

OFFICE OF THE CITY CONTROLLER



**HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT
VEHICLE ALLOWANCE PROGRAM AUDIT**

Annise D. Parker, City Controller

Steve Schoonover, City Auditor

Report No. 2009-13



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

ANNISE D. PARKER

October 1, 2008

The Honorable Bill White, Mayor
City of Houston, Texas

SUBJECT: Housing and Community Development Department
Vehicle Allowance Program Audit (Report No. 2009-13)

Dear Mayor White:

The City Controller's Office Audit Division has completed an audit of the Vehicle Allowance Program within the Housing and Community Development Department (Department). The audit objective was to determine whether the allowances were administered in compliance with Administrative Procedure 2-2 (Motor Vehicle Assignment and Use), Executive Order No. 1-41 (Executive Vehicle Assignment/Allowance), and Departmental Standard Operating Procedures.

The report, attached for your review, concluded that the Department was generally in compliance with AP 2-2 and EO 1-41, except for the finding presented in the body of the report. The Views of Responsible Officials as to action being taken are appended to the report as Exhibit I.

We commend Department management for their timely efforts to take action during the audit to remedy the deficiency identified by the audit team. We also appreciate the cooperation extended to our auditors by Department personnel during the course of the audit.

Respectfully submitted,

Annise D. Parker
City Controller

xc: City Council Members
Anthony Hall, Chief Administrative Officer
Michael Moore, Chief of Staff, Mayor's Office
Richard S. Celli, Director, Housing and Community Development Department
Alfred Moran, Jr., Director, Administration and Regulatory Affairs Department
Michelle Mitchell, Director, Finance Department

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PURPOSE AND SCOPE

The Office of the City Controller has completed an audit of the Vehicle Allowance Program (Program) within the Housing and Community Development Department (Department). Our objective was to determine whether the Program was operating in compliance with Administrative Procedure 2-2, Motor Vehicle Assignment and Use (AP 2-2), Executive Order No. 1-41, Executive Vehicle Assignment/Allowance (EO 1-41), and Departmental Standard Operating Procedures.

The audit scope included Department employees currently receiving a vehicle allowance. The work did not constitute an evaluation of the overall internal control structure within the Department. The audit procedures were designed to: assess the level of compliance with procedures; determine adequacy of internal controls related to the Program; and provide recommendations for improvement where appropriate.

Departmental management is responsible for establishing and maintaining a system of internal controls to adequately account for vehicle allowances as an integral part of the Department's overall internal control structure. The objectives of the system are to provide management with reasonable, but not absolute, assurance that administration of vehicle allowances complies with all applicable procedures, orders, and laws.

Due to the inherent limitations found in any system of internal controls, errors or irregularities may occur and may not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with procedures may deteriorate.

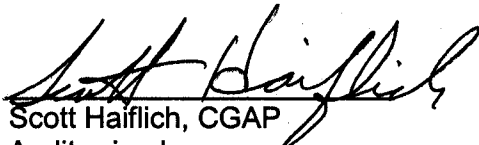
AUDIT PROCEDURES


Audit procedures included development of an attribute checklist used to test compliance with AP 2-2, and EO 1-41 such as:


- Completion, proper approval, and maintenance of required forms
- Determination of driver qualifications
- Correctness of approved allowance rates
- Implementation of disciplinary action for non-compliance with AP 2-2 and EO 1-41

CONCLUSION

Based on the results of our audit, we concluded that the Department was generally in compliance with AP 2-2 and EO 1-41, except for the finding presented in the body of the report.


Scott Haiflich, CGAP
Auditor-in-charge


Arnie Adams, CFE, CIA
Audit Manager


Steve Schoonover, CFE
City Auditor

INTRODUCTION

According to a report generated from the payroll system and provided by the Administration and Regulatory Affairs Department, as of February 22, 2008, the Department had one Executive employee receiving a vehicle allowance.

EO 1-41 establishes a policy of vehicle assignment or allowance for City Executive staff who use a vehicle or incur transportation expenses while engaged in the performance of City business. This EO also requires that vehicle allowances for Department Directors and Deputy Directors be approved by the Office of the Mayor.

AP 2-2 provides uniform operating rules and procedures to help ensure driver and passenger safety, protection of the public, disciplinary equity, and efficient use and maintenance of vehicles.

FINDING AND RECOMMENDATION

COMPLIANCE WITH DEFENSIVE DRIVING COURSE REQUIREMENTS

BACKGROUND

AP 2-2, Section 14.2 requires that any employee who drives on City business complete a defensive driving course (DDC) prior to driving on City business and that the DDC be repeated every 36 months.

FINDING

Audit testing revealed that the Department employee receiving a vehicle allowance had not completed a DDC as required by AP 2-2. However, prior to the issuance of this report, we were informed that the employee was scheduled for a DDC in September 2008.

RECOMMENDATION

Upon completion of the DDC, the Department should attach the certificate to Form D, Request for Vehicle Allowance, and submit the form to Central Payroll. In the future, management should require that the DDC be completed and the related certificate submitted with the original Form D, prior to driving on City business.

EXHIBIT I



CITY OF HOUSTON

Housing and Community Development
Department

Interoffice

Correspondence

To: Annise D. Parker, City Controller

From: Richard S. Celli, Director

Handwritten signature of Richard S. Celli in black ink.

Date: September 11, 2008

Subject: **VEHICLE ALLOWANCE PROGRAM
AUDIT REPORT**

In response to the June 18, 2008 draft report of the Housing and Community Development Department's Vehicle Allowance Program Audit, the one Executive employee receiving a vehicle allowance in the Department has not yet completed the required defensive driving course. That one Executive employee is scheduled for the September 18, 2008 Defensive Driving Class. Upon completion of that class, Roxanne Lawson will provide the required certification and forms to the appropriate Department.

If you require any further information or have any questions, please do not hesitate to contact my office at (713) 868-8305.

*Views of Responsible
Officials*

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