



Houston First Corporation (HFC) Procurement and Contract Compliance Performance Audit



OBJECTIVES

The primary objectives of the audit were:

- Review the HFC procurement process;
- Evaluate compliance with existing policies, procedures and guidelines;
- Review agreements between the City of Houston and HFC; and
- Evaluate compliance with key contract terms and conditions.

BACKGROUND

HFC was formed as a local governmental corporation in 2011, to operate the convention center, performing arts facilities, and parking garages owned by the City of Houston.

From July 2016 through December 2018, HFC created 2,014 purchase orders totaling over \$256 million.

Related expenditures were just under \$238 million.

Chris Brown
City Controller

Courtney Smith
City Auditor

AUDIT RESULTS

15 FINDINGS

- 6 findings related to the establishment, modification, and periodic review of HFC procurement policies and procedures.
- 2 findings regarding purchase order creation, approval, authorization, monitoring, and closing.
- 2 findings on the need to establish uniform processes to review, evaluate, and document vendor responses to Requests For Proposals.
- 2 findings regarding the need to use competitive bidding.
- 2 findings regarding non-compliance with:
 - Texas Hazard Communications Act
 - HFC and City of Houston Interlocal Agreement
- 1 finding on lack of documentation to support incentive-based payments.

15 RECOMMENDATIONS

The audit team's conclusions included the following recommendations to HFC management:

- Strengthen policies and procedures to guide the procurement process;
- Ensure consistency and compliance with existing procedures; and
- Ensure compliance with legislative and City of Houston Interlocal Agreement requirements.