City of Houston

Annise D. Parker
City Controller
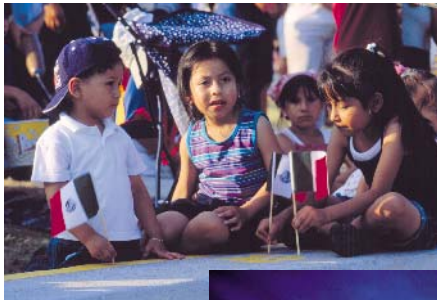
Updated
Business Risk
Assessment

August 2004
Report No. 04-24

JEFFERSONWELLS
INTERNATIONAL

August 31, 2004

The Honorable Bill White, Mayor
City Council Members
City of Houston, Texas

SUBJECT: City of Houston Business Risk Assessment
             Report No. 04-24

Dear Mayor White and Council Members:

I am pleased to submit to you the updated City of Houston Business Risk Assessment.   In accordance with the City's contract with Jefferson Wells International (JWI), JWI has completed the facilitation of a city-wide business risk assessment to assist us in identifying and ranking the City's business risk considering criteria such as significance, probability of occurrence and control effectiveness.   Each City department assessed their potential business risks and current management techniques used to mitigate those risks.   Departmental risk profiles noted in the report are a result of workshops and inquiries with each department.

The information contained in this report was used to help prepare my Fiscal Year 2005 Audit Plan that was previously distributed to you and City Council Members.   The risk profile was a useful resource in prioritizing our audits, strengthening an awareness of critical control techniques, and identifying potential areas for improvement.

We appreciate the cooperation extended to the JWI auditors by City personnel during the course of their work.

Respectfully submitted,

Annise D. Parker
City Controller

xc: Anthony Hall, Chief Administrative Officer
        Michael Moore, Chief of Staff, Mayor's Office
        Department Directors

August 23, 2004

Ms. Annise D. Parker
City Controller
City of Houston
901 Bagby, 8th Floor
Houston. TX 77002

Dear Controller Parker:

The City of Houston (the City) operates in a dynamic and changing business environment and as a result must constantly address its business risks. Periodically measuring an overall risk profile serves to prioritize internal audits and other continuous improvement efforts.

We have completed the facilitation of updating the Citywide business risk assessment. This will assist you in identifying and ranking the City's business risks considering criteria such as significance, probability of occurrence, and control effectiveness. The risk assessment process also serves to provide the following benefits:

- Enhances risk awareness and understanding of the impact of certain risks on the City's overall business,

- Strengthens an awareness of critical control techniques,

- Identifies interrelationships of certain risk areas related to the overall achievement of department objectives,

- Identifies potential areas for improvement, and

- Provides the basis for developing a risk-based annual internal audit plan.

Each department assessed their potential business risks and the current management techniques used to mitigate those risks. The specific departmental risk profiles presented in this report along with a Citywide risk profile by business process is the result of risk assessment workshops, analysis of financial and resource trends, and validation by each respective department during 2004.

Jefferson Wells International is pleased to have assisted the City in facilitating this assessment and appreciates the assistance and cooperation received by City management and personnel.

Lisa D. Anderson
Jefferson Wells International

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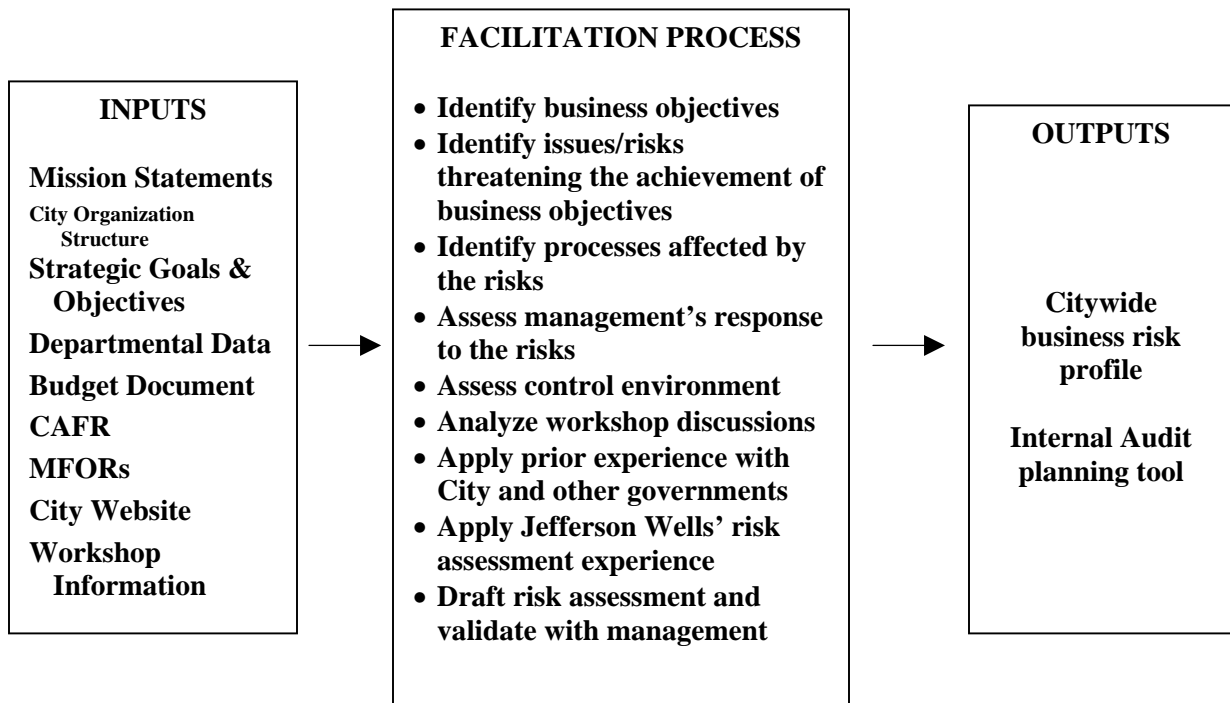
Risk Assessment Process

Inherent in every aspect of the City's operations, issues (risks) arise that threaten the achievement of the City's goals and public confidence. These issues require management to make choices and develop techniques that result in the establishment of controls and ultimately serve to manage or mitigate risk. Periodically, measuring the City's resulting risk profile assists management in assessing whether the residual risk is at a tolerable level and also identifies potential areas for improvement initiatives.

This report summarizes the City's overall risk profile based on management's input along with cross-departmental detailed analysis and experience in identifying risk factors. Business risks result from both external and internal factors, pressures, and forces brought to bear on the City, not all of which can be mitigated with the establishment of controls. Such factors drive or impact the definition of business strategies, major objectives, organization structure, management style and overall business performance. The following risk framework illustrates the types of risk factors that were considered in facilitating the risk assessment.

Risk Framework

Regulatory
Balance

Political/Legal Forces
Laws and Regulations
Public Elections
Activist Groups

Economic Forces
Unemployment
Workforce skill/availability
Industry development
Funding sources

Alliances
Processes

Suppliers

City's Strategy

Constituents

Services
Customers

Social Forces/Press
Service Needs/Demand
Demographic Changes
Public Expectations

Technological Forces
Technology advances
Information availability
Demand for information
Technology dichotomies

Substitutes

INPUTS	FACILITATION PROCESS	OUTPUTS
Mission Statements City Organization Structure **Strategic Goals & Objectives** **Departmental Data** **Budget Document** **CAFR** **MFORs** **City Website** **Workshop Information**	• **Identify business objectives** • **Identify issues/risks threatening the achievement of business objectives** • **Identify processes affected by the risks** • **Assess management's response to the risks** • **Assess control environment** • **Analyze workshop discussions** • **Apply prior experience with City and other governments** • **Apply Jefferson Wells' risk assessment experience** • **Draft risk assessment and validate with management**	**Citywide business risk profile** **Internal Audit planning tool**

➢ We built on our understanding of the City's business and the related risk factors developed from past experience working with the City and other government entities. This risk profile focuses on the City's business as a whole, and is organized to understand Citywide as well as departmental risks.

➢ Key business objectives were identified and linked to the City's core processes and activities. We developed an understanding as to the relative importance of these activities for the City and department in accomplishing their respective, but integrated missions.

➢ Associated challenges (risks) threatening the achievement of the business objective were identified through an interview and risk analysis process, during which City personnel self-assessed the key risks as to: magnitude of impact to the City and the likelihood of occurrences to actually manifest themselves without considering controls.

➢ Risk management techniques (controls) were then identified to understand the City's current practices in managing the risk potential identified. The effects of these controls were then reviewed with departmental management to reassess the likelihood that the risks identified would impact the City.

The detail business risk analysis and management techniques are presented in this report on pages 12 through 59**.**

Strategic Goals and Objectives

The mission of the City of Houston is to improve the quality of life in Houston by focusing on both Economic Opportunity and the Quality of Life:

Economic Opportunity

Foster economic growth and promote Houston's business development by supporting local and international business initiatives, and bringing more visitors and business to our City. Economic opportunity involves cooperation between the public and private sectors to fully communicate and demonstrate that there is no better place to do business than Houston, Texas.

The resulting economic growth will stem from businesses in other parts of the country relocating to Houston.

Quality of Life

- **Neighborhood Services:** City employees, citizens, and corporations build partnerships as a community to encourage greater participation in City government and move problem solving closer to the neighborhood level.

- **Flooding and Drainage:** Improve and construct infrastructure and policies that serve to prevent property loss, enhance citizen safety, and avoid costly rescue and clean up efforts as a result of heavy rains and associated flooding.

- **Transportation and Infrastructure:** Develop comprehensive, long-range cooperative plans that address transportation and infrastructure issues, and adequately provide and maintain an infrastructure that will attract private investment, and create an environment that encourages people to travel to and/or live in Houston.

- **Performance-Oriented Government:** Continually strive to enhance City operations and become more efficient, innovative, and cost-effective by increasing diversity, integrity, productivity, technological effectiveness, and environmental awareness at every level of the City government.

Future Outlook

Houston, serving a primary metropolitan area population of over 4.3 million, is the fourth largest city in the United States and the largest city in Texas. Houston is positioned as a world-class leader in a wide array of industries including energy, chemicals, aerospace, engineering, manufacturing, health care, and information technology.

The primary external economic factors that have driven Houston's economy in recent years are the national economy, the value of the dollar against foreign currencies, and energy prices.

Economic Opportunity

It's about creating an environment where people can raise families and seek their economic future in a way that gives them dignity and respect. Citizens are looking to have security for their families. Economic opportunity produces good jobs essential for individual dignity and self-respect. Houston has everything to drive such opportunity:

- Growing, hard-working population

- Room to grow

- Employment growth that is predicted to outpace the nation's due in part by rapid growth in economic base employment

- Increasing per capita income, yet a low cost of living

- Continued diversification of business growth

City Initiatives

➤ Improving mobility and infrastructure utilization:
  - Synchronization of traffic lights
  - "Safeclear" traffic/incident management
  - Mass Transit alternatives

➤ Improving the Quality of Life in our neighborhoods and better meeting citizen needs:
  - Capital Improvement Plan / Bikeway Program
  - Revitalize and rebuild neglected neighborhoods
  - Eliminate illegal signs
  - Flooding and drainage improvements

➤ Public Safety:
  - Leadership
  - Training facility
  - False alarms

➤ Performance-oriented government:
  - City Hall efficiency
  - Financial stability
  - Volunteerism

Industry Trends

State and local governments, including the City of Houston, operate in a constantly changing environment that continues to expand the risks organizations face. In the past decade, technology eroded barriers of time and space and raised the public's expectations for services. While technology is still a factor, other forces driving change are demographics, economics, environmental concerns, national security and politics.

The following highlights the key factors influencing the accelerated rate of change:

- **Demographics**
  - Increased unemployment and demand for service
  - Aging population/workforce
  - Increasing diverse population
  - Return to inner-city
  - Shift to overseas processing

- **Economics**
  - Slow economy with increased service demand
  - Budget shortfalls
  - Growing demand for knowledgeable workers
  - Outsourcing and off-shoring

- **Environmental Concerns**
  - Health issues / epidemiology
  - Lack of health care insurance

- **National Security**
  - Increasing security regulations due to 9/11
  - Threat of bio-terrorism events

- **Politics**
  - Low public confidence in government
  - Public's demand for value
  - Unwillingness to increase citizen's tax burden
  - Term limits/Changing leadership

- **Technology**
  - Instantaneous communications
  - Move from information era to knowledge era
  - Increased public access to information
  - E-government

Recent industry surveys report that the public wants:
- Increased security
- More extensive and better developed infrastructure
- Increased levels of service in-line with those offered by the private sector
- Accountability

Risk Profile

The risk assessment results highlight areas/issues that represent business risks for the City. Risk areas are measured for the magnitude of residual risk, after considering described control practices and the likelihood that the risk will occur.

Key Risk Factors

The risk assessment measures many different risk factors for each process, however the following key risk factors were weighted more heavily and considered to be more critical to the achievement of the City's strategic objectives:

Personnel Competencies – The risk of not having the right skilled personnel at the right time such that personnel may not possess the necessary skills/competencies to ensure effective and efficient achievement of the process' tasks/goals.

Financial – The risks of insufficient resources to meet planned service levels; unreliable or untimely financial information; and misappropriation or misuse.

Technology – The risk that information systems may not facilitate efficient and effective operations or adequate secure reliable information to support both management and operations.

Performance Measures – The risk that goals may not be achieved due to a lack of accountability and measurement.

Public/Constituency – The risk of negatively impacting the City's reputation and/or not providing critical service to Houston's citizens.

The chart, which follows on the next page, summarizes the risk assessments for each of the City's business processes. Service delivery processes have been further detailed by core service due to the wide variety of services provided - each with its own set of objectives and risks. High residual business risk indicates that the identified risk has a high likelihood of having a significant adverse impact on the City's attainment of its goals. Conversely, a low residual business risk indicates that the identified risks, after considering controls and other management techniques, have a low likelihood of a significant adverse impact on the City's attainment of its goals.

Risk Profile Chart — horizontal bar chart with axis labeled Low, Medium, High:

Category	Risk Level
Compliance / Enforcement	Medium
Construction/Project Management	High
Service Delivery / Customer Satisfaction	Medium
Dept. Specific Program / Activity	Medium
Facilitities Maintenance	Medium-High
Financial Management	Medium
Fleet Maintenance	High
Grant Management	Low
Human Resources	High
Information Management	High
Procurement	Low-Medium
Professional Development	Medium-High
Public Leadership & Commun.	Medium
Resource Allocation	Medium
Revenue Generation	Medium
Security	High

Drivers to Changing Risk Environment

➢ Budget shortfalls
➢ Increasing demands on technology – need for advanced systems and training
➢ Managerial concerns related to meeting service demands with finite resources
➢ Succession planning for aging/ retiring workforce
➢ Recruiting and retaining qualified personnel
➢ Initiatives to rebuild and improve the City's infrastructure
➢ New/changing regulations

Business Processes and Departmental Functions

The Citywide risk profile of its core business processes provides a top-down view of the City's residual risks. The departmental analysis on pages 12 through 59 presents each department's assessment of their residual risk threatening the attainment of the department's and its processes' key business objectives.

The following outline links the departmental analysis with the City's business processes.

Strategy and Policy Development:

- Planning – Mayor's Office

- Legislative – City Council

- Public Outreach/Communication – City Council and Mayor's Office

Core Operational Processes:

◈ Service Delivery – by Core Service

- Public Safety – Fire, Municipal Courts/Administration & Justice, Houston Emergency Center and Police

- Development and Maintenance Services – Building Services, Housing and Community Development, Planning and Development, Public Works and Engineering/Infrastructure, and Solid Waste Management

- Human and Cultural Services – Health and Human Services, Library, Parks and Recreation, and Convention and Entertainment Facilities

- Airport Services – Aviation

- Utility Services – Public Works and Engineering/Water and Sewer

◈ Revenue Generation and Collection

- Aviation

- Public Works and Engineering/Water and Sewer

- Convention and Entertainment Facilities

- Finance and Administration

- Legal

- Library

- Municipal Courts – Administration

◈ Resource Allocation

- Mayor's Office

- Controller's Office

- Finance and Administration

- All Operating Departments

◈ Procurement – all Departments

Resource Management Processes:

◆ Construction Management

- Aviation
- Building Services
- Convention & Entertainment Facilities
- Housing & Community Development
- Planning & Development
- Public Works & Engineering

◆ Facilities Maintenance

- Aviation
- Building Services
- Convention & Entertainment Facilities
- Library
- Parks & Recreation
- Public Works & Engineering

◆ Financial Management

- Controller's Office
- Finance & Administration
- All Operating Departments

◆ Fleet Maintenance

- Fire
- Parks & Recreation
- Police
- Public Works & Engineering
- Solid Waste Management

◆ Grant Management

- Aviation
- Health & Human Services
- Housing & Community Development
- Library
- Parks & Recreation

◆ Human Resources

- Classified – Fire and Police
- Health and Related Benefit Plans
- Unclassified – All Departments
- Employee Pension Plans (Human Resources)

◆ Information Management – all Departments

◆ Legal/Risk Management

- Legal Department
- Self-Insurance & Employee Benefits Plans (Human Resources)

Aviation Department

Business Objective:

Operate and plan for the future of the City's airport system.

Activities:

- Manage the operations and maintenance of George Bush Intercontinental Airport, William P. Hobby Airport, and Ellington Field
- Program planning, design, and construction of airport improvement projects
- Administer grants from Federal Agencies (FAA, TSA, Homeland Security, etc.)
- Provide integrated aviation services and facilities (terminals, cargo handling facilities, etc)
- Promote domestic and international commerce
- Provide secure, safe, and efficient airport facilities
- Develop master plan for future projects tied to realized increasing passenger visits
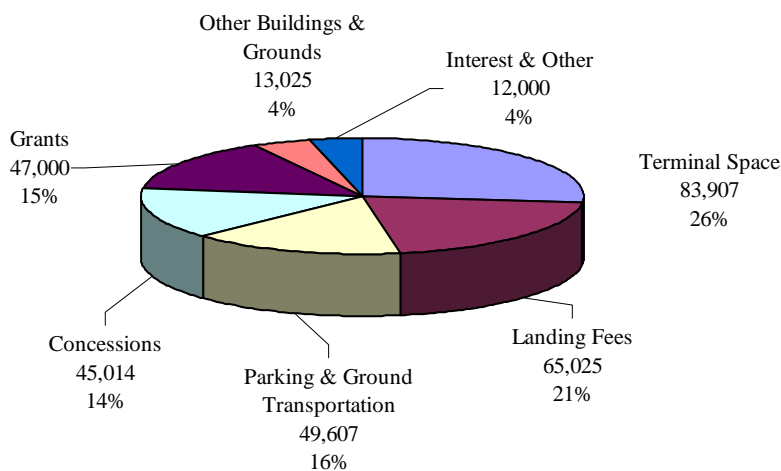
Significant Issues:

- Timeliness, accuracy and adequacy of reports to effectively manage airport operations
- Recruiting and retaining qualified personnel
- Financial health of air carriers and consolidation trend in the industry
- Urban encroachment on facilities
- Meeting rapidly changing regulatory requirements
- Increasing service demands and infrastructure expansion

Analysis of Expenditures:

Personnel		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Number of Personnel		1,173	1,074	1,103	1,127	1,241

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	43,498	43,974	47,057	54,901	55,866
Other Charges		70,504	134,035	155,853	161,977	105,839
Capital Outlay		67,401	57,617	86,434	-	-
Grants		19,972	18,613	44,895	42,364	47,000
Debt Service		37,290	47,221	13,727	49,685	106,873
Total Expenditures	$	238,665	301,460	347,966	308,927	315,578

Budgeted FY04 Funding Sources (000s):

Other Buildings & Grounds 13,025 4%

Interest & Other 12,000 4%

Grants 47,000 15%

Terminal Space 83,907 26%

Concessions 45,014 14%

Parking & Ground Transportation 49,607 16%

Landing Fees 65,025 21%

Risk Profile

Departmental Process /Objectives	Potential Risk	Current Risk Management Techniques	Residual Risk
Construction Management Manage Capital projects effectively	• Insufficient funding • Unqualified personnel • Untimely procurement process • Inadequate reporting system	• Outsource capital projects • Projects are monitored and managed • Develop master plan	Moderate
Customer Satisfaction - Passengers, Vendors and Airlines Provide services and facilities which satisfy the needs of customers	• Insufficient or unsafe facilities and parking • On-going construction and/or untimely repairs • Insufficient funding and/or resources • Natural disasters / weather • Poor/inadequate signage • Lack of trained personnel • Urban encroachment on facilities • Airline consolidation / relocation • Negative impact on environment	• Expanding & improving airport facilities, including customer amenities and parking • Capital improvement planning • Airline contracts support funding needs • Outsource parking operations • Airline responsibilities defined contractually • Dedicated communications / relationship management with airlines	Moderate
Facilities Maintenance and Security Facilities are safe, secured and efficiently maintained	• Growth in airport traffic • Insufficient funding/resources • Insufficient security and safety procedures • Changes in security technology • Changes in regulations • Inflexible and/or untimely procurement process • Unsafe or insecure facilities	• Transportation Security Administration procedures in place • Maintain sufficient trained security personnel • Maintenance considered in design process • Proactive environmental compliance program • Outside consultants oversee legislation • Security enhancement master plan	High
Financial Management Effectively manage revenues and expenses	• Untimely, inaccurate or inadequate financial mgmt. system • Revenue availability to fund expenses and/or meet bond ordinance requirements • Financial viability of airlines	• Actual versus budget operation reports are monitored monthly • Revenue coverage is reviewed throughout year and controlled through airline contracts • Applying for new grants	Moderate
Grant Management Maintain compliance with grant requirements	• Changes in requirements • Ineffective and/or untimely approval process • Inadequate reporting systems	• Activities and costs are pre-approved & monitored by grantor • Comprehensive written policies and procedures are established • See Construction Management	Moderate
Human Resources Ensure quality personnel are hired, retained and properly trained	• Recruiting and retaining qualified individuals • Diminished pool of unskilled labor • Untimely recruiting/hiring process • Ineffective compensation program • Inadequate or untimely training	• Annual evaluations are conducted • Training program is established • Job fairs	High
Information Management Ensure that information systems adequately support airport operations	• Inadequate outdated systems • Insufficient resources/funding • Critical dependence on rapidly changing technology • Loss of communications services • Increased demand for external financial and statistical reporting	• Strategic information plan in place and being implemented • Use of outside technology personnel • Budget priority adequate funding	High
Marketing & Promotions Effectively promote airport operations and encourage international business	• Ineffective marketing program • Competition • Economy	• Dedicated marketing group • Conduct community outreach programs and presentations and publish newsletter	Low
Procurement Ensure quality goods & services are obtained timely and at best value	• Inventory management issues • Cumbersome/inefficient purchasing • Excessive paperwork • Expired Contracts	• Comprehensive written policies and procedures are established • Performance measurement process place • Outsourcing parking and other services	Moderate

Building Services

Business Objective:

To serve a Citywide in-house building management function, providing a full range of services, property management and operations, project management, energy management, environmental safety and security management for City Departments.

Activities:

- Providing property maintenance, management and operations at city owned and certain leased facilities
- Facilitating the planning, design and construction or renovation of Capital Improvement Projects
- Administering Civic Art contracts and Municipal Art Commission acquisition, installation, conservation or restoration programs
- Managing certain energy resources, including energy conservation and procurement of electricity in a deregulated market
- Providing environmental services such as inspections, evaluation, remediation or abatement of contaminated materials and demolition of dangerous buildings
- Administering the City's Underground Storage Tank Inspection Program
- Overseeing the physical security for various properties
- Administering the photo identification badges for access control
- Managing the City's leased properties
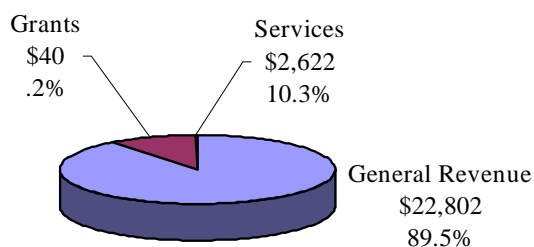
Significant Issues:

- Change management to align highly experienced staff from other departments with new processes
- Logistics for moving payroll processing, benefits, procurement contracts, and budget allocation
- Workforce skills / availability - particularly architects and licensed stationery engineers
- Increased departmental demands

Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	160	247	313	330	277

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	7,052	12,336	14,446	15,237	12,016
Other Charges		2,624	13,253	15,035	13,030	13,408
Capital Outlay		138	(28)	-	-	-
Grants		-	-	-	131	40
Total Expenditures	$	9,814	25,561	29,481	28,398	25,464

Budgeted FY04 Funding Sources (000s):

Grants
$40
.2%

Services
$2,622
10.3%

General Revenue
$22,802
89.5%

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Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Energy Management Oversee contract with Reliant	• Overpayments	• Review usage reports and bills • Question discrepancies • Compare to historic usage	Low
Environmental Project Management To safeguard the environment and ensure regulatory compliance	• Non-compliance with EPA and TCEQ • Fines and penalties • Unsafe environmental conditions • Lack of indoor air quality • Fuel contamination • Aged underground storage tanks (UST)	• Retain knowledgeable staff • Training to stay current with rapidly changing legislation • Utilize consultants • Certification programs for UST	Moderate
Facilities Maintenance Facilities are maintained properly	• Outdated facilities • Poorly maintained buildings • Unsafe buildings • Inefficient / ineffective preventative maintenance • Inflexible or untimely procurement process	• Emergency disaster recovery plan • Preventative maintenance program • Communication / cooperation between end users and the department for contracts • P-cards • Work closely with SPD	Low
Facilities Project Management Administer design and construction of capital building projects	• Interruption of capital projects due to natural disasters and/or weather conditions • Noncompliance with procurement policies and laws • Lack of contract compliance monitoring • Inflexible an/or untimely contract development process • Unforeseen conditions during renovation projects	• Timely reporting system which allows management to review operations and project status • Manual monitoring of controls • Extensive approval process • Good record keeping • Involvement in projects	Moderate
Financial Management Effectively manage the accounting needs of the Department	• Budget overruns • Delayed posting of transactions • Inflexible and untimely procurement process • Non-compliance with policies and laws • Lack of professional accounting skills	• Experienced personnel • Monthly monitoring and reconciliation of reports and analysis of expenditures • Robust reporting • Compressed workweek • Well-trained personnel, including cross-training • Use of P-Cards	Low
Human Resources Ensure quality personnel are hired, retained and properly trained	• Uncompetitive compensation • Inability to recruit, hire and retain qualified personnel • Inadequate training • Inability to replace highly experienced resources	• Succession planning • Provide in-house training and utilize classes offered at the EB Cape Center	High
Human Resources –Safety To provide and promote a safe environment for personnel	• Workers' compensation claims • Non-compliance • Recruitment	• Safety and accident prevention manual • Safety audits • Regular safety training • Use of in-house staff	Low
Security Design security systems for existing and proposed buildings	• Breach of security • Loss of assets • Employee/citizen safety issues	• Closed circuit TV systems • Security guards • Electronic access	Low

City Controller

Business Objective:

To fulfill the fiscal responsibilities as prescribed by the Houston City Charter

Activities:

- Prepares financial reports, including the City's Comprehensive Financial Annual Report and the Monthly Financial and Operations report
- Conduct Citywide internal audits
- Manages the City's cash flows and investment portfolio
- Processes and monitors disbursements
- Operates, maintains and provides technical support for Advantage, the City's financial management system
- Conducts the sale of bonds
- Certifies the availability of funds prior to City Council approval of City commitments
- Responds to contractual and financial public record requests
- Certifications of all revenues, including delinquent property taxes
- Bank reconciliation activities

Significant Issues:

- The need for advanced information technology systems to effectively manage operations
- Recruiting and retaining qualified personnel
- Increasing requirements and workloads without corresponding increase in personnel
- Complexity of Certifications

Analysis of Expenditures:

Personnel		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents		88	87	84	80	81

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	4,906	5,074	5,142	4,929	4,928
Other Charges		1,349	1,169	1,072	896	979
Capital Charges		-	-	-	10	-
Total Expenditures	$	6,255	6,243	6,214	5,835	5,907

Budgeted FY04 Funding Source:

Controller's Office operations are fully funded by general government revenues.

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Bank Reconciliations Complete City bank reconciliations appropriately and on a timely basis	• Insufficient and/or inadequately trained staff • Inefficient process • Increase in activity • Inadequate department cooperation	• Process is partially automated • Segregation of duties • Personnel are trained	Moderate
Financial Management Reporting Prepare accurate and timely monthly and annual reports	• Errors in financial reports /data • Personnel turnover/succession issues • Inefficient process • Lack of documented policies and procedures • Inadequate information systems • Change in audit firm/personnel • Inadequately trained personnel	• Detail analysis and review of all financial reports/data • Information systems support is adequate • Formal reports are distributed to top management • Training/cross-training for employees • Procedure documentation project is underway • Recognized audit firms are used	Moderate
Financial Management-Treasury Maximize return on investment and manage cash appropriately	• Inadequate or untrained resources • Noncompliance with laws and regulations/changing laws • Inadequate information systems • Complex debt transactions • Timeliness of interdepartmental communications re: capital project funding • Opportunity costs lost due to lack of time to analyze	• Continuous monitoring is performed • Training is mandated • Information systems meet needs • Recognized audit firms are used • Use outside legal & other expertise	Moderate
Human Resources Ensure quality personnel are hired, retained, and properly trained	• Compensation levels not competitive • Hiring process is too lengthy • Inadequate or untimely training • Ineffective program for awarding compensation increases • Pay equity issues • Resistance to change • Lack of personnel to handle increasing workload	• Training program in place • Cross training • Change Management	High
Information Management Provide effective, timely, IT support (AFM/LAN/PC)	• Outdated technology • Inadequate infrastructure • Insufficient analysis of issues • Changing information needs • Trained resource shortage • System availability disruption • Lack of business continuity capabilities	• Dedicated personnel, policies and procedures designed to ensure responsive customer service • IT strategy being implemented • Training program	High
Internal Audit Prepare plan and test for compliance, safeguarding of assets, and fraud prevention	• Insufficient planning • Insufficient sources of adequately trained resources • Changing risk environment	• Risk-based planning and approach is utilized • Department has trained resources • Co-source services	Low
Procurement – Disbursement Ensure disbursements are appropriate and processed timely	• Inappropriate review and approval process • Misappropriation/fraudulent transactions • Pressure from vendors or customers • Lack of training and manager development • Input errors/issues	• Established procurement policies and procedures in place • Positive pay program • Established performance measures • Vendor liaison program • Leveraging of technology for accuracy • Monitoring of unprocessed documents • Segregation of duties • On-line system	Low
Resource Allocation Ensure funding is available for disbursements in a timely manner	• Inappropriate review and approval process • Increasing review procedures • Pressure from departments • Turnover / succession issues • Input errors/issues • End-users issues re: timeliness	• City charter and ordinances define required procedures / accountability • Communication of policies and results of this process • Segregation of duties	Low

City Council

Business Objective:

To serve as legislative body with power to enact all ordinances and resolutions

Activities:

- Determine policy, initiate legislature and administer duties set forth in the City's Charter
- Identify and respond to the community's legislative needs

Significant Issues:

- Responding to citizen needs and complaints
- Completeness of data to support informed decision making

Analysis of Expenditures:

Personnel		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents		79	79	79	74	78

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	3,801	3,731	3,927	3,762	3,967
Other Charges		521	360	287	206	215
Capital Outlay		35	10	5	-	-
Total Expenditures	$	4,357	4,101	4,219	3,968	4,182

Budgeted FY04 Funding Source:

City Council operations are fully funded by general government revenues

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Public Outreach / Communications Encourage and receive citizen involvement in decision making processes	• Ineffective communication program with citizens • Negative or inaccurate press releases • Incomplete or inaccurate data supporting action requests	• Council meetings are open to the public and televised • Community meetings held • Civic organizations meetings attended • Council staff review and question such data • Citizen calls and letters are answered on a timely basis	Low
Policy Leadership Provide effective policy leadership in municipal issues as citizens' elected representatives	• Public exposure as representatives of the City • Imbalance between strategy and goals of constituency • Legislative needs of citizens not being met • Actions being in noncompliance with State and/or Federal laws • Inappropriate or ineffective level of control over City operations	• Council members are subject to election process every two years • Council members file public income records • Councils' responsibilities are documented through the City Charter • Mayor's Office monitors and establishes Council agenda requesting Council action • City Attorney monitors legal compliance issues	Moderate

City Secretary

Business Objective:
To act as official custodian of the proceedings of the City Council meetings and maintain all City records

Activities:
- Prepare City Council meeting agendas
- Record minutes of City Council meetings
- Maintain official City records
- Administer City elections
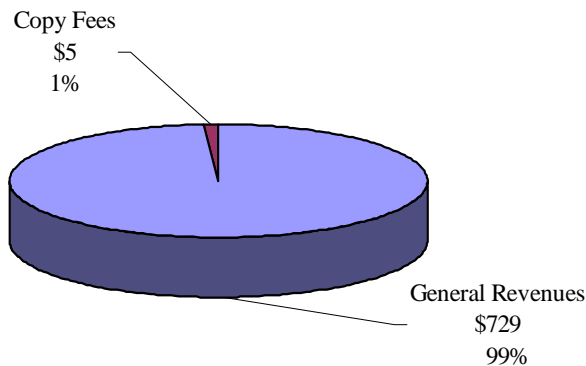- Process City Council motions, resolutions and ordinances

Significant Issues:
None noted at this time

Analysis of Expenditures:

Personnel		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents		16	15	16	14	15

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	652	717	602	598	660
Other Charges		110	91	92	88	74
Total Expenditures	$	762	808	694	686	734

Budgeted FY04 Funding Sources (000s):

Copy Fees
$5
1%

General Revenues
$729
99%

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Communication - Agendas Prepared agendas by deadline	• Insufficient and/or inadequately trained resources • Untimely communication of agenda items	• Meetings dates and deadlines are communicated • Adequately staffed • Personnel are well trained	Low
Communication - Minutes Accurately report City Council meeting minutes	• Insufficient resources • Misinterpretations of events	• Meetings are recorded • Two personnel attend the meetings • Reporting and review activities are segregated	Low
Customer Service Provide timely and courteous services to the public and City Departments	• Inadequately trained staff • Insufficient resources	• Adequately staffed • Personnel are well trained • City Code is posted on the Internet	Low
Elections Administer City elections appropriately	• Insufficient resources • Inadequate training	• Administration of elections is co-sourced • Utilize electronic voting system for satellite locations • Use experienced temporary help for assistance	Low
Information Management Maintain all official City records appropriately	• Inadequate record retention methods • Noncompliance with policy and/or state retention law • Vandalism • Natural disaster	• Records are stored in secure facilities • Back-up of records are maintained • Other departments maintain duplicates of many records	Low

Convention and Entertainment Facilities

Business Objective:
To operate and maintain the City's multi-purpose convention and entertainment venues and attract important conventions and cultural events to Houston

Activities:
- Operate and maintain the George R. Brown Convention Center, Wortham Theater Center, Jones Hall, Jones Plaza, Fish Plaza, Sesquicentennial Park, Houston Center for the Arts, Talento Bilingue de Houston, Root Memorial Park, Main Street Corridor
- Provide underground and surface parking
- Administer contracts with the Cultural Arts Council and the Greater Houston Convention and Visitors Bureau
- Market Houston for an increase in convention bookings and related hotel occupancy
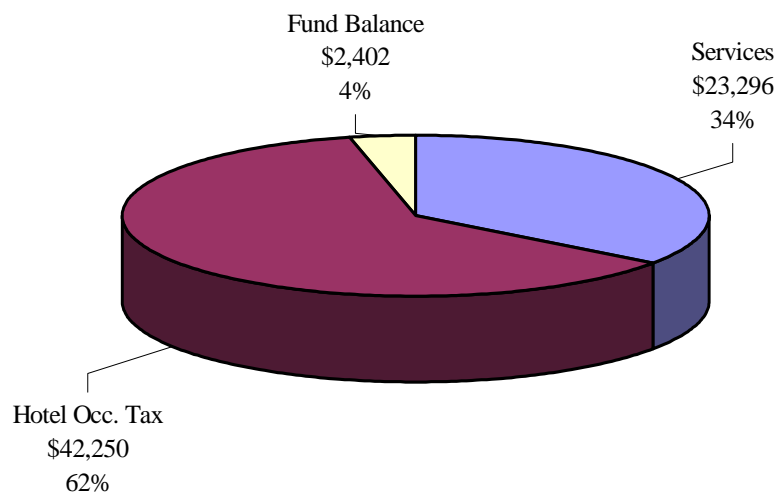
Significant Issues:
- Citywide revenue pressures
- Economic driven decline in hotel occupancy and hotel rates
- Meet debt service requirements for Hilton Americas and George R. Brown Convention Center
- Higher financial obligations to arts groups
- Increased competition in the convention industry

Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	82	81	82	85	91

Expenditures (in 000s)	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$ 4,365	4,391	4,769	5,533	5,755
Other Charges	51,264	44,251	41,488	36,738	45,876
Capital Outlay	679	266	427	320	1,667
Debt Service	7,194	13,546	10,185	23,491	14,650
Total Expenditures	$ 63,502	62,454	56,869	66,082	67,948

Budgeted FY04 Funding Sources (000s):

Fund Balance $2,402 4%

Services $23,296 34%

Hotel Occ. Tax $42,250 62%

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Construction Management Effectively plan, and monitor capital improvement projects	• Inadequate planning • Poor project management • Untimely contract and/or procurement process • Inability to pay-as-you-go	• Long-term capital improvement plan • Projects are financed on a pay-as-you-go basis • Hired experienced project manager and staff • Short-term financing program (commercial paper) in-place	Low
Facilities Management Maintain safe, secure and updated facilities	• Ineffective security procedures • Insufficient revenue • Inadequate maintenance • Inflexible and/or untimely procurement process	• Outsource security function • Monthly inspections of all facilities • Maintenance program in place • Outsourcing of buildings maintenance assessments and scheduled maintenance • Insurance coverage	Low
Human Resources Ensure quality personnel are hired, retained and properly trained	• Uncompetitive salary structure • Untimely recruiting and hiring process • Lack of qualified candidates	• Outsource certain functions • Analyze and budget staffing needs annually • Communicate with HR	Moderate
Information Technology Enhance convention venue interaction	• Technology inefficiencies and inadequacies • Inability to compete with other venues • Inability to support new technology	• Training • Self-fund staff positions	High
Revenue Generation Maximize all revenue sources	• Inadequate hotel occupancy tax revenue to support operations • Downturn in the economy • Uncompetitive fees • Ineffective marketing program • Competition – local and other cities	• Actual versus budget analysis is performed • Ability to change fees • Hotel revenues are audited • Daily cash receipts and deposits are monitored • Leasing operations and occupancy rates are tracked • Contract with Greater Houston Convention & Visitors Bureau (GHCVB) to market Houston as a destination	Moderate
Revenue Generation - Parking Maximize revenue from parking facilities	• Insufficient, inaccessible or inadequately secured parking • Insufficient revenue	• Parking needs are annually analyzed • Future parking projects are evaluated • Outsource security function at parking facilities	Low
Service Delivery Provide products or services that appeal to residents and attract visitors	• Changes in customer tastes • Ineffective marketing program • Inadequate research • Inadequate corporate sponsorship of events • Insufficient funding	• Event attendee surveys are monitored • Customer complaint process established • Marketing program for Theater District • Contract with GHCVB to market Houston as a destination	Low

Finance and Administration

Business Objective:

To serve the citizens of the community and provide support to city departments through sound management of the city's financial activities

Activities:

- Implement and manage financial, administrative and regulatory policies and procedures
- Monitor financial activities for the City, including debt and collections
- Coordinate, develop, implement and monitor the citywide operating budget
- Operate and manage the central purchasing function
- Coordinate with the Office of Public Safety in the operation of the 3-1-1 Houston Service Center
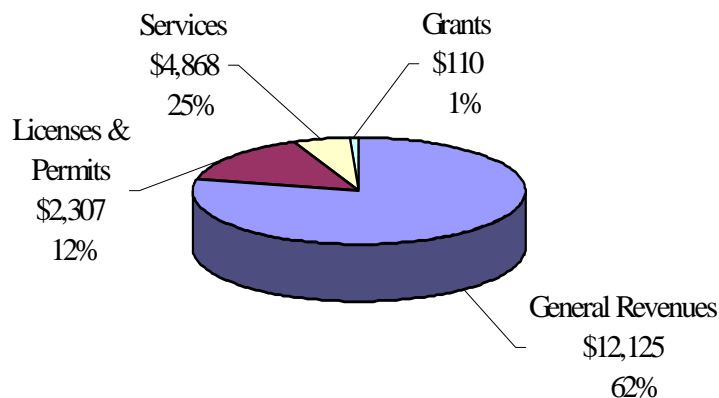
Significant Issues:

- Integrity of the data provided to the Mayor for decision making
- Operating the purchasing process to achieve efficiencies and cost management
- Ensuring the City's debt management program is operating effectively – lower borrowing rates
- Ensuring the City's accounting is accurate
- Liquidity needs
- Regulatory functions – Reconciling the competing desires of regulators and regulatees
- Resource allocation shortfall
- Mismatch between available resources and the activities to be accomplished
- HIPAA compliance

Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	519	506	563	331	306

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	25,417	16,588	16,982	16,344	17,548
Other Charges		8,658	4,379	2,054	1,125	1,752
Capital Outlay		9	19	-	-	-
Grant		814	1,492	2,157	154	110
Total Expenditures	$	34,898	22,478	21,193	17,623	19,410

Budgeted FY04 Funding Sources (000s):

Services
$4,868
25%

Grants
$110
1%

Licenses &
Permits
$2,307
12%

General Revenues
$12,125
62%

24

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Financial Management Effectively monitor the City's fiscal activities	• Costly mistakes due to ineffective technology system • Costly mistakes due to insufficient and inadequately trained personnel • Dramatic service reductions due to financial mismanagement • Untimely or inaccurate financial/operational reporting • Budget dislocation • Incorrect decisions made based on faulty data • Liquidity issues • Higher interest rates due to bond downgrades • Reactive maintenance of aging fleet	• Financial and operational reports are analyzed by F&A and monitored by management and public officials • Cash monitored on a daily basis • Cash forecasted on a monthly basis • Close coordination with rating agencies • Increase revenue while decreasing expenditures • Interfund borrowing • Fleet maintenance on a fix-as-needed basis	High
Human Resources Ensure quality personnel are hired, retained and properly trained	• Inability to recruit and retain qualified individuals • Untimely recruiting/hiring process • Noncompetitive compensation • Inadequate training or cross-training • Workload imbalance • Retirement / resignation of large pools of experienced personnel • Payroll system obsolescence • Potential fines related to non-compliance with payroll regulations	• Annual evaluations are conducted	High
Information Management Maintain financial information system that provides accurate, timely, reliable and shareable data	• User's needs not met • Unavailability of information to make decisions • Insufficient qualified personnel • Ineffective strategic plan • Large-scale system failure effecting ability to produce payroll, budget, financials, etc. • Natural/man-made disasters/catastrophes • Inappropriate access and/or changes made to data or programs	• Close coordination with Information Technology Department • In-house system expertise • Built-in system back-ups	High
Procurement Maintain an effective purchasing system	• Non-compliance with laws, regulations or City policies • Unfavorable purchase terms • Poor quality goods and services • Untimely purchasing process	• Documented procurement, purchasing and bidding policies and procedures • Multiple personnel and departments monitoring purchasing bids and policy compliance • Approval limits are established • Contracts provide for market-based commodity price adjustments • Consolidation of contracts • Use of Request for Proposals • Independent review of certain contracts	Moderate
Revenue Generation/ Collection Maximize revenue collections related to property taxes, ambulance collections and other revenues	• Ineffective monitoring of collection contracts • Ineffective pursuit of collections • Changes in legislation • Theft of miscellaneous revenues collected • Non-compliance with laws and regulations, such as HIPAA	• Outsourced collections • Review and monitor collection contracts • Written cash collection policies • Utilization of direct deposit of revenues – all large General Fund revenue streams • Utilization of lock box • Coordinate with lobbying team	High

Fire

Business Objective:

To protect the life and property within the City of Houston and adjacent areas by providing fire protection and prevention, arson investigation, emergency medical services, and hazardous material incidents response

Activities:

- Respond to emergency Fire and EMS calls
- Provide 24-hour emergency dispatch and radio communication, medical care and transportation
- Provide and monitor classified employees training programs
- Conduct fire safety inspections and issue fire permits
- Maintain emergency fleet vehicles, and a wide variety of equipment and supplies
- Provide airport fire protection
- Provide technical rescue operations
- Provide public safety education
- Provide and maintain supporting inventory 24-7
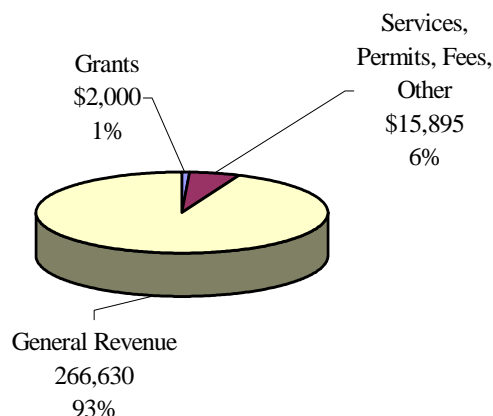- Investigate cause and origin of all fires

Significant Issues:

- Public demand for faster service response times
- Inadequate technology and technology support
- Succession issues-aging workforce with eligibility to retire
- Pervasive dependence on IT without supporting budget
- Rapidly increasing demand for EMS services caused by the aging of the baby boomers and more people without health insurance
- No classified employee labor agreement

Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	3,839	3,728	4,161	4,331	4,498

Expenditures (in 000s)	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$ 214,774	220,422	257,902	265,512	266,178
Other Charges	14,459	14,918	13,605	14,073	16,333
Capital Outlay	133	52	91	32	14
Grant	28	3,016	36	1,254	2,000
Total Expenditures	$ 229,394	238,408	271,634	280,871	284,525

Budgeted FY04 Funding Sources (000s):

Grants
$2,000
1%

Services, Permits, Fees, Other
$15,895
6%

General Revenue
266,630
93%

26

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Emergency Response Respond to emergency and EMS calls on timely basis	• Inadequate response and/or dispatch system • Insufficient or inappropriate staffing • Insufficient personnel and equipment • Insufficient medical supplies • Unfunded mandated safely regulations, i.e., Homeland Security • Possibility of undetected arson	• Monitor service response times • Response system technology is supported by City professionals • Joint communication center • Pro-active inventory maintenance • Dually-trained personnel as peace officers and firefighters	Moderate
Fire Prevention & Fire Code Enforcement Reduce loss of life and property from fire, and enforce fire code	• Ineffective or insufficient programs • Uninformed and/or uneducated public • Inadequate or untimely fire inspections • Insufficient staffing • Insufficient monitoring of inspections • Suburban sprawl	• Fire safety programs for schools and other organizations • Provide smoke detectors to economically disadvantaged • Implementation of the Integration Land Management System to assist in monitoring inspections and permits	High
Fleet Maintenance Ensure emergency fleet is in good condition	• Insufficient funding • Lack of trained staff • Delays in preventive maintenance • High rate of equipment failures due to large scale emergencies • Sporadic funding of replacement plan	• Preventive maintenance program in place • Performance measures for repairs • Maintain parts reserve • Develop training program for mechanics • Reserve fleet	High
Procurement Ensure quality goods & services are obtained timely and at best value	• Insufficient supplies • Noncompliance with laws and regulations • Gap in availability of vendor contracts	• P-Card for timely purchase of supplies • Comprehensive written policies and procedures are established • Performance measurement process is in place	Moderate
Professional Development Classified Ensure classified personnel are appropriately trained	• Insufficient funding and/or resources • Ineffective training program • Training is not effectively monitored	• Standard training program is developed and well established • Training is monitored	Low
Professional Development Nonclassified Ensure civilian personnel are adequately trained	• Insufficient funding and/or resources • Lack of growth or required skills	• Training locally when possible • On-the-job training • Program for accrediting managers	Moderate
Human Resources Ensure quality personnel are hired and retained	• Retirement / resignation of large pools of experienced personnel • Inefficient hiring process • Lack of qualified applicants • Compensation gaps relative to market • Paper based labor intensive payroll process • Labor contract with Fire Fighters • Changing law and regulations • Workload imbalance	• Officer development • Benefits – health and pension • Recruitment of dedicated personnel	High
Information Technology Information systems provide useful, reliable and timely information in support of Department's mission	• Insufficient support of critical applications • Lack of trained personnel • Focus on repair versus upgrade and preventative maintenance • Insufficient Business Continuity Plan • Pervasive dependence on IT without supporting budget • Technological obsolescence	• Support from central IT organization • Utilize proven, more cost-effective technology	High

Health & Human Services

Business Objective:

Through leadership, advocacy, education and community-based health services, the Houston Department of Health and Human Services will promote the health and social well being of Houstonians.

Activities:

- Monitor/respond to reportable disease/condition reports
- Provide community services in the areas of tuberculosis control including directly observed therapy (DOT), sexually transmitted disease (STD) control, immunizations, Hepatitis C and Human Immunodeficiency Virus (HIV) education and testing
- Provide disease and contact investigation and epidemiological analysis
- Provide laboratory testing in support of emergency response, environmental, clinical and reference laboratory activities
- Provide public health preparedness (health and safety needs) services
- Provide enforcement and protection for residents in outdoor and indoor air quality, water quality, occupational health and safety inspections, food sanitation, lead poisoning prevention and lead-based paint reduction and case management
- Provide clinical services in the areas of maternity, family planning, well child, TB, STD and dental care at 7 health centers; Community-based WIC nutrition services
- Provide senior citizen nutrition support and information services
- Maintain birth and death records
- Provide animal regulation services
- Coordinate and facilitate health planning for the department and community
- Provide space for human services providers in 8 multi-service centers
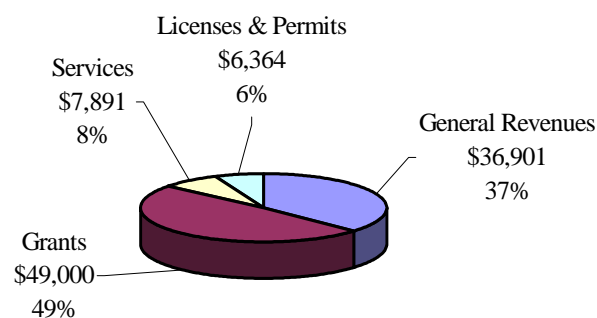
Significant Issues:

- Reduction in funding
- Recruitment and retention of well qualified personnel
- Need for timely, efficient, secure, HIPAA compliant and need specific data systems
- Workforce succession issues
- Maintenance of capacity to efficiently respond to public emergency

Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	1,407	1,322	1,336	1,316	1,380

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	43,154	41,754	40,511	38,996	38,886
Other Charges		13,392	14,038	14,565	12,386	12,270
Capital Outlay		1	-	-	24	-
Grants		39,740	49,232	47,044	48,144	49,000
Total Expenditures	$	96,287	105,024	102,120	99,550	100,156

Budgeted FY04 Funding Sources:

Services
$7,891
8%

Licenses & Permits
$6,364
6%

General Revenues
$36,901
37%

Grants
$49,000
49%

Risk Profile

Departmental Process /Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Community and Personal Health Services Provide accessible, quality health and human services	• Insufficient funding and/or resources to respond to service demands • Insufficient or inaccessible centers • Inability to properly maintain facilities	• Service Consolidation Plan • Citizen satisfaction surveys • Development of Health Services Improvement Plan • Pursuing external funding	Moderate
Environmental Quality Ensure air, water and food safety	• Unfunded regulatory changes • Inability to control nearby jurisdiction's environmental violators • Increase in industry • Noncompliance with regulations • Bio-terrorist event	• Pursuing external funding • Public awareness program • Developing/Expanding Public Health Surveillance System	Moderate
Grants Management Maximize grant funding and maintain compliance with grant requirements	• Limited City support and infrastructure to rapidly implement new grant activities • Grant accounting limitations in the City's financial accounting system	• Dedicated resources to the grant management process • Each program has key personnel assigned grant responsibilities • Internal and external audits of grant programs • Training provided for securing grants and grant management	Low
Disease Control Prevent spread of communicable diseases, prevent disease outbreak, bio-terrorist events and ensure health of citizens	• Loss of federal and/or state funding • Uninformed public • Contagious disease outbreak • Bio-terrorist event	• Developing strong relationship with local medical community • Marketing/education programs • Coordinate immunization activities with medical community, community-based organizations and community members • Enhancing clinical and environment laboratory services • Strong relationship with Centers for Disease Control and Prevention • Developing/Expanding Public Health Surveillance System	High
Human Resources Ensure well-qualified personnel are hired, retained and properly trained	• Inability to recruit and retain qualified individuals • Noncompetitive compensation • Slow recruiting and hiring process • Loss of training funds • Succession issues – aging workforce with eligibility to retire	• Implementing salary matrices • Train the Trainer Program • Retiree Part-time Re-employment Program	High
Information Management Ensure current information technology supports the mission of the department	• Insufficient funding • Loss of critical systems and/or information • Inadequate or inefficient systems • Limited selection of clinical software packages • HIPAA noncompliance • Security issues related to implementation of e-government programs • Delay of Department initiatives • Alignment of Citywide IT standardization with external funding entities' standards • Employee technical skill gaps	• Developed Strategic IT Plan • Coordinate activities with the Information Technology Department • Completed Disaster Recovery Plan • Utilizing grant funded projects to strengthen related network infrastructure and security • Outsourcing	High

Housing & Community Development

Business Objective:

To provide a variety of programs to promote economic development (i.e., creating jobs through construction of hotels, homes and shopping centers, small business loans), and aid low and moderate-income groups in the acquisition, development and maintenance of affordable housing, and community development

Activities:

- Provide funds for the purchase of single-family dwellings
- Fund developers to provide multi-family homes
- Fund shelters for homeless individuals
- Fund services offered to persons and families with special needs
- Fund infrastructure activities such as parks, libraries, street improvements, fire stations and multi-service systems

Significant Issues:

- Inadequate grant reporting system results in inefficiencies and potential non-compliance issues
- Inability to concentrate efforts on the fulfillment of business objective due to time spent on regulatory requirements and auditors
- Unfunded community needs

Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	102	111	110	105	117

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	143	-	-	-	-
Other Charges		95	-	-	-	-
Grants		42,793	52,789	45,163	47,855	43,000
Total Expenditures	$	43,031	52,789	45,163	47,855	43,000

Budgeted FY04 Funding Source:

Housing and Community Development Department's operations are fully funded by grants

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Community Awareness Promote required community input and ensure that community is aware of programs offered	• Low participation in programs • Non-compliance with regulations • Conflicting interests of advocate groups	• Marketing program • Customer satisfaction surveys • Citizen participation programs	Low
Grant Management Maintain compliance with grant requirements	• Changes in grant requirements • Non-compliance of sub-recipients • Inadequate reporting system and/or record keeping • Improper use of funds or improper reporting • Loss of funding or amounts due back	• Dedicated grant management resources • Utilize Project Management Reporting system • Conduct internal audits of grant programs • Interdepartmental grants monitored by both the Department and respective departments • Sub-recipients are monitored and audited by independent auditors	High
Information Systems Ensure information technology efficiently supports the operations of the Department, including required interface with grantor systems	• Incompatibilities with systems required to be used by grantors • Incompatibilities with the City's systems • Inability to fund City system changes with grant funds • Technology improvements that do not address grant needs	• Developed internal data system • In-house capability to serve the Department's IT needs	Moderate
Loan Management Manage loan program effectively	• Insufficient resources • Damaging relationships with private sector/developers/financial institutions • Defaults on loans • Inability to recruit loan underwriters – compensation levels not competitive	• Leverage funding though private financing and utilize existing private sector mortgage/home loan administrative capacity • Underwriting, collection and foreclosure guidelines are established • Track and monitor default rate	High
Project Management Ensure projects are completed on a timely basis and within budget	• Inefficient project management could result in not meeting Federal spending requirements • Loss of funding or amounts due back Insufficient resources • Inflexible and/or untimely procurement process • Inability to recruit construction inspectors – compensation levels not competitive	• Project tracking and monitoring procedures have been instituted • Dedicated project managers • Utilize Project Management Reporting system • Letters of agreements with other departments	High

Houston Emergency Center

Business Objective:

To answer and process all emergency assistance requests from the citizens of the Houston

Activities:

- Coordinate the City's emergency management function
- Receive/process/dispatch requests for 9-1-1, Fire, Police and Emergency Medical Services
- Provide information technology support

Significant Issues:

Analysis of Expenditures *:

Personnel		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents		N/A	N/A	69	287	351

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	N/A	N/A	3,118	13,578	16,981
Other Charges		N/A	N/A	100	754	2,639
Total Expenditures	$	N/A	N/A	3,218	14,332	19,620

* The Houston Emergency Center (HEC), formally the 9-1-1 Emergency Network, was implemented during FY03. Budgeted FY03 FTEs do not reflect classified employees relocated to the HEC that will remain budgeted in the General Fund. The FY02 actuals reflect the old 9-1-1 Emergency Network only.

Budgeted FY04 Funding Sources:

General government revenues, net of FEMA and Harris County 9-1-1 Emergency Network reimbursements, fund Houston Emergency Centers operations.

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Emergency Management To efficiently answer and process all emergency assistance requests	• National security threats • Legislative changes • Unfunded mandates • Technology security and stability • Security threats • Funding shortfalls • Natural disasters	• Consolidation of emergency management • Implementation of state of the art technology	High

Human Resources

Business Objective:
To serve other city departments in efforts to recruit, train and retain a diverse and competent work force and to comply with all applicable federal, state and local laws

Activities:
- Recruit and track applicants
- Administer salary program
- Provide formal training/staff development programs
- Maintain Personnel Records System
- Manage temporary employee program
- Benefits administration
- Administration of new civil service systems
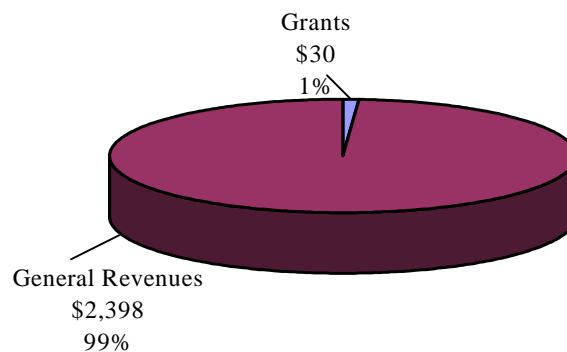
Significant Issues:
- Recruiting and retaining quality personnel
- User department satisfaction and cooperation
- Technology to support recruiting / hiring and to support ad hoc analysis of financial and HR information
- Succession planning to prepare for critical mass of people with difficult to replace skills who are eligible and likely to accept retirement in the next five years
- Worker's compensation containment

Analysis of Expenditures *:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	50	55	53	46	42

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	2,222	2,477	2,494	2,312	2,145
Other Charges		958	902	379	269	253
Grants		-	-	-	297	30
Total Expenditures	$	3,180	3,379	2,873	2,878	2,428

*: Does not include the FTEs and Expenditures for the cost reimbursement basis Internal Service Funds – Health Benefits and Long-Term Disability, nor the Workers' Compensation Self-Insurance Plan, which Human Resources administers on behalf of the City

Budgeted FY04 Funding Sources (000s):

Grants
$30
1%

General Revenues
$2,398
99%

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Health Benefits Program Manage Health Benefits Program effectively	• Health benefit plans do not meet needs of employees • Benefits plans offered may not comparable with other entities • Costly plans • Inadequate funding for post retirement benefits • Changes in laws / regulations related to retirement benefit allowances	• Monitor and analyze costs • Stop Gap provisions • Utilize benefit plan • Performance levels • Perform continual research and analysis on benefit plans	High
Worker's Compensation Manage the self-insured Worker's Compensation Program	• Increased claims with economic shifts • Inadequate management support • Reduction in safety programs • Inadequate funds for unforeseen spikes in claims	• Third party audits / fraud reduction • Training /education safety programs • Safety manager jointly reporting to Police and HR department • Cost control initiatives	High
Information Management Maintain reliable, accurate personnel records	• Inadequate capacity • Inadequate record keeping policies • Records may not be secured • Lack of responsiveness to citizens re: recruiting and hiring process • Limited ability to produce reports and perform analysis • Loss of experienced IT personnel to maintain current systems	• Records are maintained in secured area with adequate capacity • Security and record keeping policies and procedures	Moderate
Recruiting and Hiring Coordination Effectively coordinate recruiting and hiring activities with departments	• Insufficient resources • Ineffective communication with departments • Ineffective and/or inefficient process • Large pools of workers with specialized skills retiring in short period of time	• Job postings are utilized to facilitate vertical and lateral movement • Policies and procedures established for recruiting and hiring • Utilize Applicant Tracking System • Direct hiring capability in departments for designated positions • Succession planning (supported licensing and training programs, cadet programs, etc.)	High
Salary Competitiveness Maintain salary competitiveness in the classification system	• Economic upturn • Compensation levels not adequate to ensure motivated personnel or to hire and retain qualified personnel • Job satisfaction	• Salary surveys are conducted periodically • Salaries are benchmarked against other cities and the private sector • Pay for performance programs	Moderate
Temporary Service Program Manage Temporary Service Program effectively	• Lack of appropriate temporary resources • Ineffective planning and communication • Unplanned resource requirements	• Establish contracts with a variety of employment agencies • Budgeting and planning process • Specific allocations to departments	Low
Training Provide Quality management and orientation training programs	• Insufficient resources • Ineffective training programs	• City training coordinators meet periodically • Implemented Executive Development and CAPS program • Utilize outside qualified instructors	Low

Information Technology

Business Objective:

To leverage information technologies (including voice and data networks) to support efficient operations in delivering services and information to the citizens, employees, and other governments

Activities:

- Deploying new technology to reduce cost, limit workforce growth and improve service, i.e.; Sim Houston and VOIP
- Preparing the City to replace its 15-year-old core business systems, i.e. ERP.
- Developing expanded IT Policies and Procedures
- Enhancing security
- Managing and coordinating the City's IT resources

Significant Issues:

- Age and historical approach to IT planning and investing
- Technological obsolescence of assets
- Cost effectively managing asset retirement and replacement
- Continuity of investment in technology
- Leveraging technology for other cost savings

Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	N/A	N/A	134	130	161

Expenditures (in 000s)	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services $	N/A	N/A	8,456	8,642	10,550
Other Charges	N/A	N/A	3,956	2,417	2,495
Total Expenditures $	N/A	N/A	12,412	11,059	13,045

Budgeted FY04 Funding Source:

Information Technology Department's operations are fully funded by general government revenues

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Asset Management Maintain an IT infrastructure and asset base that cost effectively enables the City to deliver services	• Increased maintenance costs Disruptions in business • Loss of information • Inefficiencies • Inconsistent IT spend • Inadequate information systems	• Improve asset management capabilities • Continuously retire and replace assets • Set standards for inventory management • Audit compliance with inventory management policies and procedures • Employ emerging and proven technologies	High
Data Sharing & Integration To develop and support the integration and sharing of data Citywide	• System and application incompatibilities • Cost of upgrade/change management • Individual departmental priorities • Inadequacies of IT infrastructure • Resource constraints	• Development of IT organization • Resource sharing • IT strategy and planning initiative • User needs analysis • Infrastructure capability analysis	High
Human Resources Improve the organization of IT authority and accountability	• Insufficient and/or inadequately trained staff • Inefficient processes • Inefficient balance of centralized and decentralized organization • Inadequate department cooperation • Inability to find skills for older technology • Leadership changes	• 8 CTOs with dual reporting to the departments, CIO and IT Steering Committee • Effective communications with department CTOs	Moderate
Infrastructure Provide effective IT backbone to enable City operations	• Business continuity disruptions • Untimely budget impact • Poorly integrated systems • Gaps in investment in infrastructure • Inability to repair outdated equipment • Inefficient operations • System redundancies • Lack of trained resources/support to maintain systems	• Continuous replacement and update of current systems • Investment aligned with strategic plans • Development and adherence to IT standards	High
Security Provide protection for the city's information and systems	• Interruption of mission critical systems • Negative impact on reputation • Loss of data / information • Resource inefficiencies • Legal liabilities • Regulatory non-compliance	• Establish policies and procedures • Establish education program for all employees • Establish vulnerability tolerance levels for all systems • Audit against policies and procedures	High
Service Utilize technology to reduce cost and improve services Provide effective, timely, IT capabilities and support	• Over investment in IT • Inadequate information systems • Manually intensive processes • Insufficient resources • Poorly allocated capital • Inappropriate prioritization of programs	• Continuous monitoring and execution of IT Strategic Plan • Dedicated personnel, policies and procedures designed to ensure responsive customer service • Focused investment in cost reduction areas	Moderate

Legal

Business Objective:
To provide the City of Houston with the highest quality municipal legal services in order to facilitate the operations of the City and to protect its interests

Activities:
- Represent the City in various lawsuits, both as Plaintiff and Defendant
- Provide legal services with real estate transactions and collection of delinquent taxes
- Prepare and defend City ordinances
- Prosecute Class C Misdemeanors
- Represent the City in hearings and respond to employment matters, including EEOC
- Prepare, review and negotiate City Contracts
- Provide legal advise and opinions on matters affecting the City
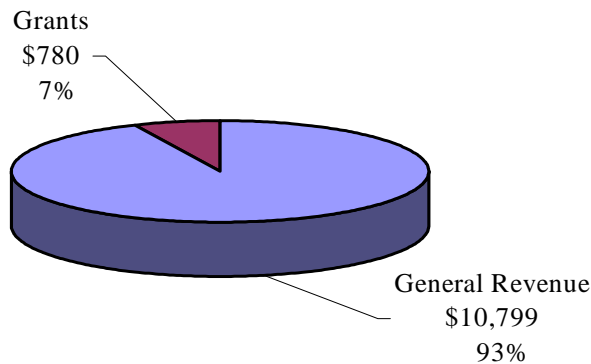
Significant Issue:
Recruiting and retaining quality personnel

Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	204	217	209	223	224

Expenditures (in 000s)	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$ 9,373	9,942	9,709	9,569	9,643
Other Charges	1,259	1,179	1,203	1,141	1,156
Grants	684	608	742	775	780
Total Expenditures	$ 11,316	11,729	11,654	11,485	11,579

Budgeted FY04 Funding Sources (000s):

Grants
$780
7%

General Revenue
$10,799
93%

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Human Resources Ensure quality personnel are hired, retained and properly trained	• Compensation levels not competitive to recruit and retain qualified individuals • Inadequate or untimely training • Personnel are compliant with continuing education requirements • Future succession issues	• Work/Life balance – flexible and reasonable work hours • Positive work environment • Fund Certifications • Continuing educations program • Track and monitor continuing education hours • Professional development	High
Legal/Risk Management - Criminal Prosecution Effectively represent the City in cases filed in Municipal Courts	• Increased number of cases • Insufficient or inadequately trained resources • Inefficient scheduling process • Inadequate coordination with budget process	• Training program established • Department representative meets weekly with Municipal Courts • Scheduling process in place • Experienced prosecutors	Moderate
Litigation Defense / Risk Management Successfully defend the City in litigation matters	• Increases in number of cases • Unavailability of specialized skills and/or knowledge • Insufficient funding • Public perception	• Incoming cases are analyzed and evaluated • Settlement decisions are carefully evaluated • Utilize outside counsel when expertise is not available internally • Track and monitor case outcomes	Moderate
Procurement - Contracts Prepare, review and negotiate City contracts on a timely basis	• Insufficient resources • Inefficient process • Noncompliance of City actions with laws and/or ordinances • Improper review of City contracts and agreements • Lack of workload control • Contract administration non-compliance	• Contract turnaround time is tracked and monitored • Standard procedures and forms developed • City contracts and agreements are reviewed by various attorney levels • Department liaison assigned to each city department to enhance communication	Moderate
Revenue Generation & Collection Effectively file suits to collect revenues for the City	• Insufficient resources • Inefficient process • Inability to identify opportunities • Ineffective communications	• Attend City Council meetings • Continue to educate departments on potential opportunities • Utilize file management system to track cases • Effective collection system	Low

Library

Business Objective:
To offer a broadly defined program of education, research, and cultural enrichment to meet the needs of all Houstonians with libraries that provide learning, fun and adventure, access to innovative technology, creative solutions to information needs, and service excellence

Activities:
- Develop, manage, and circulate library collections
- Operate and maintain 39 facilities
- Provide information and research assistance
- Coordinate and recruit volunteers
- Administer literacy and reading programs
- Obtain and administer grants

Significant Issues:
- Developing and maintaining library collections that are current, multi-lingual, and in formats that service all components of the demographic population (age, gender, nationality, etc.)
- Recruiting and retaining qualified personnel
- Technology – both in the collection and in-house (security, self-check, etc.)
- Providing facilities that are safe, secure, and provide adequate service hours
- Ability to deliver programs and services that appeal to a diverse population
- Capacity management – capital expansions being funded without operating budget going forward
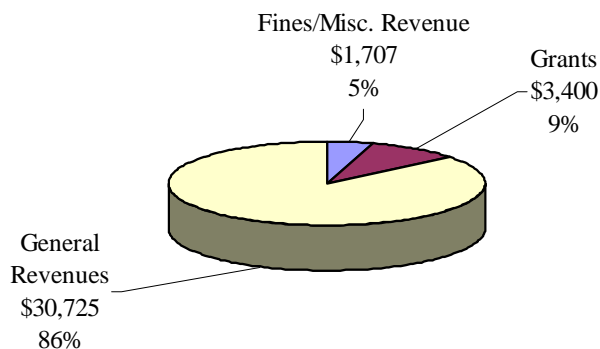
Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	678	649	616	562	533

Expenditures (in 000s)	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$ 23,085	22,928	22,874	21,737	21,505
Other Charges	6,755	7,144	6,424	5,720	6,059
Capital Outlay	5,918	6,168	5,966	6,027	4,868
Grants *	2,438	3,410	3,828	3,628	3,400
Total Expenditures	$ 38,196	39,650	39,092	37,112	35,832

* Grants includes grants that are being administered for southern Texas Libraries

Budgeted FY04 Funding Sources (000s):

Fines/Misc. Revenue
$1,707
5%

Grants
$3,400
9%

General
Revenues
$30,725
86%

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Capacity Management Optimize capacity of staff resources	• Continuous budget reductions • Inability to address job classification changes, interim assignments, overtime pay • Staff working out of job classification • Reduction in library usage	• Elimination of programs and reduction of public service hours • Consolidation of job functions • Reduced administrative / management positions • Reduced ASPIRE after-school programs	High
Facilities Management To provide safe and accessible library facilities	• Insufficient funding to renovate outdated facilities • Not all Facilities may be ADA compliant • Untimely project completion	• Developed Department Standards for Excellence • Management of CIP funds to meet timelines • Implemented new alarm contract for enhanced security • Active building maintenance program	Moderate
Financial Services and Grant Management Enhance internal controls, maximize cash flow, minimize losses	• Delays in posting transactions • Developmental/Training phase for staff accounting skills • Training on new system and implementing new reporting formats	• Analysis of business processes • Contract administration • Fixed asset accounting • Assessed and implemented improved internal controls for city and private fund tracking and reporting	Low
Human Resources Recruit and retain quality staff and volunteers	• Current COH compensation program is inadequate • Inability to replace staff timely • Inefficient hiring process	• Implemented salary matrix to address inconsistencies in base pay • Salary adjustments/reclassification for critical staff • Implemented exit interview process • Leadership training • Career Development Series • Revised volunteer criteria and selection program	Moderate
Information Management Reliable information systems are in place that support efficient operations and address customer needs	• Numerous remote locations • Lack of technological infrastructure consistencies • Customer demands outstrip resources	• IT Strategic Information Plan for Library system and HALAN • Highly experienced and trained staff • Data security backup plan with storage off-site in fire-proof safe • Utilize grant funds to supplement available City IT funds • Piloting remote management/thin client solution to address challenge of multiple locations	Moderate
Library Services Provide services that appeal to and satisfy diverse demographic population	• Customer demands outstrip resources • Insufficient hours of operations for community needs • Services inaccessible for local areas • Inadequate collection • Inadequate security service	• Customer surveys are conducted • Operational benchmarking data is compared with other library systems • Master plan is being implemented for facilities	Moderate
Materials Management Minimize loss of materials	• Inadequate security procedures to protect branch collections • Inadequate tracking system • Outdated technology	• Materials Security System installed in 18 branches and approximately 9-10 more installations slated for FY04 -05 • Implementation of library collection and recovery service contract to improve rate of return of materials	Moderate
Program and Service Delivery Support reduction of illiteracy	• Programs to reduce illiteracy may not be successful • Insufficient funding • Inability to service diverse lingual community	• Community literacy programs • Enrichment programs implemented • Special outreach to Hispanic community • Designated staff member for grant/fund development/community partnership initiatives • Addition of multi-lingual staff	Low
Revenue Generation and Collection Increase and safeguard cash collections	• Low frequency of cash collections • Inconsistent recording and deposit procedures for branch locations • Lack of safes at all locations • Cash register down time occurrences • Safe delivery of cash deposits from remote sites	• Cash collections and deposits are monitored daily with discrepancies routed through supervisory channels • Segregation of duties • Reduction of fee waivers • Installation of Automated Parking System • Contract implemented for Collection and recovery services • Contract with outside contractor to deliver cash deposits to financial institution	Low

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Mayor's Office

Business Objective:

To support the Mayor in fulfilling his chartered duties as the City's Chief Executive Officer.

Activities:

- Develop and coordinate overall City policy
- Direct and monitor City services focusing on Neighborhood Oriented Government
- Respond to inquires from the press and public
- Participate in legislative issues that affect City government at state and federal level
- Represent the City interests in economic and trade development
- Represent City diplomatic interests
- Supervise liaison functions to other city activities
- Direct public safety and Homeland Security
- Special events
- Citizen assistance

Significant Issues:

- Meeting an empowered constituency's expectations for service
- Communication and strategic planning
- Economic factors influencing corporate sponsorship, grants, other funding sources
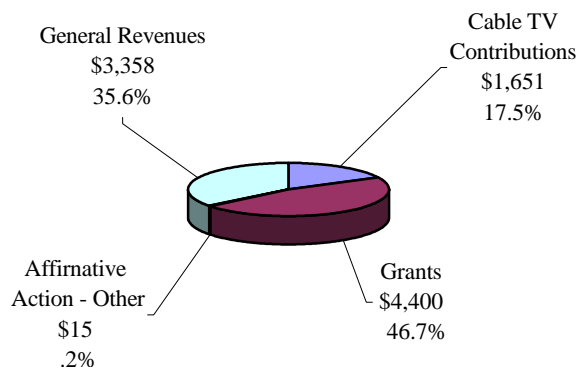- Cost of Homeland Security

Analysis of Expenditures *:

Personnel		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents		72	70	77	90	95

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	3,090	3,646	3,676	3,652	3,637
Other Charges		615	640	1,363	1,861	1,367
Capital Outlay		11	-	-	12	20
Grants		1,104	1,962	4,443	4,622	4,400
Total Expenditures	$	4,820	6,248	9,482	10,147	9,424

*Starting in FY03, includes Cable Television

Budgeted FY04 Funding Sources (000s):

General Revenues
$3,358
35.6%

Cable TV
Contributions
$1,651
17.5%

Affirmative
Action - Other
$15
.2%

Grants
$4,400
46.7%

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Citizen Satisfaction Provide timely response to citizens requests	• Inadequate means to monitor citizens interests • Imbalance between strategy and goals of constituency • Insufficient funding • Uninformed citizens • Negative City image	• Public access to Mayor • Mayor's office is subject to public election every two years • Mayor files public income records • Timely and adequate communications to the community • Proactive communications • Establishment of 311 program	Moderate
Community Development Care for children and communities and encourage and respond to public participation	• Insufficient funding • Ineffective leadership • Ineffective coordination • Negative City image	• Gang activity is tracked by area • Establishment of focused community programs • Adhere to Guiding Principles	Low
Economic Development Cultivate economic and social diversity	• Ineffective targeting or focus • Inability to monitor cause and effect of economic assistance • Insufficient funding • Economic forces	• One-Stop Business Center • Monitor economic data • Partnerships with private enterprise and other governments • Tax Incentives and Developer Reimbursements	Low
Financial Information Management Information systems supporting the reporting of useful, reliable and timely information	• Inaccurate information • System obsolescence • Decisions based on inadequate information • Deferred maintenance of IT infrastructure	• Analyze information to ensure accuracy • IT infrastructure assessment • Establishment of IT organization	High
Safety and Security Develop and coordinate Homeland Security, emergency management and other security programs	• National security threats • Legislative changes • Unfunded mandates • Technology security and stability • Security threats • Funding shortfalls • Natural disasters	• Established Homeland Security programs • Development of new Houston Emergency Center (HEC) • Alert and public communication system	High
Strategic Planning Understand and respond to the City's changing interests and needs in planning and directing operations	• Negative publicity • Lack of management succession • Lack of comprehensive planning • Economy • Legislation • Changing needs and demographics • Employee / leadership turnover	• Monitor and participate in legislative initiatives • Establishment of programs designed to protect the City's interests and further goals • Community meetings • Communicate goals and initiatives • Conduct directors meetings to ensure communication	Moderate

Municipal Courts - Administration

Business Objective:

To perform the administrative support functions required for the efficient operation of the City of Houston's judicial branch of government.

Activities:

- Process citation filings, appeals, and bonds
- Prepare court dockets
- Collect, apply and deposit fines and fees from defendants
- Issue subpoenas
- Record judgments
- Coordinate community service and driving safety alternative programs
- Assist citizens with options for case resolution
- Manage the parking division and parking meter operations
- File accounting reports with the State
- Report convictions and dispositions to the DPS
- Archive records in accordance with Court, City and State Retention, and Destruction Schedules
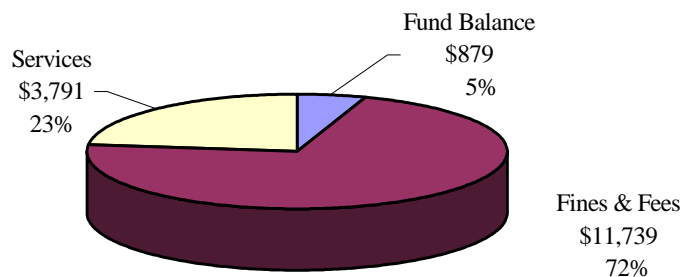
Significant Issues:

- Ongoing implementation / design / testing of Court's new Integrated Case Management System (ICMS)
- Budget reductions reducing the level of service
- Reorganization / training / workforce transitions

Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	417	395	389	380	369

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	14,151	13,776	13,963	14,016	14,526
Other Charges		1,602	1,477	2,202	2,623	1,882
Capital Outlay		3	4	2	9	1
Total Expenditures	$	15,756	15,257	16,167	16,648	16,409

Budgeted FY04 Funding Sources (000s):

Services $3,791 23%

Fund Balance $879 5%

Fines & Fees $11,739 72%

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Customer Service Provide prompt and efficient service to citizens	• Inadequate resources • Inefficient task processing	• Implementing Integrated Case Management System (ICMS) to automate processes, increase accuracy and efficiency, and reduce monotonous manpower	High
Human Resources Ensure quality personnel are hired, retained and properly trained	• Recruiting and retaining qualified individuals • Diminished pool of skilled labor • Untimely recruiting/hiring process • Ineffective compensation program • Inadequate or untimely training • Resistance to change • Workload imbalance	• Annual evaluations are conducted • Training program is established • Succession planning • Analyze and budget staffing needs annually	High
Information Management Court documents are complete, accurate and well-organized	• Irretrievable and/or difficult to retrieve records • Inadequate security of records • Inadequate or unsecured technology systems	• Implementing ICMS to achieve a near paperless Court environment, and improve document management and security	Moderate
Information Management – Court Dockets Provide court dockets and case records for all cases to the Judicial Department in a complete and timely manner	• Irretrievable and/or difficult to retrieve records • Ineffective process • Inadequate resources	• Implementing ICMS to achieve a near paperless Court environment, and improve document management, security, and real-time access of all court actions as they occur and other documents to appropriate personnel	Moderate
Revenue Generation Maximize cash collections and ensure that cash is properly accounted for and safeguarded	• Ineffective collection procedures • Unsecured and/or untimely deposits of cash collections • Theft / Fraud • Incomplete or inaccurate recording • Inadequately trained personnel	• Implementing ICMS with reliable financial, cash collection, and reporting capabilities to ensure accurate revenue accounting, reporting and safeguarding • Collection process established, including review of aging reports and follow-up on outstanding tickets • Employees are bonded • Reconciliations performed daily between the ticket collections processed and the cash receipts • Segregation of duties • Written Citywide cash handling policies are communicated	High
Service Delivery - Compliance Comply with regulator issues	• New regulations • Ineffective review and monitoring procedures	• Procedure in place to keep current on new regulations • Compliance is monitored	Low
Ticket Processing Tickets are properly controlled and processed	• Unaccounted for, unprocessed and/or inaccurate tickets • Inefficient ticket processing	• Implementing ICMS to automate processes increase accuracy of data entry and efficiency, and reduce monotonous manpower • Segregation of duties • Quality control procedures • Electronic parking ticket system	Moderate

Municipal Courts - Justice

Business Objective:
To direct the clerical and administrative functions of the Court to provide a forum for citizens to have their court matters heard in a fair, efficient, and timely manner

Activities:
- Provide a forum for:
  - Arraignments,
  - Court and Jury Trials,
  - Parking Citations,
  - DPS License Suspension Hearings,
  - Tow Hearings,
  - Show Cause Hearings,
  - Scire Facias Hearings,
  - Stolen Property Disposition Hearings,
  - License Suspension Hearings, and
  - Magistrate Services
- Sets policies and procedures for the Courts
- Set fines not otherwise set by State Law or City Ordinance
- Provide security for all Municipal Court Sites
- Provide Translator, Court Reporting, and Court Appointed Attorney Services

Significant Issues:
Unreliability of current information technology system may result in lost or misfiled cases

Analysis of Expenditures:

Personnel		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents		49	49	45	47	46

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	3,445	3,607	3,466	3,666	3,706
Other Charges		323	259	276	259	288
Total Expenditures	$	3,768	3,866	3,742	3,925	3,994

Budgeted FY04 Funding Source:

Municipal Courts judicial operations are fully funded by general government revenues

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Arraignment Processing Process arraignments on a timely basis	• Insufficient resources • Inability to balance arraignment dockets	• Adequate resources • Staff are well trained • Cafeteria Plan of alternates to arraignment, such as annex courts • Reminder calls	Low
Court Dockets Complete court dockets timely and efficiently	• Inadequate resources • Inadequate capacity of facilities	• Dockets are monitored and overruns are tracked to determine cause • Operational statistics are monitored • Staff are well trained	Moderate
Customer Service Respond to citizen inquires on a timely basis and promote positive perception	• Insufficient funding and /or resources • Inadequately trained staff • Outdated facilities • Inadequate parking	• Adequate resources • Automated customer service phone system • Expanded hours of operation • Alternative access to required information, such as 311, and web page • Annex courts at satellite offices	Moderate

Parks & Recreation

Business Objective:
To provide and maintain park environments and recreational facilities that is clean, well maintained, and safe.

Activities:
- Operate and maintain recreational centers, swimming pools, parks, esplanades, golf courses and tennis facilities
- Provide youth, adult, family and senior leisure and sport programs
- Plan and design parks, playgrounds, bike trails, etc.
- Provide information to visitors through the Urban Park Rangers program
- Develop, evaluate and monitor public relation efforts
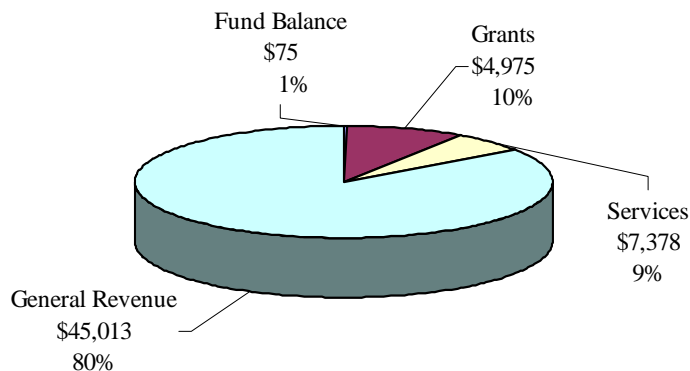
Significant Issues:
- Maintaining safe and clean parks and facilities
- Grounds maintenance equipment reliability
- Recruiting and retaining skilled and experienced personnel
- Operating inefficiencies due to inadequate information technology resources
- Increasing inventory of property, facilities, and programs without a commensurate increase in staff or funding
- Financial constraints

Analysis of Expenditures:

Personnel		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents		1,312	1,304	1,279	1,030	1,046

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	44,753	46,268	47,760	41,078	39,846
Other Charges		15,628	16,399	17,299	18,601	12,439
Capital Outlay		883	307	247	126	181
Grants		4,920	5,359	4,521	5,117	4,975
Total Expenditures	$	66,184	68,333	69,827	64,922	57,441

Budgeted FY04 Funding Sources (000s):

Fund Balance $75 1%
Grants $4,975 10%
Services $7,378 9%
General Revenue $45,013 80%

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Customer Service To satisfactorily meet the expectations of the citizens	• Insufficient funding • Negative perception • Poorly maintained and/or unsafe grounds and facilities • Lack of citizen information • Increasing acreage and facilities to maintain without a commensurate increase in funding	• Urban Park Ranger Program in place • Police Dept. supports security efforts	High
Facilities Maintenance Facilities are maintained properly	• Insufficient funding • Insufficient or ineffective preventive maintenance • Inadequate security	• Bond funds being directed for maintenance and repairs • Repair facilities on an as-need basis	Moderate
Fleet Maintenance Equipment readiness adequately supports mission	• Insufficient funding • Inadequate/untimely equipment maintenance • Obsolete/aged equipment • Inadequate training	• Daily monitoring of equipment readiness • Repairs performed as needed	High
Financial and Grant Management Ensure reports are accurate, timely and complete to support effective decision making	• Turnover in professional accounting personnel • Lack of IT user friendliness • Inadequate and complex reporting • Inadequate system support • Financial system requires much manual intervention	• Experienced personnel • Monitoring and reconciliation of reports and analysis of expenditures monthly	Moderate
Grounds Maintenance Grounds are maintained properly	• Insufficient funding • Outdated or inoperable equipment • Insufficient work order maintenance scheduling systems • Shortage of equipment operators	• Schedules for grounds upkeep maintained manually • Budgeting process in place • Adopt an esplanade/park, etc. programs reduces maintenance costs • Volunteer programs provide manpower to perform park maintenance	High
Human Resources Ensure quality personnel are hired, retained, and properly trained	• Inability to hire and recruit personnel on a timely basis • Inadequate or untimely training due to insufficient funding • Ineffective compensation program • Pay equity issues (market and inter-departmental) • Retirement of experienced employees	• Succession planning and training • Alternative Discipline Plan • Incremental increases to raise job classifications to COH average or better	High
Information Management Information systems provide useful, reliable, and timely information	• Inadequate funding • Difficulty in obtaining equipment • Inefficiencies in planning • Inflexible systems • Inability to share information among 100+ satellite sites • Inadequate IT support • Increasing infrastructure and IT demand	• IT strategy has been adopted • Back up communications systems are utilized • Technology systems are secured • Data back-ups are maintained • Coordinate services with the Information Technology Department	Moderate
Recreation & Sports Programs Meet recreation needs and expectations of citizens	• Lack of programs and services needed or desired by the public • Inadequate funding • Inadequate seasonal and program staff • Inadequate and/or inaccessible facilities • Inadequate equipment	• Service and program utilization is monitored • Monitor lifeguard qualifications	Moderate

Planning & Development

Business Objective:
To provide leadership and support in making Houston a vibrant city in which to live, learn, work and play.

Activities:
- Implementing neighborhood programs that empower and facilitate the development of neighborhood plans
- Developing long-range plans to meet future citywide needs
- Enforcing land use regulations and building codes to ensure public safety and the creation, protection and preservation of an attractive community of livable neighborhoods
- Fostering economic growth
- Providing reliable data, mapping and analysis to decision-makers
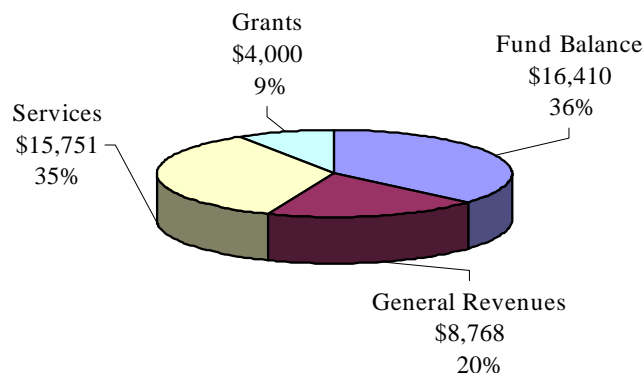
Significant Issues:
- Recruiting and retaining qualified planners and other professionals
- Incenting and rewarding key personnel

Analysis of Expenditures:

Personnel		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents		441	433	428	524	601

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	22,625	28,413	29,044	28,898	29,562
Other Charges		5,514	7,582	8,820	7,418	9,934
Capital Outlay		652	4,219	603	169	1,433
Grants		288	263	1,312	4,136	4,000
Debt Service		62	47	59	-	-
Total Expenditures	$	29,141	40,524	39,838	40,621	44,929

Budgeted FY04 Funding Sources (000s):

Grants $4,000 9%
Fund Balance $16,410 36%
Services $15,751 35%
General Revenues $8,768 20%

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Compliance Ensure building construction is in compliance with building codes	• Changes in the building code • Changes in the economy • Insufficient resources	• Procedures to keep current on changes in building code • Training program established to communicate updates to employees • Improved management reporting for oversight	Low
Customer Satisfaction Provide courteous, timely service to customers	• Non-compliance with City processes • Inaccessible locations • Discontinued development within the City	• Convenient location with sufficient parking facilities • Track and monitor turnaround time	Low
Economic Development Stimulate and catalyze investment, job creation and development	• Changes in the economy • Lack of business investment • Lack of economic confidence	• Maintain coordination with Greater Houston Partnership • Maintain relationships with development community • Provide incentives to attract development • Efficiently manage TIR Zones	Low
Human Resources Ensure quality personnel are hired, retained and properly trained	• Recruiting and hiring qualified individuals on a timely basis • Non-competitive compensation program • Inadequate or untimely training • Loss of experienced professional staff	• Monitoring hiring process • Better marketing efforts • Training program within budget limitations	High
Information Management Provide timely and accurate geographical data to support City Leaders	• Erroneous decisions based on inaccurate or untimely data • Insufficient funding	• Database systems are supported by City professionals • Training program for City users • Resources available to maintain current database	Moderate
Planning Effectively support neighborhood and City development efforts	• Insufficient resources • Inadequately trained personnel • Inefficient use of funds	• Effective utilization of staff • Creation of project teams • Partnering with community resources	Moderate

Police

Business Objective:
To enhance the quality of life in the City of Houston by working cooperatively with the public and within the framework of the U.S. Constitution to enforce the laws, preserve the peace, reduce fear and provide for a safe environment

Activities:
- Prevent and reduce crimes
- Respond to calls for services and perform primary investigation
- Enforce traffic laws
- Hire and train officers and civilian employees
- Provide police security to municipal airports, courts and parks
- Coordinate various community involvement programs and promote positive public perception
- Conduct criminal and special investigations
- Coordinate and cooperate with State and Federal agencies
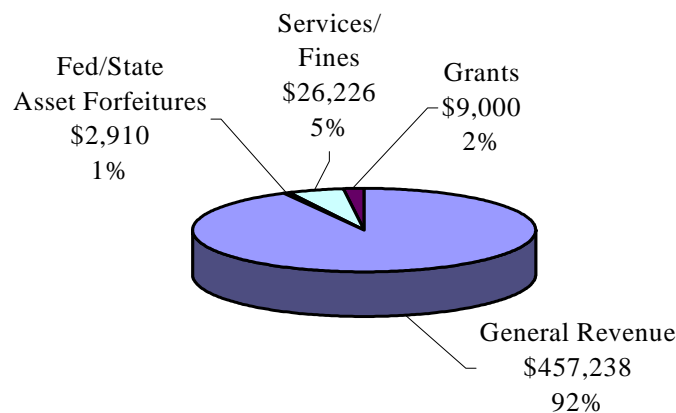
Significant Issues:
- Meeting service demands
- Reputation/public confidence
- Changing regulations/unfounded mandates
- Hiring freezes/cancellation of cadet programs
- Adequacy of fleet and technology
- Human resource succession issues

Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	7,854	7,563	7,563	7,200	6,937

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	398,064	399,931	425,822	430,418	456,725
Other Charges		40,635	30,381	31,809	30,529	28,250
Capital Outlay		382	653	456	475	1,399
Grants		13,671	13,826	8,231	8,040	9,000
Debt Service		459	-	291	-	-
Total Expenditures	$	453,211	444,791	466,609	469,462	495,374

Budgeted FY04 Funding Sources (000s):

Fed/State Asset Forfeitures $2,910 1%

Services/Fines $26,226 5%

Grants $9,000 2%

General Revenue $457,238 92%

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Community Relations Improve community relations	• Poor public image • Poor response time • Noncompliance with laws and regulations	• Citizen contact initiatives • Store front sub-stations and community policing • Partnering with neighborhood organizations • Positive interaction programs • Positive relationship w/community	Moderate
Compliance Maintain satisfactory compliance with federal, state and local laws and regulations	• Changes in regulations • Unfunded mandates • Operations related litigation	• Inter-agency and inter-jurisdiction cooperation is maintained • Policies and procedures are monitored and enforced • Continued training is required	Low
Fleet and Communications Management Equipment readiness is adequate to support mission	• Inadequate or outdated equipment and facilities • Obsolete/aged rolling stock • Lack of spare parts • Increasing maintenance life	• Daily monitoring of equipment readiness • Preventive Maintenance Program • Maintain equipment reserves • Post accident training • Mechanic incentive plan • Development of new radio system	Moderate
Human Resources Ensure quality personnel are hired, retained and properly trained	• Inadequate or untimely training • Adverse relationship between management and employee/union • Compensation packages not competitive/inequity • Succession challenge • Hiring freezes/cancellation of cadet programs • Employee safety and confidence	• Continued training is required and tailored as necessary • Established employee relations programs • Respect for all personnel • Pension and other benefits • Recruit dedicated personnel through referrals • Reassignments	High
Information Management Information system provide useful, reliable, and timely information	• Inadequate planning, unfriendly/inefficient systems for users • System obsolescence • System security breaches • System incompatibilities • Inadequate back-up systems • Unfunded mandated changes • Natural disasters	• IT strategy has been adopted • Technology systems are secured • Data back ups are maintained • Replace when equipment fails	High
Inter-agency Cooperation Maintain good inter-agency relationship	• Inadequate planning • Changing public policy	• Regional planning and training • Appropriate contract structuring	Low
Investigation Solve crimes in a timely manner	• Insufficient funding • Inadequate staff resources • Unreliable crime lab results • Inadequate information systems • Retirement/succession challenge • Negative public perception/press	• Policies and procedures are monitored and enforced • Continued training is required • Interagency cooperation and resources are available • Outside contracting for crime lab services	High
Service Delivery Respond to calls for service promptly	• Inadequate response system • Conflicting priorities • Resources not deployed in the most effective manner • Changing regulations • Retirement/succession challenge	• Service response times are monitored • Responses are coordinated through HEC and the Command Center • Crime rate analysis performed • Reassignments	Moderate
Suppress Crime Prevent and reduce crime	• Insufficient funding • Inadequate staff resources • Lack of community support • Inadequate/untimely crime analysis information • Citizen perception	• Store front sub-stations and community policing • Crime rate analysis performed • Citizen support • Crime preventative programs including, PAL, DARE, and Bluestar • Cooperative policing programs	Moderate

Public Works & Engineering - Infrastructure

Business Objective:
To operate and maintain the City's infrastructure effectively and efficiently

Activities:
- Design, install and maintain traffic control signals, devices and related duties
- Oversee all infrastructure and community development capital improvement projects
- Maintain the freeway, and administer street light program
- Sell or lease City-owned surplus properties and interests
- Provide adequate drainage to protect lives and property
- Maintain and manage the design, construction and reconstruction of infrastructure
- Provide fleet maintenance support for PWE and other city departments
- Provide the City's engineer/traffic engineer function
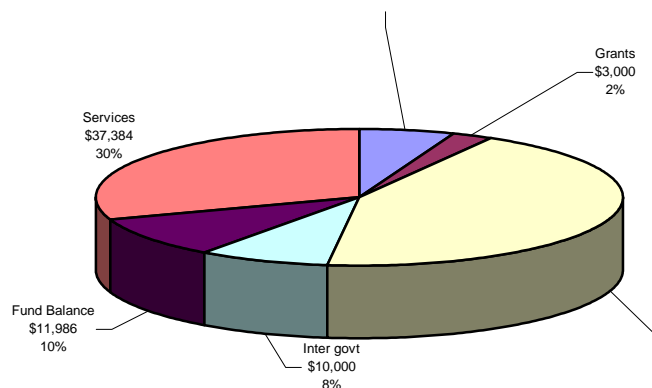
Significant Issues:
- Recruiting and retaining qualified personnel – motivating and rewarding personnel
- Human resource succession issues
- Advanced management and technical staff training
- Inefficient and ineffective hiring, procurement, warehousing and fleet management support
- Long-term replacement of aging infrastructure
- Inventory management
- Future storm water regulatory compliance

Analysis of Expenditures:

Personnel		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents		1,707	1,678	1,592	1,399	1,471

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	61,919	57,048	56,848	56,199	61,419
Other Charges		80,165	65,296	59,903	60,993	56,964
Capital Outlay		1,669	1,964	1,643	2,212	1,455
Grants		8,845	5,731	6,620	481	3,000
Debt Service		3,832	3,022	1,582	1,184	405
Total Expenditures	$	156,430	133,061	126,596	121,069	123,243

Budgeted FY04 Funding Sources (000s):

Grants
$3,000
2%

Services
$37,384
30%

Fund Balance
$11,986
10%

Inter govt
$10,000
8%

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Compliance Ensure compliance with federal/state requirements	• Changes in regulations • Insufficient funding	• Relationships with regulators are established and monitored • Monitor and achieve compliance	Low
Construction Management and Procurement Complete capital projects on a timely basis and within budget	• Interruption of capital projects program due to natural disaster and/or weather conditions • Untimely cash flows • Inadequate operational reporting system • Noncompliance with procurement policies and laws • Inadequate construction contract compliance/inspection • Inflexible and/or untimely procurement process • Inadequate funding • Increasing design and construction management costs • Reprioritization of adopted CIP projects	• Adopted 5-yr CIP • Disaster recovery plan • Timely reporting system which allows management to review operations and project status • Manual monitoring of controls • Extensive approval process • CIP Management System	High
Customer Service Respond to complaints promptly	• Insufficient resources	• Customer complaints are monitored to determine cause patterns • 311 Program • Instituted performance measures	Low
Human Resources Ensure quality personnel are hired, retained and properly trained	• Recruiting and retaining qualified individuals • Diminished pool of skilled/unskilled labor • Untimely and cumbersome recruiting/hiring process • Inadequate and uncompetitive compensation program • Pay equity issues • Inadequate training • Retirement/succession challenge • Restrictive Civil Service Rules	• Utilize outside agencies to provide personnel • Established training program	High
Information Management Ensure information technology systems support the objectives of the department	• Lack of effective strategic information technology plan • Business continuity failure • Information needs of users not met • Inadequate/outdated systems • Insufficient resources/funding • Critical dependence on rapidly changing technology • Loss of communications services • Increased demand for external financial and statistical reporting • Insufficient management practices • Inadequate integration of technology	• Technology systems are supported and maintained by City professionals • Disaster Recovery Planning is in place and is being updated to work with Business Continuity • Prior Strategic Information Technology Plans are under review • Maintain updated information to further address the other issues	Moderate
Right-of-Way Maintenance Ensure streets, roadways, bridges and drainage infrastructure are maintained effectively	• Insufficient funding • Ineffective planning • Insufficient resources • Excessive reactive maintenance	• Implement repair, maintenance and expansion program in compliance. • Preventive maintenance program (PMMP) • 311 Program • Instituted performance measures	Low
Traffic Management and Maintenance Ensure traffic signals, signs, street and freeway lights and markings are maintained effectively; ensure traffic control	• Insufficient funding • Ineffective planning • Insufficient resources • Excessive reactive maintenance	• Streetlight installation plan consistent with Neighborhood to Standard Program • Provide 24-hour emergency service • Perform preventative maintenance • Conduct traffic studies and investigations • Monitor traffic signal timing • 311 Program • Instituted performance measures	Low
Procurement and Warehousing Ensure quality goods and services are obtained timely, and at best value	• Ineffective inventory management system • Cumbersome/inefficient purchasing process • Expired Contracts	• Comprehensive written policies and procedures are established	High

Public Works & Engineering – Water & Sewer

Business Objective:

To provide high quality water and wastewater service at a competitive value to the City

Activities:

- Produce 24-hour continuous safe and reliable drinking water
- Provide collection, treatment and disposal of wastewater
- Perform testing of water quality
- Perform billing and collection activity
- Reduce subsidence through use of surface water
- Ensure supportability and equitability of rates
- Comply with EPA and Texas Commission on Environmental Quality (TCEQ) requirements
- Maintain water distribution and sewer collection system

Significant Issues:

- Recruiting and retaining qualified personnel
- Human resources succession issues
- Motivating and rewarding personnel
- Advanced management and technical staff training
- Inefficient/ineffective hiring, procurement, warehousing and fleet management support functions
- Compliance with regulatory requirements
- Long-term replacement of aging infrastructure

Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	2,414	2,319	2,247	2,278	2,612

Expenditures (in 000s)	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$ 100,554	100,009	102,719	113,610	116,758
Other Charges	268,176	220,751	190,498	138,944	182,561
Capital Outlay	11,108	15,695	20,317	4,302	15,427
Debt Service	272,354	291,077	280,372	148,065	321,373
Total Expenditures	$ 652,192	627,532	593,906	404,921	636,119

Budgeted FY04 Funding Sources:

Public Works and Engineering-Water & Sewer's primary funding source is from water and sewer sales to commercial and residential customers, as well as participating municipalities.

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Compliance (Laws & Grants) Manage wastewater operations in compliance with EPA and TCEQ regulations	• Legislative/Regulatory changes • Insufficient monitoring procedures • Poor infrastructure • Insufficient resources and/or funding	• Work with regulator agencies • Quality control program • Adopted 5-yr CIP	Moderate
Customer Service Responds to request for service on a timely basis	• Inadequate staff resources • Weather • Customer information security issues	• Customer satisfaction is monitored and reported, customer complaints are monitored to determine cause patterns • 311 Program • Instituted performance measures	Low
Financial Management Effectively manage revenues and expenses	• Untimely, inaccurate or inadequate financial mgmt. system • Revenue availability to fund expenses and/or meet bond ordinance requirements	• Actual versus budget operation reports are monitored monthly • Revenue coverage is reviewed throughout year	Moderate
Human Resources Ensure quality personnel are hired, retained and properly trained	• Recruiting and retaining qualified individuals • Diminished pool of skilled/unskilled labor • Untimely and cumbersome recruiting/hiring process • Inadequate/ uncompetitive compensation • Inadequate training • Pay equity issues • Inadequate training • Retirement/succession challenge • Restrictive Civil Service Rules	• Utilize outside agencies to provide personnel • Established training program	High
Information Management Information systems provide useful, reliable, and timely information	• Lack of effective strategic information technology plan • Business continuity failure • Information needs of users not met • Inadequate/outdated systems • Insufficient resources/funding • Critical dependence on rapidly changing technology • Loss of communications services • Increased demand for external financial and statistical reporting • Insufficient management practices • Inadequate integration of technology into core business practices	• Technology systems are supported and maintained by City professionals • Disaster Recovery Planning is in place and is being updated to work with Business Continuity • Prior Strategic Information Technology Plans are under review • Maintain updated information to further address the other issues	Moderate
Infrastructure Maintenance Maintain water distribution and sewer collection systems	• Inadequate funding • Challenging environmental conditions • Aging infrastructure • Inadequate preventive maintenance • Inflexible and/or untimely procurement process	• Work order system in place (IMS) • Contract service management system in place • Adoption of aggressive preventive maintenance practices • Adopted 5-yr CIP • Instituted performance measures	Moderate
Revenue Generation and Collections Maximize billings and collections	• Inefficient billing hardware and software • High employee turnover • Theft/fraud • Insufficient revenue collection	• Automated meter reading • 30-day billing cycle • Management reviews billings • Technology systems are supported and maintained • Periodic review of receivable aging • Discontinue service to delinquent customers • Instituted performance measures	Low
Safe Water Provide customer with an adequate supply of safe drinking water	• Interruption of services/maintenance due to natural disaster or weather • Contamination • Insufficient resources • New security threats	• Established disaster recovery plan • Operating systems identify and report potential problems • Quality control program • Established security plan	Moderate
Procurement Ensure quality goods and services are obtained timely and at best value	• Ineffective inventory management systems/programs • Cumbersome/inefficient purchasing process • Expired Contracts	• Comprehensive written policies and procedures are established	High

Solid Waste Management

Business Objective:
To provide solid waste services to the citizens of Houston through the collection, disposal and recycling of discarded material in a manner that is safe, efficient, environmentally sound and cost-effective

Activities:
- Provide residential waste collection and disposal
- Remove and dispose of heavy trash, debris and dead animals
- Provide curbside recycling collection, drop-off centers and recycling education
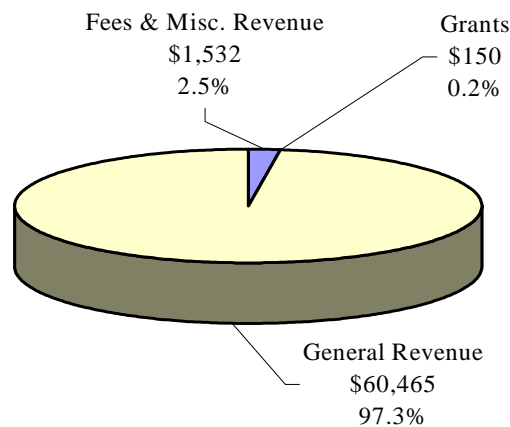
Significant Issues:
- Collecting excess debris from hurricanes and storms (unfunded)
- Reducing the non-recycled waste stream
- Increasing volume of heavy trash
- Aging of equipment
- Loss of administrative personnel
- Dealing with expanding customer base with fewer personnel and equipment
- How the department will be funded in the future

Analysis of Expenditures:

Personnel	Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Full-Time Equivalents	667	644	617	581	545

Expenditures (in 000s)		Actual '00	Actual '01	Actual '02	Actual '03	Budget '04
Personnel Services	$	26,255	27,233	25,815	25,490	25,098
Other Charges		26,711	32,890	34,997	36,047	36,899
Grants		394	80	265	74	150
Total Expenditures	$	53,360	60,203	61,077	61,611	62,147

Budgeted FY04 Funding Sources (000s):

Fees & Misc. Revenue
$1,532
2.5%

Grants
$150
0.2%

General Revenue
$60,465
97.3%

Risk Profile

Departmental Process / Objectives	Potential Risks	Current Risk Management Techniques	Residual Risk
Fleet Maintenance Provided sufficient operable equipment for collection functions	• Outdated equipment • Insufficient funding • Inadequate resources • Inadequately trained staff • Increasing maintenance hours • Complexity of engines • Fix as you go versus preventative maintenance • Rapid aging of fleet with heavy usage • Limited time for maintenance with overtime for collection	• Budgeting process in place • Maintenance department adequately staffed • Administer training program for mechanics • Implementing bar code tracking system • In-house engine rebuilds versus contract • Employee dedication	High
Heavy trash collection Provide timely collection of heavy trash	• Excess debris from storms and/or hurricanes • Insufficient funding • Inadequate resources • Inadequate equipment • High growth in volume • Safety	• Use of supplementary private collection services • Disaster collection contracts • 311 Program • Cross-functional deployment of resources	High
Human Resources Recruit and hire competent and motivated personnel	• Significant loss of administrative personnel • Lack of succession plan • Ineffective training program • Inadequate resources • Increased skill requirements creating literacy / language issue for obtaining resources	• Effective training program	Low
Recycling Administer successful recycling program	• Lack of public support and/or awareness • Insufficient recycling locations and/or programs	• Conduct marketing program for public • Provide curbside recycling • Provide recycling drop-off sites	Moderate
Residential Collection Perform residential collection services in a timely and efficient manner	• Aged equipment • Inefficient or ineffective collection routes • Insufficient resources • Increasing customer base without supporting resources • Insufficient funding for container replacement	• Collection services are partially privatized • Automated garbage collection policies and procedures are developed for collection and disposal • Route optimization	High

Appendices

Definitions

➤ **Business Risk:** The *threat* that an event or action will adversely affect the City's ability to achieve its organizational objectives and execute its strategies successfully.

➤ **Business Process:** A structured set of activities within the City, designed to produce a specified output. Such processes will incorporate controls designed to manage risks.

➤ **Controls:** The actions, policies, procedures, monitoring, etc., performed to manage**,** transfer, avoid or otherwise protect the City from the threat/risk identified.

➤ **Control Effectiveness:** Management's assessment as to the overall impact that their controls manage the identified threats to facilitate meeting their stated objectives.

➤ **Control Environment:** The entire system of policies, methods, and procedures that is instituted to manage and control the universe of business risks throughout all aspects of the City of Houston's operations.

➤ **Probability of Occurrence:** The likelihood of the potential sources of business risks to actually manifest themselves – without considering controls.

➤ **Magnitude of Impact:** The potential impact on the City of the significant consequence, financial error or operational improvement. This is often expressed as a monetary amount, although it also takes into account non-financial impact, such as loss of reputation, the value of lost information, and employee dissatisfaction. For purposes of this assessment, the results were ranked High, Moderate and Low (see page 62, Risk Measures).

➤ **Residual Risk:** The risk remaining *after* considering the mitigating effect of related controls/management techniques.

LEVEL		OUTCOME DESCRIPTOR
High		**An event that is significant enough to achieve public attention, which will be endured with proper high-level management**
Moderate		**Significant event that can be managed under normal circumstances**
Low		**Consequences can be readily absorbed and coped with under existing controls / procedures – Minimal management effort may be required**