



STATEMENT OF ORGANIZATIONAL INDEPENDENCE

The success and credibility of the Audit Division are strengthened by the attributes of independence and objectivity. This involves maintaining a mental attitude and perspective of being removed in fact and appearance from the processes employed, the results, conclusions, and reporting of engagements and projects performed under the scope of authority. These parameters are set forth in the Audit Division (AD) Charter and are applied to the Division, functions, and individuals who are involved in the activities prescribed.

The City Controller is an independently elected official, with responsibilities outside the operational reporting structure of the City of Houston local government and is granted authority by the City Charter to conduct audits of City governments and operations (Chapter VIII, section 7.). Therefore, the Audit Division within the Office of the City Controller is considered an External Audit Organization and free from impairment to independence as stated in 3.28(b) and 3.29(a) of the *Government Auditing Standards*.

Along with the structure as outlined above, the City Controller, City Auditor, and Audit Manager(s), assure this concept as it applies to the AD on an annual basis and/or as required. These elements joined together meet the requirement for Organizational Independence required under Standard 1110 of the International Standards for the Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors (IIA).

Identify audit areas that may be affected or where organizational independence may be impaired:

A review of Controller's Office Assets and Liabilities, agreed-upon procedures audit (performed for every change in administration)
Attestation of the Controller's Office review of expenditures over \$75,000 and miscellaneous payments
Execution of Bond Payments
Execution of Investment Transactions by the Treasury Division

POSSIBLE ORGANIZATIONAL IMPAIRMENTS TO THE AUDIT DIVISION'S INDEPENDENCE

I have reviewed the activities, functions, organizational structure, and reporting lines with respect to City Administration and the component Departments, programs, and processes. I am not aware of any circumstances that might impair or lead others to question the AD's ability to be independent, impartial, and objective on any audit/engagement, except as indicated above or on attached pages (*this includes external impairments and required disclosure related to non-audit services as noted in 3.34 – 3.58 of GAS and 1130 of the Standards*).

RESPONSIBILITY TO UPDATE THIS DISCLOSURE

I understand that I am also responsible to make timely written notification in the event any other circumstance arises during the course of this year that might impair or appear to impair the AD's independence with respect to any audit or activity (*this includes external impairments and required disclosure related to non-audit services as noted in A307 of GAS and 1130 of the Standards*).

<div style="display: flex; justify-content: space-between; border-top: 1px solid black; padding-top: 2px;"> City Controller Date </div>	<div style="display: flex; justify-content: space-between; border-top: 1px solid black; padding-top: 2px;"> Date </div>
<div style="display: flex; justify-content: space-between; border-top: 1px solid black; padding-top: 2px;"> City Auditor Date </div>	<div style="display: flex; justify-content: space-between; border-top: 1px solid black; padding-top: 2px;"> Date </div>
<div style="display: flex; justify-content: space-between; border-top: 1px solid black; padding-top: 2px;"> Audit Manager Date </div>	<div style="display: flex; justify-content: space-between; border-top: 1px solid black; padding-top: 2px;"> Date </div>
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