haynes Pool	LFR	6/14/2018	\$ 51.00	\$ 51.00	\$ -	0.00%		NO	NO	
12	6606	Parks - Independence Pool	LFR	6/14/2018	\$ 17.00	\$ 17.00	\$ -	0.00%		NO	NO	
13	6607	Parks - El Eden Pool	LFR	6/14/2018	\$ 6.00	\$ 6.00	\$ -	0.00%		NO	NO	
14	6608	Parks - Benavides Pool	LFR	6/14/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	Unable to Audit: Pool Closed for Construction
15	6609	Parks - Three Points Pool	LFR	6/14/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
16	6610	Tax (City Hall)	LFR	6/25/2018	\$ 12,479.66	\$ 12,479.66	\$ -	0.00%		NO	NO	
17	6611	Tax (City Hall)	LFR	6/25/2018	\$ 7,589.04	\$ 7,589.05	\$ 0.01	0.00%		NO	NO	
18	6612	Tax (City Hall)	LFR	6/25/2018	\$ 12,155.26	\$ 12,155.11	\$ (0.15)	0.00%		NO	NO	
19	6613	Tax (City Hall Annex)	LFR	6/26/2018	\$ 49,787.42	\$ 49,787.42	\$ -	0.00%		NO	NO	
20	6614	Tax (City Hall Annex)	LFR	6/26/2018	\$ 9,847.40	\$ 9,847.44	\$ 0.04	0.00%		NO	NO	
21	6615	Library - MOS Branch	LFR	6/26/2018	\$ 49.90	\$ 49.90	\$ -	0.00%		NO	NO	
22	6616	Library - Bruni Branch	LFR	6/26/2018	\$ 15.00	\$ 15.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
23	6617	Police - Records	LFR	6/26/2018	\$ 361.20	\$ 361.20	\$ -	0.00%		NO	NO	
24	6618	Airport - Federal Inspection Station (FIS)	LFR	6/26/2018	\$ 260.40	\$ 260.40	\$ -	0.00%		NO	NO	
25	6619	Bridge IV - Customer Svc	LFR	6/27/2018	\$ 329.25	\$ 329.25	\$ -	0.00%		NO	NO	
26	6620	Bridge IV - Customer Svc	LFR	6/27/2018	\$ 490.00	\$ 490.00	\$ -	0.00%		NO	NO	
27	6621	Library - Faskin Branch	LFR	6/27/2018	\$ 11.00	\$ 11.00	\$ -	0.00%		NO	NO	
28	6622	Library - Faskin Branch	LFR	6/27/2018	\$ 14.00	\$ 11.00	\$ (3.00)	-21.43%		YES	YES	Cash & Policy Violation: Collections Shortage
29	6623	Health - Vital Statistics	LFR	6/27/2018	\$ 46.00	\$ 46.00	\$ -	0.00%		NO	NO	
30	6624	Bridge I - Toll Booth Collector	LFR	6/27/2018	\$ 1,102.50	\$ 1,102.64	\$ 0.14	0.01%		NO	NO	
31	6625	Bridge I - Toll Booth Collector	LFR	6/27/2018	\$ 1,176.00	\$ 1,175.92	\$ (0.08)	-0.01%		NO	NO	
32	6626	Solid Waste - Landfill	LFR	6/28/2018	\$ 530.80	\$ 530.80	\$ -	0.00%		NO	NO	
33	6627	Bridge II - Customer Svc	LFR	6/29/2018	\$ 213.00	\$ 213.00	\$ -	0.00%		NO	NO	
34	6628	Bridge II - Customer Svc	LFR	6/29/2018	\$ 735.00	\$ 735.00	\$ -	0.00%		NO	NO	
35	6629	Bridge II	LFR	6/29/2018	\$ 2,400.00	\$ 2,400.00	\$ -	0.00%	Change Fund	NO	NO	
36	6630	Bridge II - Toll Booth Collector	LFR	6/29/2018	\$ 553.00	\$ 553.00	\$ -	0.00%		NO	NO	



City of Laredo Budget Department

To: Veronica Urbano

From: Gilberto Sanchez *gs*

Date: June 13, 2018

Re: Petty Cash Violation

We received a petty cash violation on 06/13/18 for keeping cash in an unsecured area. Our petty cash box is currently maintained in a safe in the Financial Services department and is not readily accessible. When our petty cash custodian went to retrieve the box to deposit proceeds from a check that she had cashed, no one was available to access the safe. To prevent this from recurring, we will be evaluating the option of having the box stored in a secured location in our department.






LAREDO PUBLIC LIBRARY

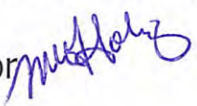
1120 E. CALTON ROAD
LAREDO, TEXAS 78041
(956) 795-2400
(956) 795-2403 fax
lpl@laredolibrary.org



Memorandum

TO: Veronica Urbano-Baeza, Internal Auditor

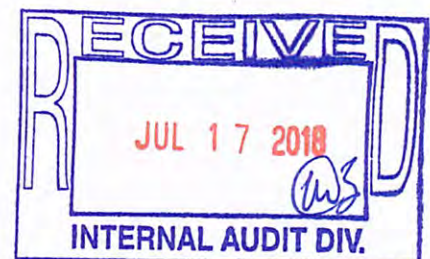
FROM: Maria T. Rawls, Librarian II, Fasken Library Branch 

THRU: Maria G. Soliz, Library Director 

RE: Surprise Audit

DATE: July 02, 2018

On Wednesday, June 27, 2018, the Internal Audit Department conducted a surprise audit at the Fasken Library Branch. Library Technician I, had a shortage of \$3.00 in his cash box. Earlier in the day Mr. had been helping patrons at the front desk and was also handling cash box duties. Although he had issued a receipt to a patron, he failed to secure the funds inside his cash box. Instead he put the funds in the drawer underneath the circulation computer. He became distracted helping other patrons and forgot to move the funds to his cash box. This action was very careless on his part. I have talked to him about it, have told him to be more careful and to make sure that all monies taken from patrons are secured inside his cash box. He was also asked to review the City's money handling policy. This will not happen again.



III. Unannounced Inventory Count Audits

April 2018

Fleet Maintenance Division Surprise Inventory Count Audit April 11, 2018

STATEMENT OF SCOPE & METHODOLOGY

On April 11, 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.

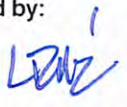

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Firehawk Pursuit Tires	P 235-50R18	\$133.86	6	6	0	N/A
Firehawk GT Pursuit Tires	P 245-55R18	\$125.99	11	12	1	F1
Firehawk GT Pursuit Tires	P 265-60R17	\$121.82	3	3	0	N/A
Firehawk PV 41	P 225-60R16	\$88.31	4	4	0	N/A

Finding 1 (F1) – Our audit on commodity No. P245-55R18, (Firehawk GT Pursuit Tires) reflected units physically counted of 12; however, on the Fleet Management Software Inventory Report provided the quantities of the units showed 11. An overage of one (1) unit was discovered. Dollar amount equals to a total of \$125.99.

AUDIT RECOMMENDATIONS

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

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

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: 4.11.18</p> <p>To: Heberto 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: 4-17-2018</p>
---	---



FLEET MANAGEMENT DEPARTMENT

To: Veronica Urbano Baeza, Internal Auditor, CPM

From: Heberto L. Ramirez, Fleet Management Director

Date: April 20, 2018

Subject: Surprise Inventory Count Audit – April 11, 2018

The Surprise Inventory Count conducted on April 11, 2018 revealed a variance on commodity No. P245-55R18 (Firehawk GT Pursuit Tires) of one (1) tire. A total of twelve (12) tires were physically counted versus eleven (11) tires on hand in our Fleet Management Software Inventory Report (RTA System).

The Fleet Department's process for the issuance of parts is as follows:

1. A vehicle "unit" comes into facility and a work order is generated by the Supervisor available for the service needed.
2. Once a determination has been made to repair a unit, the supervisor will send an email to the Parts Division of the parts needed.
3. The Parts staff receives email request and either orders the part required, if not available in our inventory, or it is obtained from the Warehouse parts inventory.
4. The Parts staff advises the Automotive/Diesel Mechanic when the part has arrived or that it is available to be picked up.
5. The part is then charged out through the RTA system to identify part provided for unit being repaired.
6. The part is picked up by mechanic.

Staff Finding:

On April 9, 2018, unit number 1352 was brought in at 10:00 a.m. for a service inspection. It was determined that a tire (position 5) needed to be replaced. The supervisor () initiated work order #371570 for a replacement tire.

The Parts staff found the tire in inventory and advised the tire shop of pending work order.

The tire shop has some tires available and ready to be installed in order to avoid delays in service. The department procedure is for the tire man to install a tire from the tire shop, if available. If not available, then tire man picks up a tire from Parts counter. The tire was available at tire shop. Due to workload, the tire shop failed to pick up tire at Parts counter.

Parts staff charged the tire to unit number 1352 and was left for pickup at Parts counter area. Since the tire was not picked up, the Warehouse Supervisor placed the tire in the locked inventory area. The following morning Parts staff placed the tire back in the Parts inventory area.

Staff has been advised to place all parts in the inventory locked area and charge out the part to the appropriate unit. All parts not picked up must be reversed the following day.

Parks & Leisure / Central Warehouse Surprise Inventory Count Audit April 18, 2018

STATEMENT OF SCOPE & METHODOLOGY

On April 18, 2018, a Surprise Inventory Count Audit was conducted on the Parks & Leisure Department / Central Warehouse. Four (4) different parts were randomly selected from the parts inventory on hand. Department currently uses an access based system in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS & OBSERVATIONS

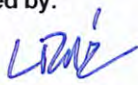

Based upon the physical count performed and as shown in the table below, the following findings were noted.

PART NAME	UNIT ID	APPROX. UNIT PRICE	QTY SHOWING IN SYSTEM / INVENTORY LISTING	PHYSICALLY COUNTED	SYSTEM / LISTING VARIANCE	REF. FINDING NO.
Bomag Roller	PR-EQ-9427	\$5,000.00	1	1	0	F1
Mclane Edger	PR-EQ-1441	\$699.95	1	1	0	N/A
Stihl 18" Saw	PR-EQ-8703	\$316.79	1	1	0	F1
Bluebird Sod Cutter	PR-EQ-0212	\$3,898.98	1	1	0	N/A

F1- Internal Audit found that items sampled reconciled to print screens obtained from the Parks inventory software; However, two (2) of the items selected did not reconcile to the inventory listing generated from the software program.

Recommendation - Internal Audit continues to recommend that the Parks & Leisure Services Department acquire a new inventory software program that will better reflect the true inventory counts of material and equipment housed at the various Parks' warehouse facilities. Additionally, we would strongly recommend that a full inventory of items housed at the Park's 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.

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 the Internal Audit Office (956) 790-1810.

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: <u>4.19.18</u></p> <p>To: Anita Stanley, Assistant Parks & Leisure Director Graciela Briones, Assistant Parks & Leisure Director</p> <p>Cc: Horacio De Leon, City Manager Ramon Chavez, Executive Director of Public Service</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: <u>4-30-2018</u></p>
---	--

PARKS AND LEISURE SERVICES DEPARTMENT

Memo



To: Veronica Urbano-Baeza, Internal Auditor, CPM

From: Graciela Sosa-Briones, Asst. Director

Date: April 18, 2018

Re: Internal Surprise Inventory Count Audit

The following Surprise Inventory Count Audit was conducted on April 18, 2018.

Findings 1: *Internal Audit found that items sampled reconciled to print screens obtained from the Parks Inventory Software; however, two (2) of the items selected did not reconcile to the inventory listing generated from the software program.*

The four items selected, two (2) had a variance between the quantities on hand and the inventory report generated from the Parks inventory program.

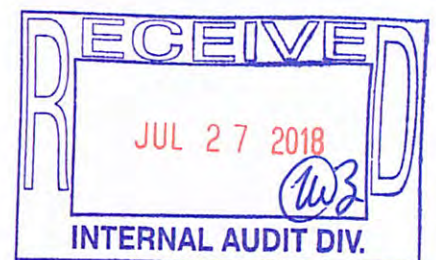
- *Part Name (1) "Mclane Edger"*
- *Part Name (1) "Bluebird Sod Cutter"*

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 795-2350..

Thank you.



Utilities Service Center Surprise Inventory Count Audit April 20, 2018

STATEMENT OF SCOPE & METHODOLOGY

On April 20, 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

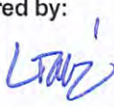
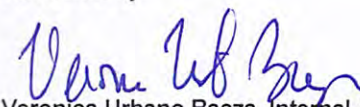
Based upon the physical count performed and as showed in the table below, the following observations were noted.

PART NAME	PART NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Sewer Elbow 4"	890-065-125	\$6.97	17	17	0	N/A
Sewer Wye 4x4"	890-065-230	\$32.28	39	39	0	N/A
Plugs Threaded PVC 4"	890-065-100	\$2.15	45	45	0	N/A
Adapters Female PVC 4"	890-065-105	\$2.43	57	57	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: 4-20-18</p> <p>To: Riazul Mia, Utilities Director</p> <p>Cc: Horacio De Leon, City Manager Martin Aleman, Executive Director of Finance & Technology</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 4-20-2018</p>
---	---

May 2018

**Transit Maintenance Division
Surprise Inventory Count Audit
May 17, 2018**

STATEMENT OF SCOPE & METHODOLOGY

On May 17, 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.

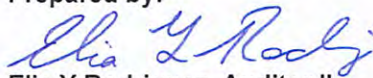
PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Drum Brake Rear 03 BB (Green)	13-448	\$ 354.84	6	6	0	N/A
Starter 24V 09/11 GLG	32-229	\$ 795.00	4	4	0	N/A
Sway Bar Assy Front BB 03	43-202	\$ 895.00	1	1	0	N/A
Sensor (Uego) BB	45-691	\$ 775.75	2	2	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: 05-17-2018

Reviewed by:



Veronica Urbano Baeza, Internal Auditor

Date: 5-17-2018

To: Claudia San Miguel, Acting Transit General Manager

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

Public Works – Warehouse Division Surprise Inventory Count Audit

May 29, 2018

STATEMENT OF SCOPE & METHODOLOGY

On May 29, 2018, a Surprise Inventory Count Audit was conducted on the Public Works - Warehouse Division. Four (4) different inventory items were randomly selected from the inventory reports on hand. Division currently uses "Excel worksheet based system" in order to keep a database of the division's inventory and to serve as a measure of control of assets.

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

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

AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

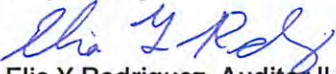
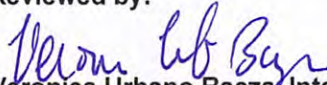
Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Razor Back Screed	DL2500A	\$10,329.00	1	1	0	N/A
Air Compressor Sullair	10782	\$13,200.00	1	1	0	N/A
Wire Mesh 5' x 150'	N/A	\$160.00	6	6	0	N/A
Mirafi Fabric 160N 15x300	N/A	\$263.00	1	1	0	N/A

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

As stated in the "Statement of Scope & Methodology" above, the Public Works Warehouse Division currently uses an "Excel Database System" in order to account for most of the material and equipment housed at the warehouse; however, receiving and issuing out of items must be done manually with Excel. We would recommend that Public Works assess and consider the acquisition, funding permitting, of the most suitable Automated Inventory System in order to better account for all material and equipment received and issued out.

No written response is required on this report.

<p>Prepared by:  Elia Y Rodriguez, Auditor II Date: 05-29-2018</p>	<p>Reviewed by:  Veronica Urbano Baeza, Internal Auditor Date: 5-31-2018</p>
<p>To: John Orfila, Public Works Director</p>	
<p>Cc: Horacio De Leon, Jr., City Manager Ramon Chavez, Executive Director of Public Services</p>	

June 2018

Max Mandel Municipal Golf Course Asset Inventory Count Audit June 14, 2018

STATEMENT OF SCOPE & METHODOLOGY

On June 14, 2018 an Asset Inventory Count Audit was conducted on the Max Mandel Municipal Golf Course (MAX) inventory. Ten (10) different items were randomly selected from the Asset Inventory list provided by the Budget department. 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.

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

- 1.) An inventory listing of items was requested.
- 2.) Random selection of asset(s).
- 3.) Site visit to the MAX.
- 4.) The MAX staff was interviewed.
- 5.) Physical count of selected items.

AUDIT FINDINGS & OBSERVATIONS

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

DESCRIPTION	ASSET NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Assets \$500 - \$4,999						
1) Pressure Washer	14143	\$2,295.00	1	1	0	
2) Fryer Deep	14106	\$718.66	1	1	0	
3) Printer Receipt	14163	\$300.00	1	1	0	
4) Table Round 48" Granite Top W(4) Iron Grid Chairs	14173	\$986.16	1	1	0	
5) Spreader Fertilizer	14130	\$1,800.00	1	1	0	
Assets \$5,000.00 & Greater						
1) Dishwasher Commercial W/Soiled Dish Table	14117	\$9,233.00	1	1	0	

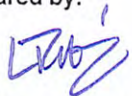

2) Mower Front	*NT	\$13,000.00	1	1	0	
3) Spreader Fertilizer/Grass Seed	14127	\$6,000.00	1	1	0	
4) Cart Utility	10513	\$10,960.00	1	1	0	
5) Cart Utility	10523	\$8,960.84	1	1	0	

*Recommend that asset be tagged.

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>Leo Rodriguez, Auditor II, CPM Date: 6.14.18</p>	<p>Reviewed by:</p>  <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 6-25-2018</p>
<p>To: Gilberto Sanchez, Jr., Acting Budget Director Dennis Gutierrez, MAX General Manager</p>	
<p>Cc: Horacio De Leon, City Manager Cynthia Collazo, Deputy City Manager Martin Aleman, Executive Director of Finance & Technology</p>	

Utilities Service Center Surprise Inventory Count Audit June 28, 2018

STATEMENT OF SCOPE & METHODOLOGY

On June 28, 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


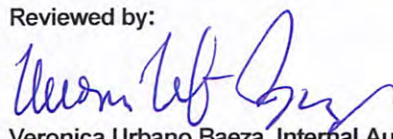
Based upon the physical count performed and as showed in the table below, the following observations were noted.

PART NAME	PART NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
6"x6" IPS-Gasket	LS-890-065-00870	\$21.03	17	17	0	N/A
6"x6" IPS-Couplings	LS-890-065-00910	\$26.00	8	8	0	N/A
8"x8" IPS-Gasket	LS-890-065-00880	\$37.15	7	7	0	N/A
8"x8" IPS-Spigot	LS-890-065-00900	\$37.15	6	6	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:  Leo Rodriguez, Auditor II, CPM Date: 6.28.18 To: Riazul Mia, Utilities Director Cc: Horacio De Leon, City Manager Martín Aleman, Executive Director of Finance & Technology</p>	<p>Reviewed by:  Veronica Urbano Baeza, Internal Auditor, CPM Date: 6-29-2018</p>
---	---

Parks & Leisure / North Side Warehouse

Surprise Inventory Count Audit

June 28, 2018

STATEMENT OF SCOPE & METHODOLOGY

On June 28, 2018, a Surprise Inventory Count Audit was conducted on the Parks & Leisure Department / North Side Warehouse. Four (4) equipment items were randomly selected from the inventory on hand. Department currently uses an access based system in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

- 1.) A materials and equipment inventory listing was requested.
- 2.) Random selection of items.
- 3.) Site visit to Parks & Recreation / North Side Warehouse.
- 4.) Parks & Recreation staff interviews.
- 5.) Physical count of selected items.

AUDIT FINDINGS & OBSERVATIONS

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

PART NAME	UNIT ID	APPROX. UNIT PRICE	QTY SHOWING IN SYSTEM/ INVENTORY LISTING	PHYSICALLY COUNTED	SYSTEM / LISTING VARIANCE	REF. FINDING NO.
John Deere Grass Cutter/Riding Mower	10975	\$14,851.00	0	1	1	F1
John Deere Grass Cutter/Riding Mower	11122	\$20,012.00	0	1	1	F1
Hydro Seeding System/Mustang	11134	\$21,135.00	0	1	1	F1
Maxel Wide Trailer	10831	\$2,635.00	0	1	1	F1

F1- Internal Audit found that items sampled do not reconciled to inventory listing obtained from the Parks & Leisure Inventory software. However, we requested from the Fleet Department who does all the equipment tagging, unit number tagging, and serial number registration for the City of Laredo, an equipment listing of all equipment assigned to the Parks & Leisure department. When Internal Audit reviewed this listing, the items that were in our sample were listed as being assigned to the Parks & Leisure department.

Recommendation - Internal Audit continues to recommend that the Parks & Leisure Services Department acquire a new inventory software program that will better reflect the true inventory counts of material and equipment housed at the various Parks' warehouse facilities. Additionally, we would strongly recommend that a full inventory of items housed at all of the Park's 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.

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 the Internal Audit Office (956) 790-1810.

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: 6.29.18</p> <p>To: Anita Stanley, Assistant Parks & Leisure Director Graciela Briones, Assistant Parks & Leisure Director</p> <p>Cc: Horacio De Leon, City Manager Ramon Chavez, Executive Director of Public Service</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 6-29-2018</p>
--	---

PARKS AND LEISURE SERVICES DEPARTMENT

Memo



To: Veronica Urbano-Baeza, Internal Auditor, CPM

From: Graciela Sosa-Briones, Asst. Director

Date: June 28, 2018

Re: Internal Surprise Inventory Count Audit

The following Surprise Inventory Count Audit was conducted on June 28, 2018.

Findings 1: *Internal Audit found that items sampled do not reconciled to inventory listing obtained from the Parks & Leisure Inventory Software. However, we requested from the Fleet Department who does all the equipment tagging, unit number tagging, and serial number registration for the City of Laredo, an equipment listing of all equipment assigned to the Parks & Leisure department. When Internal Audit reviewed this listing, the items that were in our sample were listed as being assigned to the Parks & Leisure Department.*

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

- Part Name (1) "John Deere Grass Cutter / Riding Mower" #10975
- Part Name (1) "John Deere Grass Cutter / Riding Mower" #11122
- Part Name (1) "Hydro Seeding System / Mustang" #11134
- Part Name (1) "Maxel Wide Trailer" #10831

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 795-2350..

Thank you.



IV. Compliance Audit Reports

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

Department/Division Name: IST/911 Regional Grants				Audit Date	
- Custodian of Account					
Period Audited: Last three reimbursements plus items on hand.				06-13-18	
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.		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)		100% Compliance	10	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-			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


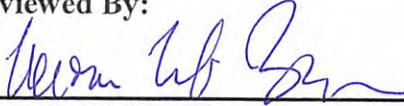
City of Laredo
City Manager's Office
Internal Audit Division
Petty Cash Policy Compliance Audit

Department/Division-Findings, Observations, & Recommendations:

Internal Audit found no significant audit findings.

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

Internal Audit found no significant audit findings.

Prepared by:  <hr/> Leo Rodriguez Auditor II, CPM	Date: 6-28-18	Reviewed By:  <hr/> Veronica Urbano Baeza Internal Auditor, CPM	Date: 6-29-2018
---	-------------------------	--	---------------------------

Issued to:	Response Required	Response Due Date	Score	Overall Score
Homero Vasquez-Garcia – IST Director	NO	N/A	100%	
Mr. Jose Castillo – Assistant Finance Director	NO	N/A	100%	100%

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

**COMPLIANCE AUDIT
TEXAS URBAN STATE PROGRAM GRANT
(STATE-U-2016-LAREDO-000108)
TRANSIT DEPARTMENT- LAREDO TRANSIT MANAGEMENT INC.
(EL METRO)**

Introduction and Background

In accordance with our FY 2017-2018 Audit Plan, the Internal Audit Office has completed a Texas Urban State Program Grant Audit of the City of Laredo Transit Department-Laredo Transit Management Inc. (El Metro). We audited the State-U-2016-Laredo-000108 grant instead of the State-U-2017-Laredo-00107 grant because the latter grant has experience a delay in the grant's start-up date. No draw downs or activity has been initiated on this grant by El Metro or Financial Services Department.

The General Appropriations Act of the 84th Texas Legislature, Regular Session, appropriated \$57,482,135 for small urban and rural public transportation systems for the 2016-2017 biennium's to the Texas Department of Transportation. The Legislature appropriated an additional \$3,200,000 to mitigate the impact of the 2010 census changes on formula allocations. The Texas Transportation Commission awarded \$28,966,367 for FY 2017. Title 43 of the Texas Administrative Code, §31.11 establishes a formula by which public transportation funds shall be distributed to the small urban and rural areas of the state. The State of Texas FY 2017 award for the City of Laredo was for \$576,518.00 and has been calculated in accordance with the provisions of §31.11.

Resolution No. 2016-RT-08 was approved by the City Council on the 17th day of October, 2016. It authorized the City Manager of the City of Laredo to accept and execute the Texas Department of Transportation State Urban Grant No. State-U-2016-Laredo-00108 from the State Public Transportation funds for Small Urban and Rural area, for fiscal year 2017, in the amount of \$576,518.00 to be used for preventative maintenance.

The Laredo Transit Management Inc. (El Metro) will use the grant funds for capital preventative maintenance expenses for Fixed Route and ADA Complementary Para Transit services within the city limits of Laredo. The City of Laredo contracts First Transit based in Cincinnati, Ohio to manage the daily bus operations of El Metro.

El Metro uses the Purchasing and Procurement Policy Manual revised and approved by FTA. This policy is used for the purchasing of parts, oil and fuel and shop equipment.

The City of Laredo Finance Department uses the City's I Series 400 system for the recording of the grant's drawdowns. The department follows the Cash Handling Policy of the City of Laredo.

Statement of Objectives

Our audit objectives for the Texas Department of Transportation State Urban Grant No. STATE-U-2016-LAREDO-00108 were to ensure that:

- There is proper and efficient administration of the STATE-U-2016-LAREDO-00108 Grant.
- Funds are expended and approved in accordance to the STATE-U-2016-LAREDO-00108 Grant.
- Required reports are accurate and submitted to agency.

- Adequate documentation is maintained.
- Reimbursements are submitted in a timely manner.

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 obtained from the Transit Department, tested and verified for compliance. 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; and
- Conducted interviews of personnel involved and departmental staff; and
- Obtained an understanding of the STATE-U-2016-LAREDO-00108 Grant's support documentation and timeline requirements; and
- Identified if the grant had any outstanding balances; and
- Compliance checklist was created.

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

Compliance Checklist

Compliance Audit Description	Yes	No	If No, Finding Ref No.	Auditor's Comments
Section 1 – Ordinance Provisions				
Did the Financial Services Department allocate a total amount of \$576,518.00 and amend the City of Laredo's Annual Budget for FY 2016-2017 by appropriating the said grant revenue to the respected expenditure accounts?	√			<i>Yes, budget was amended and appropriate grant revenue was applied to the respective expenditure accounts.</i>
Section 2 – Award Conditions				
Did the City accept award, thus agreeing to comply with the provisions of the grant program and the fiscal reimbursement of award?	√			<i>Yes, City agreed to grant provisions.</i>
Did the City meet program purpose as submitted in project narrative and budget information? Were any award changes reclassified and approval documented?	√			<i>Yes, met program purpose. No award changes were made.</i>
Did the City comply with key reporting requirements of the Urban State Program Project Grant?	√			<i>Yes, key reporting requirements were met.</i>
Has the City complied with completing a timely closeout of the grant?	√			<i>Yes Grant has closed out.</i>

Section 3 – Grant Revenues Receipts & Expenditures			
Were grant revenues and expenditures recorded in accordance with grant provisions and related laws and regulations?	√		Yes, grant revenues & expenditures were recorded in accordance to provisions.
Have grant monies been used in a timely manner and is there proper supporting documentation and approvals to the allocation of costs?	√		Yes, grant monies were used in a timely manner. Supporting documentation is properly filed.

Findings, Observations and Recommendations

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

Internal Audit found no significant audit findings. We believe that the financial records management function performed by the Laredo Transit Management Inc., (El Metro) is being achieved.

Internal Audit found no significant audit findings. We believe that the financial records management function performed by the Financial Services Department is being achieved.

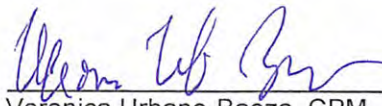
Conclusion

In reviewing the key Grant Provisions and Award Conditions, Internal Audit believes that the Laredo Transit Management Inc., (El Metro) & Financial Services have made a good effort to comply with all reporting requirements. Both have submitted timely reports as required by the granting agency. Based on the results of our audit, we conclude that internal controls are adequate and that the departments have ensured that grant conditions are fully implemented, as well as ensure compliance with City of Laredo policies and procedures.

No response from the Transit Department (Laredo Transit Management Inc., El Metro) or Financial Services, to Internal Audit's Conclusion is required. Should you have any questions, feel free to contact the Internal Audit Office.



Leo Rodriguez, CPM
Auditor II
Date: 6-29-2018



Veronica Urbano-Baeza, CPM
Internal Auditor
Date: 6-29-2018

Report Issued to: Claudia San Miguel, Transit Department Director

XC: Horacio De Leon, City Manager
Mario Maldonado, Executive Director of Transportation

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