

OFFICE OF THE CITY CONTROLLER



**ADMINISTRATION AND REGULATORY AFFAIRS DEPARTMENT
HOUSTON PERMITTING CENTER
PERFORMANCE AUDIT**

Chris B. Brown, City Controller

Courtney E. Smith, City Auditor

Report No. 2017-07



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

CHRIS B. BROWN

April 4, 2017

The Honorable Sylvester Turner, Mayor
City of Houston, Texas

**SUBJECT: 2017-07 ADMINISTRATION AND REGULATORY AFFAIRS DEPARTMENT (ARA)
HOUSTON PERMITTING CENTER (HPC)**

Mayor Turner:

The Office of the City Controller's Audit Division has completed a performance audit of ARA Permitting at the Houston Permitting Center (HPC). ARA's mission is to provide "efficient and logical solutions to administrative and regulatory challenges". ARA Permitting collects fees for services and fines as allowed by City ordinance. Revenue is collected on-site at the Permitting Center, via mail, and on-line. In FY2016, ARA generated over \$19 million from the sale of more than sixty (60) types of permits, penalties and various fees.

Our primary audit objectives were to determine the following:

1. Compliance with applicable ordinances and/or regulatory requirements;
2. Effectiveness of controls over processing permits; and
3. Internal controls over collection of permit revenue.

The initial scope included 1) transactions, procedures and other relevant activities that occurred during the third and fourth quarters of FY2016 and 2) permitting transactions for Vehicle for Hire, Game Room, and Coin Operated Tax Decals for the period January 1, 2016 through October 30, 2016. The engagement scope was modified to include the analysis of burglar alarm revenue and the Alcoholic Beverages reconciliation processes for the month of April 2016.

Based on the procedures performed during the audit, we noted the following:

- Good controls in place to safeguard the City's revenue generated from permit sales;
- Effective controls in place to safeguard unissued blank permits and vehicle inspection stickers; and
- Supervisors and staff were well-trained and professional.

We noted opportunities to strengthen internal controls related to compliance with applicable ordinance and the permitting processing for certain permits. In addition, we noted that additional controls related to reporting should be added.



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TEXAS**

CHRIS B. BROWN

We would like to thank the management and staff of ARA and HPC for their cooperation, time, and efforts throughout the course of the engagement. We would also like to thank ARA's HPC management for their proactive approach to risk management, and timely remediation of audit findings by correcting issues once identified.

Respectfully submitted,

Chris B. Brown
City Controller

xc: Tina Paez, Director, Administrative and Regulatory Affairs Department
City Council Members
Kelly Dowe, Chief Business Officer, Mayor's Office
Harry Hayes, Chief Operations Officer, Mayor's Office
Valerie Berry, Assistant Director, Administrative and Regulatory Affairs Department
Shannon Nobles, Chief Deputy City Controller, Office of the City Controller
Courtney Smith, City Auditor, Office of the City Controller

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EXECUTIVE SUMMARY

INTRODUCTION

The Office of the City Controller's Audit Division has completed a Performance Audit of Administration and Regulatory Affairs (ARA) Permitting at the Houston Permitting Center (HPC). The audit considered compliance with City of Houston (City) permitting policies, and the efficiency and effectiveness of procedures in place to ensure: 1) permit revenue is collected and 2) all revenue transactions were recorded and approved. The audit was included in the Fiscal Year 2016 (FY 2016) Audit Plan and was a result of our Enterprise Risk Assessment process.

The audit team observed that ARA's management at HPC has established good controls over safeguarding City revenue generated from permit sales. Supervisors and staff were well-trained and professional. Effective controls were also in place to safeguard unissued blank permits and vehicle inspection stickers.

BACKGROUND

HPC combines the majority of the City's permitting and licensing activity into one convenient location. The HPC opened in June 2011 with a mission to help customers achieve their permitting requirement goals while complying with the City's regulations.





HPC offers customers access to over 500 different permits, licenses, and registrations required by the City at one convenient location. Although the concept of consolidating permitting services into a single location is not a new one, HPC represents the first successful consolidation by a major municipality in the United States. The Center represents a partnership of seven City departments working to form a unified approach to service delivery and customer engagement, which makes it a thoroughly unique service center.



The HPC Leadership Committee, comprised of the HPC Executive Director and ten members, is responsible for evaluating operational performance, improving business processes, and developing strategic plans. Each member of the Leadership Committee represents one or more of the business units operating at HPC¹.

The following Departments operated permitting processes within HPC during the period under review: Administration and Regulatory Affairs, Houston Fire, Houston Airport System, Health & Human Services, Planning and Development, Houston Police, and Public Works and Engineering.²

¹ HPC 2012 Annual Report

² As of February 2017, Houston Airport System no longer operates within HPC.



HPC served over 326,246 onsite customers during FY2016. This represented revenue of over \$136 million in on-site transactions and services and an additional \$23 million in on-line revenue dollars.³ Of that total, ARA generated over \$19 million from the sale of more than sixty (60) types of permits, penalties and various fees during FY2016.



ARA's Commercial Permitting & Enforcement Section issues permits and conducts field enforcement for alcohol establishments, boarding homes, credit access businesses, game rooms, and metal recyclers. Our audit focused on ARA's permitting processes and was limited to the following types of permits and licenses: Game Room, Coin Operated Machine Tax Decal, Vehicle for Hire Driver License, and Vehicle for Hire vehicle inspections. The audit also included the review of monthly revenue reconciliation processes for both Burglar Alarms and Alcoholic Beverages permits.

The Burglar Alarm Administration oversees permitting and collections for monitored burglar alarm systems within the City limits. The City's regulations governing these alarms are in place to assist the Houston Police Department (HPD) in reducing false calls. ARA has contracted with PM AM Corporation (PM AM) to manage all burglar alarm permitting and false alarm tracking and billing.

ARA's Vehicle for Hire Permitting and Enforcement Section is responsible for issuing licenses and permits to the operators and drivers of several different categories of vehicles-for-hire that include taxicabs, limousines, transportation network companies, private school

³ HPC 2016 Annual Report



vehicles, scheduled ground transportation, charter sightseeing vehicles, pedicabs, jitneys, and low-speed shuttles.

AUDIT SCOPE AND OBJECTIVES

Our original audit objectives were broadly defined to encompass controls over revenue from FY2016. After further research, the audit objectives were refined as follows:

1. Compliance with applicable ordinances and/or regulatory requirements;
2. Effectiveness of controls over processing permits; and
3. Internal controls over collection of permit revenue.

The initial scope included 1) transactions, procedures and other relevant activities that occurred during the third and fourth quarters of FY2016 and 2) permitting transactions for Vehicle for Hire, Game Room, and Coin Operated Tax Decals for the period January 1, 2016 through October 30, 2016. The engagement scope was modified to include the analysis of burglar alarm revenue and the Alcoholic Beverages reconciliation processes for the month of April 2016.

PROCEDURES PERFORMED

In order to obtain sufficient evidence to achieve audit objectives and support our conclusions, we performed the following:

- Downloaded revenue transaction data from SAP.
- Obtained transaction data from PM AM for burglar alarm revenue, penalty charges and fee revenue, monthly service invoice charges, and outstanding unpaid penalty charges.
- Obtained data from ARA's commercial permitting computer system for game room permits, vehicle for hire permits and vehicle for hire licenses issued.
- Observed vehicle for hire vehicle inspections site and an actual vehicle for hire vehicle inspection.
- Performed substantive testing and documented the results for the CHP commercial permitting computer system; and
- Performed substantive testing and documented the results for PM AM's computer system.



AUDIT METHODOLOGY

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and in conformance with the International Standards for the Practice of Internal Auditing as promulgated by the Institute of Internal Auditors. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The scope of our work did not constitute an evaluation of the overall internal control structure of ARA HPC. Management is responsible for establishing and maintaining a system of internal controls to ensure that City assets are safeguarded; financial activity is accurately reported and reliable; and management and employees are in compliance with laws, regulations, and policies and procedures. The objectives are to provide management with reasonable, but not absolute assurance that the controls are in place and effective.

CONCLUSIONS AND SIGNIFICANT ISSUES

We believe that we have obtained sufficient and appropriate evidence to adequately support the conclusions provided below as required by professional auditing standards. Each conclusion is aligned with the related Audit Objective for consistency and reference. For detailed findings, recommendations, management responses, comments and assessment of responses see the “Detailed Findings, Recommendations, Management Responses, and Assessment of Responses” section of this report.

CONCLUSION 1 – (AUDIT OBJECTIVE #1)

Based on audit procedures performed, there is a need to strengthen controls related to compliance with applicable ordinances and/or regulatory requirements. (See Findings #1, #2, #4, and #6)

CONCLUSION 2 – (AUDIT OBJECTIVE #2)

Based on audit procedures performed, there is a need to strengthen controls over permitting processing for Tax Decal permits for non-game rooms, and the Vehicle for Hire vehicle inspections permitting processes. (See Findings #1, #2, and #4)

CONCLUSION 3 – (AUDIT OBJECTIVE #3)

Internal controls over collection of permit revenue require additional controls related to reporting of false alarm revenue billing, monitoring of late fee charges and postage charges. (See finding #1, #3, #4, #5, and #6)



ACKNOWLEDGMENT AND SIGNATURES

The Audit Team would like to thank the management and staff of ARA and HPC for their cooperation, time, and efforts throughout the course of the engagement. We would also like to thank ARA's HPC management for their proactive approach to risk management, and timely remediation of audit findings by correcting issues once identified.

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David Baszile
Assistant City Auditor III

A handwritten signature in blue ink, appearing to read "Theresa Watson", written over a horizontal line.

Theresa Watson, CIA
Audit Manager

A handwritten signature in blue ink, appearing to read "Courtney Smith", written over a horizontal line.

Courtney Smith, CPA, CIA, CFE
City Auditor



DETAILED FINDINGS, RECOMMENDATIONS, MANAGEMENT RESPONSES, AND ASSESSMENT OF RESPONSES

**FINDING #1 – NON-GAME ROOM PERMITTED LOCATIONS CONTAIN MORE THAN FIVE (5) RANDOM GENERATOR MACHINES
(RISK RATING = HIGH)**

BACKGROUND:

Chapter 44, Section 85 of the City of Houston Code of Ordinances requires that every owner who exhibits or displays, or permits to be exhibited or displayed, coin-operated machines (game machines/random generator machines) in the City of Houston shall pay an annual occupation tax for those coin-operated machines. Additionally, after payment of the applicable tax, every owner shall register each machine by make, model, serial number, and street address location with the director of the Administration and Regulatory Affairs Department (ARA).

The City of Houston Code of Ordinances Chapter 44, Section 85 prohibits more than five (5) random generator machines⁴ in one location unless the building, facility or other place where the machines are located meets the requirement of this article and has a game room permit.

FINDING:

During a review of a sample of twenty (20) businesses with tax decal purchases, we determined that thirty percent (30%) or six (6) of those businesses had more than five random generator machines in one location, but did not have the required game room permit. The test revealed businesses with the same DBA and address purchased four to five decals at different times in one week.

RECOMMENDATIONS:

ARA Houston Permitting Center's management should monitor random generator machines sales to ensure businesses with the same DBA and address are not sold more than five tax decals without a game room permit, as required by City of Houston Code of Ordinances Chapter 44, Section 85.

⁴ Random generator machine means a type of amusement redemption machine that is recreational and provides the user with an opportunity to receive something of value other than a right to replay and in which credits, or the equivalent thereof, are accumulated when: a particular configuration of like symbols is displayed in a random fashion by the machine; symbols or numbers are matched to a randomly selected symbol or number determined by the machine; a combination of cards is arrived at and valued in a traditional hierarchy for purposes of poker; or a combination of cards is arrived at and points assigned for purposes of blackjack.



ARA'S MANAGEMENT

RESPONSE:

ARA HPC management recognized this was an issue in May 2016. At that time, a refresher training was held with all Customer Service Representatives on Houston Code of Ordinances, Chapter 44 including Section 85 reiterating that only 5 decals are allowed at a location without a game room permit. ARA will conduct internal process reviews and refresher training sessions periodically.

RESPONSIBLE PARTY:

Kathryn Bruning

ESTIMATED DATE OF COMPLETION:

Completed initial training in May 2016, additional training scheduled for November 2017.

ASSESSMENT OF

RESPONSE:

We agree with ARA's commitment to training of their staff. We also acknowledge their proactive approach to risk management by providing the initial training of their staff in May 2016 after the audit finding was identified, as well as the scheduled re-training of the staff in November 2017. However, we also recommend that management develop a process to identify non-compliance with game room permitting requirements by identifying random generator machine decals issued to the same address for the same or different DBA.



FINDING #2 – MISSING VEHICLE FOR HIRE PROOF OF PASSING VEHICLE INSPECTION FORMS

(RISK RATING = HIGH)

BACKGROUND:

The Vehicle for Hire Permitting and Enforcement Section is responsible for issuing licenses and permits to the operators and drivers of several different categories of vehicles-for-hire including taxicabs, limousines, transportation network companies, private school vehicles, scheduled ground transportation, charter sightseeing vehicles, pedicabs, jitneys, and low-speed shuttles. The Vehicle for Hire Permitting and Enforcement Section also performs field enforcement ensuring compliance by the drivers and operators of vehicles for hire.

City of Houston Code of Ordinances Chapter 46, Section 62 requires all vehicles used for hire upon and over streets of the city to be permitted through the City of Houston Administration and Regulatory Affairs Department (ARA) at the Houston Permitting Center (HPC). As part of the permitting process, the Vehicle for Hire Company must complete an application with required documentation and the vehicle must pass an inspection by ARA vehicle for hire regulatory investigators.

FINDING:

The audit team randomly selected documentation related to thirty (30) vehicles for hire permitted between the months of January 2016 through June 2016 for substantive testing. Documentation was reviewed for completeness of both company and vehicle application forms and vehicle inspection results.

Although vehicle application forms and vehicle inspection sheets were accurate and complete for 25 of the 30 sample selections reviewed, the following exceptions were noted for five (5) of the vehicle for hire permit applications reviewed:

- Two (2) of the companies' permit application packets, which includes a completed application and proof that the vehicles passed inspection were missing; and
- Three (3) of the companies' vehicle permit applications were missing the proof of the vehicles passing inspection forms.

All applications reviewed had been granted permits five (5) or more months prior to the auditor's review. Thus, reflecting a lack of adequate management review and monitoring of the vehicle for hire permitting process and documentation, which could result in ineligible vehicles for hire being used on the streets of the city that are not in compliance with City Ordinance Chapter 46, Section 62, as well as potential liability to the City.



RECOMMENDATION:

ARA HPC management should create policies and procedures for timely review of Vehicle for Hire Inspection forms by management. Additionally, there should be timely scanning and filing of the inspection forms, as well as retention of those documents as required by City guidelines to facilitate review and compliance with City guidelines and ordinances.

ARA'S MANAGEMENT

RESPONSE:

ARA – HPC management will continue to finalize process narratives for a complete Policies and Procedures Manual for all permitting processes.

As part of daily operations, ARA Transportation is now able to have one staff member scan and file documents. We will continue to do so unless it becomes an impact on our customer service.

RESPONSIBLE PARTY:

Nikki Cooper

ESTIMATED DATE OF COMPLETION:

December, 2017

ASSESSMENT OF

RESPONSE:

Management responses as presented, sufficiently address the issues identified and corrective actions are appropriate.

**FINDING #3 – TOTAL BURGLAR AND PANIC ALARM PENALTY FEES DUE NOT DISCLOSED
(RISK RATING = MED)**

BACKGROUND:

The City of Houston regulates burglar alarms and panic alarms pursuant to Chapter 11, Article III of the City of Houston Code of Ordinances. The City’s regulations governing these alarms are in place to assist the Houston Police Department (HPD) in their effort to reduce false alarm calls. The Administration & Regulatory Affairs Department (ARA) administers the permitting and billing program for these alarms. A burglar alarm website includes information for customers regarding on-line permitting and payment options, account management, and false alarm prevention resources and more. Burglar alarm permit holders are not charged a penalty for their first three false alarms. All false alarms after the first three (3) where a HPD officer responded in the required 30 minute time frame is assessed the penalty fee. Panic alarm permit holders are not charged a penalty for their first false panic alarm. Beginning with the second false panic alarm, a false alarm panic fee is assessed regardless of HPD’s response. Non-permitted alarm system owners/users are assessed a penalty on any alarm received based on the type of alarm triggered and location type – residential or non-residential.

ARA has contracted with PM AM Corporation (PM AM), a third party burglar alarm management service company, to manage burglar/panic alarm system permitting, false alarm tracking, billing, collection, accounting services, administrations of false alarm fees and non-penalties correspondence with alarm system owners/users regarding false alarm prevention and reduction. PM AM tracks all unpaid penalty amounts and reports them to ARA management at the Houston Permitting Center each month. Revenue from alarm penalties is entered into SAP when paid by the customer.

False Alarm Penalty Revenue	
Fiscal Year	Total Revenue
2012	\$ 2,784,500.77
2013	\$ 2,654,097.43
2014	\$ 2,592,960.07
2015	\$ 2,687,939.57
2016	\$ 2,811,718.94



Unpaid Alarm Penalties as of November 16, 2016		
Unpaid Invoice Aging	Count of Unpaid Penalties Invoices	Unpaid Amount
Less Than 1 Year	2,859	\$ 632,064.91
1-2 Years	7,090	\$ 1,392,403.20
3 or More Years	22,305	\$ 3,655,163.52
Grand Total	32,254	\$ 5,679,631.63

FINDING:

Unpaid alarm penalties due the City are not entered into SAP (City's financial system) until paid, nor disclosed in financial statements or other reporting tools, thus City management does not have all available information when making strategic or operational decisions.

RECOMMENDATION:

ARA Financial management should ensure that amounts related to unpaid penalties and associated fees are reported to City officials to facilitate awareness of the potential revenue resulting from the outstanding fees and increasing transparency for City management and the public. Additionally, ARA should also work with the appropriate City officials to modify or update Chapter 11, Article III of the City of Houston Code of Ordinances to include measures to help assist in the collection process of those unpaid penalties charges and fees.

ARA's MANAGEMENT

RESPONSE:

ARA will work with the Finance Department and Controller's Office to report aging receivables and deferred revenue in the Comprehensive Audit Financial Report.

RESPONSIBLE PARTY:

Valerie Berry

ESTIMATED DATE OF COMPLETION:

August 31, 2017

Office of the City Controller
Audit Division



ASSESSMENT OF

RESPONSE:

Management responses as presented, sufficiently address the issues identified and corrective actions are appropriate.



**FINDING #4 – NO APPROVED POLICIES AND PROCEDURES
(RISK RATING = MED)**

BACKGROUND:

Policies and procedures provide a guide for meeting management's objectives and define the steps employees should take when performing the responsibilities associated with their job functions. Policies and procedures that are thorough and appropriately detailed ensure consistency in operating procedures, assist in employee training, and maintaining quality, all of which enhance the ability to deliver consistent and high quality service to customers. Additionally, policies and procedures facilitate compliance with City ordinances, as well as State, Federal, or other regulatory agency legislation, requirements and guidelines.

FINDING:

During our audit, Administration and Regulatory Affairs (ARA) management in the Houston Permitting Center (HPC) provided copies of process flowcharts for 6 out of 30 permitting processes. Process flowcharts are great management tools and ARA's flowcharts were well documented and designed, however, flowcharts do not provide the detailed instructional steps employees need to follow while executing their roles in the permitting process to facilitate operating consistency and quality.

RECOMMENDATION:

We noted that ARA HPC management has already begun the process of creating process narratives, and should continue to create, develop and finalize complete policies and procedures for all permitting processes.

ARA'S MANAGEMENT

RESPONSE:

ARA – HPC management will continue to finalize process narratives for a complete Policies and Procedures Manual for all permitting processes.

RESPONSIBLE PARTY:

Kathryn Bruning

ESTIMATED DATE OF COMPLETION:

December, 2017

Office of the City Controller
Audit Division



ASSESSMENT OF

RESPONSE:

Management responses as presented, sufficiently address the issues identified and corrective actions are appropriate.



FINDING #5 – MONTHLY POSTAGE CHARGE NOT REVIEWED

(RISK RATING = MED)

BACKGROUND:

The Administration and Regulatory Affairs Department (ARA) has contracted with PM AM Corporation (PM AM), a third party burglar alarm management service company, to manage burglar/panic alarm system permitting, false alarm tracking, billing, collection, accounting services, correspondence and other administrative tasks. The administrative tasks include mailing services for all activities (e.g., billing invoices, renewal notices, false alarm penalties, non-permitted burglar alarm system penalties, customer request for alarm applications and permits.) Each month PM AM invoices ARA management at the Houston Permitting Center (HPC) for reimbursement of all postage charges incurred while completing contractually required mailings for the City of Houston. Monthly postage charges invoiced by PM AM during the April-June 2016 review period ranged from \$6,053.10 in April 2016 to \$8,799.99 in June 2016.

FINDING:

During the review of the postage cost, the Audit Team was not provided any documentation from PM AM or ARA management to support the validity of the postage billed to the City of Houston.

RECOMMENDATION:

ARA HPC management should obtain and review a recap or reconciliation each month of all billed postage charges from PM AM. The reconciliation should include a record of the purpose and count of all pieces mailed to ensure the costs billed each month are reasonable.

ARA'S MANAGEMENT

RESPONSE:

ARA management directed PM AM to develop a more detailed reporting tool for billed postage charges. PM AM deployed the new monthly postage report in January 2017.

RESPONSIBLE PARTY:

Toya Ramirez

ESTIMATED DATE OF COMPLETION:

Completed January, 2017.



**ASSESSMENT OF
RESPONSE:**

Management responses as presented, sufficiently address the issues identified and corrective actions are appropriate.



FINDING #6 – DELAY IN CHARGING LATE FEES ON UNPAID ALARM PENALTIES

(RISK RATING = MED)

BACKGROUND:

Burglar alarm permit holders are subject to penalties and late charges for false alarms. Burglar alarm system permit holders are charged a penalty fee for each false alarm in excess of three during the preceding 12-month period. For a residential or non-residential alarm site, the permit holder of a panic or holdup alarm system will be charged a penalty fee for each false panic or holdup alarm in excess of one during the preceding 12-month period. In addition, City ordinance states, "If the Houston Emergency Center (HEC) or the police department receives an alarm notification, regardless of whether the alarm is false, from an alarm system that does not have a valid alarm permit, the alarm subscriber and the persons-in-control of any portion of the alarm site shall be charged a penalty fee for each such alarm notification and shall be jointly and severally liable to the city based on the type of alarm notification received"⁵.

The City of Houston Code of Ordinances Chapter 11, Section 68, Paragraph (l) requires that all unpaid alarm penalties over 61 days old be charged a thirty (30) percent collection fee to be assessed on a false alarm penalty remaining unpaid on the sixty-first (61) day after it is due. Penalties and late fees are calculated and applied by PM AM Corporation, the vendor under contract with the City to perform the billing and collection of burglar alarm payments.

FINDING:

Substantive audit testing procedures were performed on 525 late payments to determine if late fee penalty charges were appropriately applied to accounts. Our testing results showed that late fee charges were applied seventy-six (76) days after the initial penalty charge due date, instead of 61 days as required by City Ordinance.

RECOMMENDATION:

Administration and Regulatory Affairs management in the Houston Permitting Center should require PM AM Corporation to calculate and apply late payment fees 61 days after initial penalty charge due dates to ensure compliance with City Ordinance.

ARA'S MANAGEMENT

RESPONSE:

ARA- HPC contacted PM AM regarding the application of the late fee and PM AM immediately investigated ARA's concern. PM AM discovered that the initial business rule between the City of Houston and PM AM allotted for 15 additional days to allow for US postal service mailing time. PM AM started efforts to correct the programming

⁵ The City of Houston Code of Ordinances Chapter 11, Section 68, Paragraph (d)

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Audit Division



logic within their billing program and, as of March 2017, the 30% collection fee has been added to all accounts on the 61st day after the due date.

RESPONSIBLE PARTY:

Toya Ramirez

ESTIMATED DATE OF COMPLETION:

Completed March 2017

**ASSESSMENT OF
RESPONSE:**

Management responses as presented, sufficiently address the issues identified and corrective actions are appropriate.



EXHIBIT 1

ACKNOWLEDGEMENT STATEMENT

ADMINISTRATION AND REGULATORY AFFAIRS

Acknowledgement Statement

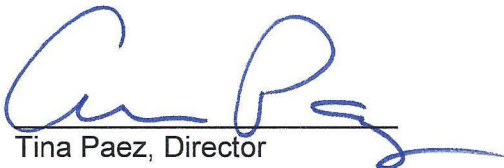
Date: 3-21-17

Chris B. Brown
City Controller
Office of the City Controller

**SUBJECT: ARA AT HOUSTON PERMITTING CENTER PERMITTING OPERATIONS PERFORMANCE AUDIT
REPORT – ACKNOWLEDGEMENT OF MANAGEMENT RESPONSES**

I acknowledge that the management responses contained in the above referenced report are those of the Administration & Regulatory Affairs Department. I also understand that this document will become a part of the final audit report that will be posted on the Controller's website.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tina Paez', written over a horizontal line.

Tina Paez, Director
Administration and Regulatory Affairs Department



Office of the City Controller
Audit Division

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