

OFFICE OF THE CITY CONTROLLER



**PLANNING AND DEVELOPMENT DEPARTMENT
VEHICLE ALLOWANCE PROGRAM AUDIT**

Annise D. Parker, City Controller

Steve Schoonover, City Auditor

Report No. 2009-03



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

ANNISE D. PARKER

July 25, 2008

The Honorable Bill White, Mayor
City of Houston, Texas

SUBJECT: Planning and Development Department
Vehicle Allowance Program Audit (Report No. 2009-03)

Dear Mayor White:

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

The report, attached for your review, concluded that the Department was generally in compliance with AP 2-2 and EO 1-41, except for the findings presented in the body of the report. A draft copy of the report was provided to Department officials.

We appreciate the cooperation extended to our auditors by Department personnel during the course of the audit.

Respectfully submitted,

Annise D. Parker
City Controller

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

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PURPOSE AND SCOPE

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

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

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

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

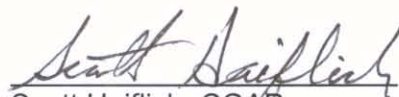
AUDIT PROCEDURES

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

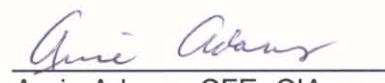
- Completion, proper approval, and maintenance of required forms
- Determination of driver qualifications
- Correctness of approved allowance rates
- Implementation of disciplinary action for non-compliance with AP 2-2 and EO 1-41

CONCLUSION

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



Scott Haiflich, CGAP
Auditor-in-charge



Arnie Adams, CFE, CIA
Audit Manager



Steve Schoonover, CFE
City Auditor

INTRODUCTION

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

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

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

FINDINGS AND RECOMMENDATIONS

I COMPLIANCE WITH DEFENSIVE DRIVING COURSE REQUIREMENTS

BACKGROUND

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

FINDING

Audit testing revealed that both Department employees receiving vehicle allowances had not completed a DDC as required by AP 2-2. However, prior to the issuance of this report, we were informed that one of the employees had completed a DDC.

RECOMMENDATION

Upon completion of the DDC, the Department should attach the certificates to Form D, Request for Vehicle Allowance, and submit the documentation to Central Payroll. In the future, management should require that the DDC be completed and the related certificate submitted with the original Form D, prior to driving on City business, and that the course be repeated every 36 months.

II COMPLIANCE WITH MOTOR VEHICLE RECORD REQUIREMENTS

BACKGROUND

AP 2-2, Section 8.3, requires that the Department, at least annually, obtain and review the motor vehicle record (MVR) of each employee who drives on City business to determine if the employee is qualified to drive on City business in accordance with the policy.

FINDING

Audit testing revealed that one of the two Department employees receiving vehicle allowances did not have an MVR on file. However, prior to the issuance of this report, we were informed that an MVR was obtained and that it was clear.

RECOMMENDATION

Annual MVRs should be ordered from the Texas Department of Public Safety for all Department employees who drive on City business. When received, the MVRs should be reviewed and, if necessary, appropriate action taken. The MVRs should be filed in employee files to support compliance with AP 2-2.

EXHIBIT I




CITY OF HOUSTON

Planning & Development
Department

Interoffice

Correspondence

To: Annise Parker, City Controller
Controller's Office

From: 
Marielle L. Gafrick, Director

Date: July 01, 2008

Subject: **Vehicle Allowance Audit Responses**

This letter is in response to the Controller's Office Vehicle Allowance audit of the Planning and Development Department performed by the Controller's Office. We have reviewed the report and responses are as follows:

Finding:

Audit testing revealed that both Department employees receiving vehicle allowances had not completed a DDC as required by AP2-2. However, prior to the issuance of this report, we were informed that one of the employees had completed a DDC.

Recommendation:

Upon completion of the DDC, the Department should attach the certificates to Form D, Request for Vehicle Allowance, and submit the documentation to Central Payroll. In the future, management should require that DDC be completed and the related certificate submitted with the original form D, prior to driving on City business, and that the course be repeated every 36 months.

Department Response:

The Department will adhere to the Controller's Office recommendation.

Finding:

Audit testing revealed that one of the two Department employees receiving vehicle allowances did not have an MVR on file. However, prior to the issuance of this report, we were informed that an MVR was obtained and that it was clear.

Recommendation:

Annual MVRs should be ordered from the Texas Department of Public Safety for all Department employees who drive on City business. When received, the MVRs should be reviewed and, if necessary, appropriate action taken. The MVRs should be filed in employee files to support compliance with AP2-2.

Department Response:

The Department will ensure that MVRs are ordered and reviewed on employees driving on City business in a timely manner.

**Views of Responsible
Officials**

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If there are any questions or comments regarding the responses, you may contact Marcia Wilson at 713 837-7732.

MAG:maw

***Views of Responsible
Officials***