OFFICE OF THE CITY CONTROLLER

CITY OF HOUSTON

2010 ENTERPRISE RISK ASSESSMENT

Ronald C. Green, City Controller

David A. Schroeder, City Auditor

Report No. 2011-02

OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

RONALD C. GREEN

September 15, 2010

The Honorable Annise D. Parker, Mayor
City of Houston, Texas

SUBJECT: 2011-02 City of Houston – Enterprise Risk Assessment

Dear Mayor Parker:

I'm pleased to submit to you the Enterprise Risk Assessment (ERA) performed by the Controller's Office Audit Division during fiscal year 2010. As you are aware, this is a process that supports our efforts in developing the annual audit plan (see Report 2011-01) and deploying the necessary resources to execute.

While at first glance, the document is voluminous, it contains two primary sections. The latter section includes individual risk profiles by City Department which is the lengthiest portion. There are two primary perspectives that are presented in the Executive Summary, which were both considered when designing the audit plan as follows:

> **KEY BUSINESS PROCESSES** – analyzed by common functions performed across the organization, which can reveal potential efficiencies, overlap, redundancies, synergies, and leverage of resources when looking at activities that the City performs without consideration of its organizational structure; and
>
> **DEPARTMENTAL** - analyzed in terms of the impact and likelihood of risk associated with the organizational design in executing the City's overall mission and objectives.

The ERA has historically been performed by external service providers; however, this project was conducted with the exclusive use of City resources. We assigned six Audit Division personnel that reviewed approximately 175 questionnaires and performed discussions/interviews with over 275 City employees at the middle and upper-levels of management. Through this, we built a solid foundation of institutional knowledge which we obtained first hand. Also important, is that we retain this expertise while having fostered working relationships throughout the City and have created synergies and efficiencies as we move forward to update the risk assessment annually and as we conduct audits derived from it.

While the ERA process will be performed annually, we will be using a prioritization hierarchy that provides full coverage over a 4 year period rather than re-perform the entire process every year. This approach is consistent with professional standards and considers available resources, cost-benefit, and will allow us to advance the assessment quality each cycle to yield more tangible results.

We appreciate the cooperation and professionalism extended to the Audit Division during the course of the project by personnel from all City Departments.

Respectfully submitted,

Ronald C. Green
City Controller

xc: City Council Members
Waynette Chan, Chief of Staff, Mayor's Office
Lloyd Waguespack, Deputy Chief of Staff, Mayors Office
Department Directors

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PURPOSE AND INTRODUCTION –

OPERATIONS

The City of Houston (the City), under the direction of the Honorable Mayor and legislative approval of the City Council, manages a dynamic and complex set of business operations through a Departmental structure. The Departments set long and short-term goals and objectives to provide essential services, sustainable infrastructure, economic development opportunities, and improve the quality of life for residents and visitors to the 4th largest city in the United States. Management within the City is continually challenged to address business risks and mitigate their impact on daily operations.

Strategies are developed at various levels of City government to meet those goals and objectives and are performed by the City's over 22,000 employees, with services being delivered to a population of more than 2.2 million within the City's 634 square mile jurisdictional boundary.

All facets of daily operations contain varying degrees of risk which should be assessed. The City's leadership is also tasked with establishing risk management techniques that are designed to mitigate their potentially negative impact on achievement of goals and objectives. Periodic assessment of risk is one of the tools management has to identify potential risks and areas for improvement.

FISCAL OVERSIGHT AND ACCOUNTABILITY

The City Controller is an independently elected official who is authorized and responsible (through the City Charter, Article VIII, Section 7) for *"….conducting internal audits, in accordance with professionally recognized auditing standards, of the operations of all City departments, offices, agencies and programs. The scope of internal auditing shall encompass an objective and systematic examination of evidence to provide an independent assessment of the efficiency and effectiveness of the city's system of internal controls and the quality of performance based on quantifiable criteria in meeting objectives…."*.

The City Controller assigns this responsibility to the Audit Division, whose scope of work is contained under a separate Charter. Standards established by the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing (*The Standards*) require the Audit Division to "***establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization's goals***".[1]

ALIGNMENT

The Audit Division is therefore, charged to assist the Mayor, Department management, and City Council in conducting independent analysis, evaluation, and by providing recommendations through performance, financial and compliance audit activities. The Enterprise Risk Assessment (ERA) process, which was conducted during Fiscal Year 2010 (FY2010), identifies and documents risks and risk management techniques presented by operations, while also providing a foundation for the development of a risk-based annual audit plan. **The ERA, therefore, is intended to align operational management with fiscal oversight attempting to create synergies rather than opposing interests.**

[1] IIA Standard, 2010 - Planning

METHODOLOGY[2] –

The City's 2010 ERA was conducted internally by the Office of the Controller's Audit Division. The engagement was designed to gather and analyze data in a structured and methodical manner. Professional standards also require senior management and City governance be considered in this process.[3] Through their involvement in the ERA process, these stakeholders were given the opportunity to provide information on their primary mission, organizational structure, operational and financial risks, controls, and technology considerations.

Previous ERAs were performed in 1996, 1999, and 2004 by external consultants. These reports were historically used as elements in developing previous annual audit plans. The general formats of prior assessments were utilized as a basis for designing the current report layout. The process involved three primary components as follows:

DATA GATHERING	ANALYSIS	OUTPUT

The analysis yielded a risk profile by common Key Business Process (KBP)[4] for each Department that was reviewed by Senior Management and are presented in the following section.

SUMMARY OF RESULTS –

The ERA considered primarily inherent risks, with limited identification of control risk as self-reported by management. We did not substantively test specific management controls in detail and therefore do not render an opinion on the effectiveness of design nor the efficiency in implementation or existence. The ratings do not imply a judgment on how management is addressing risk and thus is not a specific assessment of management performance nor concludes on 'Residual Risk'. The actual projects performed will allow us to test more comprehensively where necessary and as we perform the ERA on an annual basis, we will continually build on our foundation of knowledge and be more strategic in future audit planning and utilization of resources.[5]

The ERA results provide the foundation to develop a risk-based audit plan, allocate available resources, and will continue to serve as a means for identify risks and risk management control techniques. The ratings were determined by applying each KBP within each Department to the weighted criteria identified in the ERA Process Section.

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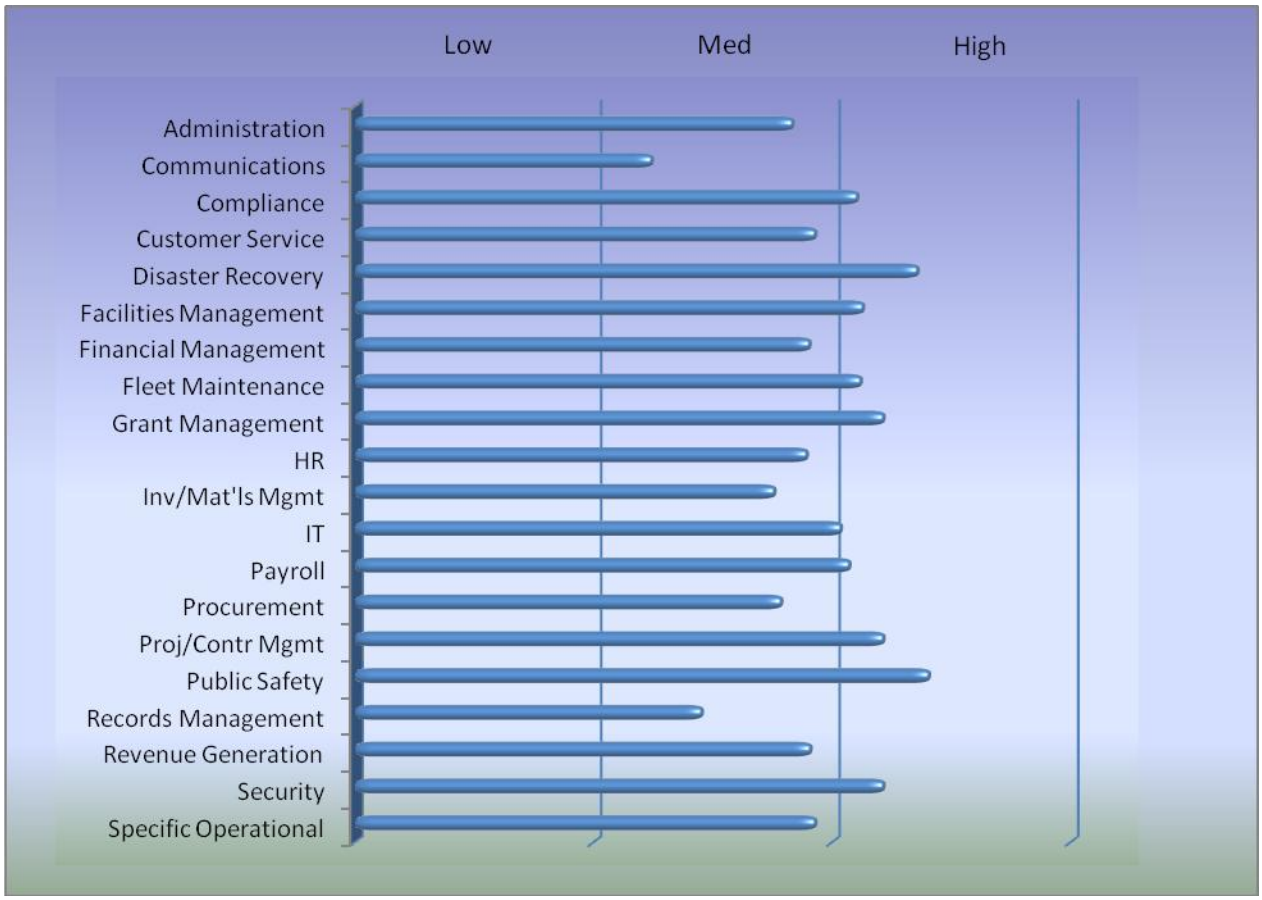
[2] For detailed explanation and the resulting layout of the Risk Profiles, see the ERA Process in the "Detailed Report" Section of this document.
[3] IIA Standard, 2010 – Planning (*Interpretation as provided by IIA*)
[4] For ERA purposes, "KBP" is defined as a business procedure, function or activity on which a Department spends a significant amount of financial or personnel resources to perform, or an activity over which they have primary responsibility within the City.
[5] Continued annual ERAs will be conducted by classifying the City Departments into stratified categories that consider factors such as; significance of budget, number of employees, complexity of operations, change in management, etc. The Departments will then be assessed based on this prioritized rotation to ensure full coverage every 4 years.

EXHIBIT 1 – RISK PROFILE BY KEY BUSINESS PROCESS[6]

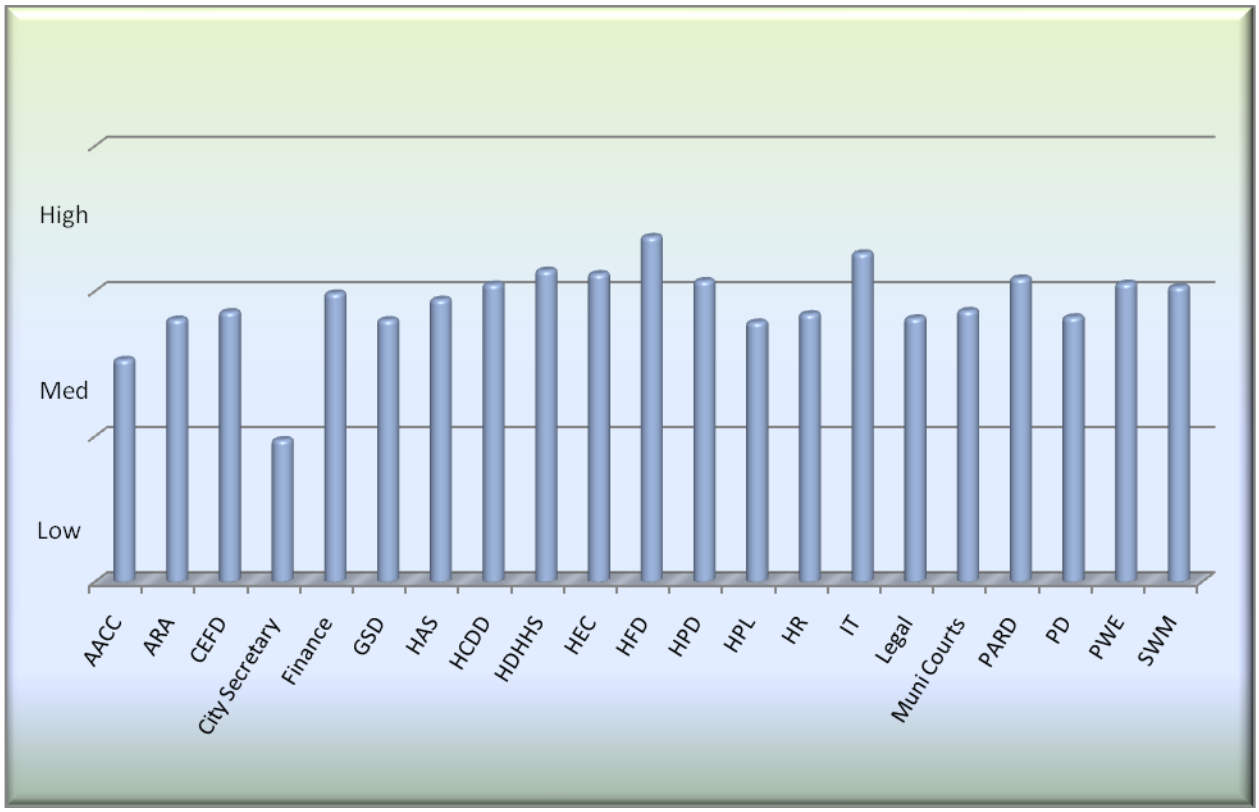


NOTE: While the City-wide analysis identified 145 total key business processes, it was discovered that 19 of them were *common* throughout most Departments, so they were grouped together for more efficient analysis. Thus Exhibit 1 (*above*) provides a perspective to see potential efficiencies, overlap, redundancies, synergies, and leverage of resources when looking at activities that the City performs without consideration of its organizational structure [7](*For a contrasting perspective, see Exhibit 2*)*.*

[6] **'Specific Operational'** is comprised of processes that are unique to the operations of the various Departments (e.g. "Call-Taking" for the Houston Emergency Center (HEC), "Certification" for Minority, Women, and Disabled Business Enterprise (MWDBE) for Affirmative Action and Contract Compliance (AACC), "Collection" for Solid Waste, etc.)

[7] The ratings were determined by applying each KBP within each Department to the weighted criteria identified in the ERA Process Section. A "High" rating indicates that conditions and events which prevent the City from achieving its objective(s) within that process could have a significant impact. This is measured in terms of disruption to essential services, financial loss, ability to protect public health and safety, impediments to economic development, or negative perception. In contrast, a "Low" rating indicates that the impact of such an occurrence would be minimal or the likelihood of occurrence is remote.

EXHIBIT 2 – RISK PROFILE BY DEPARTMENT



NOTE: The risk ratings shown in Exhibit 2 are a *cumulative representation* of several factors and criteria when viewing risk as aggregated by Department. These factors include consideration of:

- Whether the Department's primary mission is a core service to the constituency
- Magnitude of Department Budget (Spending and Revenue)
- Number of Key Business Processes
- Complexity of Processes Management (Volume, specific requirements, or specialized nature)

Therefore, by nature of the composition, the Department can be analyzed in terms of the impact and likelihood of risk associated with the organizational design in executing the City's overall mission and objectives (*e.g. the more that a Department is comprised of the factors identified above, the higher the rating of the risk profile, etc.*).[8]

[8] The ratings were determined by applying each KBP within each Department to the weighted criteria identified in the ERA Process Section. A "High" rating indicates that conditions and events which prevent the City from achieving its objective(s) within that process could have a significant impact. This is measured in terms of disruption to essential services, financial loss, ability to protect public health and safety, impediments to economic development, or negative perception. In contrast, a "Low" rating indicates that the impact of such an occurrence would be minimal or the likelihood of occurrence is remote.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA) –

Embedded in the ERA was consideration of the federal grants that have been awarded for use associated with the ARRA. These funds are a part of the Grants Management KBP identified throughout this report. The additional compliance requirements associated with the stimulus money has created the need for stricter oversight and review of monitoring processes and procedures. A summary of ARRA information related to the City of Houston as of June, 2010 is shown below.

City of Houston ARRA Summary (as of June, 2010)		
Total Amount Applied for	$	307,745,587
Total Jobs Created/Retained for the Quarter (4/1/10 - 6/30/10)		68
Grant Award		
General Services Department (GSD)	$	47,565,099
Housing and Community Development Department (HCDD)	$	23,822,993
Public Works and Engineering Department (PWE)	$	14,188,214
Finance Department	$	2,865,710
Houston Airport System (HAS)	$	4,785,226
Houston Department of Health and Human Services (HDHHS)	$	3,632,781
Houston Police Department (HPD)	$	15,549,362
Total Award	**$**	**112,409,385**
Amount Spent		
General Services Department (GSD)	$	5,729,755
Housing and Community Development Department (HCDD)	$	5,849,141
Public Works and Engineering Department (PWE)	$	-
Finance Department	$	968,445
Houston Airport System (HAS)	$	4,082,271
Houston Department of Health and Human Services (HDHHS)	$	572,415
Houston Police Department (HPD)	$	-
Total Received as of June, 2010	**$**	**17,202,027**

Note that the City of Houston originally requested about $308 Million and was awarded just over 33% of this amount. Of the amount spent as of June, 2010 HAS, HCDD and GSD comprise over 90%, while most of the awards granted (approximately 85%) have been to GSD, HCDD, and PWE [9].

ACKNOWLEDGEMENT AND SIGNATURES –

The Audit Team would like to express their appreciation to all City Departments and their representatives who took the time and interest in participating in the ERA. Their active involvement was and is critical to the success of this project by responding to questionnaires, interviews, discussions, and review of data presented in this report. It was evident throughout the process that the City of Houston has a significant number of qualified professionals who strive to serve the constituency by providing quality services in an economically challenged environment and who are proud of the work that they do.

Courtney E. Smith, CPA, CFE
Audit Manager

David A. Schroeder, CPA, CISA
City Auditor

[9] The financial information shown above was provided through the Grants Coordinator within the Mayor's office. The "Amount Spent" differs from the amount received due to timing, reimbursement, etc. As a cost-savings initiative and as a mechanism to enhance the necessary specialized skill set associated with grant management and monitoring processes, the City Controller's Audit Division has taken a significant role in the external auditor's testing which includes ARRA funds. As a result, ongoing audit plans will include review and other procedures related to ARRA.

ERA PROCESS –

DATA GATHERING	ANALYSIS	OUTPUT
Previous Risk Assessments *Mission Statement* *Organizational Structures* ***Business Objectives Questionnaires*** Financial Data City and Department Websites ***Interviews/Follow-up***	Analyze interview/discussions ***Identify Key Business Processes*** ***Identify Potential Risks*** ***Identify Risk Management techniques as stated by management*** Map identified risks to stated risk management techniques Evaluate process significance to the Department and overall City operations ***Performed Department-level risk assessments and validate with management***	***ERA profile*** ***Audit Division Planning tool***

DATA GATHERING

Work began by reviewing information regarding the City's organizational structure, general administrative policies and procedures, previously compiled audit universe data, and prior risk assessment reports performed by external consultants. This provided the audit team with a high-level view of the City from a top-down perspective and gave a foundation to develop questionnaires which were sent to Department management and City Council. This gave Senior and mid-level management an opportunity to document their mission, objectives, risks, controls, key performance indicators, and processes in greater detail (Division or Section).[10]

As questionnaires were completed and returned by the Departments, they were reviewed by the audit team in conjunction with budget and funding source information, actual expenditures, and other relevant data to formulate follow-up questions. Department personnel were then contacted and follow-up interview meetings were scheduled, which were used to facilitate a free-flow of information. Interviewees were able to bring additional personnel to the meeting and thus provide detailed information on operations, risks, and risk management techniques. Meetings often included on-site tours of facilities or demonstrations of technology to provide a more comprehensive understanding of their daily operations. Approximately 170 meetings were held with over 280 participants (Directors, managers and staff). *These meetings were invaluable to the Audit Division's understanding of City's operations, interdepartmental dependencies, and the internal and external conditions in which these operations take place.*

[10] NOTE: Over 175 questionnaires were returned from more than 22 operating units.

ANALYSIS

Following the conclusion of each Department's meetings, further reviews of all the information made available from questionnaires and obtained in the course of follow-up meetings. Through this analysis three basic tasks were conducted: Identification, Mapping, and Evaluation. This process produced the "Risk Profiles" section for each department as shown below:

RISK PROFILES

Column 1 Key Business Process (KBP)	Column 2 Potential Risks	Column 3 Reported Risk Management Techniques	Column 4 Risk Rating

KEY BUSINESS PROCESS (Column 1)

For ERA purposes, KBP is defined as a: (1) business procedure, function, or activity that a Department spends a significant amount of financial and/or personnel resources to perform, or (2) an City activity they have primary responsibility. KBP also represent areas upon which audits or reviews can be conducted by internal or external auditors. While the City-wide analysis identified 145 total key business processes, it was discovered that 19 of them were *common* throughout most Departments, so they were grouped together for more efficient analysis.

Examples of common KBPs are: *Fleet Maintenance, Compliance, and Procurement*. *Fleet Maintenance* is generally regarded as a key business process in those Departments which need to use, maintain, and repair vehicles (passenger cars, vans, trucks) or rolling stock (heavy equipment, lawn equipment, special purpose apparatus) in order to carry out their daily operations. *Compliance* is considered a key business process for Departments that are required to conduct their responsibilities or tasks in accordance with specific laws, ordinances, regulations (federal, state, or local), or guidelines (i.e. contractual stipulations, building code specifications, grant funding requirements, environmental regulations, etc.). *Procurement* occurs in all departments but is considered a key business process in departments that purchase large amounts of goods or services as well as the department responsible for coordinating City-wide procurement (Strategic Purchasing Division – SPD, within Administration and Regulatory Affairs - ARA).

The common KBPs identified during the ERA are listed as follows:

- Administration
- Communications
- Compliance
- Customer Service
- Disaster Recovery
- Facilities Management
- Financial Management
- Fleet Maintenance
- Grant Management[11]
- Human Resources (HR)
- Inventory/Materials Management
- Information Technology (IT)
- Payroll
- Procurement
- Project/Construction Management
- Public Safety
- Records Management
- Revenue Generation/Collection
- Security
- ***Specific Operational***[12]

[11] Grant Management included consideration of stimulus funds as governed by the American Reinvestment and Recovery Act (ARRA) of 2009.

[12] ***'Specific Operational'*** is comprised of processes that are unique to the operations of the various Departments (e.g. "Call-Taking" for the HEC, "Certification" for MWDBE for AACC, "Collection" for Solid Waste, etc.)

POTENTIAL RISKS (Column 2)

Management feedback, prior risk assessment reports, and industry norms were reviewed to identify "potential risks" which could impede the achievement of the City's mission, goals, or objectives. Note that the inclusion of an item as a potential risk in this report does not indicate that the situation has actually occurred in City operations. The potential risks identified for each department are inherent risks. "Inherent risks" are defined as those risks that exist in each line of business, function, or process without consideration of the existence, effectiveness, or efficiency of risk management techniques in place. For example, the City has inherent risks that stem from its geographic location, funding sources, population and degree of population density, jurisdictional land area, industrial environment, global economy, etc. Because management control is not a factor in determining the level of inherent risk, a high degree of inherent risk does not indicate poor management or the absence of controls. The level of inherent risk may increase or decrease over time with changes in the economy, technology, organizational structure, or other controllable and non-controllable factors.

REPORTED RISK MANAGEMENT TECHNIQUES (Column 3)

Risk management techniques were ***self-reported*** by Department management through the questionnaire and follow-up meeting processes. Additional techniques were identified through prior risk assessment reports, standard industry practices, and internal audit knowledge of City business operations. *Risk management techniques identified through this process were reviewed for reasonableness however; they were not audited or otherwise validated through detailed procedures*. Once risk management techniques were identified they were mapped to the risks they were designed to mitigate.

RISK RATING (Column 4)

Each Key Business Process was evaluated within each department and then rated based on the weighted criteria below:

- Complexity of Operations
- City Council & Public Interest
- Financial Impact/Concerns
- Human Resources Concerns
- Regulatory and/or Compliance Risk/Concerns
- Technology Concerns
- Time Since Last Audit
- Mission Criticality
- Internal Control Consideration (as reported by management)
- Legal Claims
- Public and Employee Safety Concerns

The ratings were initially assessed using a numerical range (0.0 – 3.0) applied by each member of the Audit Team and then averaged together for each KBP within every department. A scale was created that converted the resulting numbers to either "High", "Medium" and "Low" ranking. After completion of the analysis for each department, a risk analysis summary was developed and validated with senior management within the department and updated/finalized as needed.

OUTPUT

The ERA focused on gathering and analyzing of quantitative and qualitative data from City Departments for the purpose of identifying and evaluating inherent risk associated with the key business processes performed by the City. As indicated earlier, the approach, methodology, and communications were conducted in accordance with professional auditing standards (Generally Accepted Auditing Standards, Generally Accepted Government Auditing Standards, International Standards for the Practice of Internal Auditing as promulgated by the Institute of Internal Auditors, etc.).

Through the risk assessment process we were able to achieve the following:

- Expand knowledge of the City's operations and related risk factors (both internal and external factors);
- Identify KBPs, functions, and activities;
- Enhance understanding of the role Departmental goals and objectives play in achieving the City's core mission(s);
- Identify inherent risks and map them to associated risk management techniques;
- Prepare a ERA profile;
- Develop risk analysis summaries for each City Department; and
- Provide a basis for input to the Annual Audit Planning process.

The detailed Risk Profiles by Department are presented in the following section, ordered alphabetically and the resulting Audit Plan for Fiscal Year 2011 has been released as Audit Report 11-03[13]. Continued annual ERAs will be conducted by classifying the City Departments into stratified categories that consider factors such as; significance of budget, number of employees, complexity of operations, change in management, etc. The Departments will then be assessed based on this prioritized rotation to ensure full coverage every 4 years.

[13] Available from the Audit Division webpage under the City Controller's website: http://www.houstontx.gov/controller/audit/auditplan.html

DEPARTMENT RISK PROFILES

Administration and Regulatory Affairs

Mission and Objectives

The mission of Administration and Regulatory Affairs (ARA) is to efficiently deliver superior administration and regulatory affairs services to their customers through the efforts of a highly dedicated and professional staff committed to world class customer service and excellence in everything they do. The Department also handles special initiatives and other projects as requested by the Mayor.

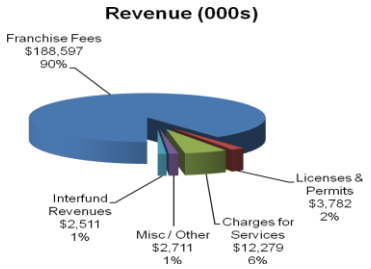
Significant Activities**

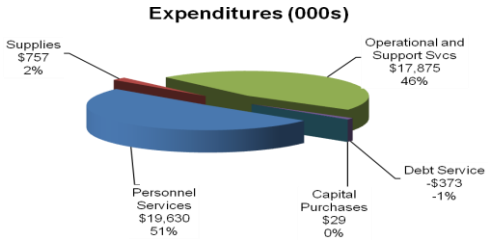
ARA provides centralized management of procurement, payroll, asset disposition, insurance management, and records management services. Regulatory services consist of transportation, franchise administration, and commercial permitting services. Specific Departmental activities include:

- Administration of permitting activities for commercial business and vehicles-for-hire
- Enforcing compliance with ordinances governing business permits
- Procuring goods and services for city departments
- Administering P-Card program
- Assisting with product research according to department specifications
- Managing e-bidding website
- Administering payroll operations for all City employees
- Administering records storage and disposal in accordance with retention policies
- Managing asset disposal operations
- Managing administrative functions for various city departments including City Council, Mayor's Office, and Finance
- Managing franchises for the use of City rights-of-way
- Developing and distribution and all City Executive Orders and Administrative Procedures
- Improving BARC operations
- Answering citizen's non-emergency calls 7 days a week
- Procuring and managing the City's non-health benefit related commercial insurance program

FISCAL YEAR 2009 Financial Data

During FY 2009, the Department generated more than $200 million in revenue for the City of Houston. Revenues consisted of fees from franchises, licensing, permitting and a variety of other services. Department expenditures for the same time period were $39 million. Graphical representations of the revenues and expenditures depict the amount and source of each.





** Administration of Parking Management moved from GSD to ARA effective April 1, 2010

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Compliance	▪ Inconsistent enforcement of City ordinances ▪ Insurance coverage does not meet bond covenant requirement ▪ Lack of enforcement of COH hiring / contracting policies or procedures ▪ Lack of personnel to ensure regulatory compliance	▪ Use of analytical procedures to monitor contracts and bid procedures ▪ Use of systematic controls to assist in monitoring ▪ Annual survey of assets to determine required insurance coverage ▪ Improved hiring and staff training practices	High
Payroll	▪ Failure to report payroll and applicable tax withholding to appropriate authorities ▪ Payroll fraud ▪ Inaccurate payroll	▪ Review of biweekly Payroll Report ▪ Meeting with ERP support team regularly ▪ Integrate time and attendance system with SAP ▪ Integrated automated ADP / SAP Tax filing ▪ Train and equip consolidated Payroll Services employees	High
Revenue Generation	▪ Website / portal transactions are not entered into SAP ▪ Lack of procedures for permitting ▪ Lack of trained personnel ▪ Insufficient controls over revenue transactions	▪ Hire personnel skilled in accounting and collection in franchise administration ▪ Enhance staff's legislative knowledge	High
Financial Management	▪ Actual expenditures not reflected properly against budget line items	▪ Daily monitoring of actual expenditures in SAP to ensure proper coding	Medium
IT	▪ Loss of information during catastrophic event ▪ Lack of integration of website portal to SAP	▪ Develop disaster recovery plan to prevent data loss ▪ Monthly reconciliations performed to monitor data integrity in SAP and feeder systems	Medium
Procurement	▪ Non-compliance with COH policies and procedures ▪ Procurement fraud ▪ Inability to procure goods and services at the best possible price	▪ Educate procurement staff with knowledge of City policies and procedures ▪ Conducting market surveys and canvassing prices from submitted bids ▪ Positive relationships with vendors allows the City to be notified of bogus bids or prices	Medium
Records Management	▪ Lack of procedures ▪ Inability to process Open Records or discovery requests ▪ Failure to adhere to retention policy	▪ Clear procedures and process for record archival and destruction ▪ Staff training procedural guidelines in ordinance 91-88 & Code of Ordinances Div 5	Low

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Records Management (Cont)		▪ Staff training in Texas Public Information Act (TPIA) rules & regulations for open records requests	

Affirmative Action and Contract Compliance (AACC)

Mission and Objectives

Established by Resolution 81-2, Affirmative Action and Contract Compliance (AACC) provides quality certification, compliance, business development, and training programs.

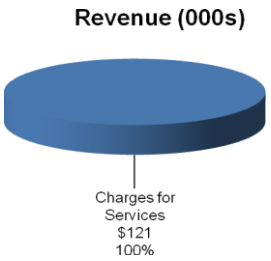
Significant Activities

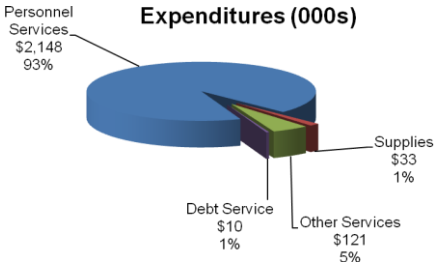
AACC performs EEO, ADA, and compliance training, as well as actions and activities described and mandated in Chapter 15, Article V, Section 15-81 through 15-84 of the City of Houston Code of Ordinances. Mandated activities include but are not limited to:

- Stimulating growth of local minority, women and small business enterprises by encouraging the full participation of these business enterprises in various phases of city contracting
- Increasing the utilization of such local firms in providing certain goods and services
- Providing opportunities to broaden and enhance their range of capacities
- Certifying businesses as minority, woman, or small business enterprises
- Maintaining an electronic register of certified businesses
- Developing educational programs for and otherwise assisting (without offering favoritism in relation to the competitive bidding system) minority, small and women business enterprises to compete effectively for city contracts
- Compiling a bimonthly report of the progress of city departments, by department, in attaining the city-wide goals set by city council
- Performing procedures for counting participation as prime contractors, subcontractors, suppliers, etc on city contracts

FISCAL YEAR 2009 Financial Data

During FY 2009, the department collected $121,000 in penalties from outside sources as a result of monthly monitoring for prevailing wage non-compliance. By legislative statute, that revenue must be used to support program activities. Expenditures for the same time period were just over $2.3 million. Graphical representations of the revenues and expenditures depict the amount and source of each.





Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Certification	▪ Improper certification or denial of certification ▪ Program graduation candidates not detected ▪ Certification process not timely or consistent ▪ Non-compliance with city and federal guidelines ▪ Businesses receive incorrect / misleading information ▪ Loss of confidential / proprietary information	▪ Provide ongoing staff training. ▪ Ongoing implementation of administrative and technological best practices ▪ Implemented program efficiency Initiatives ▪ Set up to provide start-up business information, workshops, referrals, and licensing / permitting information ▪ Provide on-line and file room security of confidential / proprietary information	Medium
Compliance	▪ Non-compliance with city, state, federal regulations ▪ Non-compliance with privacy regulations ▪ Compliance monitoring not timely or accurate ▪ Loss of federal funding ▪ Compliance measured against outdated data	▪ Reviewing and updating procedures, policies and processes ▪ Moving toward electronic contractor payroll submissions ▪ Quarterly staff meetings ▪ Training on crafts / tools ▪ Cross-training	Medium
IT	▪ Loss of confidential / proprietary information (contractor payroll data) ▪ Inability to access SAP for EEO reporting ▪ Operations system not integrated with SAP ▪ Inconsistent data reporting requirements from federal agencies	▪ Information is in hard copy and electronic form ▪ Data from operational system integrated with SAP – additional reports being developed	Medium
Records Management	▪ Loss of confidential / proprietary information (contractor payroll data) ▪ Loss of training records ▪ Natural disaster or other catastrophic event	▪ Information is in hard copy and electronic form ▪ New training database implemented	Low
Training	▪ Violations of EEO, ADA guidelines ▪ Lawsuits / fines ▪ Lack of resources	▪ Admin Specialist provides quality review and manual categorization of EEO data ▪ Providing input to management on what training should be mandatory for city employees ▪ Staff cross training	Low

City Controller

Mission and Objectives

The City Controller (Controller or Controller's Office) is an independently elected official that serves as the City's Chief Financial Officer. The Controller's duties include properly accounting for the assets, revenues, and expenditures of the City, conducting monitoring and other activities which allow supervision of the City's fiscal affairs.

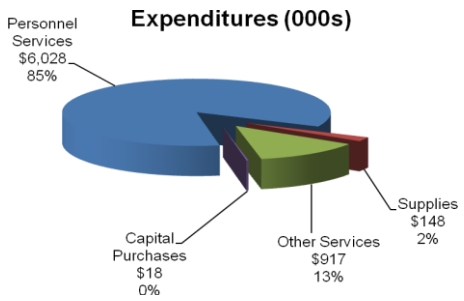
Significant Activities

The Controller accomplishes the fiscal responsibilities of the office through management of financial reporting, operational and technical services, treasury functions, and internal audits. Specific activities of the department include: Certifying the availability of City funds prior to City Council approval of City commitments

- Performing supplemental allocation of funds prior to actual expenditure
- Processing and monitoring 2.4 billion dollars in disbursements annually
- Performing bank reconciliation activities
- Investing the City's funds
- Conducting internal audits of City departments and federal grant programs
- Operating and maintaining the City's official book of record
- Conducting the sale of the City's public improvement and revenue bonds
- Preparing a comprehensive annual financial report and monthly financial and operational reports
- Responding to public record requests related to contractual or financial matters

FISCAL YEAR 2009 Financial Data

During FY 2009 the Controller's Office had expenditures totaling $7.1 million. Eighty-five percent of the budget expenditures were for personnel services. A graphical representation of the expenditures is shown below.



Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Compliance	▪ Insufficient resources ▪ Non-compliance with laws and regulations ▪ Inadequately trained staff ▪ Insufficient audit planning or audit scope ▪ Vague or unclear city-wide policies or procedures ▪ Errors in financial reports ▪ Inadequate review or approval process ▪ Increased reporting or oversight requirements ▪ Non-compliance with debt covenant or arbitrage requirements	▪ Training / cross training for employees ▪ Employ risk-based audit planning ▪ Ability to co-source audit services ▪ Provide input to policy making process ▪ Detailed analysis and review of financial data ▪ Established review and approval policies and procedures in place ▪ Continuously monitor financial position ▪ Utilize outside legal and financial expertise	Medium
Financial Management	▪ Loss of access to financial management system ▪ Loss of financial data ▪ Complex debt transactions ▪ Inefficient processes ▪ Insufficient reporting functionality ▪ Inability to access key financial data ▪ Financial data inaccurate or not received timely ▪ Erroneous or accounting entries ▪ Budgetary constraints	▪ Daily data backups performed ▪ Utilize more robust financial management system ▪ Train and cross train staff as needed ▪ Periodically review processes ▪ Established procedures to analyze financial reports / data	Medium

City Secretary

Mission and Objectives

The City Secretary keeps, records, and preserves the minutes and proceedings of the City Council, and serves as the custodian of all the papers and records of the City.

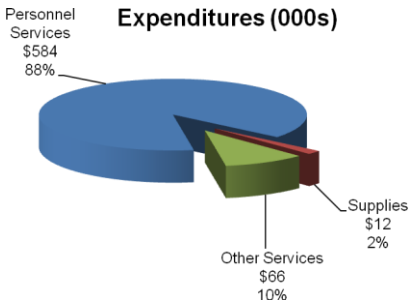
Significant Activities

This department is subject to regulations and guidelines as stated in the City Charter, Code of Ordinances, Texas State Law and the Texas Election code. Activities include:

- Preparing City Council meeting agendas
- Recording minutes of City Council meetings
- Maintaining official City records
- Administering City elections
- Processing City Council motions, resolutions, and ordinances
- Processing all authorized documents such as deeds, easements, contracts, etc.
- Receiving and compiling campaign filings and campaign contribution reports

FISCAL YEAR 2009 Financial Data

During FY 2009, the City Secretary's office managed a budget of $834 thousand and had expenditures totaling $661 thousand of which 99% is funded through the General Fund. Graphical representations of the revenues and expenditures depict the amount and source of each.



Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Elections	▪ Non-compliance with local, state, or federal election regulations ▪ Lack of resources	▪ Election administration is co-sourced ▪ Staff trained on election administration requirements	Medium
Communication	▪ Insufficient resources ▪ Untimely / inaccurate communication ▪ Computing system / server failure ▪ Non-compliance with City Charter or City Ordinances	▪ Meeting dates and deadlines are communicated ▪ Meetings are recorded ▪ Two personnel attend meetings ▪ In-house training for staff	Low
Records Management	▪ Non-compliance with City Ordinances ▪ Inability to safeguard records ▪ Inability to access archived records ▪ Loss of data ▪ Natural disaster or other catastrophic event	▪ Records stored in secure facilities ▪ Other departments also maintain copies of critical data ▪ Manual typewriters maintained as backup to computers	Low

Mission and Objectives

The Convention and Entertainment Facilities Department (CEFD) operates and maintains the City's multi-purpose convention and entertainment venues which serve to generate business and employment opportunities. This happens in concert with developing the image of Houston as a host of world-class venues.

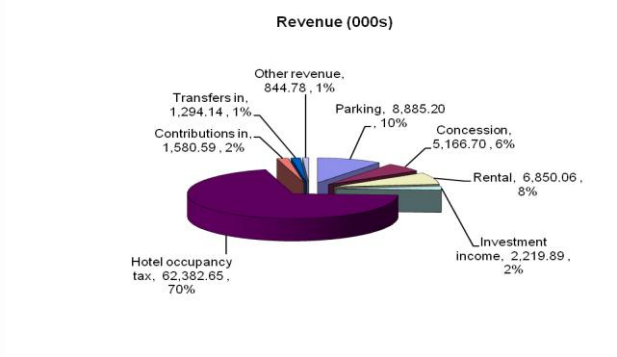
Significant Activities

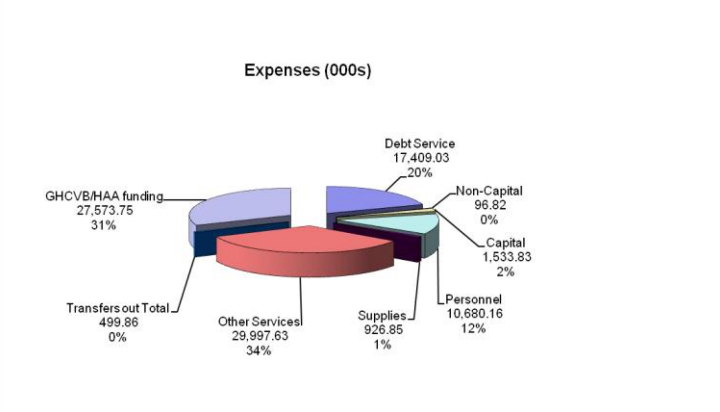
CEFD provides services that perform as economic generators resulting in business and employment opportunities in Houston. The department also provides destinations and cultural venues that enrich the experience of citizens and visitors. Activities include:

- Managing day-to-day operations, maintenance, and repair for a variety of venues including George R. Brown Convention Center, Jones Hall, Wortham Theater Center, Houston Center for the Arts, Talento Bilingue de Houston, Jones Plaza, Root Square, Fish Plaza, Sabine/Bagby Promenade, and Miller Outdoor Theatre
- Partnering with the Greater Houston Convention and Visitors Bureau (GHCVB) to promote Houston as a destination
- Providing underground and surface parking for convention and entertainment venues
- Administering tenant agreements and licensing contracts
- Administering contracts with the GHCVB

Fiscal Year 2009 Financial Data

CEFD operating activity is the catalyst for revenues collected from four primary sources; hotel occupancy taxes, parking, rental agreements, and concessions. The department collected $89.2M during FY 2009, while expenses for the period were $88.7M. Graphical representations of the revenues and expenditures depict the amount and source of revenue and expenditures.





Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Customer Service	▪ Lack of responsiveness ▪ Damaged reputation ▪ Failure to get repeat events ▪ Lack of coordination with other city departments	▪ Return phone calls within 24 hours ▪ Execute special provisions in contracts ▪ Conduct pre and post convention meetings ▪ Customer complaint process established ▪ Conduct attendee surveys ▪ Feedback from surveys used to enhance service	High
Facilities Management	▪ Inadequate physical security measures ▪ Outdated facilities ▪ Lack of revenue for adequate maintenance ▪ Ineffective work order management system	▪ Periodic inspections of all facilities ▪ Maintenance contracted to single service provider for continuity ▪ Preventive maintenance program in place ▪ All maintenance provided through work orders that are tracked ▪ Monitor industry trends and implement best practices	High
Contract Compliance	▪ Bottlenecks in the contracting process ▪ Contract language does not protect City's interests ▪ Contracts not monitored ▪ Non compliance contractual obligations	▪ Work with Strategic Purchasing Department and Legal Department ▪ Monitor and manage contracts for all contractors	Medium
Financial Management	▪ Lack of cash handling procedures ▪ Unauthorized PCard use ▪ Unable to verify payroll ▪ Funding provisions to partnerships not monitored	▪ Cash receipts and deposits monitored ▪ Cash receipts reconciled ▪ PCard use monitored ▪ Payroll audits performed	Medium
IT	▪ Complex technology infrastructure ▪ Lack of internal knowledge to complete department objectives ▪ Outdated equipment ▪ Loss of data ▪ Software incompatible with client companies software	▪ Developing in-house technology expertise ▪ Continual research on new technology standards ▪ Data backed up digitally ▪ Virtual servers used to manage data storage	Medium
Marketing	▪ Ineffective marketing program ▪ Insufficient research ▪ Inadequate sponsorship of events ▪ Insufficient funding	▪ Promotions done through various media types ▪ Target audiences are convention clients, Houston community, and event attendees	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Procurement	▪ Non-compliance with purchasing laws, regulations, City policies ▪ Untimely procurement process ▪ Unfavorable contract terms ▪ Limited budget ▪ Lack of cooperation among CEFD Divisions	▪ Documented procedures ▪ Work closely with Strategic Purchasing Division on major contracts ▪ Process includes communication among Divisions	Medium
Revenue Generation	▪ Competition from other destinations ▪ Inadequate hotel occupancy tax revenue to support operations ▪ Downturn in economy ▪ Inaccessible or insufficient parking ▪ Unsecured or unsafe parking ▪ Uncompetitive rental rates	▪ Partner with GHCVB and other departments ▪ Hotel revenues audited ▪ Leasing operations and occupancy rates are tracked ▪ Parking analysis performed periodically ▪ Rental rates are tied to the Consumer Price Index	Medium

Finance Department

Mission and Objectives

The Finance Department serves citizens in the Houston community through sound management of the city's financial activities. The department provides financial leadership and analysis, as well as resource management based on their analysis.

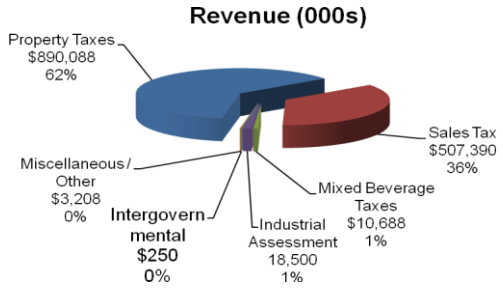
Significant Activities

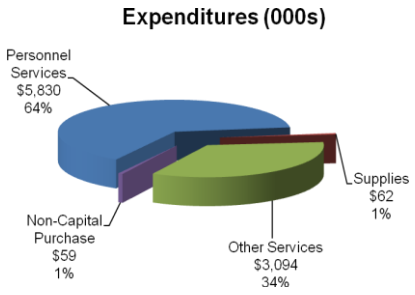
Finance provides financial management for the City of Houston through centralized coordination and reporting of accounting, cost analysis, budgeting as well as forecasting for Capital Improvement Projects (CIP) and fleet operations. Specific activities include:

- Managing the City's debt portfolio
- Monitoring citywide revenue collections
- Monitoring the citywide operating budget
- Developing and implementing the annual indirect cost plan
- Providing grant management oversight and support for other city departments
- Maintaining fixed assets ledger accounts
- Providing audit services for selected revenue streams and special projects
- Performing financial analysis and complex modeling activities as tool to develop forecasts and to provide oversight to the CIP and fleet management process
- Coordinating the citywide budgeting process

Fiscal Year 2009 Financial Data

During FY 2009, Finance monitored the collection of property, sales, and mixed beverage taxes totaling $1.3 billion. Total expenditures for the period were $9 million of which approximately 65% were related to personnel services.





Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Financial Management	▪ Projects and forecasts based on faulty data ▪ Untimely or inaccurate financial/operational reporting ▪ Outdated systems hardware and software applications ▪ Liquidity issues ▪ Higher interest rates due to bond downgrades ▪ Reactive maintenance of aging fleet ▪ Ineffective monitoring of collection contracts ▪ Ineffective pursuit of collections ▪ Financial mismanagement	▪ Staff trained on current financial system ▪ F & O reports analyzed by Finance and monitored by public officials ▪ Close coordination with rating agencies ▪ Written cash collection policies ▪ Agencies provide daily collection receipts ▪ Monthly reconciliation of reports to collections ▪ Utilization of direct deposit for revenue collections ▪ New fleet management system installed	High
Fixed Assets	▪ Incorrect decisions made based on inaccurate data ▪ Inaccurate data included in financial reporting ▪ Inappropriate access and/or changes made to data or programs	▪ Data reviewed and analyzed by Finance ▪ Assist city departments as needed to correct data	High
Compliance	▪ Non-compliance with laws, regulations or City policies ▪ Non-compliance with IRS guidelines and reporting requirements ▪ Non-compliance with debt covenants ▪ Untimely or inaccurate financial/operational reporting	▪ Comply with Single Audit reporting requirements ▪ Comply with IRS arbitrage guidelines ▪ Monitor financial data to ensure compliance with debt covenants ▪ Coordinate with lobbying team ▪ Assist Controllers Office as needed to issue the CAFR ▪ Comply with IRS guidelines	Medium
Grant Management	▪ Increase in City's dependence on grant funding ▪ Loss of grant funding ▪ Penalties or fines resulting non-compliance with grant requirements ▪ Inefficiencies due to ineffective technology system ▪ Increasing reporting requirements ▪ Increased oversight by funding agencies	▪ Review and monitor collection contracts ▪ Assist city departments as needed with grant set up in the financial system	Medium
HR	▪ Inability to recruit and retain qualified individuals ▪ Untimely recruiting / hiring process ▪ Noncompetitive compensation ▪ Inadequate training or cross-training ▪ Retirement / resignation of large pools of experienced personnel	▪ Staff receive class and on-line training ▪ Electronic application process	Medium

General Services Department

Mission and Objectives

The General Services Department (GSD) provides a variety of City-Wide management and operational support services to other city departments. This allows those other departments, acting as external service providers, to concentrate on their core functions.

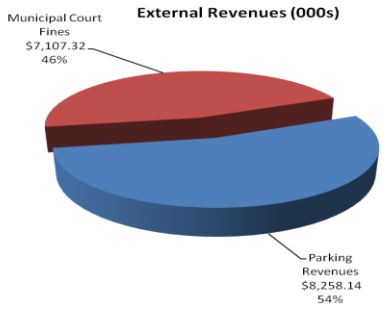
Significant Activities

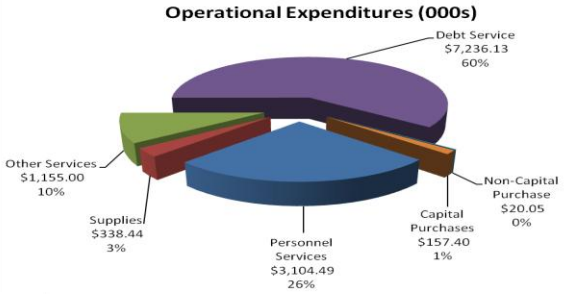
GSD supports the operational needs of client departments through centralized management of energy, property, security, real estate, and environmental programs, and project management for renovations or construction related to Capital Improvement Projects. Operational decisions in client departments impact the daily allocation and deployment of resources made by GSD. The Parking Management Division is also housed within GSD** and provides enforcement of parking areas as set by the Traffic Engineer and collection of parking rates set by the Mayor, City Council, and the Parking Commission. Department activities include:

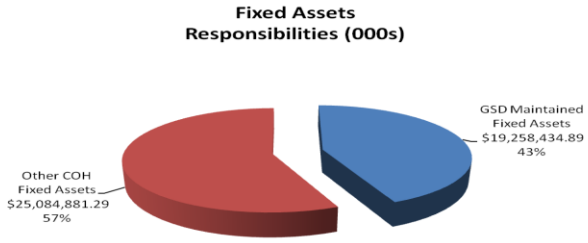
- Maintaining and managing property for over 300 city owned or leased facilities
- Reviewing and revising periodic disaster recovery / business continuity plans
- Managing energy and energy conservation efforts
- Procuring over $190 million in electricity, liquid fuel, and natural gas
- Performing environmental inspections, evaluations, and remediation or abatement of contaminated materials
- Providing oversight of physical security for various properties
- Administering and maintaining photo identification badges for access control
- Providing financial transaction accountability to all client departments for activities managed through the department

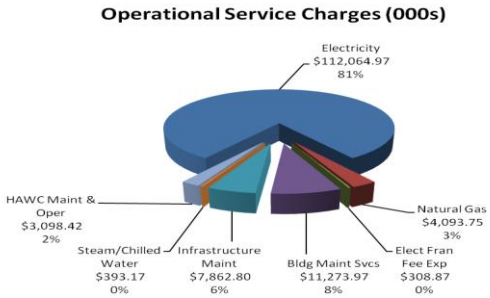
FISCAL YEAR 2009 Financial Data:

The FY 2009 financial data shown below indicates (1) the external Revenues that GSD provides from two major sources (2) the cost to the City for operating enterprise related activities of GSD (3) the Operational spending authority of GSD and (4) the Capital base that GSD maintains in relationship to the City's total.









** Administration of Parking Management moved from GSD to ARA effective April 1, 2010

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Disaster Recovery	▪ Inability to access facilities ▪ Inability to establish safe working environment ▪ Loss of computing and operational equipment ▪ Loss of data ▪ Inadequate Insurance coverage (Risk Management)	▪ Established city-wide recovery plans ▪ Periodic update of plans	High
Facilities Management	▪ Unsafe buildings ▪ Unknown history of infrastructure maintenance ▪ Ineffective preventive maintenance ▪ Insufficient building services ▪ Catastrophic events	▪ Computerized Maintenance Management System ▪ Tracking of operational costs ▪ Monitor percentage completion of work orders and special projects	High
Revenue Generation	▪ Access to cash collections ▪ Insufficient parking ▪ Lack of meter maintenance ▪ Citation reductions ▪ Inaccurate / incomplete title searches ▪ Unauthorized property sales	▪ Formally documented cash handling procedures ▪ Analysis and reconciliation of periodic reports ▪ Audit capability built into systems ▪ Information system monitors and reports meter maintenance needs ▪ Division guidelines on citation reduction ▪ Use of internal and external real estate professionals ▪ Formal property sales process	High
Compliance	▪ Non-compliance with contractual stipulations ▪ Vague contract language ▪ Non-compliance with PCI requirements ▪ Non-compliance with local or DOL regulations ▪ Non-compliance with grant requirements ▪ Changes in grant requirements ▪ Lack of environmental compliance ▪ Ineffective or inadequate adherence to building codes	▪ Legal Department assists with drafting of contracts ▪ Contracts are managed by end-users ▪ Grant activity subject to audits by the Department of Energy ▪ Monthly grant reporting performed ▪ Environmental manager handles inspections and manages reporting ▪ City Engineer reviews compliance to applicable circular(s)	Medium
Financial Management	▪ Reduced funding ▪ Inaccurate or untimely recording of financial transactions ▪ Budget overruns ▪ Lack of accounting skills	▪ Monthly monitoring and reconciliation of reports ▪ Analysis of expenditures ▪ Review of job tasks and completion dates ▪ Regular audits	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Information Technology	▪ Lack of server communication ▪ Inadequate systems / server backup ▪ Loss of data ▪ Non-integrated systems ▪ Inadequate support during systems implementations	▪ Central ITD handles systems / server backups ▪ Systems upgrades ▪ Monthly monitoring and reconciliation of reports	Medium
Inventory Management	▪ Lack of inventory availability to complete work orders ▪ Failure of computerized system ▪ Ineffective management of warehouses	▪ Integrated work order planning process ▪ Manual inventory lists kept for each warehouse location	Medium
Procurement	▪ Non-compliance with contractual stipulations ▪ Non-compliance with procurement policies and procedures ▪ Price volatility	▪ Monitoring and analysis of monthly reports ▪ Energy vendors perform hedging activities on the City's behalf	Medium
Project / Contract Management	▪ Inadequate project specifications ▪ Ineffective change order management ▪ Improper contractor solicitation	▪ Project Status Reports are reviewed and analyzed ▪ Policies and procedures for soliciting contractors and consultants	Medium

Mission and Objectives

Houston's Housing and Community Development Department (HCDD) focuses on providing quality housing, creating suitable living environments, and expanding economic opportunities principally for persons with low and moderate incomes. The department manages and administers federal and non-federal funds earmarked for the development of viable urban communities.

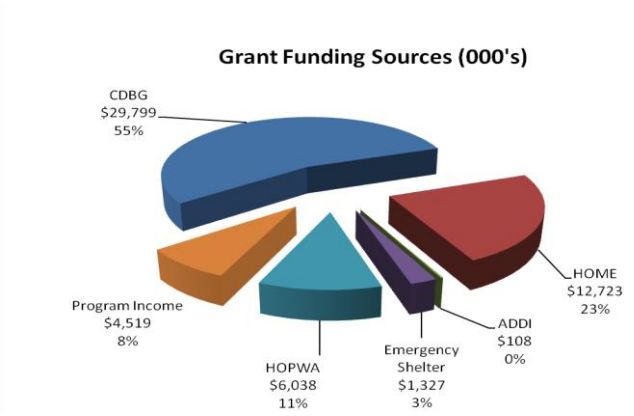
Significant Activities

HCDD addresses housing needs in the community through the development, implementation, and administration of programs along five major product lines. Each product line; (1) single family home repair assistance, (2) single family housing downpayment assistance, (3) commercial (multi and single family housing development), (4) municipal/private public facilities, and (5) public services (including HOPWA Services) contains programs designed to encourage home ownership, maintain safe and attractive housing stock, renovate or improve public facilities, and alleviate homelessness. Activities include:

- Preparing grant applications for the appropriate funding sources
- Developing 5 year planning data and coordinating annual performance reporting
- Educating citizens about available programs and eligibility requirements
- Assisting low income citizens with home repairs needed to alleviate threats to health, life, and safety of homeowners
- Providing transitional housing, case management, transportation, rental and utility assistance, meals on wheels, counseling to mentally challenged citizens, and services to the elderly through a network of local agencies
- Providing homeless prevention programs
- Managing the construction or rehabilitation of publicly and privately owned public facilities
- Conducting inspections of construction and renovation work done on behalf of HCDD

FISCAL YEAR 2009 Financial Data:

In FY 2009 HCDD grant funding awards totaled $50 million with an additional $4.5 million in revenue from program income.



Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Compliance	▪ Non compliance with federal, state, local laws ▪ Inability to monitor contracts ▪ Non compliance with grant requirements ▪ Non-compliance of sub recipients ▪ Non compliance with building codes or ADA regulations	▪ Inspectors monitor compliance of contractor project work ▪ Train staff on relevant policies and procedures ▪ Monitor sub-recipients for contract compliance ▪ Construction plans must adhere to building and ADA regulations	High
Grant Management	▪ Loss of funding from HUD ▪ Failure to meet Federal spending requirements ▪ Inadequate management of grant activities ▪ Lack of timely and accurate reporting on grant activities ▪ Inability to accurately manage and track grant activity resulting in loss of funding ▪ Inadequate recordkeeping ▪ Changes in grant requirements ▪ Improper use of funds ▪ Lack of control over sub-recipients	▪ Internal and external audits performed ▪ Grant activity monitored by HCDD leadership ▪ Sub-recipients monitored and audited by independent auditors ▪ Provide grant reports in accordance with requirements	High
Project Management	▪ Ability of contractors to cut corners on projects ▪ Lack of qualified construction inspectors ▪ Inefficient project management causes cost overruns	▪ Developed project tracking and monitoring procedures ▪ Staff includes dedicated project managers ▪ Inspectors review work performed ▪ Use Project Management Reporting system	High
Fleet Management	▪ Aged stock of vehicles impacts employee safety ▪ Limited number of available vehicles	▪ Utilize City's fleet system to manage vehicles	Medium
HR	▪ Lack of sufficient staff ▪ Inability to recruit qualified staff ▪ Non competitive compensation levels ▪ Incomplete staff time reporting ▪ Lack of recordkeeping procedures ▪ Lack of training on financial or operational systems	▪ Maintain time and attendance reporting ▪ Use SAP for HR and payroll reporting and recordkeeping ▪ Manually allocate time among grants for accurate payroll reporting	Medium
IT	▪ Lack of capacity to perform financial analysis ▪ Lack of resources to upgrade systems ▪ Lack of strong computer skills among staff ▪ Inability to use grant funds for systems changes	▪ Implemented some automated procedures through in-house database programming ▪ Providing training for staff on updated procedures due to technology changes ▪ Ensure staff hired have requisite desktop skills	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
IT (Cont)	▪ Lack of coordination / compatibility between grantor's system and our systems		

Houston Airport System

Mission and Objectives

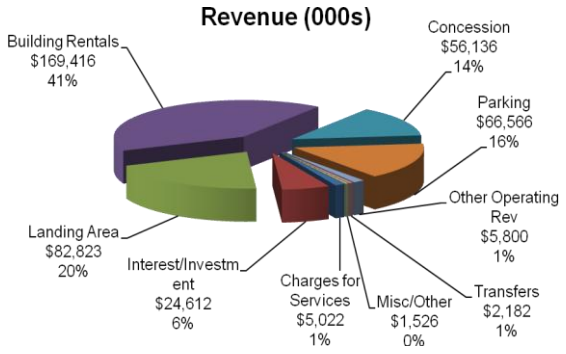
The Houston Airport System (HAS) contains three airports and served over 50 million passengers in 2008. The system is entirely self-supporting using fees and lease agreements rather than local tax dollars. HAS, currently the 4th largest airport system in the United States and the 6th largest in the world, seeks to be a world class gateway through effective and efficient operations, customer service, and strategic marketing and planning.

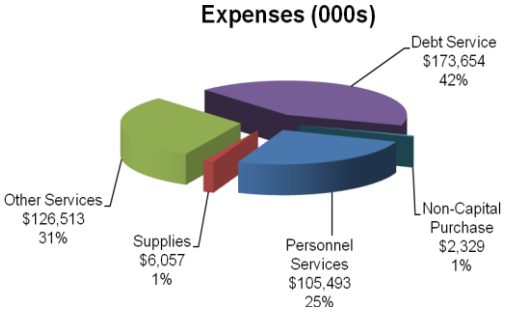
Significant Activities

- Maintaining the operational condition of all airport facilities owned by the City of Houston in accordance with local, state, and federal guidelines
- Managing warehousing and inventory for $2.4M in commodities and parts for Airport System usage
- Providing IT support for 260 network devices, 206 physical and virtual servers, and Help Desk support for over 950 desktop locations
- Performing project management services for Airport System design and construction
- Administering and managing security as prescribed by federal regulations
- Providing financial and accounting stewardship over audit, compliance and reporting activities
- Ensuring compliance with mandated training for over 1,550 airport personnel
- Developing relationships at local, state, federal, and international levels to highlight attributes of HAS and the City of Houston

FISCAL YEAR 2009 Financial Data

The financial data shown below reflects the external sources of revenue generated from HAS as well as the expenses associated with operating the airport system during fiscal year 2009. Actual revenue for the fiscal year was $414M which includes $386M in operating revenue. Total expenses of $414M include $410M in operating expenses and debt service.





Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
IT	▪ Data corruption ▪ Loss of data ▪ Loss of communication services ▪ Outdated systems ▪ Inadequate system interfaces	▪ Strategic information plan in place ▪ Frequent back-ups tapes stored off-site ▪ Participate in pilot program testing ▪ Data reconciliation procedures	High
Project Management	▪ Inadequately trained or licensed personnel ▪ Loss of key personnel ▪ Selection of unqualified professional design firm / contractor ▪ Ineffective project oversight	▪ Approved master plan ▪ Developed succession plan ▪ Firms selected through steering committee ▪ Project managers monitor and manage construction	High
Revenue Generation	▪ Financial strength of airlines and tenants ▪ Economy ▪ Competition ▪ Ineffective marketing program ▪ Loss of federal funding ▪ Loss of revenue from self-reporting concessionaires	▪ Contractual agreements ▪ Conduct audits ▪ Proactive marketing and business development groups ▪ Maintain compliance with federal regulations	High
Security	▪ Changes to federally mandated security protocols ▪ Unfunded mandates ▪ Inadequate monitoring	▪ Transportation Security Administration ▪ Maintain sufficiently trained security personnel	High
Compliance	▪ Lack of contract enforcement ▪ Lack of compliance with local, state, or federal regulations ▪ Changes to regulations ▪ Inability to monitor contractual performance	▪ Comprehensive policies and procedures ▪ Inspectors monitor contract compliance ▪ Monitor legislation ▪ Performance measurement process in place	Medium
Facilities Management	▪ Unsafe facilities ▪ Untimely repairs ▪ Inadequate comprehensive maintenance ▪ Budgetary constraints ▪ Natural disaster or other catastrophic event	▪ Design process considers maintenance ▪ Preventive maintenance program ▪ Continuous facility enhancements ▪ Continuity of operations plan in place	Medium
Financial Management	▪ Inaccurate or inadequate financial management system ▪ Changes in grant requirements ▪ Inadequate reporting systems ▪ Financial analysis inadequate for management decision making	▪ Monthly Budget vs. Actual analysis ▪ Grant activity and costs are preapproved ▪ Track and reconcile data from SAP reports ▪ Comprehensive budget analysis ▪ Rates & Charges development ▪ Strategic financial planning	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
HR	▪ Recruiting and retaining qualified individuals ▪ Loss of key personnel ▪ Lack of adequate training ▪ Compensation program	▪ Vacancy review process ▪ Job postings in industry publications ▪ Monitor and coordinate mandatory training	Medium
Inventory Management	▪ Ineffective inventory verification counts ▪ Inefficient distribution of inventory ▪ Inaccurate inventory records	▪ Cycle count using ABC code analysis ▪ Daily deliveries from warehouse to sites ▪ Inventory records in SAP ▪ On-line inventory reservation system	Medium
Procurement	▪ Inefficient procurement process ▪ Lack of controls over purchasing ▪ Ineffective PCard oversight	▪ Comply with COH procurement process ▪ Review contracts to reduce costs ▪ PCard transactions monitored and reviewed	Medium

Mission and Objectives

The Houston Department of Health and Human Services (HDHHS) provides programs and services that promote and protect the health and well being of City of Houston residents. The scope of the department's services and monitoring programs is driven by science and data, and focuses on individual citizens as well as the environment in which they live, work, and relax.

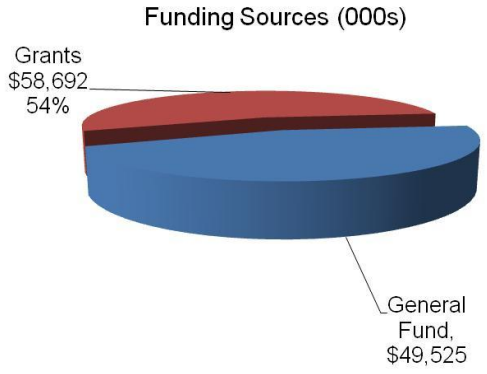
Significant Activities

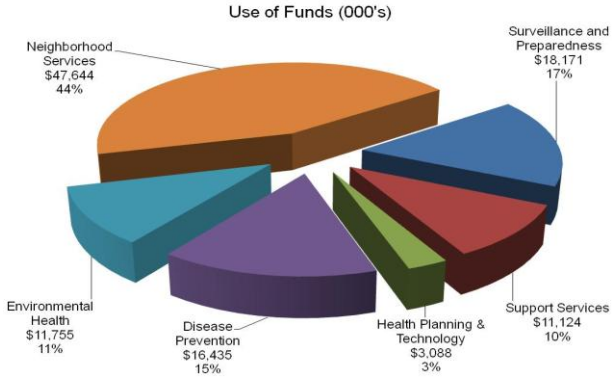
HDHHS accomplishes its mission through educational awareness, program services, and monitoring activities. The department activities include:

- Monitoring and enhancing integrated surveillance systems to identify and contain health issues and emerging health threats
- Assessing, investigating, and analyzing health threats and hazards
- Managing 7 health and 11 multi-service centers which provide preventive health care, maternity, well child, dental care, and WIC nutrition services
- Providing community disease control services including immunizations, tuberculosis (TB) control including direct observation therapy, sexually transmitted disease (STD) control, Hepatitis C and Human Immunodeficiency Virus (HIV) education and testing
- Performing laboratory testing in support of emergency response, environmental, clinical and reference laboratory activities
- Providing enforcement and protection related to outdoor and indoor air quality, water quality, waste issues regarding land, occupational health and safety inspections, food sanitation, lead poisoning prevention and lead-based paint reduction
- Perform over 22,000 inspections annually
- Providing senior citizen nutrition support and information services
- Developing IT solutions to further enable data mining, grant reporting capabilities, case management and referral system, clinic/pharmaceutical inventory tracking, and medication management
- Maintaining birth and death records and providing certified copies of those records
- Managing vital statistics records dating back to 1833
- Partnering with local universities to develop certificate in Public Health

FISCAL YEAR 2009 Financial Data

During FY 2009, HDHHS received a total of $108.2 million dollars of which $58 million (54%) was in the form of grant funding. Graphical representations of the sources and uses of funds are depicted below*.





*HDHHS Committed to Health 2010 - Department Information Guide

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Compliance	▪ Unfunded regulatory changes ▪ Public unaware of permitting procedures ▪ Permitting fees not fully compensating for costs ▪ Public unaware of environmental regulations / hazards ▪ Inability to control nearby jurisdiction's environmental violators ▪ Increase in environmentally sensitive activities ▪ Noncompliance with regulations ▪ Bio-terrorist event	▪ Pursuing external funding ▪ Reassign resources ▪ Ordinances define scope of permitting and related fees ▪ Online information ▪ Public awareness program ▪ Enforcement through permitting and inspections ▪ Collaborate with other jurisdictions ▪ City-wide inspectors and investigators increased enforcement activities ▪ Conduct sampling and laboratory testing to monitor compliance ▪ Developing/Expanding Public Health Surveillance System	High
Financial Management	▪ Inadequate resources to perform required tasks ▪ Lack of awareness of policies and procedures ▪ Inadequate monitoring of expenditures against budget ▪ Incomplete or inaccurate financial records ▪ Transactions not posted timely	▪ Centralized administrative processes and monitoring ▪ Increased training ▪ Review and update policies and procedures regularly ▪ Certain controls embedded in financial system (SAP) ▪ Monthly reporting of grant funded programs ▪ Monthly finance reporting ▪) ▪ Multi-level monitoring QA reviews ▪ Provide ad hoc monitoring	High
Grant Management	▪ Unaware of grant program or reporting requirements ▪ Inability to meet grant data capture or reporting requirements ▪ Grant accounting limitations in the City's financial accounting system ▪ Limited support or infrastructure to rapidly implement new grant activities ▪ Ineffective monitoring of grant programs and activities ▪ Lack of sufficient staffing to reconcile all grant activities ▪	▪ Increased monitoring of grant expenditures and compliance issues ▪ Key personnel assigned to manage activity for each grant ▪ Reconcile grant activity ▪ Work to resolve needs ▪ Provide staff for manual effort required ▪ Comply with grant activity reporting requirements ▪ Working with COH Legal and HR departments to startup programs more quickly ▪ Internal and external compliance audits ▪ Grant funded staff manage grant activities	High
HR	▪ Challenge to recruit and retain qualified individuals ▪ Noncompetitive compensation ▪ Loss of training funds ▪ Inability to develop / implement succession plan	▪ Coordinate strategic recruitment and retention initiatives ▪ Develop recognition programs to reward and retain staff	High

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
HR (Cont)		▪ Promote the Department's mission, value, and flexible workplace to identify HDHHS as an employer of choice ▪ Train the Trainer Program ▪ Increased on-line LMS training ▪ Increased staff facilitated (free) webinar training ▪ Grant funded training opportunities ▪ Developed Manager and Supervisor level leadership academy (H.E.A.L.) ▪ Retiree Part-time Re-employment Program	
IT	▪ Insufficient funding ▪ Loss of critical systems and/or information ▪ Inadequate or inefficient systems ▪ Limited selection of off-the-shelf clinical software packages ▪ HIPAA noncompliance ▪ Conflicts in alignment of external funding entities' standards and Citywide IT standardization ▪ Employee technical skill gaps	▪ Allocation of cost based on usage ▪ Established Continuity of Operations Plan ▪ Coordinate activities with COH Information Technology Department ▪ Division programs collaborate to develop and fund multi-functional solutions ▪ Seek vendors with specific public health software implementation experience ▪ HIPAA specific encryption used for personally identifiable data ▪ Utilize grant funded projects to strengthen related network infrastructure and security ▪ Training and cross training of staff	High
Public Health Services	▪ Insufficient funding and/or resources to respond to service demands ▪ Public unaware of programs and services offered ▪ Inadequate or inaccessible centers ▪ Inability to properly maintain facilities ▪ Loss of federal and/or state funding causes some critical services to go unmet ▪ Lack of preparation for contagious disease outbreak ▪ Leadership unaware of contagious outbreak ▪ Lack of preparation for bio-terrorist event	▪ Pursuing external funding ▪ Developing and maintaining strong relationships with local medical community and Centers for Disease Control and Prevention ▪ Implementing a public information and marketing campaign ▪ Coordinate immunization activities with medical and community based organizations ▪ Developing and expanding Public Health Surveillance System ▪ Coordinate facility maintenance with GSD ▪ Moving to enhanced clinical and environmental laboratory ▪ Aggressive response protocols in place which include triggers based on statistical deviations	High

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Public Health Services (Cont)		▪ Regular communication and collaboration with HEC, County , State and Federal officials regarding outbreaks ▪ Developed policy, training exercises, and plans to facilitate immediate response to bio-terrorist event	
Procurement	▪ Noncompliance with state / local regulations or ordinances ▪ Inefficient process ▪ Lack of awareness of internal policies and procedures ▪ Ineffective contract management	▪ Collaborate with Strategic Purchasing to develop contracts ▪ Enforce penalties for violations ▪ Centralized purchase requisition procedure to develop expertise and streamline process ▪ Policies and procedures in place ▪ User training	Medium
Revenue Generation	▪ Inadequate revenue transaction controls ▪ Inadequate enforcement of permitting requirements ▪ Inability to identify establishments / entities requiring permits ▪ Lack of cash handling procedures	▪ Transactions systematically recorded in financial system ▪ Procedures in place for permit and lab billing ▪ Inspections performed ▪ Cross trained inspectors ▪ Permitting requirements are embedded in the licensing / registration process ▪ GIS used to identify / track establishments ▪ Training on department policies and procedures ▪ Periodic unannounced review of cash handling locations	Medium

Houston Emergency Center

Mission and Objectives

The Houston Emergency Center (HEC) processes calls reporting situations that threaten life, health, safety, and property in an efficient, accurate and professional manner. The department operates the public safety communications system and works with the Mayor's Office of Emergency Management to coordinate and manage disasters and emergency situations.

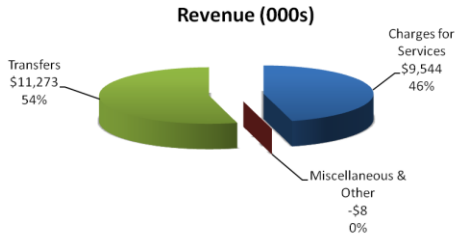
Significant Activities

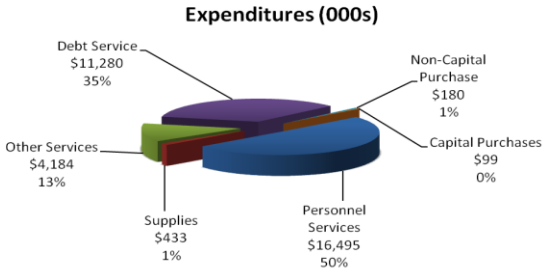
HEC is the result of a consolidation of the Neutral Public Safety Answering Point, Police Department Emergency Communications Division, and Fire Department Emergency Communications Operations. Core operations include call taking and dispatch however HEC quickly becomes a command center during major emergency or disaster events. The department's activities include:

- Processing over 9,000 emergency and non-emergency calls each day
- Answering 90% of emergency calls within 10 seconds
- Processing ten-digit calls
- Answering 80% of non-emergency calls within 10 seconds
- Coordinating Texas Public Information Act responses
- Evaluating emergency call protocols periodically to refine and improve response
- Maintaining systems infrastructure to ensure availability of mission critical dispatch applications, consoles, and servers and managing tape backups
- Updating Computer Aided Dispatch (CAD) data and call protocols (scripts) to improve response times
- Conducting classroom and on-the-job training for call takers

FISCAL YEAR 2009 Financial Data

During FY 2009, HEC received reimbursement from Greater Harris County 911 (GHC911) for employees who were originally on GHC911's payroll prior to HEC's existence. The remainder of HEC's budget comes from the General Fund. Total operating budget for FY 2009 was $21.4 million.





Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Call Taking	▪ Inadequate shift coverage ▪ Ineffective equipment ▪ Inadequate call protocols delay appropriate response ▪ Incorrect mapping data in CAD	▪ Implemented power shifts to ensure adequate coverage ▪ Equipment provided by GHC911 and the City ▪ Protocol reviewed and updated regularly with input provided from HFD and HPD ▪ CAD updated weekly to ensure staff can determine locations	High
IT	▪ Inadequate support from external service providers ▪ Failure of power grid or network infrastructure ▪ Facility reaches capacity for personnel or utilities ▪ Insufficient staff to maintain level of service expected by internal and external customers ▪ Inadequate funding	▪ Facility has built in redundancy to minimize disruption of operations ▪ Implemented extensive problem identification and solution framework ▪ Immediate escalation of issues which threaten Public Safety and Emergency response functions	High
Training	▪ Inadequate staff training ▪ Lack of qualified instructors ▪ Inability to schedule training without jeopardizing shift coverage	▪ New hires receive 13 weeks of classroom and floor training ▪ Additional training required for HEC Fire/EMS staff ▪ Training and trainers provided by GHC911 and HEC managers ▪ Staff encouraged to obtain Emergency Communications certification	High
Administration	▪ Unfunded legislative mandates ▪ Lack of formal policies and procedures ▪ Non-compliance with policies and procedures ▪ Lack of transparency in decision making process	▪ Suggestions for new or revised policies are formally considered for approval ▪ Non-compliances issues or complaints are formally investigated	Medium
Financial Management	▪ Lack of funding ▪ No formal contract or agreement with GHC911 or HAS	▪ Adhere to established practices ▪ Compliance with federal, state, and local ordinances and regulations ▪ Comply with established policies and procedures	Medium
HR	▪ Lack of funding ▪ Inability to attract qualified staff ▪ Lack of employee awareness about policies and procedures	▪ Internship program with High School for Law Enforcement increases candidate pool ▪ Implemented formal committee structure to increase visibility of policies	Medium

Houston Fire Department

Mission and Objectives

The Houston Fire Department (HFD) is responsible for preserving life and property within the City. This emergency service organization performs fire suppression, specialized operations and Emergency Medical Services (EMS).

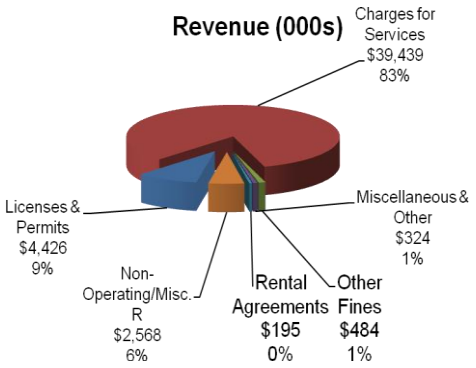
Significant Activities

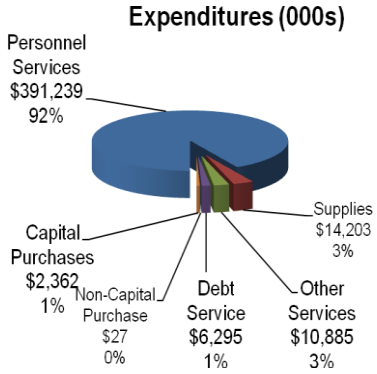
HFD is the fourth largest fire department in the United States and the largest ISO Class 1 fire department in the country. HFD is also accredited by the Commission on Fire Accreditation International (CFAI). The department activities are managed through four Divisions, Operations, Planning, Logistics, and Finance. Specific activities include:

- Responding to an average of 47,000 emergency Fire and 228,000 EMS calls annually
- Providing emergency dispatch and radio communication
- Operating from 86 suppression stations and 5 specialized operations locations
- Providing initial and mandated continuing education training programs for classified employees
- Maintaining over 260 emergency fleet vehicles and specialized apparatus
- Providing specialized operations in the form of arson investigation, technical rescue, aircraft recue and fire fighting, and hazardous materials response
- Managing and monitoring HFD specific technology applications
- Managing warehouse operations and procurement
- Conducting and analyzing data to develop trend analysis and support critical management decision-making
- Implementing and enforcing ordinances and regulations pertaining to life safety and fire prevention
- Coordinating submission of grant applications and the reporting of grant related activities
- Conducting required fire safety and permit inspections of buildings and facilities
- Providing public safety education

FISCAL YEAR 2009 Financial Data

During FY 2009, HFD collected $47.4 million which included $39.4 million in service charges and $4.4 million from permitting activities. Revenue collected goes into the General Fund. Corresponding expenditures for the period were $425 million. Graphical representations of the revenues and expenditures depict the amount and source of each.





Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Compliance	▪ Inability to provide state mandated training hours ▪ Non compliance with federal, state, and local regulations ▪ Non compliance with labor contract ▪ Unfunded legislative mandates ▪ New FAA regulations ▪ Management unaware of regulatory changes ▪ Inadequate / untimely fire inspections ▪ Insufficient monitoring of inspections process	▪ Conduct initial and continuing education training ▪ Implemented online training where possible ▪ Training is monitored ▪ Participate in trainings held by other agencies ▪ Adhere to HFD's Standard Operating Guidelines which encompass federal, state and local regulations ▪ Integration Land Management System (ILMS) used to monitor inspections / permitting ▪ Perform bi-annual inspections of hydrants ▪ Maintain ISO and CFAI accreditation	High
Emergency Response	▪ Ineffective dispatch system ▪ Inadequate response equipment ▪ Insufficient medical supplies ▪ Lack of support from partner agencies ▪ Loss of communication with control towers ▪ Major emergency situation that exhausts available resources ▪ Inability to meet response times expected by citizens	▪ Analysts are centralized to coordinate responses for consistent results ▪ Review and update call for service protocols as needed ▪ Follow vehicles and apparatus replacement schedule as funding allows ▪ Standard supply levels for each apparatus type ▪ Redundancy capability built into communication center and systems ▪ Monitor call for service response times ▪ Review citizen survey satisfaction rates on emergency response	High
Financial Management	▪ Inadequate financial management oversight ▪ Lack of funding ▪ Economic constraints prevent external entities assistance with prevention education and outreach ▪ Lack of oversight on PCard purchases ▪ Limited amount of grant funding available ▪ Inadequate monitoring and reporting on grant activities ▪ Inability to fund pension obligations	▪ Prepare budget and monitor it against actual expenditures ▪ Perform internal audits based on rolling annual audit plan ▪ Quarterly review of contracts ▪ Utilize dashboard to provide data to Executive Command ▪ Adhere to City's procurement policies and procedures ▪ Monitor PCard purchases and use of Petty Cash ▪ Report grant activities to funding agencies	High

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Fleet Management	▪ Loss of key response vehicles ▪ Loss of heavy duty vehicle repair technicians ▪ Lack of available parts or supplies ▪ Lack of preventive maintenance program ▪ Heavier than anticipated usage leading to more frequent failure ▪ Inability to follow replacement plan consistently	▪ Preventive maintenance program in place ▪ Maintain fleet rebuild shop ▪ Repair technicians on call after hours ▪ Inventory system pre-determined order points ▪ Implemented performance measures for fleet repairs ▪ Limited reserve fleet	High
IT	▪ Loss of critical data streams ▪ Loss of record management capabilities ▪ Lack of adequate systems enhancements ▪ Inadequate business continuity plan ▪ Increasing dependence on technological solutions for unique administrative and operational activities	▪ Established Chief Technology Officer position ▪ Manage HFD desktop support, telecom, and application development ▪ Critical systems are maintained at HEC ▪ Increasing redundancy to minimize service disruption ▪ Developed and implemented hardware replacement policy	High
Materials Management	▪ Natural disasters, terrorist attack or weather conditions that block access to warehouse ▪ Inability to procure supplies and equipment timely ▪ Delivery of supplies or equipment to stations is impeded	▪ Perform inventory observation ▪ Inventory received at warehouse ▪ Supplies distributed from warehouse to stations ▪ Annual inventory performed	High
Safety	▪ Unknown conditions at emergency sites ▪ Lack of support from law enforcement personnel ▪ Inability to communicate conditions to crew or command staff ▪ Lack of maintenance of Personal Protective Equipment (PPE)	▪ Install, maintain, operate and repair HFD radio and wireless communications ▪ Receive support from law enforcement ▪ Installed thermal imaging equipment on all engines and trucks ▪ Conduct initial and continuing education training ▪ Implement equipment upgrades to minimize injuries ▪ PPE inspected and issued to each individual ▪ Conduct fire prevention education to the public	High
HR	▪ Lack of training funds ▪ Inability to attract qualified personnel ▪ Key personnel attrition ▪ Lack of formal succession plan	▪ Implemented career day events to attract recruits ▪ Provide training and programs for officer development	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
HR (Cont)	▪ Labor intensive payroll process ▪ Inability to fund pension obligations	▪ Customized module for personnel transfers to increase efficiency ▪ Provide Critical Incident Management Team counseling and Family Support services as needed	

Houston Police Department

Mission and Objectives

The Houston Police Department's (HPD) enhances the quality of life in the City of Houston by working cooperatively with the public and within the framework of the U.S. Constitution to enforce the laws, preserve the peace, reduce fear and provide for a safe environment.

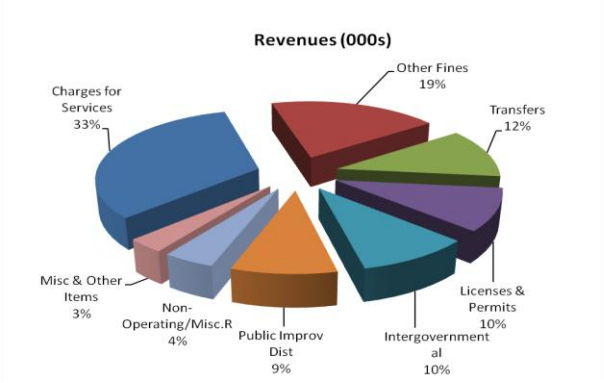
Significant Activities

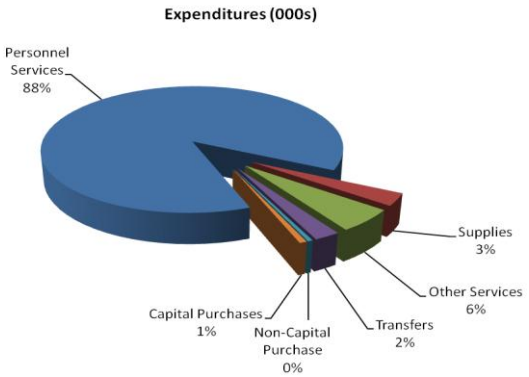
HPD provides protection for the public through police presence and response, investigations, and criminal trend analysis. The department's activities include:

- Responding annually to more than 1.2 million calls for service
- Investigating criminal activities including auto theft, burglaries, homicide, robberies, vice, narcotics, gangs, and major offenders
- Enforcing traffic laws
- Providing abatement services for dangerous buildings, weeded lots, and junk vehicles
- Analyzing, preserving, and securing physical evidence
- Ensuring the safety and security of prisoners and the health and safety of employees who may come in contact with prisoners
- Managing the hiring, testing, and training process for Police Cadet applicants and civilian employees
- Providing emergency dispatch and radio communications
- Providing specialized services such as SWAT, canine patrol, air support, vehicular crimes and red light camera traffic enforcement
- Maintaining department IT capabilities and services and providing 24x7 operational support for critical information processing applications
- Supporting patrol and investigative operations through real-time analysis of crime information
- Managing the grant funding process which includes preparing applications, monitoring and reporting grant related activities
- Responding to 4,000 open records requests and coordinating media relations activity
- Working with other law enforcement agencies on joint initiatives and task forces to combat criminal activity across jurisdictions
- Process over 400,000 reports annually
- Maintaining a fleet of 3,500 vehicles and handling 36,000 work orders per year

Fiscal Year 2009 Financial Data

During FY 2009, HPD recorded actual operating expenditures of $712M. More than 50% of the department's expenditures represented classified base salaries and pension. Graphical representations of the revenues and expenditures depict the amount and source of each.





Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Administration	▪ Adverse relationship between employees / unions and management ▪ Compensation packages not competitive ▪ Hiring freezes / loss of funding for positions ▪ Employee safety ▪ Non-compliance with procurement laws	▪ Regular meetings with employee groups ▪ Mediation process ▪ Meet & Confer process ▪ Priority placed on retention ▪ Develop and distribute safety surveys ▪ Safety issues stressed in all training ▪ Comply with all purchasing rules and regulations	High
Compliance	▪ Employees violate legal rights of suspects and/or citizens ▪ Dangerous buildings are not demolished timely creating health, safety, and crime concerns ▪ Non-compliance with asbestos regulations during building demolition ▪ Inability to monitor litigation deadlines ▪ Failure to properly collect, test, and store evidence ▪ Open records and public information requests not handled in a timely manner ▪ Jail operations found to be unsatisfactory to court monitor	▪ Provide training, supervision of employees, document policies and procedures and provide department resources (e.g. legal) ▪ Multiple layers of approvals required prior to evidence destruction ▪ Building inspectors assigned to resolve dangerous building cases ▪ Contractors must be certified to demolish a bldg with asbestos ▪ Accreditation of Crime Lab and other technical divisions ▪ Established a comprehensive quality assurance program to ensure adherence to with General Orders/City policies ▪ Databases, tracking systems and reports are used to monitor status and meet deadlines in a timely manner ▪ Ongoing negotiations to merge City and County jail facilities	High
Enforcement and Public Safety	▪ Insufficient resources ▪ Insufficient number of officers response to calls for service ▪ Lack of officers or civilian personnel to perform other enforcement duties (investigation, traffic enforcement, jail) ▪ Lack of citizen participation / involvement in crime prevention ▪ Lack of coordinated interagency efforts to gather and share information ▪ Increased criminal activity and/or concentrated activity	▪ Use technology as a force multiplier ▪ Use of one officer per car to increase availability ▪ Officer productivity is tracked and monitored ▪ Use of redlight cameras ▪ Actively engaging citizens through the internet, monthly meetings, and other interactive activities ▪ Use of crime analysis data and discretionary overtime to mitigate problems	High

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Enforcement and Public Safety (Cont)		▪ Use of fusion centers to gather and evaluate intelligence ▪ Use of specialized units or discretionary overtime	
Emergency Response	▪ Lack of resources to maintain adequate staffing levels ▪ Calls for service (911) dispatched untimely or inappropriately ▪ First responder lacks sufficient/timely data for problem resolution ▪ System failures ▪ Power outages or grid failures ▪ Natural disaster ▪ Terrorist / man-made incident ▪ Insufficient disaster recovery plan ▪ Weather related issues impact mobility goals / objectives	▪ Use technology as a force multiplier ▪ Monthly tracking of staffing, dispatch call activity, call management and training ▪ Use of trained dispatch police officers ▪ Provide input to call for service protocols to improve response ▪ Back-up for all primary systems and back-up generators managed by the Houston Emergency Center ▪ Use real time crime analysis data to better equip first responders ▪ Technology Services Division provides 24x7 systems support for critical applications ▪ Resources are prepositioned ▪ Contingency plans developed and revised as needed	High
Fleet Maintenance	▪ Lack of funding delays replacement of old vehicles and increases average age of fleet ▪ Vehicles not maintained on a regular basis ▪ Inability to complete repairs causes shortage of patrol vehicles ▪ Inefficient large or high dollar parts inventory	▪ Preventive maintenance schedule in place ▪ Vehicle coordinators track service/repairs of vehicles ▪ Mechanic incentive plan used to meet department's 93% availability standard ▪ Inventory on hand is limited to heavily used items	High
Financial Management	▪ Overspending budgets as a result of large cuts ▪ Inappropriate use of restricted funds ▪ Inadequate or untimely account reconciliations ▪ Data on actual fixed assets does not agree to SAP	▪ Spending of all funds are closely monitored and detailed reports provided monthly ▪ Reconciliations are performed monthly ▪ Inventory is physically counted annually	High
Training	▪ Lack of funding for training ▪ Inadequately trained officers and civilian personnel ▪ Inadequate number of new cadet training to keep pace with attrition ▪ Insufficient weapons training	▪ Officers are required to have 40 hours of training. ▪ Two Cadet classes per year to partially mitigate officer attrition	High

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Training (Cont)	▪ Inadequate training on command specific applications needed to perform job responsibilities ▪ Inadequate succession planning ▪ Inability to thoroughly train staff on major systems applications	▪ Experienced officers conduct training and equipment evaluation ▪ Actively review practices of other agencies for best practices ▪ Developed in-house training programs ▪ Mandatory training required on new major applications	
Grants Management	▪ Grant dollars not spent according to grant requirements ▪ Grant spending not tracked accurately or timely ▪ Grant activities not adequately managed or reported	▪ Status of grants and grant applications tracked monthly ▪ Grant spending is monitored monthly and track in SAP ▪ Grants are audited annually by outside agencies, no exceptions in past 3 years ▪ Grant activity is reported to funding agencies as required	Medium
IT	▪ Radio or PC failure hinders communication ▪ System obsolescence ▪ Inadequate backup power capability ▪ System security breaches ▪ Loss of internet connectivity ▪ Budget cuts	▪ On-call Tech support for hardware/software applications ▪ Radio and patrol car system upgrades in process ▪ Auxiliary power and alternative modes of communications ▪ System redundancy and back-up systems for applications	Medium
Communications	▪ Inability to improve poor public image ▪ Lack of public trust in department ▪ Lack of communication with various community groups ▪ Staff does not operate programs or follow-up on request from media and communities.	▪ Conduct outreach to enhance relationships with Houston communities ▪ Use of citizen surveys and community meetings to get citizen feedback and build trust ▪ Use of social media outlets to reach wider audiences ▪ Employee training on communication skills	Medium[14]
Records Management	▪ Case data is lost or miscoded resulting in misstated crime statistics ▪ Inability to locate records hard and soft copy data ▪ Increasing backlog	▪ Quality check all reports ▪ Outsourced crash reports to reduce backlog ▪ Undergoing ISO certification to improve process	Medium

[14] While "Communications" was rated as Medium from the perspective of Audit prioritization, it is of significant interest, sensitivity, and focus to HPD in being pro-active with education, status and updating the constituency.

Houston Public Library

Mission and Objectives

The Houston Public Library has been in operation for more than 150 years and serves Houston's culturally diverse community. The library system offers free educational, informational and recreational activities, access to innovative technology, and creative solutions to information needs.

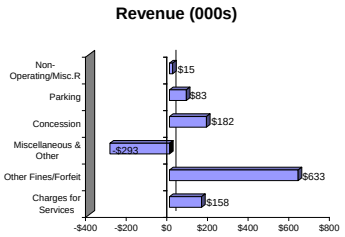
Significant Activities

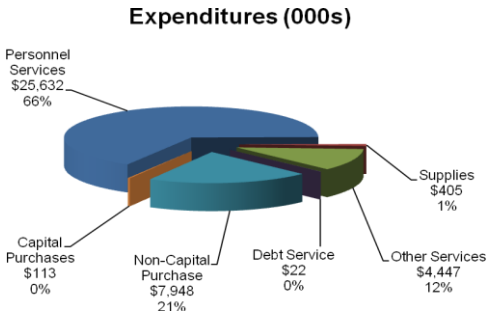
The Houston Public Library system includes the Central Library, the Houston Metropolitan Research Center, the Clayton Center for Genealogical Research, and neighborhood branch locations.

- Developing and managing the circulation of library collections
- Operating 41 neighborhood branches
- Providing safe and secure facilities
- Implementing literacy and reading programs
- Obtaining and administering grants
- Managing IT access and back-up for 7 regional library systems (HAALN)
- Coordinating and recruiting volunteers
- Serving over 4.5 million visitors each fiscal year (2008)
- 5.8 million items checked out (2008)

FISCAL YEAR 2009 Financial Data

The Houston Public Library provide services to the community at no costs however during FY 2009, the library system collected more than $800,000 in operating revenues largely due to overdue items, parking, and concessions. Principal expenditures are for personnel related items. Graphical representations of the revenues and expenditures depict the amount and source of revenue and expenditures.





Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Customer Service	▪ Failure to identify customer needs ▪ Inability to respond promptly to patrons ▪ Community unaware of program offerings ▪ Programs not relevant to community needs ▪ Insufficient hours of operation ▪ Inadequate staffing levels ▪ Lack of funding	▪ Customer satisfaction and complaint tracking ▪ Active marketing efforts ▪ Staff training at branches ▪ HPL website ▪ Programs developed for and provided to customers	Medium
Facilities Management	▪ Inadequate planning for facility needs ▪ Lack of funding for building renovation ▪ Ineffective preventative maintenance ▪ Non-compliance with code requirements ▪ Inadequate building security	▪ The Communications Division tracks data on customer usage for planning purposes. ▪ Project specific funding from outside sources sometimes surface which initiate construction/renovation. ▪ Comprehensive records of preventive maintenance are maintained and used for scheduling.	Medium
Financial Management	▪ Reduced funding ▪ Non-compliance with grant agreements ▪ Inadequately controlled cash management	▪ Actively pursue grant funds ▪ Used books are donated to and sold by HPL as an additional source of funding ▪ Significantly overdue fines for materials are turned over to a contracted collection agency. ▪ Point of Sale Systems are being installed at each branch to enhance controls over cash management.	Medium
Information Technology	▪ Theft of laptop computers for use by customers in library facilities ▪ Non-compliance with the Children's Internet Protection Act (CIPA) resulting in potential loss of "E-Rate" funds ▪ Customer service lag time generated by IT requirements ▪ Outdated technology ▪ Unreliable connectivity	▪ Use of LoJack software in laptops ▪ Website filters are set in accordance with CIPA requirements. ▪ Actively pursue innovative technology solutions ▪ Working with ITD to improve response time	Medium
Procurement	▪ Insufficient administration and monitoring of major vendor contracts (approximately $5 to $6 million annually) ▪ Controlling purchasing activity related to the approximate 10 P-cards assigned to department employees.	▪ Contracts are processed through SPD ▪ The Purchasing Manager serves as the P-card coordinator for the department.	Medium

Human Resources Department

Mission and Objectives

The Human Resources Department (HR) provides administrative support to other city departments in their effort to recruit, develop, and retain a competent workforce. In addition, HR provides safety oversight and benefit administration services to the city, its employees, and eligible retirees and survivors.

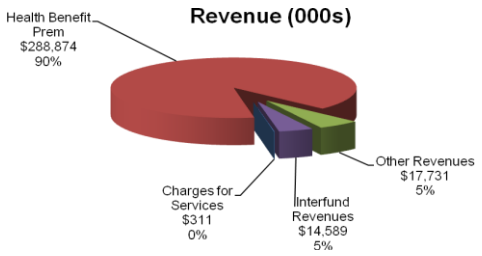
Significant Activities

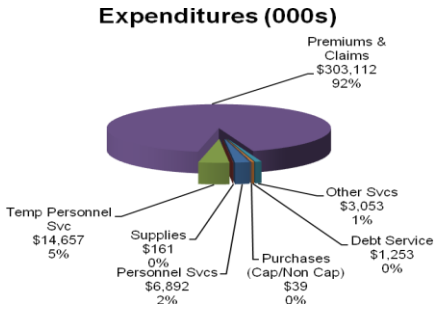
HR supports each city department by managing the administrative functions of hiring, coordinating core development courses, and the administration of benefit programs. The department's activities include:

- Managing the application and hiring process
- Maintain employment applications and personnel records
- Administering the salary program
- Negotiating, implementing, and administering benefit programs
- Conducting analysis of existing programs
- Maintaining plan eligibility records for over 66,000 people
- Coordinating formal training / staff development programs
- Providing input to safety training and programs

FISCAL YEAR 2009 Financial Data

During FY 2009, the department recorded actual expenditures of $329M. More than 97% of the department's expenditures represented benefit premiums or payments. Benefit premiums are funded substantially from the City with the remainder coming from employees via the payroll system and the 3 pension systems for retirees. Graphical representations of the revenues and expenditures depict the amount and source of revenue and expenditures.





** Operational and support services

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Compliance	▪ Inability to perform compliance reviews ▪ Non compliance with contract stipulations ▪ Lack of comprehensive policies ▪ Inaccurate position descriptions ▪ Posted requirements incompatible with job needs ▪ Non compliance with HIPAA ▪ Changes in laws / regulations	▪ Audit clauses in all contracts ▪ Internal and external audits performed ▪ Collaborate with Legal Dept on new and revised policies ▪ Position descriptions reviewed / approved by departments ▪ Monitor compliance with HIPAA ▪ Monitor changes in labor / employment regulations	High
Financial Management	▪ Inadequate funding ▪ Untimely benefit roll reconciliations ▪ Financial instability of 3rd party providers ▪ Catastrophic illnesses or injuries ▪ Security breach	▪ Reconciliations performed monthly ▪ Vendor financial standing considered in contracting phase ▪ Contracts in place to limit losses ▪ System access controls in place	Medium
IT	▪ Limited ability to produce reports ▪ Loss of eligibility data ▪ Lack of processing capacity ▪ Lack of training on system capability	▪ Work with ITD / ERP team to develop reports ▪ Redundant back-ups ▪ Staff receive formal and on-the-job training	Medium
Records Management	▪ Lack of storage capacity ▪ Lack of retention policies	▪ Dedicated space for physical records ▪ Minimum retention based on COH policy	Medium
Safety	▪ Inadequate safety programs ▪ Inability to provide safety training ▪ Lack of due diligence following an incident	▪ Offer safety specific training ▪ Provide monthly safety messages ▪ Perform periodic safety assessments	Medium

Information Technology Department

Mission and Objectives

The mission of the Information Technology Department (ITD) is to leverage emerging technologies that reduce cost, increase productivity in the workforce, and improve services to citizens and employees.

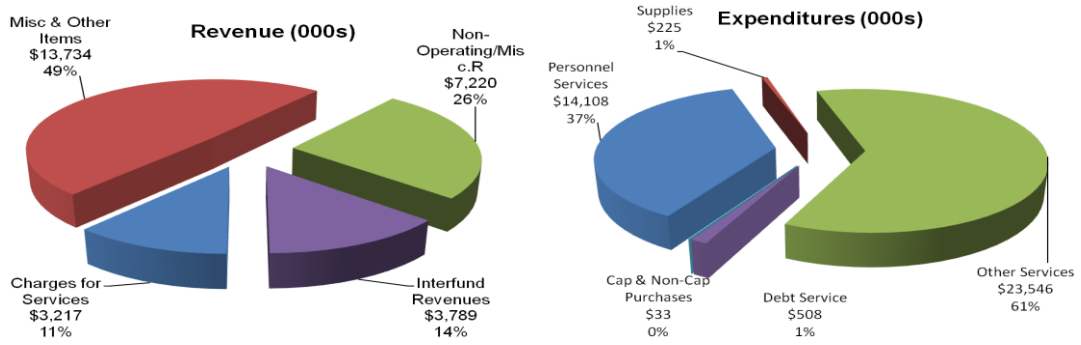
Significant Activities

ITD helps ensure that the technology needs of the business units and operations are addressed. Activities include:

- Performing desktop support services for 16,000 users;
- Maintaining 1,800 switches and routers to manage data traffic within the City's data infrastructure and core connections;
- Serving 481 City of Houston sites;
- Supporting the Enterprise Resource Planning (ERP) system, which is the official financial system of record;
- Providing voice, data, and other telecommunication infrastructure services to all departments;
- Developing and implementing various information technology projects;
- Supporting the City of Houston's email application; and
- Preparing the rolling 5-year Technology Investment Plan, representing about $233 million from multiple funding sources
- Managing departmental information technology O&M spend of approximately $140 million annually

Fiscal Year 2009 Financial Data

During FY 2009, ITD reported expenditures of approximately $38.5 Million. Most of the Revenues reported are for interfund billing related to telephone services. Graphical representations of the revenues and expenditures depict the amount and source of each.



Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Applications	▪ Poorly integrated systems ▪ Obsolete and unsupported applications ▪ Inadequate funding ▪ Over dependence on Consultants ▪ Inadequate reporting mechanism ▪ Lack of job-specific application training	▪ Enterprise Resource Planning Committee that prioritizes project selection, funding, and implementation ▪ Technology Steering Committee (TSC) that provides standardization of technology practices through governance ▪ 5-year Technology Investment Plan (TIP) that is developed with short & mid-term strategy and approved by City Council ▪ Manage relationships with consultants that focuses on acceptance testing for interim deliverables ▪ FY11 action plan includes "knowledge transfer" requirement in project contract knowledge to further enhance staff skills and reduce dependence on consultants ▪ Implementing development program to address job specific application training	High
Client Services	▪ Unrealistic client demands ▪ Lack of understanding of customer needs ▪ Inconsistent customer satisfaction metrics ▪ Inadequate resources ▪ Fragmented solutions	▪ Education and training of employees during implementation of new products and enhancements of existing applications ▪ Implementing customer satisfaction surveys for biennial and quarterly distribution ▪ Help desk reporting mechanism to monitor issues and remediation ▪ Implementing new HEAT system for better monitoring and management of client service ▪ Implementing customer satisfaction survey	High
Infrastructure	▪ Loss of inter-connectivity and communication ▪ Lack of access to critical systems ▪ Loss of critical data ▪ Inadequate hardware to support organization objectives Lack of sufficient capacity	▪ TSC that provides standardization of technology practices through governance ▪ Reorganized functions to coincide with customer service along measurable product lines ▪ Monthly reporting on developing KPI's	High

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Infrastructure (cont)		▪ Identify, implement, and manage initiatives that consolidate data centers	
Security	▪ Inconsistent application controls ▪ Conflicting security layers ▪ Inadequate security measures ▪ Inconsistent and/or lack of password standards ▪ External vulnerability from hackers ▪ Exposure to virus, malware, spam, infections, etc. ▪ Unauthorized access	▪ TSC that provides standardization of technology practices through governance ▪ Identify and hire Chief Information Security Officer to develop centralized function within ITD ▪ Identify, implement, and manage initiatives that centralize visibility of virus/security monitoring to better manage vulnerabilities	High
Special Projects	▪ Overspending budget ▪ Lack of clear and measurable product deliverables ▪ Insufficient skill set and/or lack of resource consistency (turnover) ▪ Poorly defined project goals	▪ Projects presented before the TSC and City Council for approval ▪ Contract language structured with incentives/holdbacks ▪ Recently hired, experienced Information Technology and Information Systems management driving the use of resources among various department functions, including special projects	High
Administration	▪ Non-compliance with Policies and Procedures ▪ Inadequate funding for competent technology professionals ▪ Inaccurate accounting entries	▪ Adhere to existing City policies and procedures ▪ Review and revise internal policies and procedures as needed ▪ Manually review and correct chargeback data to ensure capital project financial information is accurate	Medium

Legal Department

Mission and Objectives

The Legal Department provides municipal legal services to the City of Houston. The department also assists Houston citizens in their efforts to protect neighborhoods. These services facilitate effective and efficient city operations.

Significant Activities

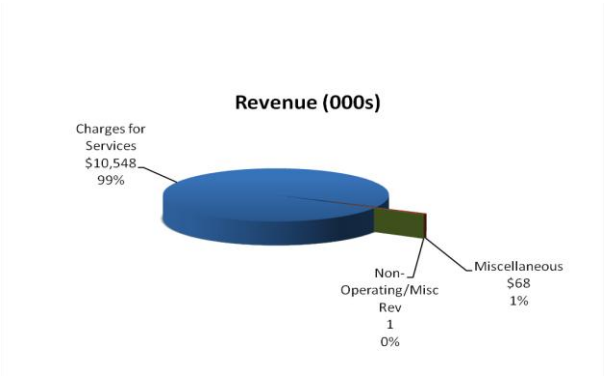
Attorneys in the Legal Department represent the City in a wide range of matters including litigation, labor, transactional real estate, municipal legislation, contracts, and taxation. Activities of the department include:

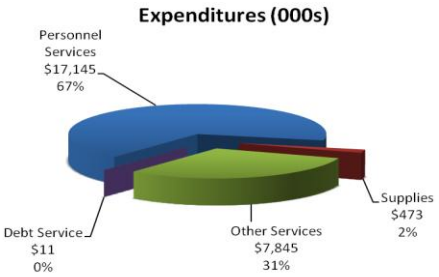
- Providing legal counsel to city departments and officials
- Serving as prosecutors in municipal court cases
- Representing the City as plaintiff and defendant in civil litigation
- Handling claims involving city property or city employees
- Negotiating and drafting contracts and agreements
- Drafting ordinances and legal opinions
- Advising City departments and officials regarding land use issues
- Coordinating responses to public information requests
- Managing legal matters related to public finance and utility regulation
- Providing legal support for the Government Affairs Division of the Mayor's Office
- Representing the City in labor and employment related matters
- Assisting neighborhood associations and citizens understand and enforce deed restrictions
- Representing the City in real estate transactions

NOTE: *A change to Executive Order 1-39 was drafted and signed by the Mayor on July 14, 2010 which reorganized the Office of Inspector General (OIG) to be a division within the Office of the City Attorney. Since the EO was signed subsequent to our fieldwork it is not reflected in the Risk Profile for the Legal Department in this year's ERA.*

Financial Data

During fiscal year 2009, the Legal Department's total revenue was $10.6M with expenditures for the same period totaling $25.5M. Revenue collected goes into the General Fund. Graphical representations of the revenues and expenditures depict the amount and source of each.





** Claim activities also generate revenue that is credited directly to the Department on whose behalf legal action was pursued.

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Preemptive Legal Services	▪ Provide inaccurate or incomplete legal advice ▪ Insufficient resources to provide preventive training and counsel ▪ Inadequate understanding of specialized contract terms ▪ Inadequate drafting and review of contracts or ordinances ▪ Inadequate negotiation during construction or professional service contracts ▪ Ineffective representation of City's interests in labor negotiations ▪ Failure to provide complete and timely responses to open records requests	▪ Provide training opportunities for staff and attorneys on compliance matters ▪ Educate the City's personnel, boards, commissions, and committees on compliance issues ▪ Contracts undergo multiple reviews ▪ Coordinate responses to subpoenas and open records requests	High
Legal Enactment and Enforcement	▪ Insufficient resources to effectively monitor and assist City's legislative program ▪ Insufficient resources knowledgeable about laws ▪ Citizens unaware of complexities of deed restriction requirements	▪ Temporarily reallocate personnel to cover high volume areas ▪ Educate citizens regarding deed restriction requirements ▪ Research issues and draft new or amended ordinances	Medium
Case Management	▪ Threat of increased litigation ▪ Ineffective litigation strategy / tactics ▪ Inability to handle increasing caseload with limited number of staff attorneys ▪ Loss of computer access to HPD database ▪ Inefficient administrative hearing process ▪ Personnel lack specific skills/training ▪ Litigation errors or malpractice ▪ Lack of access to key witnesses impairs case preparation ▪ Limited access to documents ▪ Engagement of outside counsel without appropriate credentials	▪ Cases are analyzed and evaluated ▪ File management system used to track cases ▪ Backups performed on server data ▪ Scheduling process monitored ▪ Provide funding for staff training and certifications ▪ City Attorney does not recommend engagement of outside counsel if in house attorneys have the appropriate experience	Medium
Financial Management	▪ Lack of training on the City's financial system ▪ Inadequate staffing levels ▪ Inadequate cost benefit analysis prior to engagement of outside counsel	▪ Support staff attend training on the City's official financial system	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Financial Management (Cont)	▪ Unfunded mandates related to grant management	▪ City Attorney does not recommend engagement of outside counsel if in house attorney's have the appropriate experience	
Records Management	▪ Diverse retention periods for various document types ▪ City personnel unaware of retention periods ▪ Inability to locate records jeopardizes cases ▪ Limited access to documents ▪ No comprehensive system to manage electronic data	▪ Educate personnel on retention period requirements ▪ Respond to all department inquires regarding records management laws ▪ Collaborating on study of records management systems	Medium

Municipal Courts - Administration

Mission and Objectives

Municipal Courts Administration Department (MCA) provides a forum for citizens to have their matters heard in a fair, efficient, convenient, and timely manner. MCA functions as the official court administrator and custodian for the City.

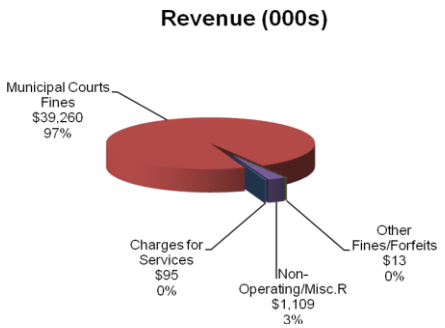
Significant Activities

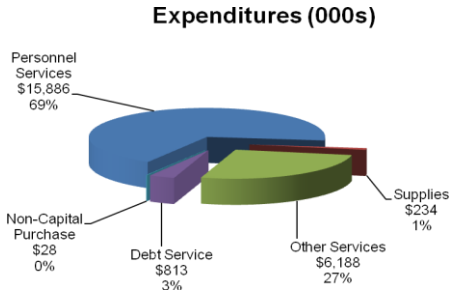
The department performs duties that allow for due process adjudication of matters before the City of Houston judicial branch of government. The department provides staffing in 3 shifts to provide 24 hour coverage to facilitate effective and efficient court operations. MCA is responsible for a variety of activities which include:

- Performing data entry of citations from 28 entities
- Processing all complaint filings
- Preparing court dockets for 9 day courts, and 8 night courts
- Recording of court proceedings
- Collecting court fines and fees for the State of Texas and the City as well as the posting of bonds
- Processing bond forfeitures
- Issuing subpoenas and verifying warrants
- Maintaining physical and electronic files
- Providing technology and system support
- Processing more than 55,000 payments each month
- Reporting financial information and court performance standards to the appropriate local, state and national jurisdictions
- Coordinating responses to Texas Public Information Act requests
- Managing security and building services

FISCAL YEAR 2009 Financial Data

MCA collected $40.5 million in revenue for the City's general fund and special funds during FY 2009. Approximately 97% of collected revenue consisted of court fines and 98% of the revenue collected is designated as general government funds. Total expenditures for the period were $23.1 million. Graphical representations of the revenues and expenditures depict the amount and source of each.





Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Customer Service	▪ Ineffective or inefficient interactions with customers ▪ Insufficient staff to perform required tasks ▪ Significant increase in work loads from new initiatives ▪ Court related processes can occur at any time	▪ Adding technological solutions to provide service alternatives ▪ Developed initiatives for high volume clients (bondsmen, attorneys) ▪ Provide services at central and satellite locations ▪ Provide staffing in 3 shifts for 24 hour coverage	High
Court Operations	▪ Insufficient staffing level ▪ Inaccurate or untimely docket preparation ▪ Subpoenas not issued timely ▪ Inability to conduct mandated arraignments ▪ Limited facility space ▪ Limited record archival space ▪ Disasters leave facilities inaccessible ▪ Lack of physical security	▪ Cross training of staff ▪ Increased use of electronic processes to improve operational quality and efficiency ▪ Decentralization of operations ▪ Coordinate facility repair and renovations ▪ Manage bailiffs to provide court room security ▪ Camera surveillance ▪ Police presence in facilities	High
IT	▪ Inadequate system response time ▪ System breakdowns ▪ Lack of system interfaces ▪ Inability to retrieve records ▪ Unreliable system back-up processes ▪ Aging / outdated technology ▪ Budget constraints ▪ Support issues with Court software	▪ Developing new court management system ▪ Developed emergency procedures manual ▪ Acquiring updated technical devices ▪ Legislature liaison provides information on activities ▪ Documented Service requests for activity in court software	High
Financial Management	▪ Inadequate resources to perform required tasks ▪ Lack of policies and procedures ▪ Funding related to third party support not utilized on Departmental priorities ▪ ▪ Incomplete or inaccurate recording	▪ Perform account reconciliations ▪ Monthly monitoring of revenue and expenditures ▪ Provide data for inclusion in Monthly Financial and Operations Report ▪ Policies and procedures are being updated ▪ Tracking of funds allocated and expended	Medium
Revenue Collection	▪ Citations not properly controlled or processed ▪ Ineffective collection procedures ▪ Unsecured and/or untimely deposits of cash collections ▪ Theft / Fraud ▪ Incomplete or inaccurate recording ▪ Lack of cash handling controls ▪ Inadequately trained personnel	▪ Automated system increases accuracy and control of citations ▪ Collection process established ▪ Follow-up on delinquent accounts for collection ▪ Employees are bonded ▪ Reconciliation of cases processed and cash receipts performed daily ▪ Segregation of duties	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Revenue Collection (Cont)		▪ Formal cash handling policies in place and communicated	
Communications	▪ Lack of coordinated communication from Department ▪ Non-compliance with Texas Public Information Act requests ▪ Inadequate technical and staffing resources	▪ Developed more effective media protocols ▪ Set up incident reporting standards ▪ Established bulletin boards in each location ▪ Developed internal communication tools for staff	Medium
HR	▪ Less than competitive compensation program ▪ Imbalanced scheduling and training needs ▪ Workload imbalance ▪ Increasing personnel issues requiring intervention by management	▪ Adjusting expectations to include higher standards ▪ Providing courses for clerk certification ▪ Staff receive minimum of 4 hours training annually ▪ Revising policies as necessary ▪ HR works cooperatively with management to resolve employee relations issues and to manage attendance and FMLA issues	Medium

Municipal Courts - Judicial

Mission and Objectives

The Municipal Courts Judicial Department (MCJ) represents the City of Houston's judicial branch of government. MCJ directs activities to provide an accessible legal forum that allows individuals charged with violations of State law and/or City ordinance to have their matters heard in a fair, efficient, and timely manner.

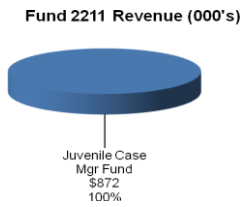
Significant Activities

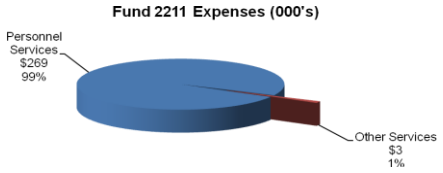
The City of Houston's Municipal Court system is the largest of its kind in the State of Texas and one of the largest in the country. The staff consists primarily of full and part time judges as well as full and part time Adjudication Hearing Officers. Activities include:

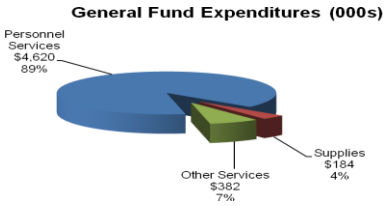
- Managing court room schedules
- Providing a forum for:
  - Arraignments
  - Court and Jury Trials
  - Parking citations
  - Neighborhood protection and 8-line violations in the Impact Court initiative
  - Red light camera hearings
  - Tow, Show Cause, Scire Facias, and Stolen Property Disposition Hearings
  - License suspension hearings
- Setting policies and procedures for the Courts
- Monitoring dockets and juror levels
- Managing truancy reduction program
- Providing translator and court reporting services

Financial Data

Most of MCJ operations are funded through general government revenue however the truancy reduction program is funded through the Juvenile Case Manager Fund. That fund received $872,000 during fiscal year 2009 and program spending was $272,000. Total expenditures for all other department activities during the period were $5.2 million. Graphical representations of the revenues and expenditures depict the amount and source of each.







Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Court Management	▪ Insufficient resources ▪ Court room dockets are uneven ▪ Facility capacity constraints ▪ Inadequate staff training	▪ Decentralization of operations ▪ Arraignment alternatives ▪ Dockets are monitored and overruns are tracked to determine cause ▪ Operational statistics are monitored ▪ Staff are well trained	Medium
Information Systems	▪ Inadequate system response time ▪ Lack of alternative technology solutions	▪ Developing new court management system ▪ Utilizing video arraignment system and jury summons Integrated Voice Response (IVR) system	Medium

Mission and Objectives

Created by city ordinance in 1916, the Parks and Recreation Department's (PARD) overall mission is to enhance the quality of urban life by providing safe, well-maintained parks and offering affordable programs for the community. The department also seeks to encourage and promote healthy living.

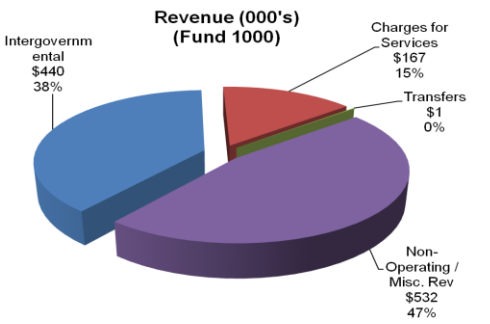
Significant Activities

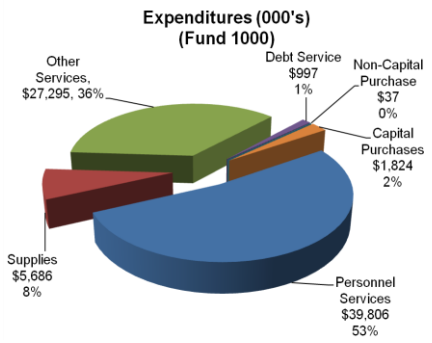
PARD is responsible for the management, improvement, and maintenance of parks. "Parks" is defined to include parkways, esplanades, playgrounds and recreation buildings belonging to or under the control of the city. The department, accredited through the Commission for Accreditation of Park and Recreation Agencies (CAPRA) in 2008, has nine divisions that provide services to the city including:

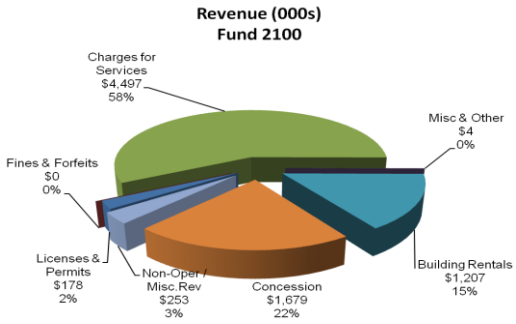
- Managing and maintaining 369 parks and over 200 green spaces totaling more than 39,000 acres
- Maintaining the grounds for 39 City Libraries and 16 Multi-Service Centers
- Maintaining over 1,700 acres of esplanades
- Managing eight golf courses and three tennis centers
- Operating and maintaining community centers, swimming pools, water parks, skate parks, dog parks and over 100 miles of hike and bike trails throughout the city
- Managing youth, adult and senior leisure and sports programs
- Responding to more than 20,000 calls from the City's 311 service each year
- Removing over 5,000 bags of trash from the park system each week

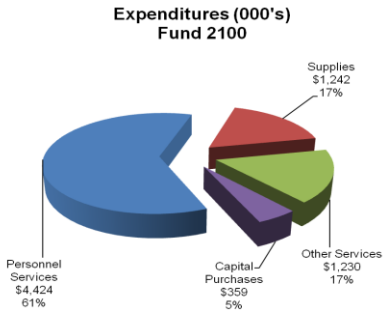
Financial Data

Revenue generated during fiscal year 2009 totaled $8.8 million which was primarily from golf course play, concessionaire payments, ball field and building rentals, and Sport League registrations. Expenditures for Special Revenue Fund and General Fund this period totaled $77.8 million. A large percentage of expenditures, 98%, consisted of personnel, supplies and support costs such as utilities, building maintenance, and a contractual obligation to the Houston Zoo Graphical representations of the revenues and expenditures depict the amount and source of each.









Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Customer Service	▪ Park facilities or programs do not meet citizen expectations ▪ Inability to respond to citizen requests ▪ Increasing acreage and facilities to maintain without a commensurate increase in funding	▪ Solicit community input through evaluations and surveys ▪ Respond to call from the City's 311 service within 72 hours	High
Facilities Management	▪ Insufficient or ineffective preventive maintenance ▪ Increasing number of facilities to maintain without a commensurate increase in funding ▪ Vandalism and theft of City property ▪ Inadequate security ▪ Inability to share electronic data or other information among 100+ satellite sites	▪ Utilize preventive maintenance schedule ▪ Periodically review existing preventive maintenance schedule to improve system ▪ Deploy Urban Park Rangers on rotating schedule ▪ Adopted IT strategy to update systems infrastructure in facilities as needed	High
Fleet Maintenance	▪ Insufficient operations funding ▪ Inadequate/untimely maintenance ▪ Obsolete/aged equipment ▪ Inadequate training	▪ New fleet management system implemented ▪ Follow replacement schedule that lowers amount of obsolete or aged equipment ▪ Monitor fleet for work readiness and make repairs as needed	High
Grounds Maintenance	▪ Increased acreage to maintain without a commensurate increase in funding ▪ Outdated or inoperable equipment ▪ Insufficient data collection tools ▪ Insufficient work order maintenance scheduling systems ▪ Unaware of need to remove or trim certain trees endangering public safety or posing threat of property loss ▪ Ineffective enforcement of City's tree protection ordinance ▪ Inability to communicate with managers or crews in the field ▪ Shortage of grounds maintenance staff	▪ Maintenance scheduling procedures in place ▪ Monitor equipment and repair as needed ▪ Follow replacement schedule that lowers amount of obsolete or aged equipment ▪ Encourage adoption programs facilitate reallocation of resources ▪ Respond to requests to remove or trim trees from the City's 311 service ▪ Enforce tree ordinance through permitting process ▪ Provide communication tools for managers	High
Recreation, Wellness, and After School Programs	▪ Lack of programs and services needed or desired by the public ▪ Inadequate funding ▪ Program staff not adequately trained ▪ Hiring process is untimely for seasonal staff ▪ Inadequate equipment	▪ Review survey results ▪ Monitor program and service utilization rates ▪ Monitor lifeguard qualifications and training ▪ Conduct fund raising events	High
Security and Safety	▪ Increase in crime rate ▪ Lack of funding for increased technology	▪ Deploy Urban Park Rangers on rotating schedule ▪ Maintain shift schedule to enable park coverage	High

Planning and Development Department

Mission and Objectives

The Planning and Development Department (PD) is responsible for the implementation of various ordinances, policies, contracts, programs and studies designed to support the dynamic growth of Houston while protecting its culture and diversity. They are tasked with building working relationships with decision makers and communities to achieve their goals.

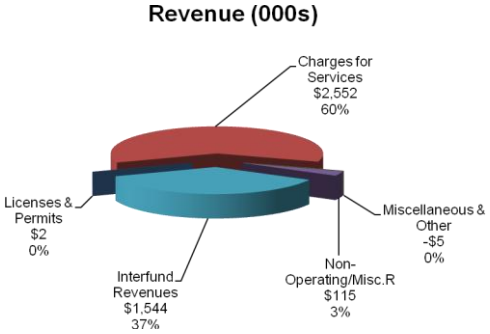
Significant Activities

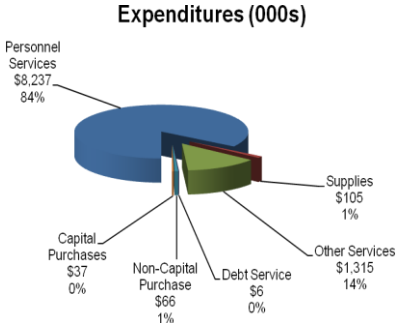
PD performs a variety of activities related to managing growth and development in Houston. Activities include:

- Reviewing land development through subdivision and development plats and construction plans
- Providing educational programs that assist in revitalizing neighborhoods
- Analyzing data and providing recommendations on jurisdictional boundaries
- Developing and maintaining database for the Geographic Information System (GIS)
- Providing accurate geographical data to department and city leaders
- Providing research, data, mapping and analysis to residents, businesses, organizations, neighborhoods
- Reviewing development specific applications for compliance with hotel/motel, tower and hazardous material ordinances and ensure construction is in compliance with appropriate ordinances
- Developing GIS applications for efficiencies, communicating key data with citizens and departments
- Implementing neighborhood preservation tools, minimum building line, minimum lot size, historic preservation and prohibited yard parking

FISCAL YEAR 2009 Financial Data

During FY 2009, the department had total expenditures of $9.8M and generated revenue from services of $4.2M which went into the General Fund. Graphical representations of the revenues and expenditures depict the amount and source of each.





Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Security and Safety (Cont)	▪ Lack of assistance from outside law enforcement agencies	▪ Utilize technology for surveillance / monitoring ▪ Communication protocols established to increase transparency of staff actions to executive and mid-level management ▪ Area law enforcement support security efforts	
Financial Management	▪ Lack of financial knowledge ▪ Inadequate funding ▪ Increased utilities and materials cost ▪ Inadequate systems and systems support ▪ Detailed grant reporting requirements ▪ Financial system requires much manual intervention	▪ More stringent hiring process ▪ Monitor and analyze expenditures ▪ Financial system allows improved oversight and analysis	Medium
Marketing	▪ Inadequate or untimely communication from other departments ▪ Inability to inform citizens of events, programs, or activities ▪ Inadequate staff ▪ Negative perception	▪ Work with other departments to receive information timely ▪ Continuous updates to department website ▪ Staff experienced in media and marketing industry ▪ Respond to citizen questions received through “Ask Parks”	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Information Technology	▪ Loss of electronic data ▪ Catastrophic event ▪ Hardware / Software incompatibilities with customers ▪ Equipment failure ▪ Non-integrated solutions and disconnect with ITD	▪ A disaster recovery offsite plan and procedures in progress ▪ Use of web based platforms to facilitate plat fee payments ▪ Servers are backed up nightly and stored on tape drives ▪ Use Citrix operating environment to ensure consistent and timely application roll-outs and version control	High
Compliance	▪ Changes in ordinances and state law ▪ Insufficient staff resources	▪ Monitor developing legislation ▪ Developing Department procedure manual ▪ Management reporting and oversight ▪ Cross training	Medium
Customer Service	▪ Facility failure ▪ Communication breakdown with customers ▪ Inability to access information	▪ Conduct internal and external surveys to evaluate quality of customer service ▪ Review survey results and take corrective action ▪ Monitor turnaround time for customer requests	Medium
Financial Management	▪ Economic conditions ▪ Budget constraints ▪ Insufficient staff ▪ Loss of critical documents ▪ Unauthorized PCard purchases	▪ Foster and maintain relationships with development community ▪ PCard purchases monitored and approved ▪ Scan and save documents on City's network	Medium

Mission and Objectives

The City of Houston Public Works and Engineering (PWE) Department is responsible for administration and management planning, technical engineering, construction, and maintenance, of the City's infrastructure. The department is also responsible for implementing the storm water, street, waste water and water programs under the City's five-year Capital Improvements Plan (CIP).

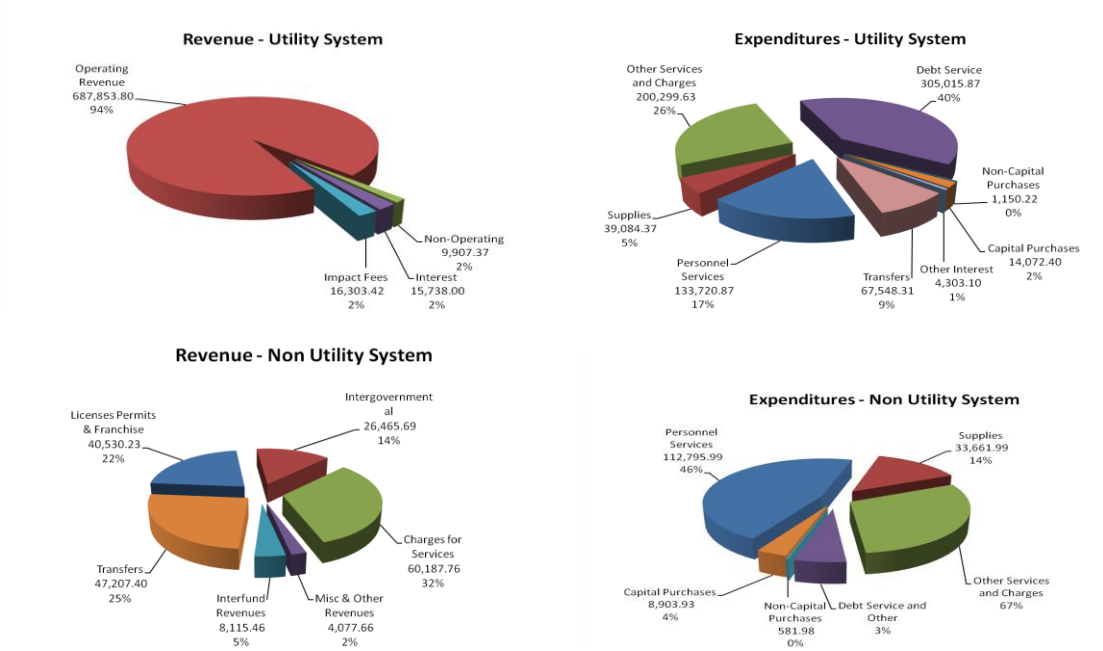
Significant Activities

The responsibilities of PWE are distributed among six divisions: Engineering and Construction, Planning and Development Services, Public Utilities, Resource Management, Right-of-Way and Fleet Maintenance, and Traffic and Transportation. The department's activities include:

- Producing and distributing of over 146 billion gallons of water per year
- Maintaining the drinking water system "Superior" rating from the Texas Commission on Environmental Quality (TCEQ)
- Maintaining 40 wastewater treatment plants and providing treatment of 277 million gallons per day generated by residential, commercial and industrial customers
- Maintaining more than 14,000 miles of water distribution and sanitary sewer collection lines throughout the City
- Providing fleet maintenance for 5,100 vehicles
- Maintaining over 16,000 lane miles of streets, 60,000 storm water manholes, 100,000 storm water inlets, 3,200 miles of storm sewer lines, and 3000 miles of roadside ditches
- Implementing design and construction infrastructure projects in the City's five year CIP
- Installing & maintaining 1,100,000 traffic signs, 2,450 signalized intersections, 1,600 school zone flashers, as well as 180,000 streetlights & 1,800 freeway lights
- Providing utility planning, permitting, and inspection for new residential/commercial developments

Financial Data

The annual operating budget of the department is approximately $1.2 billion. Operating funds are derived from a number of sources including user fees, utility charges and General Fund revenue. The graphical representations of the revenues and expenditures depict the amount and source of each for FY 2009.



Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Compliance	▪ Unaware of regulations governing various types of construction and engineering projects ▪ Non-compliance to federal and statutory laws ▪ Inability to perform timely inspections ▪ Inspections are not carried out based on current code ▪ Lack of coordination in scheduling inspections ▪ Ineffective monitoring of grant funded activity ▪ Non-compliance with federal grant reporting requirements Lack of safety procedures to protect staff from physical injuries	▪ Establish and maintain relationships with regulators ▪ Monitor proposed legislation ▪ Inspections are implemented in accordance with National Inspection Standards ▪ Flood plain regulations are enforced through field inspections and plan reviews ▪ Right of Way Ordinances and laws are implemented according to International Design Materials ▪ Water quality is tested and measured against TCEQ standards ▪ Safety group provides safety training for the entire department	High
Financial Management	▪ Lack of funding ▪ Lack of contractor labor and material costs tracking ▪ Inadequate management of City owned real estate properties ▪ Overpriced real property purchases for right of way easements ▪ Insufficient rate increases to adequately recover water and sewer costs ▪ Inaccurate fixed asset accounting	▪ Contract Management System is used to manage public utility contracts ▪ City properties are maintained in the CIPMS database and older property paper files are in a secured file room ▪ Real estate purchases are based on appraisals ▪ Inventory system for all real estate transactions ▪ The fixed assets section of this division handles amortization/ capitalization of fixed assets	High
Fleet Management	▪ Aging fleet ▪ Failure / crash of fleet management system ▪ Inadequate monitoring system for regular maintenance and repair ▪ Lack of funding to replace and repair vehicles ▪ Increasing prices of automotive parts and supplies	▪ New fleet management system installed ▪ Individual users are responsible for the maintenance and repair of their assigned vehicles ▪ Reports are generated to monitor vehicle availability rate, status of units under repair, total units under repair, average of fleet in operating condition ▪ Contract with NAPA assures lower prices and discounts	High
Project Management	▪ Inadequate planning of infrastructure to support expanding population and annexation	▪ The Planning Division implements a development plan for the creation of additional wastewater facilities when the City reaches 80% capacity	High

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Project Management (Cont)	▪ Aging infrastructure increases backlog of construction and design projects ▪ Ineffective project prioritization ▪ Increased public expectations of design and construction process ▪ Lack of coordination in scheduling inspections ▪ CIP projects are not monitored ▪ Lack of highly qualified staff ▪ Lack of oversight and contract monitoring	▪ Wastewater capacity managed through wastewater commitment process for new development or major renovation ▪ 400 data elements of a project are entered into CIPMS (from design through planning and construction) ▪ Individual Development Plan enforces cross training to develop knowledge and skills in the Engineering, Construction and Geo-technical areas	
Information Technology	▪ Inability to hire and retain qualified and skilled staff ▪ Antiquated radio communication system ▪ Multiple data center locations ▪ Slow / inadequate support of field locations ▪ Lack of a backup plan in emergency situations ▪ Frequent hardware crashes	▪ ITD is currently upgrading the range and capacity of the City's radio system ▪ Centralization of 28 data centers (Leeland location) ▪ Technical staff is housed at large remote sites, deployed to smaller sites and use remote access software tools ▪ Centralized Help Desk and Desk Side support ▪ Established and implemented fail over computing at Leeland Data Center and Bryan College Station ▪ Disaster recovery center in Bryan College Station ▪ Established equipment lifecycle replacement program	Medium
Inventory / Materials Management	▪ Increasing prices of supplies ▪ Inventory and supplies are inadequate to support operations ▪ Theft of valuable supplies (i.e. copper)	▪ Inventory items are bar-coded and inventory levels are tracked with daily cycle counts ▪ Installation of security cameras and copper inventory is counted everyday ▪ Data Stream 7i tracks all assets and provides a preventive maintenance schedule	Medium
Procurement	▪ Failure to adhere to procurement policies and procedures ▪ Inappropriate items purchased using PCards ▪ Unauthorized users of PCards	▪ RWBSS system tracks the labor, material, and equipment used in a project ▪ PCard coordinators audit purchases on a monthly basis	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Revenue Generation	▪ Lack of automated payment options ▪ Limited revenue sources ▪ Lack of customer-focused service	▪ Credit card / electronic payments are handled exclusively through Chase Bank ▪ Other automated pay options available through City website and telephone system ▪ Funding from grants and permit/impact fees supplement utility billing revenues ▪ Periodic monitoring of call center service levels, customer satisfaction, and timely payment processing ▪ City offers payment agreements and information on agencies that provide payment assistance	Medium

Solid Waste Management Department

Mission and Objectives

The Solid Waste Management Department (SWMD) is tasked with providing the collection, transportation, and disposal of solid waste in an efficient, cost effective, safe, and environmentally sound manner. The department manages the overall planning effort to develop a reliable and efficient method for solid waste disposal and promotes efforts to reduce waste.

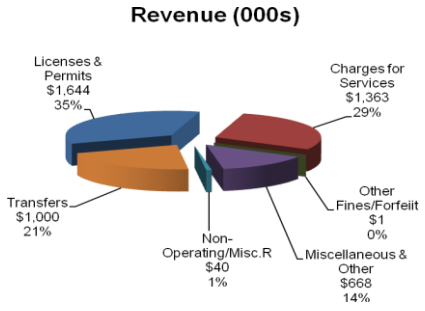
Significant Activities

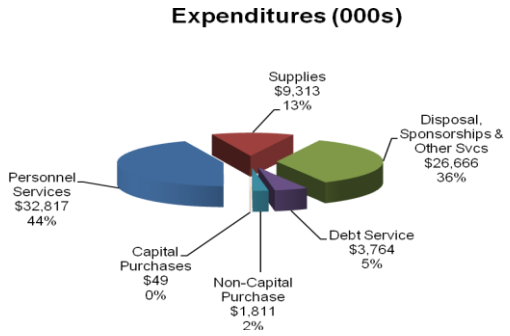
SWM provides solid waste services to residential customers in the City of Houston which represents approximately 35% of the total waste stream. The department collects garbage, yard trimmings, heavy trash, dead animals, and recyclables. Activities include:

- Providing garbage, junk waste, and tree waste collection to more than 362,000 residential units
- Negotiating and monitoring contracts for municipal solid waste disposal and management of the City's 3 transfer stations
- Managing the transportation and disposal of over 800,000 tons of waste annually
- Providing bi-weekly curbside collection of recycling to approximately 180,000 residential units
- Operating 6 neighborhood depositories and recycling centers to allow all residents to discard tree waste, junk waste, and recyclables
- Managing the collection of more than 53,000 tons of recyclables annually
- Accepting household hazardous waste and electronic scrap at two Environmental Service Centers to ensure safe and environmentally friendly disposal of these items
- Administering the issuance and enforcement of Combustible Waste Storage Permits for commercial establishments
- Providing dead animal removal services (fee assessed for large animals – horses and cattle)
- Managing fleet maintenance activities for over 500 heavy and light vehicles
- Supporting vehicle maintenance of other departments such as Parks and Recreation, Fire, and the Bureau of Animal Regulation and Care (BARC)
- Maintaining oversight of Debris Management operations following natural disasters

Financial Data

SWD services are funded through the City's General Fund. During fiscal year 2009 the department had total expenditures of $74.4 million and generated revenues of $4.7 million. Graphical representations of the revenues and expenditures depict the amount and source of each.





Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Collection	▪ Lack of funding ▪ Inadequate number of drivers available to cover routes due to illness ▪ Insufficient number of collection sites or collection vehicles ▪ Uneven distribution of collection routes ▪ Lack of public awareness of recycling opportunities ▪ Trash or junk commingled with recyclables	▪ Utilization of licensed drivers from other departments ▪ Hire temporary drivers ▪ Use Planning Department software to track new residential developments ▪ Design routes based on standardized number of lifts per minute ▪ Develop and distribute marketing and awareness messages	High
Fleet Maintenance	▪ Frequent breakdown of essential vehicles and equipment due to slow replacement ▪ Lack of dedicated funding stream to support vehicle and equipment repair ▪ Lack of parts to repair and maintain vehicles and equipment ▪ Aging fleet subject to heavy usage ▪ Inadequate preventive maintenance schedule	▪ In-house machine shop capable of rebuilding transmissions and hydraulic systems ▪ Daily preventive maintenance checks are conducted by the operators three times a day ▪ Maintain auto parts and specialized parts inventories at machine shop sites	High
Financial Management	▪ Reduced Funding ▪ Late payment of invoices ▪ Inadequate accounting or support for federally reimbursable expenses (FEMA) ▪ Inability to track revenues for other services ▪ Incentive pay calculated incorrectly	▪ One day turn-around for accounts payable items ▪ Dedicated staff position to pursue and reconcile FEMA reimbursable expenses ▪ Integrated Land Management System (ILMS) manages dumpster permit accounting Utility billing system is used for non-residential and extra capacity container billing and account maintenance ▪ Incentive pay calculations verified and approved	High
Procurement / Inventory Management	▪ Lack of inventory to complete the repair or maintenance of vehicles and equipment ▪ Storage areas are not secured from theft	▪ Maintenance of auto parts and specialized parts inventory in the machine shops ▪ Storage areas/locations are secured with guards, cameras and controlled key access	High
Compliance	▪ Non-compliance to procurement ordinances and laws ▪ Non-performance of contract stipulations	▪ Provision of reports to SPD to ensure compliance to state and local laws ▪ Landfill Audit System is used to monitor and manage landfill contract	High

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Compliance (Cont)	▪ Non-compliance to federal and statutory laws (TCEQ, EPA, DOT, OSHA)	▪ Daily briefings ensure that safety issues and regulations are discussed	
Human Resources	▪ Inability to hire and retain qualified staff ▪ High incidence of injuries and accidents ▪ Performance of the different sections is not tracked ▪	▪ Cross-training ▪ Promotion of qualified and high performing personnel ▪ Daily briefing is always highlighted with a discussion on safety issues ▪ The Performance Measurement System monitors daily collections and other performance data ▪ Institution of incentive pay to encourage efficiency and effective management of maintenance work ▪	High
Training	▪ Lack of technical trades training for staff	▪ In-house technical trainer ▪ Cross training	Medium