



Office of the City Controller  
*Review of Assets and Liabilities*

REPORT NUMBER: 2016-06

January 29, 2016



**OFFICE OF THE CITY CONTROLLER  
CITY OF HOUSTON  
TEXAS**

**CHRIS B. BROWN**

February 23, 2016

The Honorable Sylvester Turner, Mayor  
City of Houston, Texas

**SUBJECT: Office of the City Controller  
Review of Assets and Liabilities Assigned to the Office of the City Controller  
Report No. 2016-06**

Mayor Turner:

In accordance with the City's contract with BDO, BDO has completed an agreed-upon procedures engagement for a review of assets and liabilities assigned to the Office of the City Controller as of December 31, 2015. The auditors stated that the work was conducted in accordance with standards established by the American Institute of Certified Public Accountants. No significant findings or issues were noted in the report.

Respectfully submitted,

Chris B. Brown  
City Controller

xc: City Council Members  
Alison Brock, Chief of Staff, Mayor's Office  
Kelly Dowe, Chief Business Officer, Mayor's Office  
Harry Hayes, Chief Operations Officer, Mayor's Office  
Shannon Nobles, Chief Deputy City Controller, Office of the City Controller  
Carl Medley, Deputy City Controller, Office of the City Controller  
Charisse Mosely, Deputy City Controller, Office of the City Controller  
Alex Obregon, Deputy Director, Office of the City Controller

**CITY OF HOUSTON  
OFFICE OF THE CITY CONTROLLER**

**Agreed-Upon Procedures  
December 31, 2015**

*(With Independent Accountants' Report Thereon)*



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INDEPENDENT ACCOUNTANT'S REPORT  
on Applying Agreed-Upon Procedures

Honorable Sylvester Turner, Mayor  
City Council Members  
Honorable Chris Brown, City Controller:

We have performed the procedures as documented in Exhibit I for the City of Houston (the City), Office of the City Controller. These procedures, which were specified by the City Controller, were performed solely to assist the City Controller with their assessment of the assets and liabilities assigned to the Office of the City Controller. The City Controller is responsible for maintaining the assets and liabilities related to the Office of the City Controller. This agreed-upon procedures engagement was conducted in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described in Exhibit I either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the related results are outlined in Exhibit I.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the assets and liabilities assigned to the City Controller as of December 31, 2015. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Mayor of the City of Houston, City Council Members, and for the City Controller, and should not be used by those who have not agreed to the procedures and have taken responsibility for the sufficiency of the procedures for their purposes.

BDO USA, LLP

January 29, 2016  
Houston, Texas



PROCEDURES

**1. Counted and reviewed the adequacy of the reconciliation of the Controller's Office petty cash.**

We interviewed the custodian of the Controller's Office petty cash fund. During the interview, we gained an understanding of the procedures related to petty cash and determined the authorized petty cash balance to be \$700. Moreover, we reviewed the City's Policies and Procedures Manual related to petty cash and the Petty Cash Reconciliation report dated September 24<sup>th</sup>, 2015. Finally, we conducted a count of petty cash funds on 1/22/2016 and tied the balance to the authorized \$700 amount. No exceptions were found as a result of applying these procedures.

**2. Reviewed and verified the controls over check signing/facsimile signature plates and assessed the City Controller's Office procedures for a proper cut-off related to changes in authorized signers.**

We interviewed a Systems Support Analyst, in IT Operations to gain an understanding of the controls over the facsimile electronic signature process. We were informed signature plates were no longer in use. The Systems Support Analyst provided a list of authorized users who create payments in the system. We reviewed the user access security of the electronic signatures imbedded within SAP, the list of authorized signers provided by City personnel and related cut-off procedures for changes in authorized signers. No exceptions were found as a result of applying this procedure.

**3. Verified the controls over the supply of blank checks and determined whether all checks are properly and timely recorded.**

We conducted interviews with the Deputy Director- Administration Division, the Chief Deputy City Controller - Operations and Technical Services Division, and the custodian of the supply of blank checks. We observed and verified the controls and safeguards in place to gain an understanding of the process followed for the supply of blank checks. We verified that a sample of the checks used during our review period (December 2015) tied to the transactions entered to the Check Register. We also reviewed the Check Register for the review period and the log of blank checks issued to the custodian to ensure all checks had been recorded timely. We verified that the blank checks used during our review period tied by stock number to checks entered to the Check Register for completeness and accuracy. No exceptions were found as a result of applying the procedure.

**4. Observed the physical existence of office and computer equipment controlled through the general fixed asset system and determined whether additions and retirements since July 1, 2015 have been accounted for in compliance with City policies.**

We reviewed the City's Policies and Procedure manual related to fixed assets and conducted an interview with the Assistant City Controller to gain an understanding of the process associated with fixed assets. We were provided with the Asset History Report as of 12/31/15



from the SAP system by the Senior Staff Analyst in the Centralized Resource Management Group that showed that there had not been any additions or disposals for the July 1, 2015 through December 31, 2015 testing period. We obtained the Fixed Asset Listing as of 12/31/15 from the Assistant City Controller and randomly selected a sample of 20 assets and observed their physical existence as well as agreed them to the related asset report. No exceptions were found as a result of applying the procedures.

- 5. Obtained a report of the investment portfolio as of November 30, 2015 and agreed the investment descriptions and valuations to investment account statements or other supporting documentation.**

We interviewed the Deputy City Controller of the Treasury Division, the Investments Manager of the Treasury Division and reviewed the City's Policies and Procedures related to investments. In addition, we reviewed minutes of the City's Investment Committee meeting held in October 2015. We obtained the Investment Inventory Portfolio report as of November 30, 2015 and the respective investment account statements. We tied the Investment Inventory par balances to investment account statements. No exceptions were found as a result of applying these procedures.

- 6. Reviewed investment transactions during December 2015 to determine whether there have been any significant changes in investments.**

We compared the November 30th, 2015 Investment Inventory Portfolio report to the December 31st, 2015 Investment Inventory Portfolio report to identify any significant changes in investments. We noted no significant transactions. No exceptions were found as a result of applying these procedures.

- 7. Reviewed the accounting and cut-off procedures related to the Controller's Office accounts payable, contracts payable, and accounts receivable to determine whether the November 30, 2015 budget status report accurately reflected payables and receivables.**

We reviewed the accounting and cut-off procedures provided by the Assistant City Auditor and gained an understanding of the City's policies and procedures related to the preparation of the Budget Status report. We compared the November 30, 2015 Budget Status report detailing the Controller's Office accounts payable, contracts payable, and accounts receivable balances to supporting documentation for completeness and accuracy. No exceptions were found as a result of applying the procedures.

- 8. Reviewed the Controller's Office current budget status reported through the five months ended November 30, 2015.**

We interviewed the Division Manager-Administration to obtain an understanding of the City's budgeting processes. We reviewed the Budget Status reports through the five months ended November 30, 2015. No exceptions were found as a result of applying the procedure.

- 9. Reviewed December transactions and open purchase orders, payables and receivables through December 15, 2015 to determine whether there have been any significant changes in the budget status since the November 30, 2015 report.**



We interviewed the Deputy Director of the Administration and obtained the Departmental Monthly Budget Submission reports for November 2015 and December 2015. We obtained the Budget Detail report, the Open Purchase Order Listing, and the December Payables Listing from the Assistant City Controller. For purposes of this procedure, we defined significant changes to be those in excess of 0.50%. We compared and reviewed the budget, open purchase orders, payables and receivables within the period November 30, 2015 through December 15, 2015 for significant changes to the budget status. We specifically reviewed changes in purchase orders billed, total spend by month, total spent by date, general ledger account spend difference, new purchase orders created, and percentage change per month. No exceptions were found as a result of applying the procedures.

**10. Performed inquiries and reviewed transactions from December 15, 2015 through December 31, 2015 to determine whether any significant or unusual Controller's Office transactions occurred during this period.**

We interviewed the Deputy Director of the Administration and received the Departmental Monthly Budget Submission report for November 2015 and December 2015. We obtained the Budget Detail report, the Open Purchase Order Listing, and the December Payables Listing from the Assistant City Controller. Auditor reviewed for significant or unusual transactions for the period December 15, 2015 through December 31, 2015. For purposes of this procedure, we defined significant changes to those in excess of 0.50%. We specifically reviewed changes in purchase orders billed, total spend by month, total spent by date, general ledger account spend difference, new purchase orders created, and percentage change per month. No exceptions were found as a result of applying the procedures.