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City of Laredo, Texas  
Internal Audit Division



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

February 13, 2019

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

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

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**City of Laredo  
Internal Audit Division**

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

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# I. Executive Summary

## EXECUTIVE SUMMARY

In accordance with the Fiscal Year 2019 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 October 2018 through December 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	92
Unannounced Inventory Count Audits	10
Compliance Audits	1

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

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

### **Results and Recommendations on Unannounced Cash Audits**

- Three (3) audits noted where collections / cash funds had overages or shortages.
- Four (4) audits noted with violations pertaining to the City's Cash Handling Policy and/or the City's Petty Cash Policy. For instance, some of the policy violations noted included the following:
  - Checks collected were not "endorsed for deposit" at point of receipt.
  - The City of Laredo's "Receipt Policy" Notice to the Public was not posted at the time of the audit.
  - Collections were not properly secured in a safe, vault or similar secured locked area.
  - The payment of sales tax was noted on a petty cash purchase when the City of Laredo is sales tax exempt.

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 92 unannounced cash audits conducted for the time period of October 2018 through December 2018, only seven (7) audits, or seven (7%) percent of the population had findings noted, which conveys that the majority of the population tested is following the City's Cash Handling Policy and maintaining adequate cash handling internal controls.*

### **Results and Recommendations on Unannounced Inventory Audits**

- On the Fuel Inventory Audit conducted at Fleet Management, we noted a finding where the average percentage change variance across all fueling stations was fourteen (14%) percent when attempting to reconcile the fuel tanks housed on Daugherty Street and the fuel tanks housed at the City Landfill. While we would continue to recommend that Fleet print WinCC receipts at the time of (or as close as possible to) fuel delivery from the vendor, it was also brought to our attention by the Fleet Management Department that the fueling systems malfunctioned during the time period randomly selected for the audit. The malfunction was reported to and repaired by the tank monitoring system vendor.
- 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. Additionally, there was one (1) instance with the Health Department Pharmacy where unit prices were not reflected on the inventory reports generated by the inventory software program at the time of the audit.
- Of the other eight (8) inventory audits conducted during the quarter, there was one (1) other audit, at the Traffic Department, 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 forty-two (42) inventory items randomly selected during the time period of October 2018 through December 2018, one (1) item selected was noted with a finding for variances, which equates to two (2%) percent of the total population tested.*

### **Results and Recommendations on Compliance Audits**

#### ***Petty Cash Compliance Audit – Airport***

The results of the Petty Cash Compliance Audit for the Airport Department reflected one (1) finding where the payment of sales tax was noted on a petty cash purchase when the City of Laredo is exempt from the payment of sales tax. Based off of the finding noted, our recommendation consisted of reminding the department to provide a sales tax exemption certificate to the employee making the

petty cash purchase. *Responses on corrective action were submitted by the corresponding department to Internal Audit.*

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

## II. Unannounced Cash & Petty Cash Audits

October 2018

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

Audit Form #	Dept./ Div. Audited	Auditor	Date of Audit	Amount Received	Amount Counted	(Shortage) / Overage	Percentage (Shortage) / Overage	Change / Petty Cash Fund Audited	Response: Cash Violation	Response: Policy Violation	Comments
				(A)	(B)	(C) (B-A)	(D) (C/A)				
1	6732 Parks - Administration	LFR	10/12/2018	\$ 400.00	\$ 400.00	\$ -	0.00%	Petty Cash	NO	NO	
2	6733 Health - Administration	LFR	10/12/2018	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
3	6734 Bridge IV - Customer Svc	LFR	10/17/2018	\$ 5,592.75	\$ 5,592.75	\$ -	0.00%		NO	NO	
4	6735 Bridge IV - Customer Svc	LFR	10/17/2018	\$ 2,873.00	\$ 2,873.00	\$ -	0.00%		NO	NO	
5	6736 Bridge III - Toll Booth Collector	LFR	10/17/2018	\$ 94.50	\$ 94.50	\$ -	0.00%		NO	NO	
6	6737 Bridge III - Customer Svc	LFR	10/17/2018	\$ 4,000.00	\$ 4,000.00	\$ -	0.00%		NO	NO	
7	6738 Airport - Federal Inspection Station (FIS)	LFR	10/22/2018	\$ 105.00	\$ 105.00	\$ -	0.00%		NO	NO	
8	6739 Municipal Court	LFR	10/22/2018	\$ 5,141.20	\$ 5,142.10	\$ 0.90	0.02%		NO	NO	
9	6740 Transit	LFR	10/22/2018	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
10	6741 Bridge II - Toll Booth Collector	LFR	10/25/2018	\$ 47.25	\$ 47.25	\$ -	0.00%		NO	NO	
11	6742 Bridge II - Toll Booth Collector	LFR	10/25/2018	\$ 584.50	\$ 584.50	\$ -	0.00%		NO	NO	
12	6743 Bridge II - Customer Svc	LFR	10/25/2018	\$ 491.00	\$ 491.00	\$ -	0.00%		NO	NO	
13	6744 Bridge II - Customer Svc	LFR	10/25/2018	\$ 850.00	\$ 850.00	\$ -	0.00%		NO	NO	
14	6745 Bridge I - Toll Booth Collector	LFR	10/25/2018	\$ 269.50	\$ 269.50	\$ -	0.00%		NO	NO	
15	6746 Bridge I - Toll Booth Collector	LFR	10/25/2018	\$ 644.00	\$ 644.00	\$ -	0.00%		NO	NO	
16	6747 Building	LFR	10/25/2018	\$ 3,377.76	\$ 3,377.76	\$ -	0.00%		NO	NO	
17	6748 Tax (City Hall)	LFR	10/25/2018	\$ 28,947.51	\$ 28,947.51	\$ -	0.00%		NO	NO	
18	6749 Tax (City Hall Annex)	LFR	10/26/2018	\$ 17,865.54	\$ 17,866.54	\$ 1.00	0.01%		NO	NO	
19	6750 Tax (City Hall Annex)	LFR	10/26/2018	\$ 8,278.11	\$ 8,278.14	\$ 0.03	0.00%		NO	NO	
20	6751 Tax (City Hall)	LFR	10/25/2018	\$ 33,824.23	\$ 33,824.24	\$ 0.01	0.00%		NO	NO	
21	6752 Tax (City Hall)	LFR	10/25/2018	\$ 42,226.18	\$ 42,226.18	\$ -	0.00%		NO	NO	
22	6753 Utility Billing	LFR	10/26/2018	\$ 330.00	\$ 330.00	\$ -	0.00%		NO	NO	
23	6754 Solid Waste - Landfill	LFR	10/26/2018	\$ 117.90	\$ 117.90	\$ -	0.00%		NO	NO	
24	6755 Health - Environmental	LFR	10/30/2018	\$ 50.00	\$ 50.00	\$ -	0.00%		NO	NO	
25	6756 Health - La Familia	LFR	10/30/2018	\$ 35.00	\$ 35.00	\$ -	0.00%		NO	NO	
26	6757 Health - Tuberculosis (TB)	LFR	10/30/2018	\$ 25.00	\$ 25.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
27	6758 Environmental Svcs - HazMat	LFR	10/30/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
28	6759 Transit - Lobby Tellers	LFR	10/30/2018	\$ 45.00	\$ 45.00	\$ -	0.00%		NO	NO	
29	6760 Human Resources - Risk Management	LFR	10/30/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit

Audit Form Numbers inadvertently conducted out of sequence.

November 2018

**CITY OF LAREDO  
INTERNAL AUDIT DIVISION  
SUMMARY OF SURPRISE CASH AUDITS  
NOVEMBER 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	6761 Bridge III - Customer Svc.	EYR	11/7/2018	\$ 75.00	\$ 75.00	\$ -	0.00%	Change Fund	NO	NO	
2	6762 Bridge III - Bridge Toll Collector	EYR	11/7/2018	\$ 80.50	\$ 80.70	\$ 0.20	0.25%		NO	NO	
3	6763 Bridge IV - Customer Svc.	EYR	11/7/2018	\$ 300.75	\$ 300.75	\$ -	0.00%		NO	NO	
4	6764 Bridge IV - Customer Svc.	EYR	11/7/2018	\$ 2,906.06	\$ 2,906.06	\$ -	0.00%		NO	NO	
5	6765 Tax (City Hall Annex)	EYR	11/14/2018	\$ 3,757.75	\$ 3,757.75	\$ -	0.00%		NO	YES	Policy Violation: Checks Not "Endorsed for Deposit" at Point of Receipt
6	6766 Tax (City Hall Annex)	EYR	11/14/2018	\$ 26,287.37	\$ 26,287.27	\$ (0.10)	0.00%		NO	NO	
7	6767 Tax (City Hall Annex)	EYR	11/14/2018	\$ 277.78	\$ 277.78	\$ -	0.00%		NO	YES	Policy Violation: City of Laredo "Receipt Policy" Notice to the Public not Posted at the Time of the Audit
8	6768 Utility Billing	EYR	11/14/2018	\$ 760.46	\$ 760.46	\$ -	0.00%		NO	NO	
9	6769 Parks - Cemetery	EYR	11/14/2018	\$ 500.00	\$ 500.00	\$ -	0.00%		NO	NO	
10	6770 Bridge II - Customer Svc.	EYR	11/15/2018	\$ 210.00	\$ 210.00	\$ -	0.00%		NO	NO	
11	6771 Bridge II - Customer Svc.	EYR	11/15/2018	\$ 138.50	\$ 138.50	\$ -	0.00%		NO	NO	
12	6772 Bridge II - Toll Booth Collector	EYR	11/15/2018	\$ 602.25	\$ 602.27	\$ 0.02	0.00%		NO	NO	
13	6773 Bridge II - Toll Booth Collector	EYR	11/15/2018	\$ 626.50	\$ 623.56	\$ (2.94)	-0.47%		NO	NO	
14	6774 Budget	EYR	11/16/2018	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Fund Turned into Finance
15	6775 Tax (City Hall)	EYR	11/16/2018	\$ 2,553.00	\$ 2,553.00	\$ -	0.00%		NO	NO	
16	6776 Tax (City Hall)	EYR	11/16/2018	\$ 2,643.24	\$ 2,643.24	\$ -	0.00%		NO	NO	
17	6777 Traffic - Parking	EYR	11/16/2018	\$ 145.00	\$ 145.00	\$ -	0.00%		NO	NO	
18	6778 Convention & Visitors' Bureau (CVB)	EYR	11/16/2018	\$ 350.00	\$ 350.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at the Time of Audit
19	6779 Traffic - Parking	EYR	11/16/2018	\$ 200.00	\$ 200.00	\$ -	0.00%	Petty Cash	NO	NO	
20	6780 Bridge I - Toll Booth Collector	EYR	11/16/2018	\$ 1,198.75	\$ 1,200.52	\$ 1.77	0.15%		NO	NO	
21	6781 Bridge I - Toll Booth Collector	EYR	11/16/2018	\$ 1,858.50	\$ 1,858.61	\$ 0.11	0.01%		NO	NO	
22	6782 Health - Ambulance Billing	EYR	11/16/2018	\$ 12,759.70	\$ 12,759.70	\$ -	0.00%		NO	NO	
23	6783 Community Development - Housing Rehab	EYR	11/27/2018	\$ -	\$ -	\$ -	0.00%		NO	YES	No Collections Noted at Time of Audit. Policy Violation: Collections not Maintained in a Safe, Vault or Similar Secured Area as per City's Cash Handling Policy
24	6784 Community Development	EYR	11/27/2018	\$ 100.00	\$ 100.00	\$ -	0.00%	Petty Cash	NO	NO	
25	6785 Planning	EYR	11/27/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
26	6786 Police - Records	EYR	11/27/2018	\$ 345.30	\$ 345.30	\$ -	0.00%		NO	NO	
27	6787 Health - Vital Statistics	EYR	11/27/2018	\$ 619.00	\$ 619.00	\$ -	0.00%		NO	NO	
28	6788 Parks - Margarito Benavides Recreation Center	EYR	11/27/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
29	6789 Animal Care Services	EYR	11/28/2018	\$ 100.00	\$ 100.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
30	6790 Public Works	EYR	11/28/2018	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
31	6791 Utilities	EYR	11/29/2018	\$ 4,473.20	\$ 4,473.20	\$ -	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 Auditor  
From: Sandra M. Aleman *S. Aleman*  
Asst Tax Collector  
Thru: Dora A. Maldonado *D. Maldonado*  
Tax Assessor-Collector  
Date: December 12, 2018  
Subject: Response to Audit dated 11/14/2018 #6765

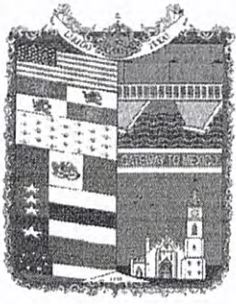
The audit performed on 11/14/18 revealed that Ms. \_\_\_\_\_ did not have her an alarm check endorsed.

Alarm payments are processed in a different software (not the AS400). The Cry Wolf software does not validated/endorsed checks at the time payments are processed. Practice had been to stamp/endorse checks before scanning the checks to the bank. Additionally, each location only had one endorsement stamp since it was not used concurrently.

Since the violation of the surprise audit, more endorsement stamps have been ordered so that the tellers stamp the checks at the time payments are processed. Tellers will be given this directive as soon as the stamps are received.

Please let me know if you have any other questions regarding this issue.





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

# Memorandum

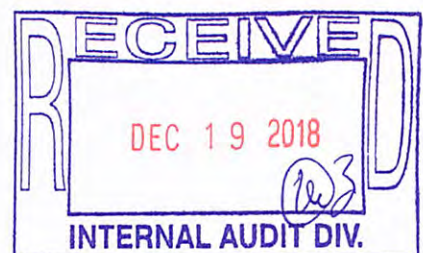
To: Elia Y. Rodriguez  
Internal Auditor  
From: Sara Flores *S. Flores*  
Administrative Asst II  
Thru: Dora A. Maldonado *D. Maldonado*  
Tax Assessor-Collector  
Date: December 12, 2018  
Subject: Response to Audit dated 11/14/2018 #6767

The audit performed on 11/14/18 revealed that \_\_\_\_\_ did not have a Public Notice Sign which you provided a copy of the sign to her.

We have ensured that she keeps the Public Notice sign on display for customers to view; therefore the issue has been corrected.

Please let me know if you have any other questions regarding this issue.

Thank you.



# Memo

To: Mrs. Veronica Urbano, Internal Auditor  
Mr. Martin Aleman, Executive Director of Finance and Technology  
From: Mr. Arturo Garcia, Community Development Director  
Date: December 5, 2018  
Re: Audit No. 6783



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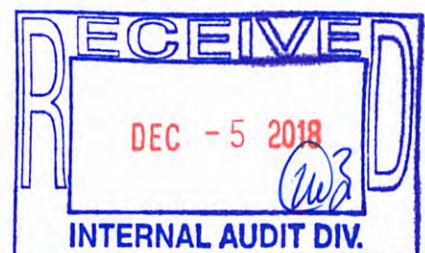
This is in response to the audit finding on November 27, 2018. During this audit, the auditor determined that our Housing Rehabilitation Loan Program Division was out of compliance due to a violation to the City of Laredo Cash Handling Policy and Procedures referencing to the section stated below.

Handling of Cash, Money Orders, and Credit Card

3. Each cash-receiving department should maintain strict control over the access to cash and should maintain a safe, vault or similar secure for the storage of cash on hand. It is highly recommended that a fireproof safe box be purchased. Employee who have cash unsecured in this manner will be personally responsible for loss of funds. Cash should not be left unsecured on desktops or in unlocked drawers.

At the time of the audit, the deposit was kept in a lock bag inside a locked cabinet. However, based on your recommendation, we are in the process of purchasing a fireproof safe box. The requisition for this item has been entered and we estimate to have it within the next month.

Should you have any concerns, please let me know. Thank You.



December 2018

**CITY OF LAREDO**  
**INTERNAL AUDIT DIVISION**  
**SUMMARY OF SURPRISE CASH AUDITS**  
**DECEMBER 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
1	6792 Animal Control	LFR	12/10/2018	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
2	6793 Utilities	LFR	12/10/2018	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	NO	NO	
3	6794 Fire	LFR	12/10/2018	\$ -	\$ -	\$ -	0.00%	Petty Cash	NO	NO	Unable to Audit: Petty Cash Custodian Out of Office
4	6795 Airport	LFR	12/10/2018	\$ 300.00	\$ 300.00	\$ -	0.00%	Petty Cash	YES	YES	Compliance Audit
5	6796 Bridge III - Toll Booth Collector	LFR	12/11/2018	\$ 45.50	\$ 45.50	\$ -	0.00%		NO	NO	
6	6797 Bridge III - Customer Svc.	LFR	12/11/2018	\$ 50.00	\$ 50.00	\$ -	0.00%	Change Fund	NO	NO	No Collections Noted at Time of Audit
7	6798 Bridge IV - Customer Svc.	LFR	12/11/2018	\$ 4,083.08	\$ 4,083.08	\$ -	0.00%		NO	NO	
8	6799 Bridge IV - Customer Svc.	LFR	12/11/2018	\$ 2,010.25	\$ 2,010.25	\$ -	0.00%		NO	NO	
9	6800 Bridge II - Customer Svc.	LFR	12/12/2018	\$ 612.00	\$ 612.00	\$ -	0.00%		NO	NO	
10	6801 Bridge II - Customer Svc.	LFR	12/12/2018	\$ 405.00	\$ 405.00	\$ -	0.00%		NO	NO	
11	6802 Bridge II - Customer Svc.	LFR	12/12/2018	\$ 1,663.00	\$ 1,663.00	\$ -	0.00%		NO	NO	
12	6803 Bridge I - Toll Booth Collector	LFR	12/12/2018	\$ 439.25	\$ 439.40	\$ 0.15	0.03%		NO	NO	
13	6804 Bridge I - Toll Booth Collector	LFR	12/12/2018	\$ 546.00	\$ 546.01	\$ 0.01	0.00%		NO	NO	
14	6805 Bridge I - Toll Booth Collector	LFR	12/12/2018	\$ 161.00	\$ 161.01	\$ 0.01	0.01%		NO	NO	
15	6806 Traffic - Parking Meters (Zone 3 / Meter No. HO1313)	LFR	12/13/2018	\$ 1.60	\$ 1.60	\$ -	0.00%		NO	NO	
16	6807 Traffic - Parking Meters (Zone 3 / Meter No. JU708)	LFR	12/13/2018	\$ 6.90	\$ 6.60	\$ (0.30)	-4.35%		YES	YES	Cash & Policy Violation: Collections Shortage
17	6808 Traffic - Parking Meters (Zone 3 / Meter No. SA705)	LFR	12/13/2018	\$ 10.90	\$ 10.80	\$ (0.10)	-0.92%		NO	NO	
18	6809 Traffic - Parking Meters (Zone 3 / Meter No. HO1212)	LFR	12/13/2018	\$ 2.15	\$ 2.15	\$ -	0.00%		NO	NO	
19	6810 Traffic - Parking Meters (Zone 3 / Meter No. HO1304)	LFR	12/13/2018	\$ 13.10	\$ 12.35	\$ (0.75)	-5.73%		YES	YES	Cash & Policy Violation: Collections Shortage
20	6811 Traffic - Zaragoza Parking Lot	LFR	12/13/2018	\$ 964.00	\$ 944.00	\$ (20.00)	-2.07%		YES	YES	Cash & Policy Violation: Collections Shortage
21	6812 Health - Immunization	LFR	12/18/2018	\$ 30.00	\$ 30.00	\$ -	0.00%		NO	NO	
22	6813 Community Development - Municipal Housing	LFR	12/18/2018	\$ 3,273.00	\$ 3,273.00	\$ -	0.00%		NO	NO	
23	6814 Library - Main Branch	LFR	12/18/2018	\$ 101.80	\$ 101.80	\$ -	0.00%		NO	NO	
24	6815 Municipal Court	LFR	12/18/2018	\$ 1,929.20	\$ 1,929.20	\$ -	0.00%		NO	NO	
25	6816 Airport	LFR	12/18/2018	\$ 20,586.74	\$ 20,586.74	\$ -	0.00%		NO	NO	
26	6817 Tax (City Hall)	LFR	12/19/2018	\$ 11,708.78	\$ 11,709.03	\$ 0.25	0.00%		NO	NO	
27	6818 Tax (City Hall)	LFR	12/19/2018	\$ 23,499.51	\$ 23,499.51	\$ -	0.00%		NO	NO	
28	6819 Solid Waste - Landfill	LFR	12/19/2018	\$ 1,508.10	\$ 1,508.10	\$ -	0.00%		NO	NO	
29	6820 Information Svcs & Telecommunications (IST)	LFR	12/27/2018	\$ -	\$ -	\$ -	0.00%		NO	NO	No Collections Noted at Time of Audit
30	6821 Tax (City Hall Annex)	LFR	12/27/2018	\$ 69,872.87	\$ 69,872.87	\$ -	0.00%		NO	NO	
31	6822 Tax (City Hall Annex)	LFR	12/27/2018	\$ 124,841.67	\$ 124,841.68	\$ 0.01	0.00%		NO	NO	
32	6823 Tax (City Hall Annex)	LFR	12/27/2018	\$ 8,856.56	\$ 8,856.56	\$ -	0.00%		NO	NO	



# CITY OF LAREDO

## LAREDO INTERNATIONAL AIRPORT

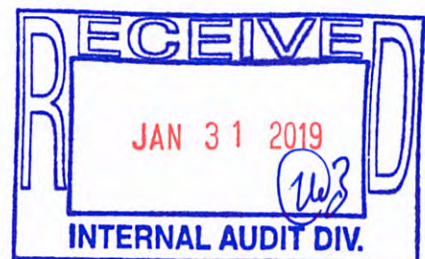
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Date: January 28, 2019  
To: Veronica Urbano Baeza, Internal Auditor  
From: Mario Maldonado, Acting Airport Director *MW*  
Re: Violations of Cash Receipt—Deposits for the month of January 2019

This is in response to the Petty Cash Compliance Audit conducted on December 10, 2018. The employee in question made a purchase without presenting the tax exempt status.

Steps have been taken to correct and comply. These include:

1. Employee who made the purchase was reminded of policy and provided with a copy of the tax exempt certificate
2. As a result all staff that handle purchases have been reminded of policy and a tax exempt certificate copy





City of Laredo  
Parking Division

**MEMORANDUM**

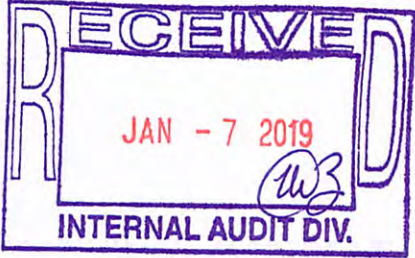
**To:** Veronica Urbano, Internal Auditor  
**From:** Norma Ramirez, Parking/Vehicle for Hire Superintendent *NR*  
**cc:** Robert A. Eads, Traffic Safety Director *[Signature]*  
**Subject:** Surprise Petty Cash Audit # 6807, 6810, & 6811  
**Date:** December 27, 2018

Surprise Audit # 6807 & 6810 – Parking meter  
Surprise Audit # 6811 – Zaragoza Parking Opus Machine

On December 13, 2018, Mr. Leo Rodriguez, Auditor, did a surprise audit on five (5) meters, meters # JU708 and HO1304 came out short. We forgot the audit machine and did not realize it until we were heading back to the office. We went back to audited them a couple of minutes later, but customers had already parked and feed the meter. The audit reading had a difference because some monies stayed in the meter canister.

Zaragoza Parking Opus Machine deposit # 12 was short \$20.00, on that same afternoon Mr. and I collected the Opus Machine again, and the deposit was over the \$20.00. This Opus Machine has a BNR safe, which stores the change and this has been the second time a bill stays in the BNR and does not transferred to the money safe box for collection. I did mention it to Mr. Rodriguez that this was probably the reason for the shortage and asked him to go back and collect it, but unfortunately he had another audit scheduled for that morning and asked me to just report the deposit short and then over.

If you have any additional questions, please contact me at (956) 794-1780.



# III. Unannounced Inventory Count Audits

October 2018

**Fleet Department  
Fuel Inventory Audit  
September 13, 2018**

**STATEMENT OF SCOPE & METHODOLOGY**

On September 13, 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 June 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 June 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 June 2018

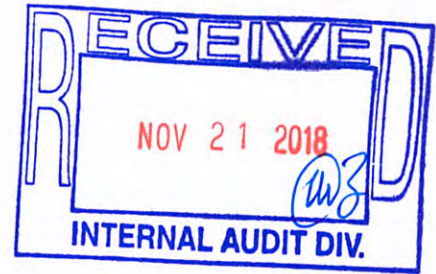
**INTERNAL AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS**

F1: After reviewing the WinCC and Veeder-Root system reports, the vendor invoices provided by Fleet, and the opening and ending fuel balances for the month of June 2018 we were unable to reconcile the fuel inventory for the month, as indicated in the table below. The Average Percentage Change in Variance across all fueling locations came out to (14.76%).


<b>FUELING LOCATIONS</b>						
	<b>Fleet Unleaded Tank 1</b>	<b>Fleet Unleaded Tank 2</b>	<b>Fleet Diesel Tank 3</b>	<b>Landfill Diesel</b>	<b>Landfill DEF</b>	<b>Landfill D Diesel Tank 3150</b>
<b>Beginning Balance (in Gallons) as per Inventory Report</b>	5,536	5,504	9,756	4,400	726	718
<b>Gallons Delivered</b>	38,035	32,607	29,583	30,680	500	2,500
<b>Gallons Dispensed</b>	37,568	31,215	33,555	31,604	1088	2,233
<b>Ending Balance Calculated</b>	6,003	6,897	5,784	3,477	138	985
<b>Ending Balance (in Gallons) as per Inventory Report</b>	6,168	6,759	6,194	3,993	436	985
<b>Variance</b>	<b>(165)</b>	<b>138</b>	<b>(410)</b>	<b>(517)</b>	<b>(298)</b>	<b>0</b>
<b>Percentage Change in Variance per Location</b>	<b>-2.68%</b>	<b>2.04%</b>	<b>-6.62%</b>	<b>-12.94%</b>	<b>-68.35%</b>	<b>0.00%</b>
<b>Average Percentage Change in Variance</b>						<b>-14.76%</b>



# MEMORANDUM



**TO:** Veronica Urbano Baeza, Internal Auditor

**FROM:** Heberto L. Ramirez, Fleet Management Director 

**DATE:** November 21, 2018

**SUBJECT:** Response to Fuel Inventory Audit conducted on September 13, 2018


The landfill overage of 298 gallons of DEF fuel is due to malfunction of the TRAK WinCC system. We had been working with TRAK Support in June 2018 to fix the system issue. It was polling and redirecting the wrong information and creating an overage. The problem was resolved in July 2018 after service repairs to the system. The Sentry 4 system head had bleach in the system that was increasing gallons pumped and created the overage shown in the DEF inventory. These problems also affected the landfill diesel pumps on the same location. We worked with TRAK System WinCC software to resolve the issue. It was determined that the issue was due to a software problem and was resolved after several programmers were able to find a solution to the gallons being charged and transmitted during the polling process. The TRAK support email shows days we reported the problem.

From: Support at Trak (support@trakeng.com)  
To: Ronald W. Miller  
Cc: support@trakeng.com  
Subject: Re: [\*\* 6032 \*\*] City of Laredo - Sentry 4 Polling Issue

Just spoke with Ron. changes we made to WinCC yesterday (6/18/2018) corrected the issues  
--- On Mon, 18 Jun 2018 10:23:00 -0400, rmliller@ci.laredo.tx.us wrote ---

Ronald W. Miller <rmliller@ci.laredo.tx.us>

10:12 AM (9 min)

to: Julian, Eric, Mary, Heberto  


Julien, site 4 problem continues. The changes you made didn't do anything. problem continues with polling information.

**RON MILLER**  
**FLEET MANAGEMENT SUPERINTENDENT**  
**956-727-6450 EXT.#1262 OR 1455**  
**1102 BOB BULLOCK LOOP**

	support@trakengi... [##6032##] Your Ticket has been Closed	Tue 6/19/2018 10:47 AM	1 KB
	Support at Trak Re:[## 6032 ##] City of Laredo - Sentry 4 Polling Issue	Tue 6/19/2018 10:46 AM	9 KB
	Support at Trak Re:[## 5621 ##] City of Laredo, TX - Landfill Site (Sentry 4) I...	Tue 6/19/2018 10:46 AM	4 KB
	support@trakengi... [##5621##] Your Ticket has been Closed	Tue 6/19/2018 10:46 AM	2 KB
	Julien King Re: site four problem continues	Mon 6/18/2018 12:06 PM	18 KB
	Julien King Re: site four problem continues	Mon 6/18/2018 10:51 AM	15 KB
	Support at Trak [##6032##] New Ticket Created	Mon 6/18/2018 9:23 AM	1 KB

You forwarded this message on 7/13/2018 3:53 PM.  
 From: Ronald W. Miller  
 To: Maria Mendez  
 Cc: Helio "Beto" L. Ramirez  
 Subject:

The def pump is having issues, can you send your text over to landfill.  
**RON MILLER**  
**FLEET MANAGEMENT SUPERINTENDENT**  
**956-727-6450 EXT.#1262 OR 1455**  
**1102 BOB BULLOCK LOOP**  
**LAREDO, TEXAS 78043**

Tank three (diesel) had problems with the tank monitoring system. (Veeter –Root). We reported to PSI that the monitor was not measuring correctly. It was corrected and caused fuel inventory overage.

From: Ronald W. Miller  
 Sent: Friday, June 8, 2018 9:47 AM  
 To: Maria Mendez  
 Cc: Helio "Beto" L. Ramirez  
 Subject:

I spoke to Art about two weeks ago that diesel monitor inches are off. It is happening at the about 3000 gallons and it measures 23 inches and once we stick it it is 13 inches. But has soon has fuel is delivered the reading seems to be correct. But the low level is not correct. So it causing us problems with true levels.

**RON MILLER**  
**FLEET MANAGEMENT SUPERINTENDENT**  
**956-727-6450 EXT.#1262 OR 1455**  
**1102 BOB BULLOCK LOOP**  
**LAREDO, TEXAS 78043**

All issues/problems were corrected.

The TRAK system is going to be reviewed and possibly replaced with a new system this fiscal year 2019. Staff will continue to follow all guidelines to keep fuel reconciliations in order.

If you have any questions, please advise.

xc: Mario I. Maldonado, Jr. – Executive Director of Transportation  
 Ron Miller, Fleet Maintenance Superintendent

# Public Works - Warehouse Division Surprise Inventory Count Audit October 22, 2018

## STATEMENT OF SCOPE & METHODOLOGY

On October 22, 2018, a Surprise Inventory Count Audit was conducted on the Public Works - Warehouse Division. Four (4) different material items were randomly selected from the 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 material and 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.

ITEM NAME	ITEM NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Mix 2-Cycle Oil 2.6 FLO2	N/A	\$63.00	5 boxes	5 boxes	0	N/A
Plywood 3/4"	N/A	\$29.00	51 each	51 each	0	N/A
Safety M Vest	N/A	\$212.50	1 box	1 box	0	N/A
Water Cooler 10 Gal.	N/A	\$45.00	2 each	2 each	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> <div style="text-align: center;"></div> <p>Leo Rodriguez, Auditor II, CPM Date: 10.22.18</p>	<p>Reviewed by:</p> <div style="text-align: center;"></div> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 10-29-2018</p>
<p>To: John Orfila, Public Works Director Cc: Horacio De Leon, City Manager Ramon Chavez Executive Director Public Services</p>	

## Fleet Maintenance Division Surprise Inventory Count Audit October 30, 2018

### STATEMENT OF SCOPE & METHODOLOGY

On October 30, 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

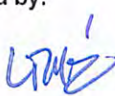

Based upon the physical count performed and as showed in the table below, the following observations were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Battery	BAT 75	\$65.00	2	2	0	N/A
Battery	BAT 58R	\$82.67	2	2	0	N/A
Battery	BAT 27	\$67.00	2	2	0	N/A
Battery	BAT 24F	\$55.00	2	2	0	N/A

### AUDIT RECOMMENDATIONS

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

**No written response is required on this report.**

<p>Prepared by:</p> <p style="text-align: center;"></p> <p>Leo Rodriguez, Auditor II, CPM Date: 10-30-18</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: 11-2-2018</p>
--	---

# Parks & Leisure / Central Warehouse Surprise Inventory Count Audit October 31, 2018

## STATEMENT OF SCOPE & METHODOLOGY

On October 31, 2018, a Surprise Inventory Count Audit was conducted on the Parks & Leisure Department / Central 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 / Central Warehouse.
- 4.) Parks & Recreation staff interviews.
- 5.) Physical count of selected items.

## AUDIT FINDINGS & OBSERVATIONS

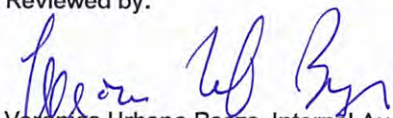
Based upon the physical count performed and as shown in the table below, the following findings were noted.

PART NAME	UNIT ID	APPROX. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Honda Generator	PR-WH-4042	\$4,000.00	1	1	0	N/A
Honda Generator	PR-WH-1353	\$4,000.00	1	1	0	F1
Water Pump	PR-EQ-1459	\$1,935.00	1	1	0	F1
Water Pump	PR-WH-0014	\$349.99	1	1	0	N/A

**F1- Internal Audit found that 2 of the items sampled do not reconciled to inventory listing unit costs obtained from the Parks & Leisure Inventory software. The inventory print out requested from the inventory custodian does not match that which is printed on the listing.**

**Recommendation - Internal Audit recommends that division should determine why unit price variances were identified from both listings. Necessary entries to the inventory system should be conducted (if required) once division has determined cause of differences.**

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: 10.31.18</p>	<p>Reviewed by:</p> <p style="text-align: center;"></p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 11-2-2018</p>
<p>To: Anita Stanley, Assistant Parks &amp; Leisure Director Graciela Briones, Assistant Parks &amp; Leisure Director</p>	
<p>Cc: Horacio De Leon, City Manager Ramon Chavez, Executive Director of Public Service</p>	

# PARKS AND LEISURE SERVICES DEPARTMENT

## Memo

**To:** Veronica Urbano-Baeza, Internal Auditor, CPM

**From:** Graciela Sosa-Briones, Asst. Director

**Date:** February 1, 2019

**Re:** Internal Surprise Inventory Count Audit



*Handwritten signature/initials in a circle.*

The following Surprise Inventory Count Audit was done on October 31, 2018.

**Findings 1:** *Internal Audit found that 2 of the items sampled do not reconciled to inventory listing unit costs obtained from the Parks & Leisure Inventory software. The inventory print out requested from the inventory custodian does not match that which printed on the listing.*

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

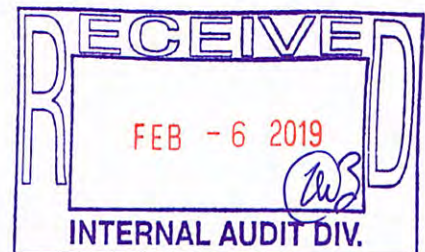
- *Part Name (1) "Honda Generator"*
- *Part Name (1) "Water Pump"*

**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 show different unit price variances; 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.



November 2018

# Health Department – Pharmacy Division

## Surprise Inventory Count Audit

November 27, 2018

### STATEMENT OF SCOPE & METHODOLOGY

On November 27, 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.


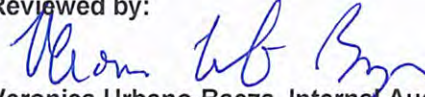
PART NAME	INVENTORY NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Depo-Provera 150MG/ML Vial	S 49670/ N98402/ R 43049/ W 89898	\$25.90	124	124	0	N/A
Mirena	TU01NE7/ TU01JTH/ TU01XT2	\$330.16	27	27	0	N/A
Plan B-Econtra EZ 1.5MG	7358A002	\$5.65	93	93	0	N/A
Tdap	ZN937	\$33.93	20	20	0	N/A

### AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS

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

Internal Audit noticed that the Inventory Listing provided does not reflect the unit prices of the Pharmacy items in Inventory. Internal Audit recommends inquiring into the software program capabilities to incorporate and reflect unit pricing on the Inventory Reports.

**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.**

<b>Prepared by:</b>  Elia Y Rodriguez, Auditor II Date: 11-29-2018	<b>Reviewed by:</b>  Veronica Urbano-Baeza, Internal Auditor Date: 12-11-2018
<b>To: Dr. Hector F. Gonzalez, Health Director</b>	
<b>Cc: Horacio A. De Leon, Jr., City Manager Cynthia Collazo, Deputy City Manager</b>	



## 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

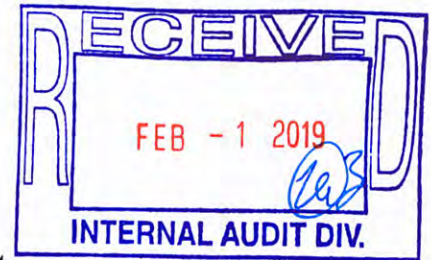
To: Veronica Urbano, Internal Audit

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

XCS: Rosario Cabello, Interim Assistant City Manager  
 Robert Eads, Interim Assistant City Manager  
 Martin Aleman, Chief of Budget & Grants Management  
 Blanca Gonzalez, Immunization Program Supervisor

Date: 02/01/2019

Re: **Compliance Audit Pharmacy Inventory-Health Department**



In response to the Pharmacy audit conducted on November 27, 2018 and the recommended suggestions we have implemented the following:

**Internal Audit Recommendation:**

Internal Audit noticed that the Inventory Listing does not reflect the unit prices of the Pharmacy items in Inventory. Internal Audit is recommends inquiring into the software program capabilities to incorporate and reflect unit pricing on the Inventory Reports.

**Department Corrective Action:**

As of December 31, 2018, the IT department completed its assessment of the software and was able to make the necessary changes to the software to include the recommended unit price data. Our Pharmacy Division is now able to and now including the unit price on their inventory data. In an effort to ensure that the adopted changes meet your recommendations, a subsequent visit can be scheduled at your convenience.

In conclusion, the Health Department continues to work in conjunction with the Internal Audit Department on any recommendations that improve the accuracy and compliance of our operations. We hope the corrective action taken on behalf of our department and with the excellent assistance of our IT Department satisfies the audit recommendation.

Thank you.

**Transit Maintenance Division  
Surprise Inventory Count Audit  
November 27, 2018**

**STATEMENT OF SCOPE & METHODOLOGY**

On November 27, 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 system. 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**


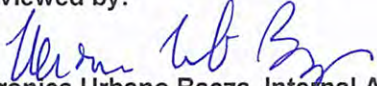
Based upon the physical count performed and as shown in the table below, the following finding(s)/observation(s) were noted.

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Module Power 5 AMP 09/11 GLG	34-413	\$ 1,265.66	1	1	0	N/A
Kit Installation EGR Cooler 2011 GLG	45-363	\$ 451.70	1	1	0	N/A
Sensor Humidity 03 BB	31-476	\$ 966.94	1	1	0	N/A
Battery Sealed 09-17 GLG	32-052	\$ 785.05	15	15	0	N/A

**AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS**

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

No written response is required on this report.

<p><b>Prepared by:</b>                    Elia Y Rodriguez, Auditor II                  Date: 11-29-2018</p>	<p><b>Reviewed by:</b>                    Veronica Urbano Baeza, Internal Auditor                  Date: 12-11-2018</p>
<p><b>To: Claudia San Miguel, Acting Transit General Manager</b></p>	
<p><b>Cc: Horacio A. De Leon Jr., City Manager                  Mario Maldonado, Executive Director Transportation</b></p>	

**Utilities Service Center  
Surprise Inventory Count Audit  
November 28, 2018**

**STATEMENT OF SCOPE & METHODOLOGY**

On November 28, 2018, a Surprise Inventory Count Audit was conducted on the Utilities Service Center Warehouse. Four (4) different items were randomly selected from the inventory on hand. Department currently uses "Sungard, HTE Select Version 4.0", in order to keep a database of the department's inventory and to serve as a measure of control of assets.

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

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

**AUDIT FINDINGS AND/OR OBSERVATIONS**



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

PART NAME	PART NUMBER	AVG. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING/OBSERVATION NO.
Saddle Romac 12 x 1 Inches	8900703100	\$ 195.56	39	39	0	N/A
Clamp Smith Blair 12 x 30 Inches	8900705016	\$ 194.59	5	5	0	N/A
Clamp Smith Blair 8 x 10 Inches	8900706036	\$ 87.91	5	5	0	N/A
Couplings Dresser 2 1/2 Inches	8900702034	\$ 55.25	5	5	0	N/A

**AUDIT FINDINGS, OBSERVATIONS & RECOMMENDATIONS**

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

No written response is required on this report.

<p><b>Prepared by:</b>                    Elia Y Rodriguez, Auditor II                  Date: 11-29-2018</p>	<p><b>Reviewed by:</b>                    Veronica Urbano-Baeza, Internal Auditor                  Date: 12-11-2018</p>
<p><b>To:</b> Riazul Mia, Utilities Director  <b>Cc:</b> Horacio A. De Leon, Jr., City Manager                  Martin Aleman, Executive Director of Finance and Technology                  Humberto Delgado, Financial Services</p>	

December 2018

**Max Mandel Municipal Golf Course  
Asset Inventory Count Audit  
December 13, 2018**

**STATEMENT OF SCOPE & METHODOLOGY**

On December 13, 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.
<b>Assets \$500 - \$4,999</b>						
1) Table Work Stainless Steel 96"	14116	\$675.00	1	1	0	
2) Griddle Countertop	*NT	\$1,177.64	1	1	0	
3) Cash Register W/Scanner & Swipe Reader	*NT	\$527.50	1	1	0	
4) Computer Laptop	14151	\$1,127.35	1	1	0	
5) Table Round 48# Granite Top W/(4) Iron Grid Chairs	14173	\$986.15	1	1	0	

Assets \$5,000.00 & Greater

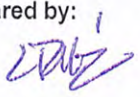

1) Refrigerator Chef Base (Under Grill)	14103	\$5,528.30	1	1	0	
2) Mower Front	*NT	\$13,000.00	1	1	0	
3) Cutter Sod 18 IN	10512	\$5,620.00	1	1	0	
4) Cart Utility	10521	\$8,960.84	1	1	0	
5) Cart Utility	10525	\$20,978.67	1	1	0	

\*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: 12.13.18</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 &amp; Technology</p>	<p>Reviewed by: </p> <p>Veronica Urbano Baeza, Internal Auditor, CPM Date: 12-28-2018</p>
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# Parks & Leisure / Central Warehouse Surprise Inventory Count Audit December 26, 2018

## STATEMENT OF SCOPE & METHODOLOGY

On December 26, 2018, a Surprise Inventory Count Audit was conducted on the Parks & Leisure Department / Central 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 / Central Warehouse.
- 4.) Parks & Recreation staff interviews.
- 5.) Physical count of selected items.

## AUDIT FINDINGS & OBSERVATIONS

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

PART NAME	UNIT ID	APPROX. UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Hammer Drill Spline Rotary Dewalt	PR-EQ-8913	\$453.46	1	1	0	N/A
Topido Bullet Tracto	PR-EQ-8287	\$5,000.00	1	1	0	N/A
Air Compressor Wheel barrow Ridgid	PR-WH-3415	\$829.00	1	1	0	N/A
Generator Honda	PR-WH-4042	\$4,000.00	1	1	0	N/A

Internal Audit found no significant audit findings. Items inventoried were in balance. Internal Audit recommends that the department update its current inventory program.

<p>Prepared by:  Leo Rodriguez, Auditor II, CPM Date: 12.26.18</p>	<p>Reviewed by:  Veronica Urbano Baeza, Internal Auditor, CPM Date: 12-31-2018</p>
<p>To: Anita Stanley, Assistant Parks &amp; Leisure Director Graciela Briones, Assistant Parks &amp; Leisure Director</p>	
<p>Cc: Horacio De Leon, City Manager Ramon Chavez, Executive Director of Public Service</p>	

# Traffic Department Surprise Inventory Count Audit December 26, 2018

## STATEMENT OF SCOPE & METHODOLOGY

On December 26, 2018, a Surprise Inventory Count Audit was conducted on the Traffic Department inventory items. Four (4) different items were randomly selected from the Signal Material items inventory on hand. Division currently uses "Cartegraph work order 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.) A Signal Material items inventory listing of items was requested.
- 2.) Random selection of items.
- 3.) Site visit to the Traffic Division Warehouse.
- 4.) Traffic Division 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 & observations were noted.

PART NAME	PART NUMBER	UNIT PRICE	QTY SHOWING IN SYSTEM	PHYSICALLY COUNTED	VARIANCE	REF. FINDING NO.
Stop Sign 48x48	ID # 10	\$150.00	4	4	0	N/A
Stop Ahead 30x30	ID # 17	\$47.80	11	11	0	N/A
Bike Lane 24x18	ID #221	Unavailable	29	24	-5	F1
Do Not Enter 30x30	ID # 18	Unavailable	7	7	0	O1

*F1- Shortage of Five (5 "Bike Lane 24x18," was discovered during physical count. Report did not reflect the most current costs of item inventoried. We could not determine price per unit inventoried. No requisition on file as to any one or any division borrowing equipment.*

*O1- Report did not reflect the most current costs of item inventoried. We could not determine price per unit inventoried.*

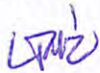
## AUDIT RECOMMENDATIONS

Recommendation (F1) - Internal Audit recommends that Department review their inventory listings for accuracy in order to determine cause of variances. Department must accurately reflect not only the quantities of items included in their inventory system, but also the most current costs of those items in order to make well informed decisions when re-ordering items. Necessary entries to the inventory system should be conducted (if required) once Department has determined cause of overage and/or shortage.

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

We are requesting written response, for findings/observations noted no later than ten (10) working days after receipt of this report. Response should indicate what corrective action will take place, 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:

12.26.18

To: Robert Eads, Traffic Director

Cc: Horacio De Leon, City Manager  
Ramon Chavez, Executive Director of Public Services  
Roberto Murillo, Assistant Traffic Director

Reviewed by:



Veronica Urbano Baeza, Internal Auditor, CPM

Date:

12-31-2018



# CITY OF LAREDO

*Traffic Department*



To: Veronica Baeza, City Auditor

From: Robert Eads, Traffic Director

*Robert Eads* 1/14/19

Cc: Leopoldo Rodriguez, Auditor  
Ramon Chavez, Executive Director of Public Services

Date: January 11, 2019

On December 26, 2018, Auditor Leopoldo Rodriguez, performed a random surprise inventory audit on 4 items at the Traffic Warehouse. Out of the 4 items audited one item, the bike lane signs was counted as being short by 5 signs. Once the auditor left the warehouse, clerk verified the inventory and realized he had given the auditor the incorrect count by counting the incorrect item. We have several sizes of signs and are numbered to their perspective inventory code number. Code 221 is bicycle lane signs 24 x 18 inches and code 222 is bicycle lane signs 30 x 24 inches. In 221 we do have 29 signs and on 222 we have 24 signs. Warehouse Clerk gave auditor the count of code 222 of 24 signs instead of code 221 which was the item the auditor originally wanted to audit. Pictures and CarteGraph inventory report are attached for verification purposes. Manuel Benavides and Lupita Reyes physically verified the correct amounts. In addition, in response to unit prices not available on two items, is because prior warehouse personnel didn't use to enter unit prices. Current new personnel was instructed to enter unit prices and is now being entered since March 2018. Should you have any questions, please advise.

# Material Information

ID: 221

## Features

Type: Sign Material  
Account:   
Manufacturer:   
Model:   
Default Usage Qty:

Is Stock Item:   
Mat. Description: BIKE LANE 24X18IN RM1A

## Attachments

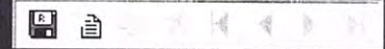


CITY OF LAREDO  
Traffic Safety Division

Attachment area with search and refresh icons.

## Orders

First Purchased:   
Maximum Amount: 30 ea  
Minimum Amount: 5 ea  
Reorder Point:   
Reorder Amount:   
Inventory Method: FIFO



Details

Log Vendor Price Quotes Events

Quantity On Hand: 29 ea

	Start DateTime	Work Order	Activity	Transaction	Quantity	Price Per Unit	Cost	Location	Ve
▶	05/07/2018			Increase Adjus	30 ea	0	0		
	11/30/2018	SN-4225-	New Sign	Used	1 ea	0	0		

= 29

- New Material
- Save Material
- E-mail Material
- View Materials Report

# Material Information

ID: 222

## Features

Type: Sign Material

Is Stock Item:

Account:

Mat. Description:

Manufacturer:

bike lane 30x24 room 1A

Model:

Default Usage Qty:

## Orders

First Purchased:

Maximum Amount: 27 ea

Minimum Amount: 27 ea

Reorder Point:

Reorder Amount:

Inventory Method: FIFO

## Attachments



CITY OF LAREDO  
Traffic Safety Division



Details

Log Vendor Price Quotes Events

Quantity On Hand: 24 ea

	Start DateTime	Work Order	Activity	Transaction	Quantity	Price Per Unit	Cost	Location	Ve
▶	05/07/2018			Increase Adjus	27 ea	0	0		
	11/21/2018	SN-4152-	New Sign	Used	2 ea	0	0		
	12/26/2018			Decrease Adju	1 ea	0	0		

= 24

New Material

Save Material

E-mail Material

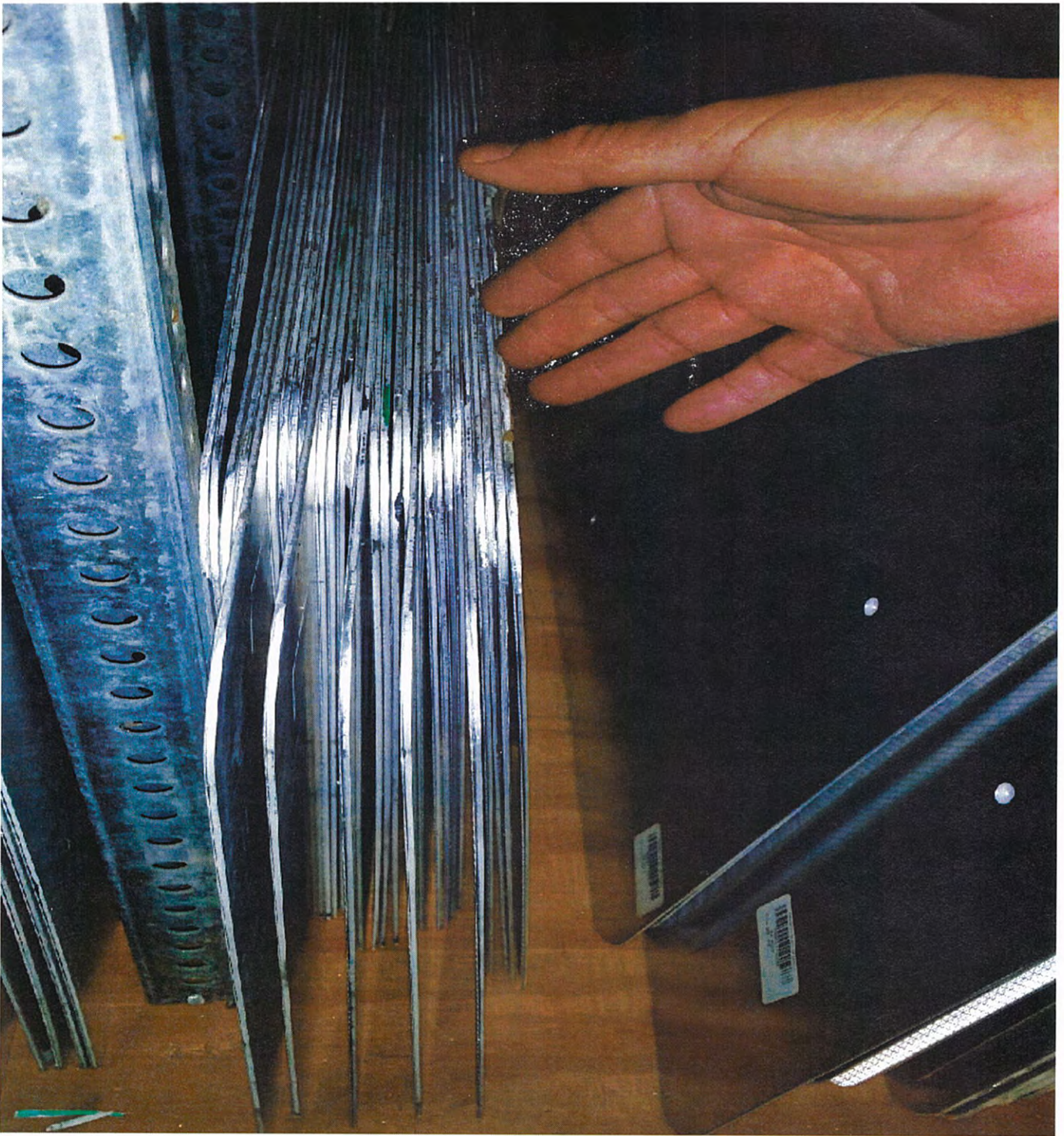
View Materials Report



222



221



From right to left 5 stacks of 5 and the last one on the left side are only 4 which equals to 29 signs.

# IV. Compliance Audit Reports

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

<b>Department/Division Name: Airport Department</b>				<b>Audit Date</b>	
<b>- Custodian of Account</b>				12-10-18	
<b>Period Audited: Last three reimbursements plus items on hand.</b>					
<b>Audit Objective:</b> To determine if Dept. /Div. and Finance processed petty cash transactions in accordance with the Accounting Procedures Manual-Petty Cash Funds dated May 7, 2002.					
<b>Department/Division Compliance Checklist</b>			<b>Compliance Comments</b>	<b>Score</b>	<b>Value</b>
1.	Custodian is responsible for funds and preparing vouchers and paperwork.		100% Compliance	5	5
2.	Custodial Statement of Responsibility is signed and kept on file for the amount of funds in the possession of custodian. (Permanent Assignment)		100 % Compliance	10	10
3.	Petty Cash is returned to Finance when authorized custodian is no longer responsible. Each custodian must complete a Custodial Statement of Responsibility prior to receipt of petty cash funds. (IV-1) (Including the internal temporary transfer of funds.)		N/A	N/A	N/A
4.	Amount of overages are deposited next business day. Shortages are reported to immediate supervisory or department director. Petty cash custodian replenishes the amount of shortage. Continued shortages or material amounts are submitted to Finance and City Manager's Office. Shortages in the Petty Cash Fund, incl. unjustified sales tax-exempt expenses, are the liability of custodian to attain the funds from the person making the actual purchase. Exemptions follow Sec.VIII-2. (Shortages/Overages are determined through a surprise cash count and reconciliation of vouchers)		F1	9	10
5.	All petty cash funds are kept in a metal box equipped with a lock. The petty cash box is kept overnight in a vault, safe, or in any secure locked area.		100% Compliance	10	10
6.	Petty cash is restricted to a \$35 limit per purchase. The total purchase to one vendor should not exceed \$35.		100% Compliance	10	10
7.	Petty Cash is used strictly for City business and operations only and confirm to purchasing guidelines.		100% Compliance	10	10
8.	Employee's sign voucher in order to obtain petty cash funds (contents of voucher complies with policy), obtain invoice or receipt from vendor, and return left over cash and invoice to custodian.		100% Compliance	10	10
9.	Custodian reimbursed employee for any additional funds spent.		N/A	0	0
10.	Funds are verified and replenished at least once a month at the end of month.		100% Compliance	5	5
<b>Department/Division-Total Compliance Score-</b>			<b>99%</b>	<b>69</b>	<b>70</b>
<b>Finance/Accounts Payable-Compliance Checklist</b>			<b>Compliance Comments</b>	<b>Score</b>	<b>Value</b>
1.	Custodial Statement of Responsibility is signed and kept on file with Finance for the amount of funds in the possession of custodian. (Initial set up of funds is approved by the Finance Director.)		100 % Compliance	10	10
2.	Accounts Payable reviewed vouchers, supporting documents and reimbursement report and ascertained that all purchases adhered to the City's Purchasing Policies and Procedures.		100% Compliance	10	10
3.	Accounts Payable verified that the expense accounts have sufficient funds to cover.		100 % Compliance	5	5
4.	Accounts payable reimbursed custodian for approved reports.		100 % Compliance	5	5
<b>Finance/Accounts Payable-Total Compliance Score-</b>			<b>100%</b>	<b>30</b>	<b>30</b>

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

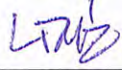
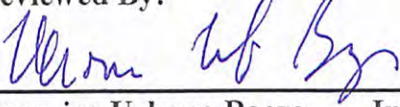
**Department/Division-Findings, Observations, & Recommendations:**

**Findings:**  
**F1: The petty cash reimbursement reports reviewed for period covered by our audit reflected the payment of sales tax on "outstanding invoices" by the employees on one (1) separate instance. It should be noted that the division has not yet filed vouchers, and has not been submitted for reimbursement.**

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

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

**Internal Audit found no significant audit findings. Exception is noted to the Finance department and corrective action should be done.**

<b>Prepared by:</b> 	<b>Date:</b> 12-31-2018	<b>Reviewed By:</b> 	<b>Date:</b> 12-31-2018
<b>Leo Rodriguez</b>	<b>Auditor II, CPM</b>	<b>Veronica Urbano Baeza</b>	<b>Internal Auditor, CPM</b>

Issued to:	Response Required	Response Due Date	Score	Overall Score
Mario Maldonado – Executive Director of Transportation	YES	Ten (10) Working Days From Receipt of Report	99%	
Mr. Martin Aleman – Executive Director of Finance & Technology	NO	N/A	100%	99%

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

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

Xc: Horacio De Leon, City Manager  
Cynthia Collazo, Deputy City Manager



# CITY OF LAREDO

## LAREDO INTERNATIONAL AIRPORT

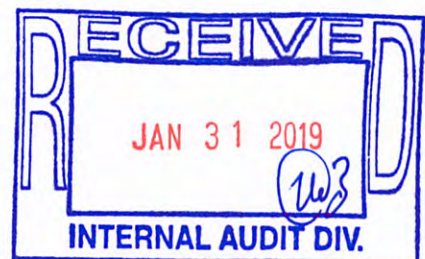
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Date: January 28, 2019  
To: Veronica Urbano Baeza, Internal Auditor  
From: Mario Maldonado, Acting Airport Director *MW*  
Re: Violations of Cash Receipt—Deposits for the month of January 2019

This is in response to the Petty Cash Compliance Audit conducted on December 10, 2018. The employee in question made a purchase without presenting the tax exempt status.

Steps have been taken to correct and comply. These include:

1. Employee who made the purchase was reminded of policy and provided with a copy of the tax exempt certificate
2. As a result all staff that handle purchases have been reminded of policy and a tax exempt certificate copy



# 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