

OFFICE OF THE CITY CONTROLLER



**CONVENTION AND ENTERTAINMENT
FACILITIES 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

April 15, 2008

The Honorable Bill White, Mayor
City of Houston, Texas

SUBJECT: Convention and Entertainment Facilities Department
Vehicle Allowance Program Audit (Report No. 2008-05)

Dear Mayor White:

The City Controller's Office Audit Division has completed an audit of the Vehicle Allowance Program within the Convention and Entertainment Facilities 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, concludes that the Department is in compliance with AP 2-2 and EO 1-41. No significant exceptions were noted. 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
Dawn Ullrich, Director, Convention and Entertainment Facilities Department
Alfred Moran, Jr., Director, Administration and Regulatory Affairs Department
Michelle Mitchell, Director, Finance Department

PURPOSE AND SCOPE

The Office of the City Controller has completed an audit of the Vehicle Allowance Program (Program) within the Convention and Entertainment Facilities 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 applicable Departmental Standard Operating Procedures.

The audit scope included Department employees currently receiving a vehicle allowance. The audit 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

As of February 22, 2008, the Department had three Executive staff members receiving vehicle allowances. Based on the results of our audit, we conclude that the Department is in compliance with A.P. 2-2 and E.O. 1-41. No significant exceptions were noted.



Scott Haiflich
Auditor-in-charge



Arnie Adams
Audit Manager



Steve Schoonover
City Auditor