Office of the City Controller

GENERAL SERVICES DEPARTMENT

Building Security Performance/Compliance Audit

Chris Brown
City Controller

Report # 2023-09

Courtney Smith
City Auditor

OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

CHRIS B. BROWN

June 27, 2023

The Honorable Sylvester Turner, Mayor
City of Houston, Texas

SUBJECT: REPORT #2023-09 – GENERAL SERVICES DEPARTMENT (GSD) BUILDING SECURITY PERFORMANCE AUDIT

Mayor Turner:

We have completed a performance/ compliance audit of the City of Houston's building security. General Services Department (GSD) is responsible for managing the security of City assets through its Security Management Division. The audit was included in the Annual Audit Plan for fiscal year (FY) 2021.

The audit objectives for this engagement were to determine the existence of policies, procedures and practices currently in place to ensure the security of City facilities, employees and public. Additionally, we determined whether the contracted security service is performing in accordance with the City's contract.

Security is an important consideration for any business, governmental or non-profit entity. Governmental facilities may house critical public services, infrastructure, assets and public officials. Critical public services in the City include police, firefighters and emergency medical services. Examples of critical infrastructure or assets are information technology (IT) hardware, software and other IT applications, as well as water treatment plants, fleet and other fixed assets. Public officials housed within the City's facilities include the Mayor, Controller, members of City Council and department directors

During our review, we determined that GSD has policies and procedures in place, and has implemented practices to secure City facilities, visitors and City staff. Practices include the use of electronic scanners to scan visitors and their belongings, the deployment of functional cameras at designated and strategic points of entry to the buildings and facilities, badging access, continuous security monitoring via CCTV cameras, postings of both armed and unarmed security personnel at major entry points and the performance of background checks on contractors and their personnel prior to engagement to work with the City.

Based on the results of our audit procedures, we identified areas where internal controls could be strengthened. Those areas include the following:

- Deleting badging access of former employees
- Monitoring and documenting security contractor training
- Completion of Daily Logs

We would like to express our appreciation to the management and staff of GSD for their time, effort, responsiveness and cooperation during this audit.

Respectfully submitted,

Chris B. Brown
City Controller

xc: City Council Members
C. J. Messiah, Director, General Services Department
James Waltmon, Interim Deputy Assistant Director, General Services Department
Shannan Nobles, Chief Deputy City Controller, Office of the City Controller
Courtney Smith, City Auditor, Office of the City Controller.

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Introduction

We have completed a performance/compliance audit of the City of Houston's building security. The General Services Department (GSD) is responsible for managing the security of City assets through its Security Management Division (SMD). The audit was included in the Annual Audit Plan for fiscal year (FY) 2021.

Background

The safety and security of facilities is an important consideration for any business, governmental or non-profit entity. The overall purpose of building security is to reduce the probability of threats that could disrupt the facility or its operations. Threats include attacks on employees or visitors housed within the facilities, accidents, theft, vandalism or damage to the facilities as well as damage to facility components or systems within the facilities. Governmental facilities may house critical public services, infrastructure, assets and public officials. Critical public services in the City include police, firefighters and emergency medical services. Examples of critical infrastructure or assets are information technology (IT) hardware, software and other IT applications, as well as water treatment plants, fleet and other fixed assets. Public officials housed within the City's facilities include the Mayor, Controller, members of City Council and department directors.

GENEREAL SERVICES DEPARTMENT

GSD has responsibility for a portfolio of more than 300 facilities which represent approximately 7.7 million square feet of occupied space. SMD is responsible for the security and safety of the City's assets and employees. Its mission is "to promote a safe and secure workplace while protecting City assets." As part of executing their responsibility, GSD enters into and manages contractual agreements with a variety of third-party service providers, including the City's primary security contractor Allied Universal Security (Allied). SMD is responsible for managing the security services agreement, CCTV systems, intrusion alarm systems, card access systems, backup electrical support systems, emergency notification systems, visitor screening systems, as well as access control systems and electronic keys.

POLICY FRAMEWORK

Policy frameworks constitute the basis upon which the audit process is performed. Policies were reviewed and assessed in relation to their impact on the security of City buildings, facilities, employees, and citizens. The objective of the frameworks is to enhance the safety and security of City employees and visitors of City facilities. As a result, security was the primary focus of these frameworks.

The following constitutes the policy frameworks utilized for the purpose of this audit:

a. COH Ordinance Chapter 2, Article XII- Security, and

b. Executive Order 1-37; Security on City Premises, (EO 1-37, or EO)

Audit Scope and Objectives

The audit objectives for this engagement were to determine the existence of policies, procedures and practices currently in place to ensure the security of City facilities, employees and the public. Additionally, we determined whether the contracted security service is performing in accordance with the City's security services agreement. The audit was added to the Audit Plan in FY 2021.

INTERNAL CONTROLS SIGNIFICANT TO THE AUDIT OBJECTIVE

Internal controls are processes put in place by management to provide reasonable assurance that the organization's goals and objectives will be achieved. Our work included procedures to identify the internal controls that were significant to the objectives of this audit and to determine the effectiveness of those controls. Specifically, we reviewed the controls management designed to achieve its departmental objectives and respond to risks. In our professional judgement, the following components of internal control were determined to be significant to the objectives of this audit:

- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

RISK ASSESSMENT AND SAMPLE DETERMINATION

GSD is responsible for managing approximately 300 facilities with unique addresses across the City's 22 departments. Because it is impracticable and unrealistic to perform a test of security and safety for all the buildings and facilities, a risk assessment which allows all the buildings and facilities be subjected to and assessed on a predetermined set of criteria was developed and performed. This procedure enables all buildings and facilities be provided an equal chance of being selected for further testwork. This is in line with the risk-based approach allowed by the auditing standards and best practices. The application of the risk assessment ensures an efficient and effective audit. The criteria used for the risk assessment were as follows:

a. Ownership Status: Properties that are owned by the City present a higher level of responsibility and will be assessed an (H) for high risk. If a property is Leased or Vacant, then there is less risk involved on the part of the City and it will be assessed an (L) for low risk.

b. Security Personnel: The presence of security guards would decrease the risk of an adverse event occurring at the facility. Buildings with no security contractor presence are assessed an (H) for high-risk, while buildings with security contractor presence are assessed an (L) for low risk.

c. Security Systems: The presence of security systems (cameras, alarms, metal detectors, etc.) lowers the probability of an adverse event occurring at a City building. Facilities with none of the previously mentioned systems were assessed an (H) for high-risk while the absence of a security system or non-functional security system was assessed an (L) for low risk.

d. Badge Access Entry: Utilizing identification badges aids in ensuring only authorized personnel gain entry to secure facilities. Buildings with no badging access system at entry points were assessed an (H) for high-risk while those buildings requiring badging access were assessed an (L) for low risk.

e. Elected Officials Office: Buildings with elected officials offices have an elevated risk profile. Facilities housing elected official offices are assessed an (H) for high risk and those facilities without elected official offices are assessed an (L) for low risk.

As part of the risk assessment, we obtained a listing of City-occupied buildings and facilities (leased, owned, or vacant) from the Administration and Regulatory Affairs department (ARA) and performed an analytical review to determine whether there are duplicate addresses.

Based on the application of the risk assessment, six locations were considered high-risk, of which three were selected as the basis of our audit work as follows:

a. 901 Bagby St – City Hall (CH)
b. 900 Bagby St – City Hall Annex (CHA)
c. 611 Walker (611)

Of the six buildings identified in the risk assessment CH and CHA were rated with the highest risk due to the presence of elected official offices, as well as the configuration of the facility in combination with the placement of security measures which allows greater access to the building before getting to security. 611 was also selected due to employee concentration and proximity to elected official offices.

Procedures Performed

To obtain sufficient, appropriate evidence to achieve the engagement objectives and related audit conclusions, we performed the following:

- Obtained and reviewed the policies and procedures for building security and employee safety underlying the objectives of the audit.
- Obtained a list of City buildings and facilities, and performed an analytical review to identify and eliminate duplicate addresses for the purpose of risk assessment.
- Developed criteria utilized in the application of risk assessment used in the determination of buildings and facilities selected as samples for further test work.
- Compared an active employee listing to a listing of separated employees to identify individuals appearing on both lists.
- Inspected documentation pertaining to the background check process for external contractors.
- Reviewed evidence of training documentation for security contractors and determined if documentation met the criteria required by the security services agreement.
- Conducted a walkthrough of selected City buildings to observe/ validate existence of security measures.
- Observed tunnel access to select City buildings and facilities, and reviewed the security of building access points.
- Conducted a physical inspection of the security access points in the tunnel to ascertain whether they were staffed with security personnel.
- Observed security contractors' review of employee credentials prior to allowing access to secured areas in buildings without badging access.
- Inquired with GSD management regarding the location of a control room hosting security monitoring equipment and observed operation of the equipment.
- Verified security systems' ability to trigger an alarm when unauthorized items are attempted to be passed through an access point.
- Reviewed key personnel listed in the security services agreement and determined if the listed personnel were verified employees of the contractor.
- Inspected I-9 documentation for security contractors to validate legal eligibility to work at City facilities.
- Validated a selection of security contractors were qualified through the State of Texas to serve as security guards.

- Obtained a sample of Daily Logs completed by security guards to evidence completion of shifts and/or rounds.
- Observed security guard activity at various posts throughout selected City buildings and facilities.
- Verified possession of access keys to City facilities resided with security guards.
- Inquired about the process for reporting lost and/or stolen keys with security contractors.

Conclusions

We believe that we have obtained sufficient and appropriate evidence to adequately support the conclusions provided below as required by professional auditing standards. The conclusions are aligned with the related audit objectives for consistency and reference. For detailed findings, recommendations, management responses, comments and assessment of responses see the “Detailed Finding, Recommendations, Management Response, and Assessment of Response” section of this report.

CONCLUSION 1 – (AUDIT OBJECTIVE #1)

Determine the existence of policies, procedures and practices currently in place to ensure the security of City facilities, employees and the public.

Based on the procedures performed, we determined that GSD has policies and procedures in place, and has implemented practices to secure City facilities, as well as protect the employees and visitors within those facilities. Practices include, but are not limited to, the use of electronic scanners to scan visitors and their belongings, the deployment of functional cameras at designated and strategic points of entry to buildings and facilities, badging access, continuous security monitoring via CCTV cameras, postings of both armed and unarmed security personnel at major entry points, and the performance of background checks on contractors and their personnel prior to working with the City. During the audit we noted instances where internal controls could be strengthened. (See Finding #1 and #3.)

CONCLUSION 2 – (AUDIT OBJECTIVE #2)

Determine if the contracted security service is performing in accordance with the security services agreement.

As a result of our testing, we determined that key personnel identified in the security services agreement were appropriately authorized employees of the contracted vendor, have relevant experience and are qualified. In testing this objective, we noted an opportunity to strengthen controls related to contractor training (see Finding #2) as well as a significant gap in the completion of a security log (see Finding #4) as required by the security services agreement.

Audit Standards

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, 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.

The scope of our work did not constitute an evaluation of the overall internal control structure of the City or that of GSD. Management is responsible for establishing and maintaining a system of internal controls to ensure City assets are safeguarded, financial activity is accurately reported and reliable, and management and employees are following laws, regulations, policies and procedures. The objectives are to provide management with reasonable, but not absolute assurance that the controls are in place and effective.

Acknowledgement

The Audit Team would like to thank the management of GSD for their cooperation, time and efforts throughout the course of the engagement.

Detailed Findings, Recommendations, Management Responses, and Assessment of Responses

Finding #1 - Former Employees Not Deleted from the Badging System

Risk Rating = High
(Impact and Magnitude)

Background

The process for determining who gains access to City facilities is the primary preventive security measure established by management to guarantee the safety of employees and the public. While the process for granting access to facilities is paramount for security, equally significant for maintaining security of lives and properties is the process for denying access to business premises and facilities. GSD maintains the City's badging process for granting and denying access to City facilities. Per Administrative Procedure (AP) 8-1 Use of City Information and City Information Technology Resources, Section 12.3.1.6, it is the responsibility of all City departments to notify "…designated City Personnel as soon as possible prior to the City's employee's departure and surrendering City IT resources to designated City personnel on or before the City employee's final day of employment unless otherwise directed by authorized City personnel." During the planning process, we obtained a schedule of terminated employees from the Human Resources (HR) Department and an active badging listing from GSD. To determine the accuracy of the active employee listing, we reviewed the active badge listing to determine whether any former employees were included on the terminated listing. This was necessary to determine whether there were terminated employees with active badge access to the City's facilities and buildings which may pose potential security risks.

Finding

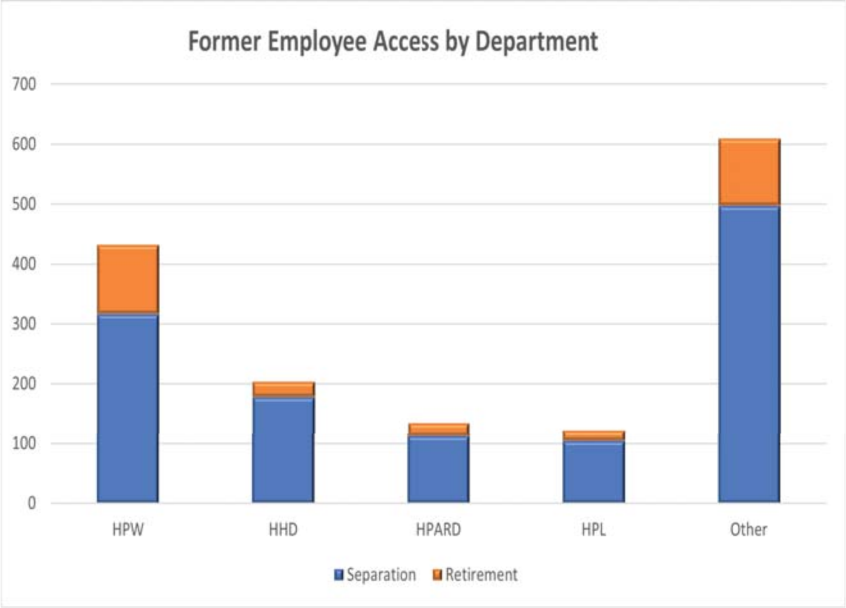
In comparing the terminated employee listing obtained from HR to the active employee badging listing obtained from GSD, we noted several instances in which a terminated employee was still listed as "active" in the GSD badging system. We identified 1,507 former employees with unauthorized access. Within the 1,507 former employees with unauthorized access, 1,209 (80 percent), became former employees through separations rather than retirements. As of July 20, 2022, the number of days during which former employees were on the GSD listing with active badge access were as follows:

Number of Days Former Employees Had Active Badge Access	
No. of Days	**No. of Employees**
5 - 89	205
90 - 179	277
180 - 364	852
≥ 365	73
Total	1,507

As indicated from the table above, audit procedures revealed that former employees had unchecked and potentially unrestricted access to the City's facilities and buildings, which can pose enormous security risk. Further analysis revealed a departmental breakdown of former employees.

Departments with the highest number of individuals with unauthorized access are listed below:

- Houston Public Works (HPW): 432
- Houston Health Department (HHD): 203
- Houston Parks and Recreation (HPARD): 135
- Houston Public Library (HPL): 122



Audit procedures revealed that HPW had a significant number of former employees with unauthorized access to City buildings and facilities with a total of 432 followed by HHD with 203. While this is not an assessment of the internal controls of these departments, it provides adequate information regarding the need to enhance the City's security mechanism. Overall, it is our opinion that the risk of a security breach increases when former employees' access badges are not deactivated timely following their separation from service.

Recommendations

Our recommendations are as follows:

a. GSD should perform a system audit of the badging process to ascertain deficiencies existing in the process. GSD may engage the services of third-party consultants for this purpose.
b. GSD should perform periodic reviews of badging access to ensure listings are both accurate and up to date.
c. GSD should coordinate with HR to develop a process to ensure termination of access for employees who separate from the City in a timely manner.

Management Response

General Services Department (GSD), Security Management Division (SMD) has implemented a process with Human Resources (HR) to allow SMD to perform monthly reviews of employees that are being separated from the city. HR will send a monthly report to SMD that details employees who have been separated from the city. The Badging Office will then go into the badging system to ensure that the separated employees' access has been terminated. Director Messiah is scheduled to meet with Director Cheeks of Human Resources on June 29, 2023, to discuss the possibility of adopting an exit procedure for all employees that are separated from the city. The procedure will detail that the employee must turn in their badge to SMD along with a form that must be signed off by SMD, verifying that the exiting employee badge has been turned into SMD for termination of access. The exiting employee will then take the completed form back to HR.

Responsible Party

Responsible party for this finding is the GSD Department, C.J. Messiah, Director of General Services Department.

Estimated Date of Completion

December 31, 2023

Assessment of Response

Management's response, as presented, adequately addresses the identified issue. As such, the proposed corrective action plan is appropriate.

Finding #2 - Security Contractor Training Not Occurring as Prescribed in Agreement

Risk Rating = High
(Impact and Magnitude)

Background

The training of security personnel is paramount to any security arrangement. The City engages third-party contractor(s) as part of its security posture. Per the Agreement for Security Guard Services, Exhibit A, Scope of Service, Contract Deliverables Section 2.4.2, “Contractor shall provide sixteen hours of training each year of the contract to all security officers/guards used in the performance of the contract.” We obtained and reviewed training documentation for a sample of security officers to determine if the amount of training required by the security services agreement was conducted for security personnel.

Finding

A review of training documentation for 25 Allied Security Officers (10 percent of the security officer population) but was unable to definitively determine whether the 16-hour training requirement was met for each security officer selected for testing. Additionally, training records for eight security officers appeared to be missing.

Recommendations

Our recommendations are as follows:

a. GSD should enhance the monitoring of security officer training by implementing a continuous review process;

b. GSD should receive and maintain evidence of security officer training occurring as required by the security service agreement; and

c. GSD should request regular status updates of training for City security officers and obtain documented explanations for deviations from training plans.

Management Response

General Services Department (GSD), Security Management Division (SMD) with the goal of enhancing and monitoring of security officer training, has implemented a process with Allied Universal Security Services to allow for a continuous review of training as specified in the contract. SMD along with Allied Universal has worked to separate and label the quarterly/annual training separate, in that the training can be searchable in their system. We are also working to finalize the quarterly reporting format to be submitted to SMD and reviewed 30 days after the end of each quarter. We have taken the findings of this audit as an opportunity to fine-tune our reporting and compliance reporting with regards to quarterly training. Allied Security will be required to explain in writing any deviations from the training plans.

Responsible Party

Responsible party for this finding is the GSD Department, C.J. Messiah, Director of General Services Department.

Estimated Date of Completion

July 31, 2023.

Assessment of Response

Management’s response, as presented, adequately addresses the identified issue. As such, the proposed corrective action plan is appropriate.

Finding #3 - Inappropriate Access Through an Unsecured Building Entrance

Risk Rating = High
(Impact and Magnitude)

Background

It is not uncommon for a facility to have several access points and City facilities are no exception. However, irrespective of the number of access points, it is considered essential to have continuous monitoring of access points in higher risk facilities such as the facilities we tested. In accordance with the agreement for Security Guard Services, Exhibit A, Scope of Service, Contractor Duties, Section 3.1.2.6 security officers must "Complete rounds of assigned facilities as required for each site to ensure that all access doors are secure." We conducted two physical walkthroughs of City Hall (CH), City Hall Annex (CHA), and 611 Walker (611) to observe the security systems and processes in place. Our walkthrough led us to verify security officers were at their assigned posts, witness/verify use of electronic metal scanning (Rapiscan) devices if present, inquire about City visitor protocol and evaluate whether exterior entrances were secured at each site.

Finding

During our walkthrough of CH, CHA and 611, we identified an instance where the exterior door of a facility was not secured (electronically or otherwise), and neither had a security presence nor a device in place to restrict entry. This particular access point was adjacent to a major road with vehicular traffic.

Recommendations

Our recommendation is as follows:

GSD should ensure security officers inspect entry points during the execution of daily rounds. Additionally, security officers should assess whether entry points are both secure and properly functioning during their inspection.

Management Response

The door magnet was not working properly and has been replaced.

Responsible Party

Responsible party for this finding is the GSD Department, C.J. Messiah, Director of General Services Department.

Estimated Date of Completion

Issue has been resolved per communication provided April 23, 2023 by GSD-SMD Management.

Assessment of Response

Management’s response, as presented, adequately addresses the identified issue. As such, the proposed corrective action plan is appropriate.

Finding #4 - Security Contractor Daily Logs Are Incomplete

Risk Rating = High
(Impact and Magnitude)

Background

A critical element of security is the continued presence of security checks and rounds. When properly done, security checks and rounds deter theft, reduce the potential for harm to people or property and reduce exposure to liability. An important tool in security checks and rounds is the existence and maintenance of security logs. Security logs are a compilation of daily activities reported by each security officer for their specific post and shift. Per the contract, Agreement for Security Guard Services, Exhibit A, Scope of Service, Contractor Duties Section 3.1.2.5; Security contractor should "Maintain a daily log for each shift in accordance with all policies for the site." Additionally, Section 3.1.2.6 of the agreement stipulates that rounds of assigned facilities must be completed for each site to ensure that all access doors are secured.

We inquired about the process used to ensure the security contractor conducts security rounds as stated in the security services agreement. Per the contractor, each security officer assigned to site is to update the daily log for their shift via a handheld device provided to each officer. GSD management receives automated emails of activity that occurred during each shift from the contractor for the previous day. To test if security rounds were conducted and documented, we obtained the schedule of contractors for CH, CHA and 611 and reviewed actual entries logged during the performance of their security rounds.

Finding

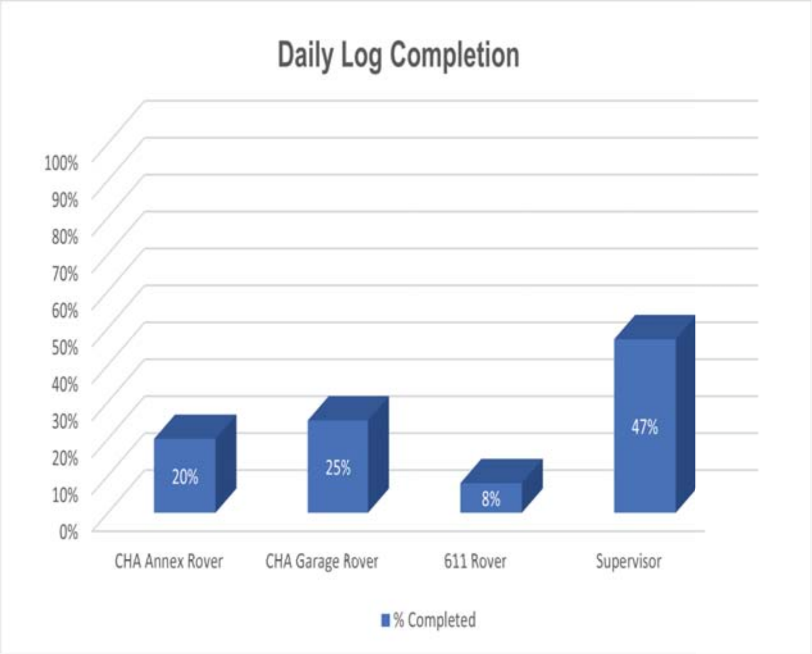
We selected a sample of 25 days to test and obtained the Daily Log reports for those days. Due to the volume of entries, four security officer positions were selected for review as follows:

1. CHA Annex Rover – City Hall Annex
2. CHA Garage Rover – City Hall Annex Garage
3. 611 Rover – 611 Walker
4. Supervisor

Daily Log reports are composed of the observations from the security rounds performed by each security officer for their scheduled shift. Based on our sample population, we expected a total of 200 entries in the Daily Logs. A comparison of the actual number of security round entries on the Daily Log reports to the expected number of security round entries based on the terms expressed in the security services agreement, resulted in identifying 139 of 200 (69.5 percent) incomplete Daily Log entries. The following number of exceptions out of total required entries were noted:

- CHA Annex Rover – 20 out of 25 entries;

- CHA Garage Rover – 56 out of 75 entries;
- 611 Rover – 23 out of 25 entries;
- Supervisor – 40 out of 75 entries.



Recommendations

Our recommendations are as follows:

a. GSD should communicate the expectations and requirements of security officers to complete electronic logs and/or rounds daily with the security contractor; and

b. GSD should review contractor logs periodically to verify contractor compliance with the security services agreement.

Management Response

In April 2023, Allied Universal Security began using an app named Heliaus within the company's smartphones that is used to make/ evidence rounds by scanning tags at designated posts. It allows the user to create reports through the app without needing to write it on paper.

Responsible Party

Responsible party for this finding is the GSD Department, C.J. Messiah, Director of General Services Department.

Estimated Date of Completion

Issue has been resolved per communication provided April 23, 2023 by GSD-SMD Management.

Assessment of Response

Management’s response, as presented, adequately addresses the identified issue. As such, the proposed corrective action plan is appropriate.

Management Acknowledgement Statement

Office of the City Controller
Audit Division

Management Acknowledgement Statement

June 21, 2023

Chris B. Brown
City Controller
Office of the City Controller

Subject: General Services Department (GSD) Building Security Audit- Acknowledgement of Management Responses

I acknowledge that the management responses contained in the above referenced report are those of the General Services Department. I also understand that this document will become a part of the final audit report that will be posted on the Controller's website.

Sincerely,

DocuSigned by:
C. J. Messiah, Jr
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Audit reports are available at:

http://www.houstontx.gov/controller/audit/auditreports.html