



Office of the City Controller

HOUSTON POLICE DEPARTMENT

Follow-Up Audit



Chris Brown
City Controller

Report # 2020-07

Courtney Smith
City Auditor



**OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS**

CHRIS B. BROWN

February 28, 2020

The Honorable Sylvester Turner, Mayor

**SUBJECT: REPORT #2020-07
HOUSTON POLICE DEPARTMENT (HPD) – FOLLOW-UP AUDIT**

Mayor Turner:

The Office of the City Controller's Audit Division has completed follow-up procedures on remediation efforts performed by Houston Police Department management, as they relate to *Audit Report #2016-03*, titled, "*Child Safety Fund Performance Audit*". As part of providing independent and objective assurance services related to efficient and effective performance, compliance, and safeguarding of assets, we also perform follow-up procedures to ensure that corrective actions are taken related to issues reported from previous audits.¹

The Audit Division (Audit) Follow-Up Audit Process uses a risk-based approach, which contains two primary components:

- Management Status Updates; and
- Audit Testing/Verification

Based on the procedures performed above, we believe that we have obtained sufficient and appropriate evidence to adequately support the conclusions provided below, as required by professional auditing standards.²

- A total of three (3) findings were issued under Audit Report 2016-03; one (1) was assessed a "Low" risk rating, thus did not require follow-up procedures, leaving only two (2) open. Compliance has been achieved with the remediation and closing of one (1) finding. One (1) finding will remain open, pending implementation of procedures by management to adequately remediate.
- In reviewing the department's remediation processes associated with the two (2) findings, we concluded the overall assessment to be **Adequate**.

¹ IIA Standard 2500 Implementation Guidance – stresses the importance of having a process that "...captures the relevant observations, agreed corrective action, and current status."

GAGAS 1.21, 6.11, 7.13, 8.30, and 9.08

² See Exhibit 1 for the Detailed Remediation Assessment



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We would like to thank the Houston Police Department for their cooperation during the follow-up audit process.

Respectfully submitted,

Chris B. Brown
City Controller

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Background

The Office of the City Controller’s Audit Division (The Division) has completed its FY2020 follow-up procedures related to remediation efforts performed by the management of the Houston Police Department, as they related to Audit Report #2016-03, titled, “Child Safety Fund Performance Audit”. As part of providing independent and objective assurance services related to efficient and effective performance, compliance, and safeguarding of assets, we also perform follow-up procedures to ensure that corrective actions are taken related to issues reported from previous audits.¹

Audit Scope and Objectives

The objectives of our Follow-Up Procedures were to determine:

1. The Status for each open item; and
2. The adequacy of the department's remediation process in place to resolve its universe of open findings.

Procedures Performed

Audit procedures performed to meet the audit objectives and provide a basis for our conclusions were as follows:

- Obtained, reviewed and assessed management’s status updates to open findings;
- Determined the findings for which management’s status updates indicated remediation;
- Determined and requested the documentation necessary to support the findings status reported by management; and
- Reviewed supporting documentation and other evidence provided for sufficiency and appropriateness.

¹ IIA Standard 2500 Implementation Guidance – stresses the importance of having a process that “...captures the relevant observations, agreed corrective action, and current status.”

GAGAS 1.21, 6.11, 7.13, 8.30, and 9.08

Conclusions

Based on the procedures performed, we believe that we have obtained sufficient and appropriate evidence to adequately support the conclusions provided below as required by professional auditing standards:

CONCLUSION 1 - (AUDIT OBJECTIVE 1)

There were a total of three (3) findings issued under Audit Report 2016-03; one (1) was assessed a “Low” risk rating and therefore follow-up was not required, leaving two (2) open findings. One (1) finding was remediated and closed based on actions taken by management. One (1) finding will remain open, pending implementation of procedures by management to adequately remediate. See Exhibit 1 for the detailed remediation assessment.

CONCLUSION 2 - (AUDIT OBJECTIVE 2)

In reviewing the department’s remediation efforts associated with the two findings, we concluded the overall assessment to be **Adequate**.

Follow-up Approach

The Division’s Audit Follow-Up Process utilizes a risk-based approach, which contains two primary components:

- Management Status Updates
- Audit Test/Verification

MANAGEMENT STATUS UPDATES:

Prior to the issuance of audit reports, findings are ranked according to three levels of risk to the City as a whole (High, Medium, and Low). Our continuous follow-up process includes sending requests for status updates related to management’s progress toward the remediation of open findings. Management provides status updates through an online portal that alerts the Division when received. This information is then assessed by the follow-up auditor, who considers (1) responsiveness to the original issue and (2) remediation of the issue. A status update which indicates that a finding has been remediated is tested/verified by the follow-up auditor prior to being closed.

Follow-up Approach (con't)

FIELDWORK/TESTING VERIFICATION:

The information received through management status updates is used as a basis for follow-up testing. Additional supporting information is gathered by the follow-up auditor, if it is needed to provide sufficient and appropriate evidence to achieve our objectives. Once the testing/verification of a department's findings has been completed, the department's remediation process is then assessed (Adequate or Inadequate). A rating of Adequate indicates the department has processes in place to sufficiently monitor and address issues identified. The department demonstrates this by having either remediated (if the finding is Closed) or is exhibiting progress in the remediation efforts (if the status is Ongoing). An Inadequate rating is assessed when the status of the findings is not as reported by management and/or the issues have not been addressed as stated in a status update.

Audit Standards

We conducted Follow-Up Procedures in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Government Accountability Office (GAO) and The International Standards for the Professional Practice of Internal Auditing, as promulgated by The Institute of Internal Auditors. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

City of Houston
Office of the City Controller - Audit Division
Project: FY 2019 Follow-Up HPD
Houston Police Department - FY 2019 Follow-Up Procedures

Exhibit 1 - Detailed Remediation Assessment, FY 2020 Audit Follow-Up Procedures

Audit Report Number	Finding Title	Finding	Management's Status Update	Conclusion	
				Ongoing/ Closed	Remediation Process
2016-03	Information Submitted by the ISD/Schools is Not Verified	Historically, Independent School Districts (ISDs) and Schools have not been held accountable for the information submitted in the Request and Addendum forms. The information presented in the Request and Addendum forms is not subjected to any verification by HPD, nor does HPD have the resources available to initiate a 100% validation process. In addition, information on the Estimate Request in the "Total Crossings in Houston with Paid Guards" column is picked up "as-is" and used to allocate Child Safety Fund (CSF) dollars. Data on the Estimate Request is not compared to the total of the average number of guards reported in the Addendum.	<p>Updated Response August 27, 2019:</p> <p>We developed an electronic form for the schools to submit linking the details to the summary page. This replaced the hard copy forms which the schools submitted for reimbursements. Houston ISD was the hardest school to verify because of the number of guards and volume of pages which had some discrepancies using the old method. We also eliminated the request for the current year estimate form per audit recommendation. Only requested submittals are the prior year actuals to reimburse the schools. This eliminated the variances between actuals and the estimates between school years. Also, we had a meeting with HISD Representatives to discuss the Audit Report and Findings.</p> <p>Updated Response December 17, 2019:</p> <p>The Houston Police Department is in the process of identifying additional resources to deploy to perform random site visits to mitigate the risk associated with the Crossing Guards Program. Our objective is to have the additional resources in place by the first quarter of Fiscal Year 2021.</p>	Ongoing- This finding will remain open. Audit obtained and reviewed a sample of the request for reimbursement forms and email communications with the HPD Program Manager. HPD is in the process of identifying additional resources to implement a process of random site visits to verify information provided by participating school districts receiving CSF dollars.	Adequate
2016-03	HPD Does Not Provide Instructions for Application Completion	Based on our review, we determined HPD does not provide instructions to Schools or ISDs on how to complete the forms utilized in the CSF application and payment process. As a result, there were inconsistencies in how the forms were completed and submitted by the ISDs/Schools. The forms were variously hand-written or apparently completed in a spreadsheet. The forms themselves cause some confusion. The number in the column titled "Total Crossings in Houston with Paid Guards" from the Request has historically been used to show the total average number of guards from the previous fiscal year and should match the total of the "Average Number of Guards at Crossing Last Year" from the Addendum. Most of the ISDs/Schools know to put the total from the Addendum on the Request despite the title, but a few did not have that understanding. For example, Annunciation Orthodox School (AOS) detailed 5 guards in the Addendum, but had 2 on the Request. Our observation showed they have 2 intersections, but more than 2 guards.	<p>Updated Response August 27, 2019:</p> <p>We developed an Excel Workbook for the schools to submit the request for reimbursements. The workbook had the instructions on how to fill in the information and how to compute the number of guards at a crossings. Also, we created a dedicated e-mail address for the Crossing Guards Program for school to submit their requests electronically.</p>	Closed- This finding has been closed by Audit. Audit obtained and reviewed a sample of applications and electronic communications that were sent to the schools by HPD and confirmed that management has taken steps to facilitate consistent application completion of the Child Safety Fund application and payment forms. Therefore, Audit was able to confirm that the new process is sufficient to remediate the audit finding.	Adequate

Audit Team

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Audit reports are available at:
<http://www.houstontx.gov/controller/audit/auditreports.html>