

**OFFICE OF THE CITY CONTROLLER**



**HOUSTON PUBLIC LIBRARY 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

August 26, 2008

The Honorable Bill White, Mayor  
City of Houston, Texas

SUBJECT: Houston Public Library Department  
Vehicle Allowance Program Audit (Report No. 2009-07)

Dear Mayor White:

The City Controller's Office Audit Division has completed an audit of the Vehicle Allowance Program within the Houston Public Library 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 W. Hall, Jr., Chief Administrative Officer  
Michael Moore, Chief of Staff, Mayor's Office  
Rhea Brown Lawson, Director, Houston Public Library Department  
Alfred J. 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 Houston Public Library (Library). 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 Library Standard Operating Procedures.

The audit scope included Library employees currently receiving a vehicle allowance. The work did not constitute an evaluation of the overall internal control structure within the Library. 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.

Library management is responsible for establishing and maintaining a system of internal controls to adequately account for vehicle allowances as an integral part of the Library'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.

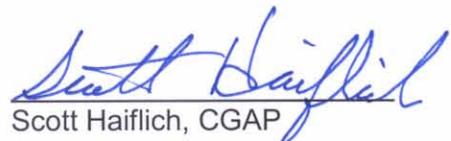
## AUDIT PROCEDURES

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 Library 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 Library had three 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.

## FINDINGS AND RECOMMENDATIONS

### I COMPLIANCE WITH MOTOR VEHICLE RECORD REQUIREMENTS

#### BACKGROUND

AP 2-2, Section 8.3, requires that City Departments, 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 Library 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 Library 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.

### II 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 one of the three Library employees receiving vehicle allowances had not completed a DDC as required by AP 2-2.

#### RECOMMENDATION

Upon completion of the DDC, the Library should attach the certificate of completion 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.

### **III PERIODIC AUDITS OF COMPLIANCE WITH AP 2-2**

#### **BACKGROUND**

AP 2-2, Section 16.4.2, requires that copies of all car allowance requests, approvals, mileage reports, and Petty Cash transactions be maintained by City Department heads and shall be audited periodically for compliance.

#### **FINDING**

Library files did not contain evidence of periodic auditing for compliance with AP 2-2 related to vehicle allowances.

#### **RECOMMENDATION**

We recommend that audits be conducted periodically as required by AP 2-2. We also recommend that checklists be developed, used, and maintained in employee files to document compliance with the auditing requirement.

# EXHIBIT I



Director's Office

## MEMORANDUM

**To:** Annise D. Parker,  
City Controller

**From:** Dr. Rhea Brown Lawson,  
Director

**Date:** August 14, 2008

**Subject:** Vehicle Allowance Program  
Audit - Department Action  
Plans

I have discussed the findings of Houston Public Library Department's Vehicle Allowance Program Audit with my staff and have developed a plan of action to address the recommendations of the Controller's Office.

First, motor vehicle records are currently requested and received for newly hired employees who will drive on city business. The Library has developed a similar plan to order motor vehicle records of all other current employees, review them and place them in each employee's file by the end of next month.

Second, the one Library employee who had not completed the Defensive Driving Course, has been scheduled to attend the course on August 14, 2008. The Library Human Resources team will submit the certificate of completion, the Form D and a copy of the Vehicle Allowance form to the Central Payroll office on Friday, August 15, 2008.

Finally, the Library has developed a schedule and checklist for conducting periodic audits of employee files to ensure compliance with AP 2-2 related to vehicle allowances.

Thank you for allowing us the opportunity to address these concerns. The Houston Public Library is committed to ensuring compliance with City of Houston policy.

If you have any questions, please contact me at 832-393-1300 or Ophelia Cespedes, Library Human Resources Manager at 832-393-1343.

A handwritten signature in blue ink, appearing to read 'Rhea Brown Lawson', written over a horizontal line.

Rhea Brown Lawson, MLS, Ph.D.

cc: Ophelia Cespedes

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CONTROLLER'S

**Views of Responsible  
Officials**