

**OFFICE OF THE CITY CONTROLLER**



**INFORMATION TECHNOLOGY DEPARTMENT  
VEHICLE ALLOWANCE PROGRAM AUDIT**

**Annise D. Parker, City Controller**

**Steve Schoonover, City Auditor**



OFFICE OF THE CITY CONTROLLER  
CITY OF HOUSTON  
TEXAS

ANNISE D. PARKER

October 1, 2008

The Honorable Bill White, Mayor  
City of Houston, Texas

SUBJECT: Information Technology Department  
Vehicle Allowance Program Audit (Report No. 2009-14)

Dear Mayor White:

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

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

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

Respectfully submitted,

Annise D. Parker  
City Controller

xc: City Council Members  
Anthony Hall, Chief Administrative Officer  
Michael Moore, Chief of Staff, Mayor's Office  
Richard Lewis, Chief Information Officer, Information Technology 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 Information Technology Department (Department). Our objective was to determine whether the Program was operating in compliance with Administrative Procedure 2-2, Motor Vehicle Assignment and Use (AP 2-2), Executive Order No. 1-41, Executive Vehicle Assignment/Allowance (EO 1-41), and Departmental Standard Operating Procedures.

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

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

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

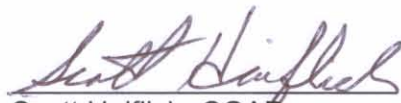
## AUDIT PROCEDURES

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

- Completion, proper approval, and maintenance of required forms
- Determination of driver qualifications
- Correctness of approved allowance rates
- Semi-annual reviews of mileage logs to adjust allowance rates when necessary
- Implementation of disciplinary action for non-compliance with AP 2-2 and EO 1-41

## CONCLUSION

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



Scott Haiflich, CGAP  
Auditor-in-charge



Arnie Adams, CFE, CIA  
Audit Manager



Steve Schoonover, CFE  
City Auditor

## **INTRODUCTION**

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

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

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

## **FINDING AND RECOMMENDATION**

### **IV 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**

Discussion with Department management revealed that MVRs have not been obtained annually. The Department requested MVRs from the Texas Department of Public Safety in preparation for the audit.

#### **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**  
Information Technology  
Department

**Interoffice**

Correspondence

**To:** Annise Parker  
City Controller

**From:** Richard Lewis,  
Chief Information Officer

**Date:** July 21, 2008

**Attention:** Steve Schoonover, CFE

**Subject:** Response to Audit Report  
Vehicle Allowance Program

We concur with the findings of the Vehicle Allowance Program. We have added the Executives who receive vehicle allowances to our list of employees who drive on City business and they will be audited on an annual basis, just as all other employees are in the Information Technology Department.

Thank you for your assistance.

A handwritten signature in black ink, appearing to read "Richard Lewis".

Richard Lewis  
Chief Information Officer  
Information Technology Department

**Views of Responsible  
Officials**