



Office of the City Controller

ENTERPRISE RISK ASSESSMENT

FY 2023 Update



Chris Brown
City Controller

Report # 2023-08

Courtney Smith
City Auditor



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

CHRIS B. BROWN

June 23, 2023

The Honorable Sylvester Turner, Mayor
City of Houston, Texas

**SUBJECT: Report #2023-08
City of Houston – 2023 Enterprise Risk Assessment**

Mayor Turner:

I am pleased to submit to you the Enterprise Risk Assessment (ERA) performed by the Audit Division within the Office of the Houston Controller during Fiscal Year (FY) 2023. This is a process that supports our efforts in developing the FY 2024 Annual Audit Plan and deploying the necessary resources for execution.

The risk assessment process is performed annually by updating departments on a rotational basis each fiscal year. This approach provides full coverage of all City departments over a four- to six-year period, rather than perform the entire process every year. Our methodology is consistent with professional standards and considers available resources, cost-benefit and allows us to increase the quality of the assessment each cycle.

In selecting the departments to update, we identified and considered several factors, including significant changes since the previous risk assessment and the length of time since the department was assessed. Based on this, the four departments selected and updated for the FY 2023 ERA were:

- Fleet Management Department (FMD)
- Houston Fire Department (HFD)
- Houston Health Department (HHD)
- Municipal Courts Department (MCD)

The ERA Report contains a general report section that provides information on the risk assessment process and methodology, as well as a section detailing the updated Risk Profiles organized by key business processes within each department under review. There are two primary perspectives that are graphically presented and shown in detail within each Risk Profile. These perspectives are described as follows:

KEY BUSINESS PROCESSES – analyzed by common functions performed across the organization, which can reveal potential efficiencies, redundancies, synergies and leveraging of resources. This perspective includes looking at activities the City performs without consideration of its organizational structure; and



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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.

We appreciate the cooperation and professionalism extended to the Audit Division during the project by personnel from FMD, HFD, HHD and MCD.

Respectfully submitted,

Chris B. Brown
City Controller

xc: City Council Members
Department Directors
Marvalette Hunter, Chief of Staff, Mayor's Office
Shannan Nobles, Chief Deputy City Controller
Courtney Smith, City Auditor, Office of the City Controller

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Introduction

Our internal audit function adheres to professional standards issued by the Government Accountability Office (GAO's *Yellow Book*) and the International Standards for the Professional Practice of Internal Auditing (*Red Book*) by the Institute of Internal Auditors (IIA). Both sets of standards require a risk-based approach to identify the scope and objectives of audit planning and to properly design audit procedures. The *Red Book* specifically requires that an enterprise risk assessment (ERA) process be performed annually as a primary driver to support the annual audit plan, while the *Yellow Book* requires that risk be considered at the engagement/process level.

In adherence to these standards, we apply risk-based methodology in the following manner:

- Annual ERA on all major processes within three to seven selected departments to provide a basis for input to the audit plan;
- Risk assessment procedures at the engagement or audit project level; and
- Risk consideration in rendering conclusions, determining the impact and magnitude of findings, as well as preparing the final audit report.

Background and Methodology

We conduct an annual process to update the ERA. Departments are selected on a rotational basis for efficiency and to ensure full coverage of all City of Houston (City) departments over a four- to six-year period. The 2023 ERA process includes other considerations in addition to the length of time since the previous assessment. The process begins with preliminary planning, a review of prior risk assessment reports, consideration of any audit reports for the departments under review and the three components listed on page two. A definition of terms contained in this report are listed in the Glossary of Terms on page 49.

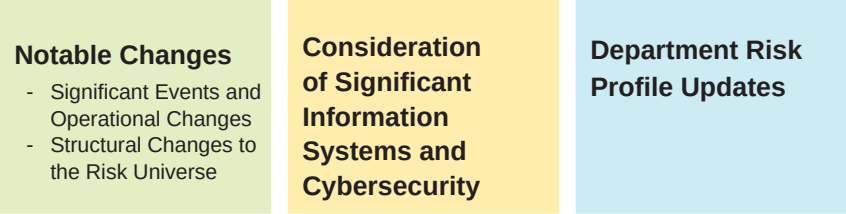
Departments selected for the ERA update in FY2023 are shown in Table 1.

FY 2023 ERA Update Selections	
Department Name	Last Assessed
Fleet Management Department	FY2017
Houston Fire Department	FY2017
Houston Health Department	FY2017
Municipal Courts Department	FY2017

We conduct the ERA update based on available resources, time constraints and cost-benefit considerations. The departmental portion of the ERA performed during FY2023 utilized four Audit Division professional staff who performed reviews of the selected departments' responses from prepared questionnaires, applicable follow-up questions and interviews with key operational and management personnel.

Annual ERA Process Components

There are three basic components of the annual ERA process:



Notable Changes Since the FY2022 ERA

To apply the risk-based methodology noted in the introduction, we consider significant changes related to events, operational and/or business processes, as well as changes in departmental leadership that have occurred since the last risk assessment update. These changes, individually or collectively, may have had an effect on the way the City conducts business operationally and the provision of resources. We consider these factors when preparing the annual audit plan.

Significant Events and Operational Changes

- On July 5, 2022, the City of Houston and Harris County separately notified Union Pacific that they intended to file a citizen suit in federal court against the company relating to the longstanding soil and groundwater contamination in Fifth Ward and Kashmere Gardens, where higher rates of cancer have been identified.
- On July 29, 2022, the City of Houston Mayor’s Office of Cultural Affairs awarded \$90,900 in grants to individuals and nonprofit organizations focused on promoting cultural tourism and resilience in the City.
- On August 2, 2022, Mayor Turner launched the City of Houston Open Finance Initiative to engage citizens and increase financial transparency.

- On August 10, 2022, the U.S. Department of Transportation awarded the City of Houston \$20.96 million under the Rebuilding American Infrastructure with Sustainability & Equity (RAISE) grant program for the Telephone Road - Main Street Revitalization Project.
- On August 17, 2022, the Houston City Council approved setting a November 8, 2022, election for voters to consider a \$478 million bond proposal that prioritized public safety without increasing property taxes.
- On August 30, 2022, the Court of Appeals for the First District of Texas rendered a decision in favor of the City of Houston against the Houston Firefighters' Relief and Retirement Fund.
- On September 14, 2022, Houston City Council approved an ordinance to establish the City's first Houston Music Advisory Board which would serve as a liaison between the music community and the City of Houston to help foster economic development of local musicians and the music industry.
- On September 28, 2022, the Houston City Council unanimously approved the Buffalo Bayou East Ten-Year Plan and Tri-Party Agreement with Harris County and the Buffalo Bayou Partnership to help accelerate implementation of the Buffalo Bayou East Master Plan.
- On October 19, 2022, the Federal Emergency management Agency notified Mayor Sylvester Turner that the agency had approved the Inwood Forest flood mitigation project to help protect Houston from future storms while providing trails, recreation and landscaping. The City was awarded \$52.6 million for the construction phase of the project.
- On November 2, 2022, Mayor Sylvester Turner announced a new program to aid efforts to house individuals experiencing homelessness in Houston.
- On December 7, 2022, the City of Houston purchased 73.08 acres of land along the 9700 block of Ruffino Road from the City of West University Place for \$10,509,460. The land purchase was consistent with Mayor Sylvester Turner's goal to purchase open green space and convert it into regional stormwater detention to protect the community during future severe storms.
- On December 16, 2022, the City of Houston conducted a full-scale active threat exercise at the Houston Public Works building

in downtown Houston to practice preparedness, communications and employee safety in the event of an active threat.

- On January 10, 2023, the City of Houston awarded \$11.5 million in grants to 57 individuals, 131 arts and culture nonprofit organizations as well as other sponsored projects offering public exhibitions, presentations and performances in 2023.
- On February 1, 2023, the U.S. Department of Transportation awarded the City \$28.79 million in federal funding through its Safe Streets and Roads for All grant program for the Bissonnet Corridor Safe Streets Project.
- On February 28, 2023, the U.S. Department of Transportation announced that the City of Houston would receive \$552,160 in federal funding through the Reconnecting Communities Pilot grant program for the *Reconnecting Communities: Gulfton and Beyond* study.
- On March 31, 2023, the Texas Supreme Court struck down Proposition B, often referred to as the pay-parity amendment, which would have required the City of Houston to pay its firefighters the same compensation which it pays to its police officers.
- On May 10, 2023, the Houston City Council approved a \$5 million investment of the American Rescue Plan Act funds for the arts sector.
- On June 6, 2023, Mayor Sylvester Turner and U. S. Assistant Attorney General for Civil Rights Kristen Clarke announced a voluntary resolution agreement concluding the Department of Justice's investigation into the City of Houston's response to illegal dumping.
- On June 7, 2023, the Houston City Council approved a \$6.2 billion budget for Fiscal Year 2024 which includes a pay raise for employees as well as funding for drainage projects and City-wide initiatives.

Structural Changes to the Risk Universe

Changes to the risk universe are considered when there are departmental and/or management structure changes; functions, responsibilities or processes are added or eliminated; and consolidation, centralization or decentralization occurs between departments or on a City-wide basis. In addition, we consider the number of Local Government Corporations (LGC) created on the City's behalf, as well as other forms of component units.

Auditable Entities

Changes that occurred in the City's risk universe since the FY2022 ERA Update include the Mayor's appointment of new directors for the Office for People with Disabilities and the Finance Department.

Component Units

Most component units of the City are responsible for obtaining and issuing audited financial statements, which are submitted to the City for reporting purposes. Component units are reported in the City's Annual Comprehensive Financial Report (ACFR). While legally separate, blended component units are part of the City's operations and provide services exclusively, or almost exclusively, for the City. In addition, both types of discretely presented component units - governmental and business-type - are presented in the ACFR.

In determining whether a legally separate entity is a component unit of a primary government, there are three specific tests that involve:

- Fiscal dependence on the primary government;
- Appointment of the unit's governing board; and
- The potential that exclusion would result in misleading financial reporting.

A component unit is considered major, thus presented discretely, if assets, liabilities, revenues or expenses exceed 10% of that component unit's class and exceed 5% of all component units combined.

There were no new component units created in FY2022.

Policy and Procedure Changes

Article VI of the City Charter gives Houston's Mayor the power and the duty to exercise administrative control over all departments of the City, which includes the authority to sign into effect Administrative Policies and Procedures (APs), Executive Orders (EOs) and Mayor's Policies (MPs). The Code of Ordinances states that the Administration and Regulatory Affairs Department (ARA) is designated by the Mayor as having the responsibility for the development and implementation of City-wide policies, regulations and procedures.

Policy audits are considered when developing the annual audit plan.

No new EOs were established in FY2023.

The Mayor approved, updated or revised the following 12 APs:

- 3-3, Death Term Benefits;
- 3-4, Termination of Health Benefits Coverage;
- 3-10, Outside Employment;
- 3-32, New Supervisor Onboarding Training Program;
- 3-33, Orientation for New Employees;
- 3-36, Hybrid-Telework Program;
- 4-11, Payment and Procurement Internal Controls;
- 5-7, Procurement Standards;
- 5-8, Informal Procurement;
- 5-9, Competitive Sealed Bids;
- 5-11, Exceptions to Competitive Procurements; and
- 5-13, Performance Evaluations.

Consideration of Significant Information Systems and Cybersecurity

The standards also require that we consider the City's information technology (IT) systems that were implemented, as well as the technology initiatives that are being developed, which would affect operational/business processes. We took into consideration IT projects and initiatives being developed for use either at the City-wide or the departmental level. Projects and initiatives in various stages of development are:

- Open Finance
- 311 Mobile App
- SuccessFactors/Benefitfocus
- HPD Radio Replacement

The Houston Information Technology Services department (HITS) Cyber Division has implemented the following cybersecurity activities:

- Capability to allow the City's Security Operations Center to passively analyze network traffic to help detect threats that may have bypassed existing controls.
- Additional orchestration, automation and response use cases to reduce manual operations, standardize internal process and improve response times.
- Administered annual cyber awareness training to 15,880 employees with a 76% completion rate.

Department Risk Profile Update Process

Departmental risk profile updates are performed using three basic process components: data gathering, analysis and output. Details about each component of the update process are represented in Table 2.

TABLE 2

DATA GATHERING	ANALYSIS	OUTPUT
<ul style="list-style-type: none"> • <i>Previous Risk Assessments</i> • <i>Changes to the Dept Structure/Operating Unit Process since Last ERA</i> • <i>Mission Statement</i> • <i>Organizational Structures</i> • <i>Business Objectives</i> • <i>Develop Questionnaires</i> • <i>Financial Data</i> • <i>City and Department Websites</i> • <i>Interviews</i> 	<ul style="list-style-type: none"> • <i>Analyze Questionnaire responses and follow-up with questions/interviews/discussions</i> • <i>Identify Key Business Processes and related changes</i> • <i>Identify Potential Risks</i> • <i>Identify Risk Management techniques as stated by management</i> • <i>Map identified risks to stated risk management techniques</i> • <i>Evaluate process significance to the Department and overall City operations</i> • <i>Perform Department-level risk assessments and validate with management</i> 	<ul style="list-style-type: none"> • <i>Updated City-wide business risk profile</i> • <i>Audit Division Planning tool</i>

The ERA considered primarily inherent risks with limited identification of control risk, as reported by management. We did not test specific management controls and therefore, do not render an opinion on the existence of controls, or the effectiveness of their design, or the efficiency in implementation or existenceoperation. The ratings do not imply a judgment on how management is addressing risk and thus is neither a specific assessment of management performance nor a conclusion on residual risk.

The actual projects (audits, reviews, monitoring, etc.) being performed will allow us to test the internal control system comprehensively where necessary.

Key Business Processes

Our current City-wide analysis identified 133 total key business processes. However, further detailed analysis revealed 19 common processes throughout most departments, which we grouped together for a more efficient analysis.

Common Key Business Processes are identified in Table 3.

TABLE 3

Common Key Business Processes (KBPs)	
<ul style="list-style-type: none">• Administration• Communications• Compliance• Customer Services• Disaster Recovery• Facilities Management• Financial Management• Fleet Management• Grant Management• Human Resources	<ul style="list-style-type: none">• Inventory/Materials Management• Information Technology• Payroll• Procurement• Project Construction Management• Public Safety• Records Management• Revenue Generation (and Collection)• Specific Operational*


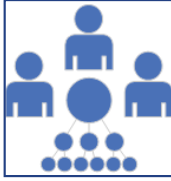









NOTE: *Specific Operational is made up of processes that are unique to the operations of the various Departments (e.g., “code enforcement” for the Department of Neighborhoods; “call-taking” for Houston Emergency Center; “certification” of Minority, Women, and Disadvantaged Business Enterprise for the Office of Business Opportunity; and “collection” for Solid Waste Management, etc.). For purposes of the report “security” was combined primarily within “Public Safety”.

ERA Risk Criteria

For audit purposes, we used specific criteria to determine the levels of risk. The risk ratings – classification of risks as either ‘high’ or ‘medium’ - were determined by applying each key business process within each department to the weighted criteria identified in Table 4. Risk is evaluated by distinguishing between various types of risk.

A “High” rating indicates that an occurrence of the risk(s) may trigger conditions and events which could prevent the City from achieving its intended objectives and could have a significant impact. The impact is measured by disruption to essential services, financial loss, inability to protect public health and safety, impediments to economic development and/or negative perception. A “Medium” rating indicates a moderate effect on the City’s ability to effectively administer its programs/functions.

**Table 4
ERA Risk Criteria**

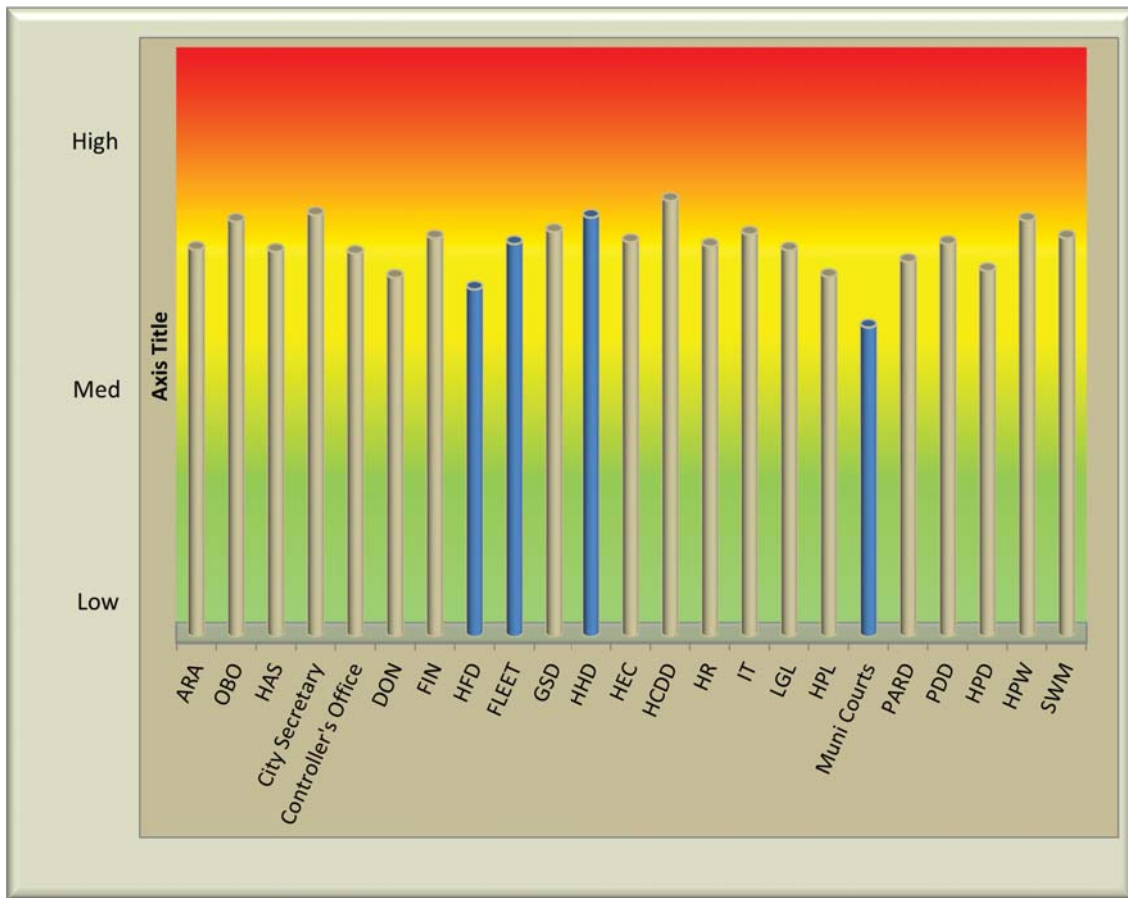
	Complexity of Operations		Council & Public Interest		Financial Impact
	Human Resources		Regulatory/ Compliance		Technology
	Time Since Last Audit		Mission Criticality		Internal Controls
	Legal Claims		Public & Employee Safety		

Output

The primary output of the ERA is to use the risk profiles as one of the catalysts in developing the Controller Office's annual audit plan. As the risk profile of the City changes, it is reflected in the selection of some of the audits included in the audit Planplan. Projects that we will audit from the annual audit plan include high risk business processes identified through the ERA process in various /city departments.

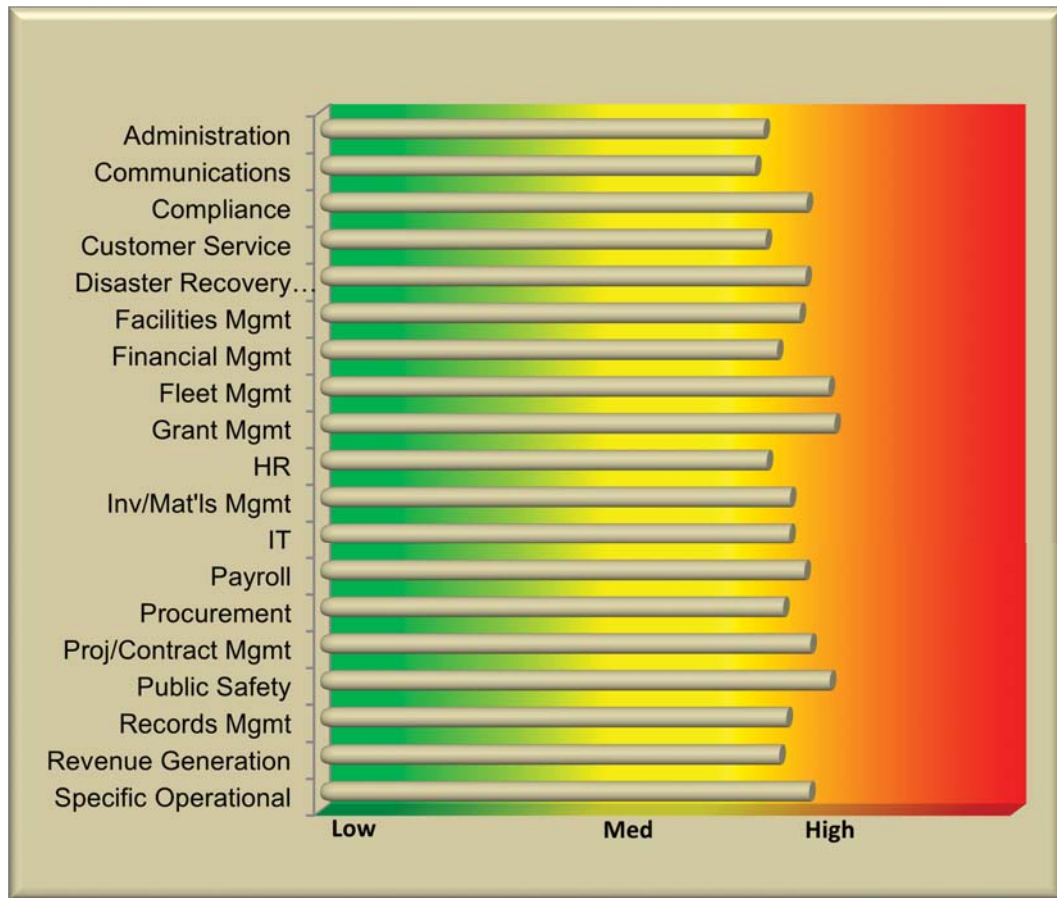
The following graphs summarize the results of our updated risk assessment from two different perspectives. Graph 1 presents risks from the department perspective and Graph 2 shows the risk level from a Key Business Process (KBP) perspective. Note: the blue vertical bars represent the departments updated for the FY 2023 ERA.

Graph 1 - Operational Risk Profile By Department



Graph 2 provides a perspective to see potential efficiencies, overlap, redundancies, synergies and the leveraging of resources when considering activities the City performs without consideration regardless of its organizational structure. The risk assessment identified the following areas as “high-risk”: fleet management, grants management, public safety, inventory/material management, compliance, emergency response, human resources, IT, communications and public health services.

Graph 2 - Operational Risk Profile By Key Business Process



The evaluation of all these factors assists in prioritizing potential projects for the upcoming year. In other words, this points us in the direction of “what” to audit. We then identify available resources to determine the volume of activity to include in our plan.

Acknowledgment

The ERA project team would like to express our appreciation to the participating departments and their representatives who gave their time and effort to this project. Their input was, and is, critical to the success of this annual assessment by actively responding to questionnaires, interviews, discussions and review of data presented in this report. It was evident throughout the process that the City continues to benefit from a significant number of qualified professionals who serve Houston residents by providing quality services in often financially strained environments and who are proud of the work that they do.

UPDATED DEPARTMENT RISK
PROFILES

Mission and Objectives

The Fleet Management Department's (FMD) mission is to provide the City of Houston with best value, fleet management services. Our objective is to be recognized as the best managed fleet department in the country.

Notable Changes Since the Previous Risk Assessment

A previous risk assessment of FMD took place in Fiscal Year 2017. Since that assessment, the following changes have occurred:

- Director Gary Glasscock, was appointed by Mayor Sylvester Turner and confirmed by the City Council. His appointment was effective January 1, 2021;
- FMD was reorganized in 2022 to enhance accountability and responsibility. Three Deputy Assistant Directors (DAD) were added to FMD Operations and a total of five DADs are now overseeing vehicle maintenance for six major departments;
- The Human Capital Management division was created, and a DAD was hired in 2022 to centralize FMD's training needs and improve quality control effectiveness;
- The Asset Management group and M5 groups were combined to streamline vehicle management;
- The FleetShare Program was moved from the Director's office to the Customer Service Division to optimize services;
- FleetShare expanded its operation from seven locations to 14; and
- FleetShare expanded its fleet from 45 vehicles to 97. FMD has transitioned away from tap-and-go reservation technology to an online mobile application, which allows users to secure reservations via their mobile phone.

Significant Activities

FMD was originally established by Ordinance No. 2010-803, Section 2, on October 13, 2010. The Department is responsible for the City's fleet of vehicles, including fire trucks, police vehicles, refuse trucks, tractors, dump trucks and all other rolling stock. Currently, FMD manages approximately 13,000 vehicles with 24 maintenance locations. The Department was created to consolidate the City's fleet management and maintenance activities in an effort to drive cost reductions and introduce efficiencies into fleet processes. Specifically, FMD:

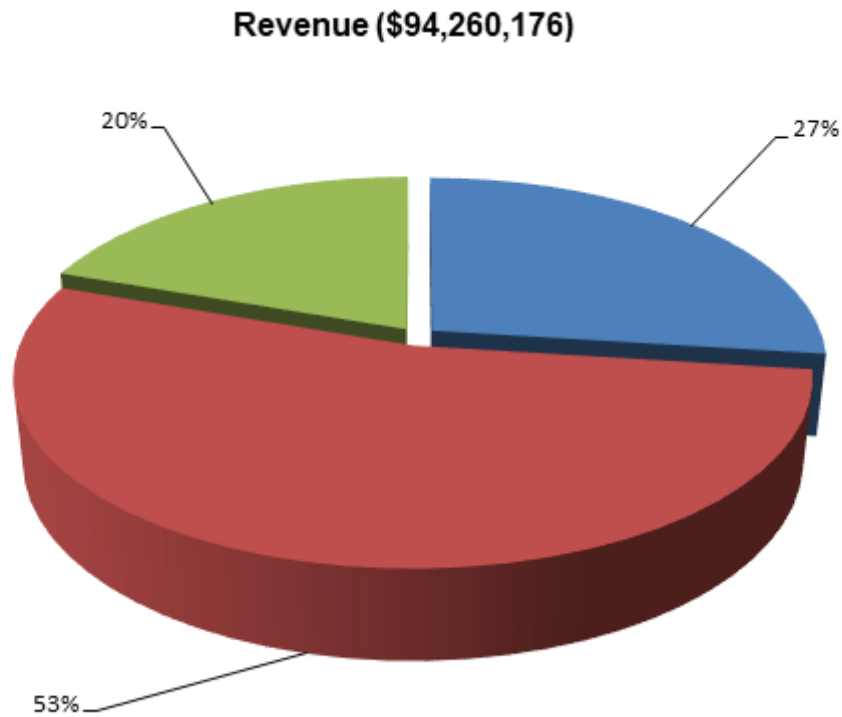
- Manages the City's fleet of vehicles for use by other City departments;
- Collaborates specification and acquisition of new vehicles and other related equipment, as well as preparation of any required capital planning for such acquisitions;
- Manages the maintenance and repair of all vehicles and related equipment;

Significant Activities (cont.)

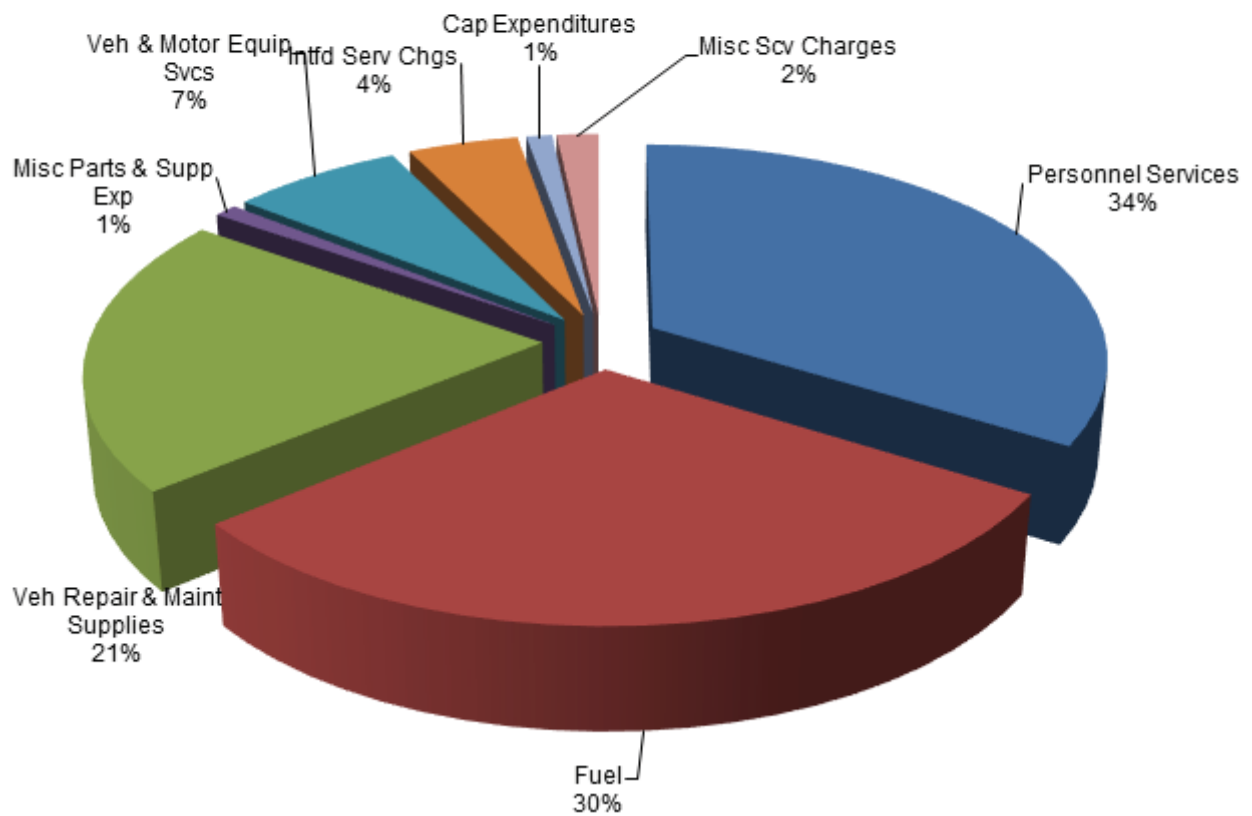
- Manages parts ordering and distribution, and conducts inventory at all maintenance sites;
- Manages the maintenance and repairs of all City-wide fuel facilities;
- Develops procedures and administers plans for the use of fuel cards;
- Maintains and provides oversight of 67 fuel sites and four body and paint shops;
- Provides support to department fleet coordinators;
- Manages a centralized shared motor pool – FleetShare Program; and
- Disposes of vehicles and other related equipment.

Fiscal Year 2022 Financial Data

FMD's revenues and expenditures in FY 2022 were approximately \$94.2 million and \$95.3 million. See charts below.



Expenditures (\$95,318,798)



Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Fleet Management	<ul style="list-style-type: none"> • Aging vehicle fleet • Inadequate fuel levels in City storage tanks • Inadequate fleet management system • Insufficient staffing • Lack of skilled mechanics • Lack of funding • Vehicles damaged and/or totaled • Lack of preventive maintenance • Insufficient quantity of fleet • Inappropriate or unauthorized user access • Lack of available parts or needed supplies • Insufficient knowledge • Inadequate disaster and emergency plans • Inadequate screening and monitoring of drivers' qualifications • Increased insurance claims and lawsuits • Theft or misappropriation of vehicles/parts/supplies • Inadequate training • Injuries and fatalities • Inadequate fleet safety rules • Noncompliance with local, state and federal policies and regulations 	<ul style="list-style-type: none"> • Utilization of Useful Life Benchmark • Management oversight over fleet/fuel • Integrated fleet management system • Internal & external recruitment efforts • Funding-related negotiations with City officials • Process for sale/disposal of vehicles • Preventive maintenance program • System access to only authorized personnel • Periodic training of staff • ASC / EVT mechanic certification incentive • Contingency plans • Departmental/City controls over authorized drivers • Physical controls over vehicles/parts/supplies • Safety training for staff • Departmental compliance program 	High

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Inventory/Materials Management	<ul style="list-style-type: none"> • Lack of parts inventory • Inaccurate inventory counts and records • Failure of inventory system • Inadequate oversight of vehicle acquisitions and disposals • Inadequate disaster and emergency plans • Theft and misappropriation • Inadequate vehicle tracking system • Vehicles damaged and/or totaled • Fraud • Lack of funding • Inadequate monitoring of fuel usage 	<ul style="list-style-type: none"> • Integrated work order planning process • Periodic cycle counts • Performance of annual inventory • Management oversight over vehicle purchases/disposals • Contingency plans • Standardized business processes for vehicle tracking • Disposal of damaged/totaled vehicles per City policy • Secured areas/locations • Integrated fleet management system 	High

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Customer Service	<ul style="list-style-type: none"> • Insufficient communication • Insufficient quantity of fleet • Delay in vehicle repairs • Inadequate staffing 	<ul style="list-style-type: none"> • Proper & timely discussions with stakeholders • Management oversight over fleet size & composition • Process for timely repairs of vehicles • Regular communication with department coordinators • Routine reporting of equipment readiness • Internal & external recruitment efforts 	Medium
Procurement	<ul style="list-style-type: none"> • Non-compliance with procurement laws, regulations, statutes and/or City policies and procedures • Price volatility • Unauthorized and/or inappropriate usage of procurement cards • Inadequate oversight of vehicle acquisitions and disposals • Lack of vendor contracts • Theft and misappropriation • Fraud • Lack of funding 	<ul style="list-style-type: none"> • Process to ensure regulatory compliance • Management oversight over use & administration of P-Cards • Process for vehicle acquisitions & disposals • Timely negotiation of contracts • Management oversight to combat theft & fraud • Ongoing negotiations with City officials regarding funding 	Medium

Mission and Objectives

The Houston Fire Department's (HFD) mission is to save lives, protect property and serve our community with courage, commitment and compassion.

Notable Changes Since the Previous Risk Assessment

A previous risk assessment of HFD took place in fiscal year (FY) 2017. Since then, the following changes have occurred:

- Command staff personnel changes;
- Maintained the Insurance Service Office's (ISO) Public Protection Classification 1 rating;
- Maintained accreditation with the Commission on Fire Accreditation International;
- Adopted the 2015 Houston Fire Code;
- Switched to Infor software to help monitor inspections and permitting services; and
- Hired a new grants manager.

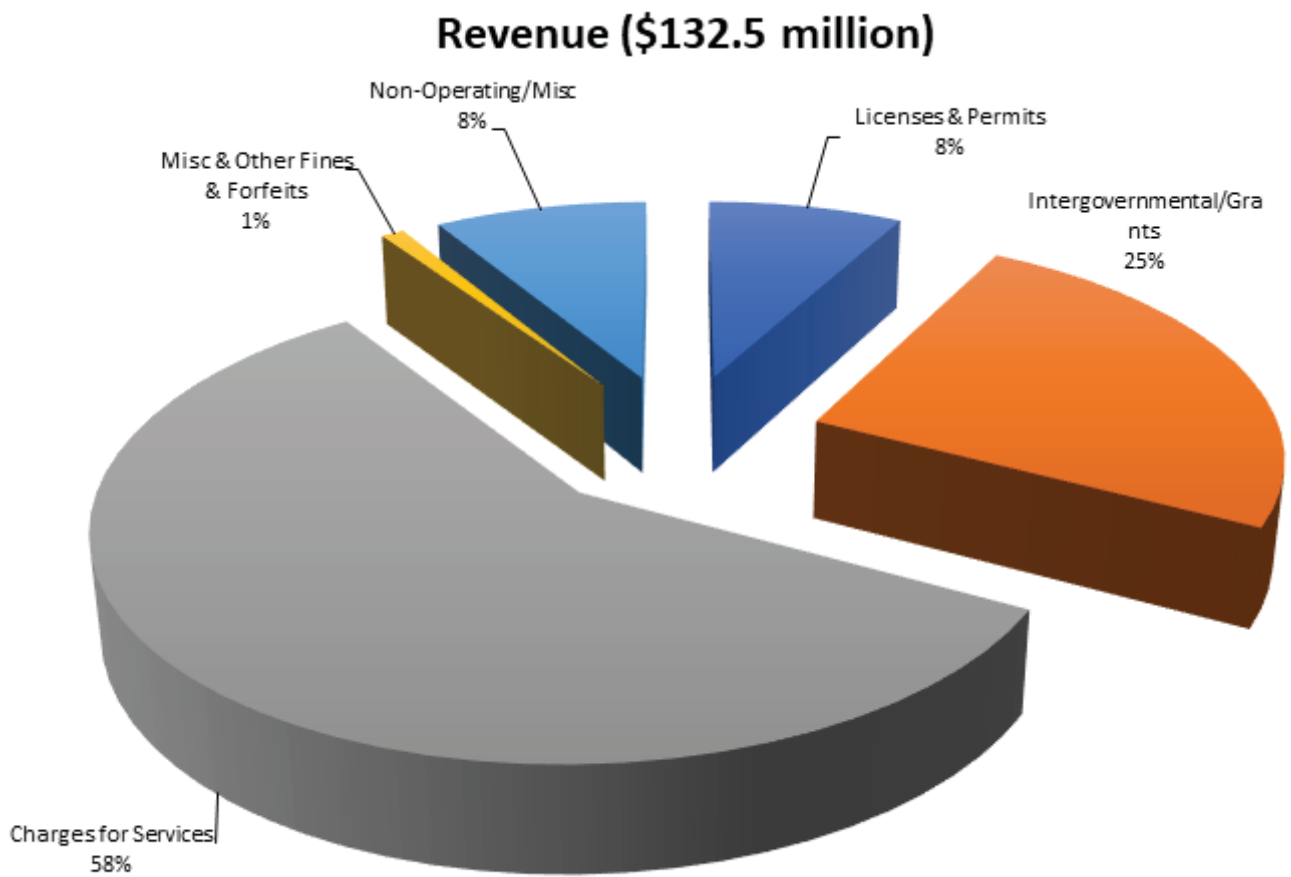
Significant Activities

HFD, which is the third largest fire department in the United States, HFD serves more than 2.2 million citizens in an area totaling 665 square miles. It is the largest fire department in the country to be rated as Class 1 by the ISO, and is also the largest department in the world to be accredited by the Commission on Fire Accreditation International. HFD's significant activities include, but are not limited to:

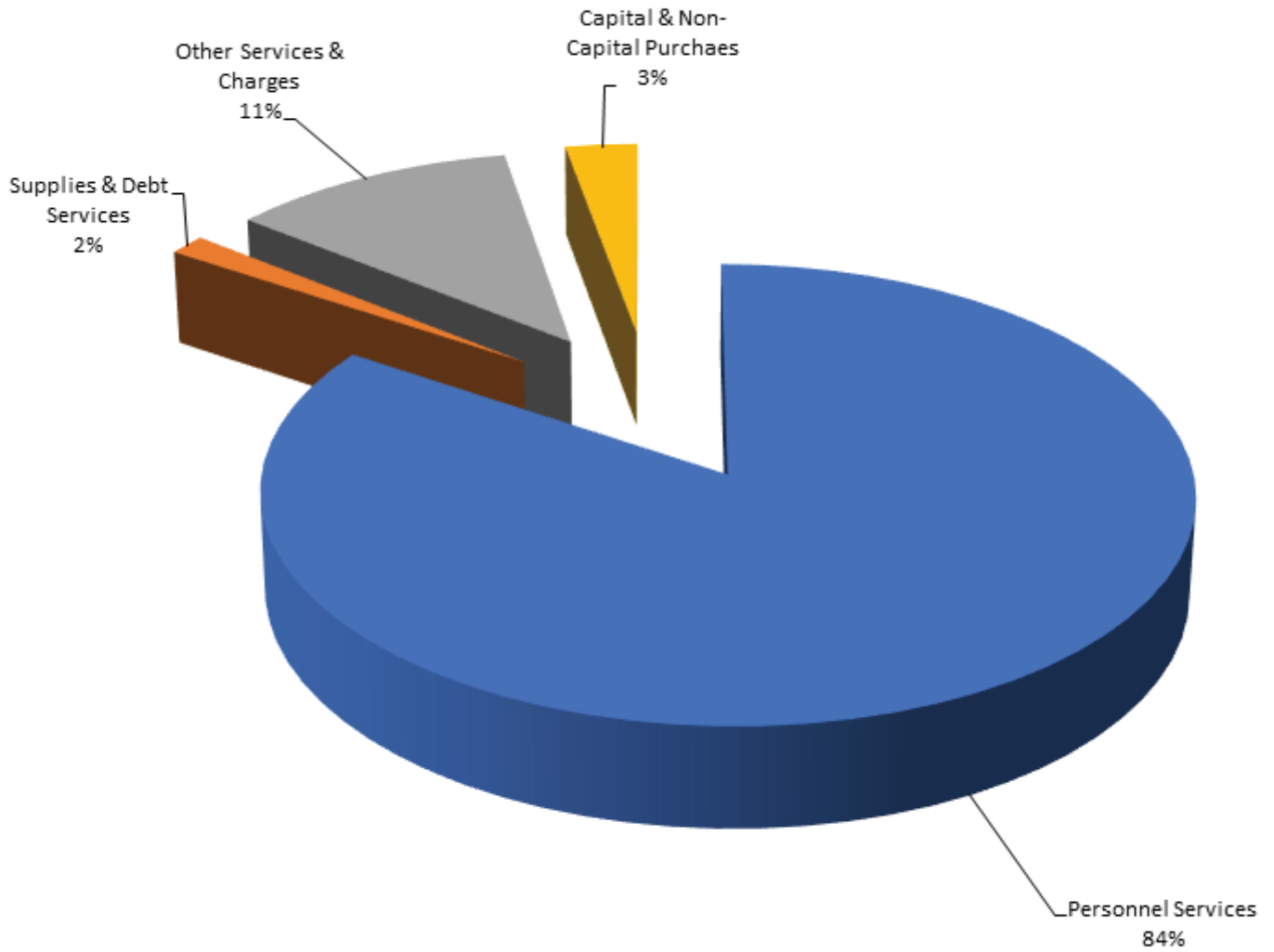
- Provided continuous firefighting and first responder emergency medical services to 2.2 million citizens and residents of the City;
- Responded to 10,323 hazardous materials and 5,894 aircraft rescue incidents;
- Responded to 2,370,216 emergency medical services/rescue incidents, and other service calls, such as fire, HazMat and general service calls;
- Replaced or upgraded 30% of EMS units;
- Purchased 18 new trucks and five aerial (ladder) trucks;
- Added 49 Support and Specialty Units in 2018 and 2019;
- Installed Plymovent systems (Diesel Exhaust Removal System) in 64 of 79 fire stations as part of HFD's cancer prevention initiative;
- Installed advanced cleaning commercial Personal Protection Equipment (PPE) Extractors in 79 fire stations, including 21 District Houses to limit exposure from contaminated PPE worn by firefighters;
- Purchased half-mask respirators and personal body substance isolation (BSI) kits for all fire fighters; and
- Completed 159,654 inspections through the Life Safety Bureau.

Fiscal Year 2022 Financial Data

During FY 2022, HFD collected approximately \$132.5 million in revenues, which included nearly \$76 million in charges for services and approximately \$1.2 million from other miscellaneous sources. HFD's expenditures during the same period totaled approximately \$575.2 million. See charts below.



Expenditures (\$575.2 million)



Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Emergency Response	<ul style="list-style-type: none"> • Outdated and inadequate dispatch system • Aging fleet • Insufficient medical supplies and equipment • Lack of funding • Inadequate disaster and emergency plans • Delayed response times • Lack of management oversight of overtime and premium pay • Lawsuits • Lack of policies and procedures • Noncompliance with HIPPA • Insufficient staffing • Property loss and/or damage • Inadequate training • Safety risks • Theft • Fraud • Lack of current certifications and licenses 	<ul style="list-style-type: none"> • Analysts coordinate responses • Service protocols service protocols • Coordination with FMD • Standardized medical supply levels • Cost efficiency measures for purchasing • Notification via emails, memorandums, & Everbridge system • Review of dispatch & response data • Monthly meetings • Reviews of citizen surveys • Supervisory reviews of time off requests • Assessments by Insurance Service Office & State Fire Marshals Public Protection Classification • Formal policies & procedures • Certified HIPPA compliance officers • Utilization of lost/damaged equipment forms • Training programs & tracking of compliance efforts • Health & Safety Officer to ensure regulatory compliance • Controlled access to medications & equipment • Staff required to maintain TCFP certifications 	High

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Safety	<ul style="list-style-type: none"> • Unknown conditions at emergency sites • Outdated & inadequate dispatch system • Inadequate and insufficient Personal Protective Equipment (PPE) • Lack of sufficient Continuous Quality Improvement efforts • Insufficient staffing • Inadequate training • Insufficient & inadequate equipment • Lawsuits • Inadequate safety procedures • Injuries & fatalities 	<ul style="list-style-type: none"> • Ensure HFD radio & wireless communications operate effectively • Law enforcement support • Thermal imaging equipment on all engines & trucks • Infection Control Office inspects & approves PPE • Continuing education training • Equipment upgrades to minimize injuries • Fire prevention education • Health & Safety Officer (HSO) & HSO Chief ensure regulatory compliance • Issuance of proper safety equipment & implementation of After-Action reports 	High

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Compliance	<ul style="list-style-type: none"> • Noncompliance with federal, state, and local regulations • Noncompliance with departmental policy and procedures • Noncompliance with labor contract • Loss of funding • Insufficient knowledge • Insufficient staffing • Inadequate training • Insufficient management oversight • Lawsuits 	<ul style="list-style-type: none"> • Adherence to HFD's Standard Operating Guidelines • Internal policies & procedures specific to Val Jahnke Training Facility • Oversight of grants • Quarterly reviews of contracts • Continuing education & training programs • CPSE Annual Compliance Report to CFAI 	High

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Fixed Assets	<ul style="list-style-type: none"> • Inaccurate data included in financial reporting • Lack of management oversight • Inadequate physical inventory 	<ul style="list-style-type: none"> • Staff-performed comparisons • Supervisory approval of financial reporting • Annual physical inventory of fixed assets 	Medium
Financial Management	<ul style="list-style-type: none"> • Inadequate management oversight • Insufficient knowledge • High rate of uncollectible EMS billings • Lack of funding • Inappropriate P-Card and other purchases • Inadequate grant monitoring & reporting • Insufficient staffing • Inaccurate and/or incomplete physical inventory • Misappropriation or theft of assets • Inaccurate retirement accruals and payments • Inaccurate payroll • Fraud related to inspections and permits 	<ul style="list-style-type: none"> • HFD & Finance oversight of performance • Procurement education for staff • Adherence to City policies and procedures • Repairs & replacements prioritized based on available funding • P-Card coordinator reviews & oversees purchases • Management oversight over grant activities • Periodic inventory of supplies and fixed assets • Accountability monitored throughout chain of command • Supervisory approval of payroll, including overtime • Priority based inspections automated in Infor system • Management monitors activity reports to ensure accurate and timely permits & inspections 	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Human Resource (HR)	<ul style="list-style-type: none"> • Noncompliance with HIPPA • Lack of funding • Inability to recruit and retain qualified personnel • Classified Testing • Lack of formal succession plan • Lack of current policies & procedures • Lack of current written job descriptions • Insufficient knowledge • Inadequate training • Lawsuits • Conflicts of interest • Lack of management oversight & monitoring • Inappropriate use or access to information • Fraud • Workers' compensation claims 	<ul style="list-style-type: none"> • Certified HIPPA compliance officers • Career day events to attract recruits • Classified testing and diversity assurance • Training & programs for officer development • System for personnel transfers to increase efficiency • Critical Incident Stress Management (CISM) Team counseling and Family Support services • Policies & procedures to restrict unauthorized use or access • Use of proper safety equipment, Health & Safety Office, monitoring of employee behavior and After-Action Reports 	Medium
Information Technology (IT)	<ul style="list-style-type: none"> • Loss of critical data • Inadequate IT systems • Inadequate continuity plan • Technology failures • Outdated technology • Outdated IT hardware and software • Inappropriate or unauthorized access • System security breaches • Cyber attacks • Lack of funding • Inadequate training • Insufficient staffing • Theft or misappropriation of assets 	<ul style="list-style-type: none"> • Coordination between Chief Technology Officer and HITS to prevent and/or recover critical data • Critical systems are maintained at HEC • Service disruption minimization plan • Hardware replacement policy • Policies and procedures to prevent unauthorized and/or inappropriate access 	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Materials Management	<ul style="list-style-type: none">• Lack of sufficient supplies and equipment• Theft and/or fraud related to supplies and equipment• Inadequate inventory• Lack of management oversight• Damage/loss of equipment	<ul style="list-style-type: none">• Perform and monitor annual inventory counts• Management reviews policies and conducts monthly trainings, and establishes equipment replacement process	Medium

Mission and Objectives

The mission of the Houston Health Department (HHD) is to work in partnership with the community to promote and protect the health and social well-being of Houstonians and the environment in which we all live. HHD’s key priorities and goals include:

Key Priorities	Goals
No. 1: Access to Care	<ul style="list-style-type: none"> • Improve access to health services in low-income populations, and • Ensure access to appropriate behavioral and mental health services.
No. 2: Infectious Diseases	<ul style="list-style-type: none"> • Reduce the prevalence of TB in highly vulnerable populations, • Reduce the incidence of vaccine-preventable diseases in HHD served population, and • Reduce the incidence of HIV cases in the Houston area.
No. 3: Chronic Diseases	<ul style="list-style-type: none"> • Provide chronic disease prevention and self-management opportunities, and • Increase systems level chronic disease prevention strategies.
No. 4: Environmental Health	<ul style="list-style-type: none"> • Empower the community to respond appropriately to environmental risks, and • Protect the health status of the HHD communities from environmental risks.
No. 5: Human Services	<ul style="list-style-type: none"> • Improve key health indicators in highly vulnerable youth populations, • Improve key health indicators in the vulnerable elderly population, and • Minimize recidivism for individuals enrolled in the Community Reentry Network Program.
No. 6: Maternal and Child Health	<ul style="list-style-type: none"> • Reduce the incidence of child abuse and neglect among highly vulnerable HHD-selected communities, and • Improve reproductive health of low-income women.
No. 7: Preparedness	<ul style="list-style-type: none"> • Minimize the impact of emergencies on the health of Houston communities, • Improve effectiveness of HHD program, and • Strengthen HHD infrastructure.
No. 8: Culture of Excellence	<ul style="list-style-type: none"> • Provide an organizational environment where employees feel valued; and • Ensure excellence in service delivery, programming planning and community engagement.

Notable Changes Since the Previous Risk Assessment

A previous risk assessment of HHD took place in fiscal year 2017. Since that assessment, some organizational and functional changes have occurred, as listed below:

- The following officials have joined Director Stephen L. Williams to form HHD's executive leadership team: Judy Harris, Risha Jones, Patrick Key, Roger Sealy, Naomi Macias, Mark Seale, Tucker Carlson, Patricia Watson and Dr. Janeana White; and
- To achieve HHD's mission, the staff is now organized primarily in four major services areas: Human Services, including Harris County Area on Aging; Environmental Health, including Vital Statistics, Disease Prevention & Control; Immunization and Clinic & Multi Service Area Operations, as well as a regional laboratory.

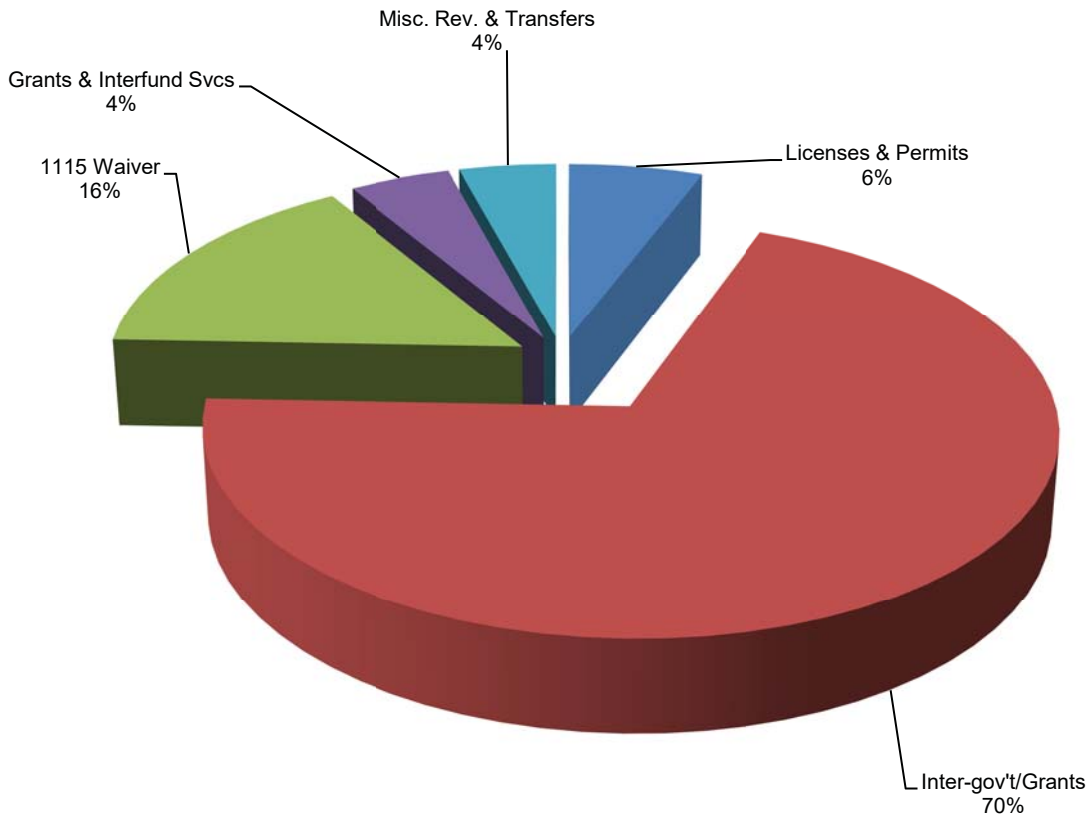
Significant Activities

- Received over \$405 million in grant funding to respond to the COVID-19 pandemic in the Houston area;
- Handled 392,955 inbound calls, scheduled 100,252 appointments, and made 4,702 intradepartmental referrals during the initial release of the COVID-19 vaccines at NRG Stadium; Handled an additional 668,172 customer calls between April 2020 and January 2023;
- Administered 494,020 vaccine doses at 180 community centers, and approximately 245,934 doses at other 682 sites between December 2020 and January 2023;
- Administered 2,811 in-home vaccines and 1,422 in-home COVID test to home-bound seniors and disabled persons;
- Conducted approximately 5,113 pandemic-related outreach activities between January 2021 and February 2023, which positively impacted 146,481 Houstonians;
- Reached an additional 334,620 households via door-to-door outreach campaign;
- Conducted weekly surveillance of 39 wastewater treatment plants, 36 lift stations, 50 schools, eight nursing homes, 11 homeless shelters and two detention centers;
- Detected cancer-causing dioxin in soil sampling around the contaminated Union Pacific rail yard;
- Performed approximately 5,800 health education presentations across the city;
- Opened a new 57,000 square foot state-of-the-art health center in Sunnyside, one in Alief and a free diabetes center in the Acres Home neighborhood of Houston;
- Earned Centers for Disease Control and Prevention's Center of Excellence for Wastewater Epidemiology award; and
- Expanded air monitoring capacity with new mobile laboratory.

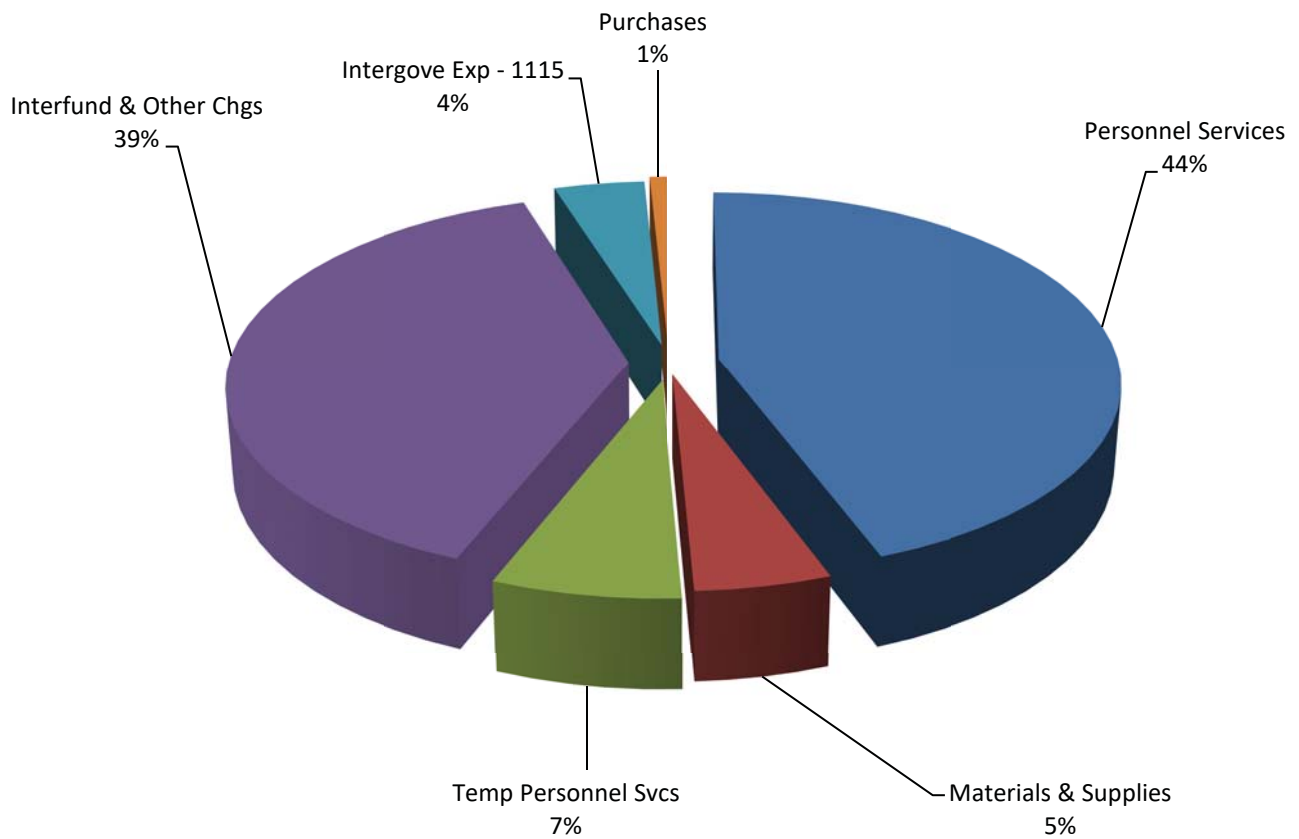
Fiscal Year 2022 Financial Data

In FY 2022, HHD's revenues and expenditures totaled approximately \$223.5 million and \$275.4 million, respectively. See charts below.

Revenue (\$223.5 million)



Expenditures (\$275.4 million)



Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Compliance	<ul style="list-style-type: none"> • Noncompliance with local, state & federal regulations • Complex reporting requirements • Insufficient staffing • Inadequate training • Lack of management oversight • Noncurrent licenses & certifications • Outdated policies & procedures • Lawsuits • Penalties, fines & loss of funding 	<ul style="list-style-type: none"> • Quality Council's (QC) oversight relative to HIPAA privacy, security and confidentiality, including review of potential HIPAA breaches • Quality Assurance & Compliance (QAC) team's technical support, consultation & grant compliance monitoring • Dedicated policy & procedure management system, iPassport, & System Administrator • Dedicated platform for talent development, Talent Management System, Centralized repository for licenses & certifications • Coordination with Legal & Office of Inspector General to address potential lawsuits, penalties, fines or funding loss 	High

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Grant Management	<ul style="list-style-type: none"> • Insufficient knowledge • Insufficient staffing • Lack of grant-related funding • Lack of management oversight • Penalties & fines • Loss of funding • Misappropriation of grant funding • Fraud & theft • Inaccurate grant reporting • Inadequate resources to support & implement new grant activities 	<ul style="list-style-type: none"> • QAC provides training, technical support & grant monitoring • On-going staff training & technical support • Subrecipient monitoring manual under development • Grant program review process • Assigned budget analysts • Program-level review & approval of invoices • Multiple sign-offs for invoicing • Grants Accounting team 	High
Human Resources	<ul style="list-style-type: none"> • Inadequate staffing • Inability to recruit & retain qualified individuals • Insufficient funding • Lack of current policies & procedures • Lack of current written job descriptions • Insufficient knowledge • Inadequate training • Lawsuits • Conflicts of interest • Lack of management oversight & monitoring • Lack of current certifications and licenses 	<ul style="list-style-type: none"> • Job fairs & internship program • Utilization of temporary agencies & workforce solutions • Benefit package to attract & recruit qualified personnel • Training & technical support for managers • Modernization of job descriptions • Policy bootcamps • Policies & procedures • Safety Officer & Safety Administrator • Multiple sufficient funding streams, including grants • Confidentiality policy signed annually • HEAR plans to monitor staff performance 	High

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
	<ul style="list-style-type: none"> • Health & safety risks • Inappropriate use or access to information • Workers' compensation claims • Fraud • Payroll coded to incorrect grant fund • Inaccurate payroll 		
IT	<ul style="list-style-type: none"> • Insufficient funding • Data breaches & cybersecurity • Technological failures • Loss of critical systems and/or information • Inadequate or inefficient systems • Insufficient software • Inappropriate access • Insufficient technical knowledge • Lack of monitoring of user access • Outdated technology 	<ul style="list-style-type: none"> • Information Technology Governance Council's program oversight/review • HIM manager and Privacy Officer for any potential or confirmed health information & data breaches • QAC oversight for HIPAA privacy, security & confidentiality • Policies & procedures • Annual staff training • Malware & anti-virus monitoring • Nightly updates (onsite & cloud) • Encrypted laptops & devices • Service level agreements with vendors • Network monitoring to prevent or detect inappropriate access 	High

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Public Health Services	<ul style="list-style-type: none"> • Insufficient funding • Insufficient resources • Identity theft • Lack of public awareness of programs & services • Lack of community partnerships • Inadequate or inaccessible centers • Loss of federal and/or state funding • Lack of preparation for global pandemics & epidemics • Inadequate training • Inadequate staff knowledge • Health & safety • Lawsuits • Inadequate preparation for natural & man-made disasters • Outdated or inadequate medical equipment & supplies • Damaged or stolen medical equipment & supplies • Lack of identification & prioritization of community needs • Outdated or inadequate demographic & health data • Inappropriate access to medical records • Limited availability of behavioral health services • Inadequate monitoring of prescriptions 	<ul style="list-style-type: none"> • Active pursuit of grant funding • Outreach (news, website, social media) programs • Contingency planning for disasters • FEMA training for staff • Incident Command for disaster response • Monitoring of health & other service utilization • Pharmacy audits • Monthly & annual quality checks of medical equipment • Mobile lock boxes to secure confidential information & computers • CyberKey to secure pharmacy • Inventory control & reconciliation (medication) • After-hours clinic & mobile units • Partnerships with local hospitals & nonprofit organizations • Robust network of mental health providers to refer clients • Transportation to health centers for seniors 	High

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Financial Management	<ul style="list-style-type: none"> • Insufficient resources • Theft • Inadequate staffing • Insufficient knowledge • Inadequate monitoring • Incomplete or inaccurate financial records & reporting • Noncompliance with cash handling procedures • Lack of physical inventory • Inaccurate inventory of fixed assets & pharmaceuticals • Lawsuits • Inadequate budget management 	<ul style="list-style-type: none"> • Policies & procedures • Multiple inventory management systems • Annual physical inventory • Pharmacy's routine internal audits • Utilization of State's pharmacy inventory & ordering system 	Medium

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Procurement	<ul style="list-style-type: none"> • Noncompliance with local, state & federal regulations • Insufficient knowledge • Inadequate contract management • Misappropriation of assets • Theft or fraud • Bid rigging • Inappropriate P-Card or other purchases • Conflicts of interest 	<ul style="list-style-type: none"> • Policies & procedures • Profiles limiting unallowable purchases • Monthly reconciliation of charges & grantor reimbursements • Training every three years for P-Card renewal • Monitoring by City's Finance Department • Management oversight of P-Card activity 	Medium
Revenue Generation	<ul style="list-style-type: none"> • Insufficient staffing • Inadequate monitoring of revenue • Penalties & fines • Theft • Misappropriation of revenue • Fraud • Inappropriate and/or unauthorized refunds • Inadequate permitting & other service fees • Uncollected permit & other revenue • Lack of monitoring of establishments/entities requiring permits & licenses • Noncompliance with cash handling procedures 	<ul style="list-style-type: none"> • Medicaid funding revenue streams • Policies & procedures • Quality assurance audits • Grant management technical support & training • Eligibility coordinators for insurance claims • Medicaid billing team • Automated permitting system for timely invoicing & delinquent notices with penalties and/or fees • Rotation of inspectors to minimize risk of bias 	Medium

Mission and Objectives

The mission of the Municipal Courts Department (MCD) is to provide an accessible legal forum for individuals to have their court matters heard in a fair and efficient manner, while adhering to a high standard of integrity, professionalism and customer service. The Department represents the City of Houston's third branch of government and provides a legal venue for individuals charged with jurisdictional violations of State law and/or City Ordinance(s).

Notable Changes since the Previous Risk Assessment

A previous risk assessment of Municipal Courts Department (MCD) took place in Fiscal Year (FY) 2017. Since the last assessment, the following notable changes have occurred in the department:

- Appointment of Judge Bonita Tolbert as the administrative judge;
- Implementation of CSMART Collection Module implemented to improve collections and compliance;
- Establishment of a new Collections and Compliance Division;
- Implementation of the Short Messaging Service to provide text reminders to defendants;
- Expansion of the Municipal Court's Teen Court Program;
- Implementation of the fee-based Municipal Courts Department Passport Program;
- Implementation of Safe Harbor Court;
- Increase of online payment convenience fee;
- Expansion of the Juvenile Case Manager Program to Aldine ISD; and
- Realignment of jail dockets and magistrate services to the Harris County Joint Processing Center.

Significant Activities

The Houston Municipal Courts system is the largest in Texas with the greatest number of cases filed annually. The Department performs duties that provide due process and adjudication of matters before the City of Houston's judicial branch of government. The Department provides staffing in three shifts to provide 24-hour coverage to facilitate effective and efficient court operations. Court services to the public are provided by the Department's Divisions: Administrative Services, Court Operations, Cash Management, Collections and Compliance, Public Information Services and Judicial Operations.

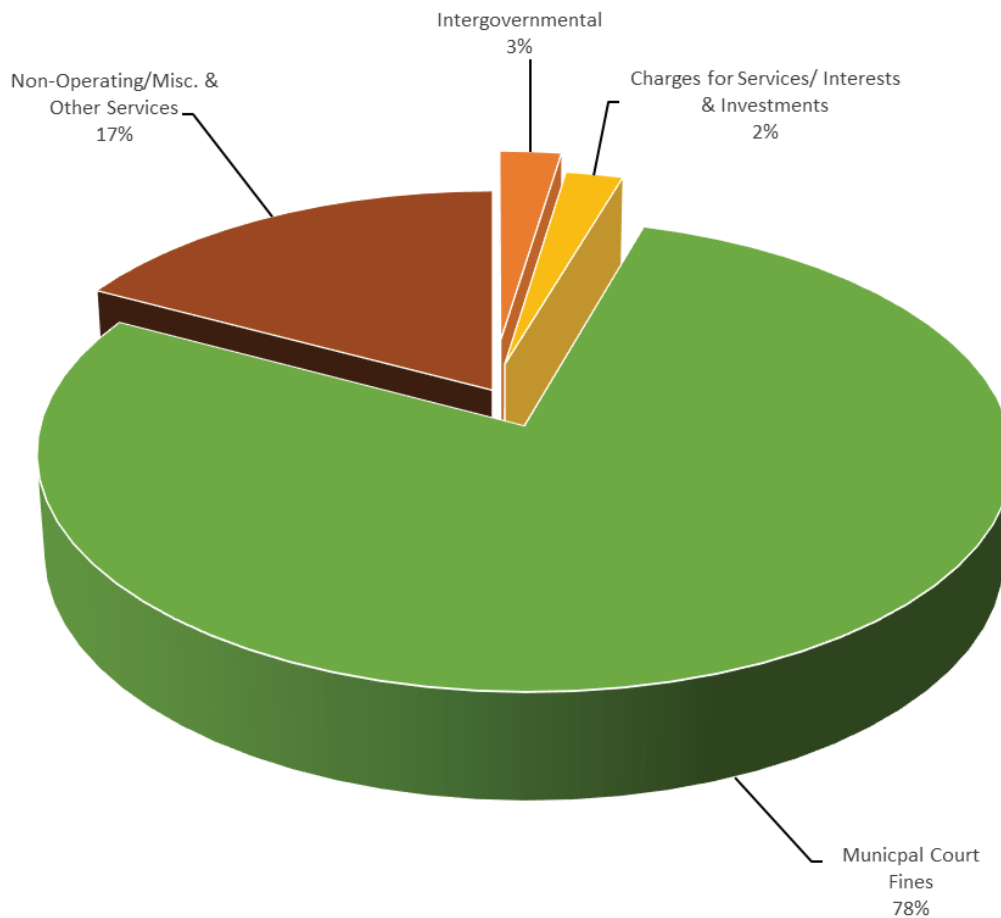
Significant activities of the Department include, but are not limited to:

- Prepared 1.3 million complaints between FY17 and FY22;
- Provides arraignment and trial dockets for 14-day courts and 6-night courts;
- Provides annex court operations at 5 (five) satellite locations;
- Process court actions and courtroom clerk support of the judicial staff;
- Collected over \$232 million in fines, fees and court costs for the State and the City;
- Processed over 93,000 bond forfeitures and 21 appeals between FY17 and FY22;
- Processed 429 expunction requests;
- Coordinated & responded to approximately 23,000 open records requests;
- Hosted approximately 700 participants and tried over 300 cases through the Teen Court initiative;
- Closed over 2,000 case complaints under the campus-based truancy prevention initiative;
- Provide three mandated court services, including court appointed counsel and court interpreters; and
- Processed over 8,100 passport applications and collected over \$283,000 in revenue.

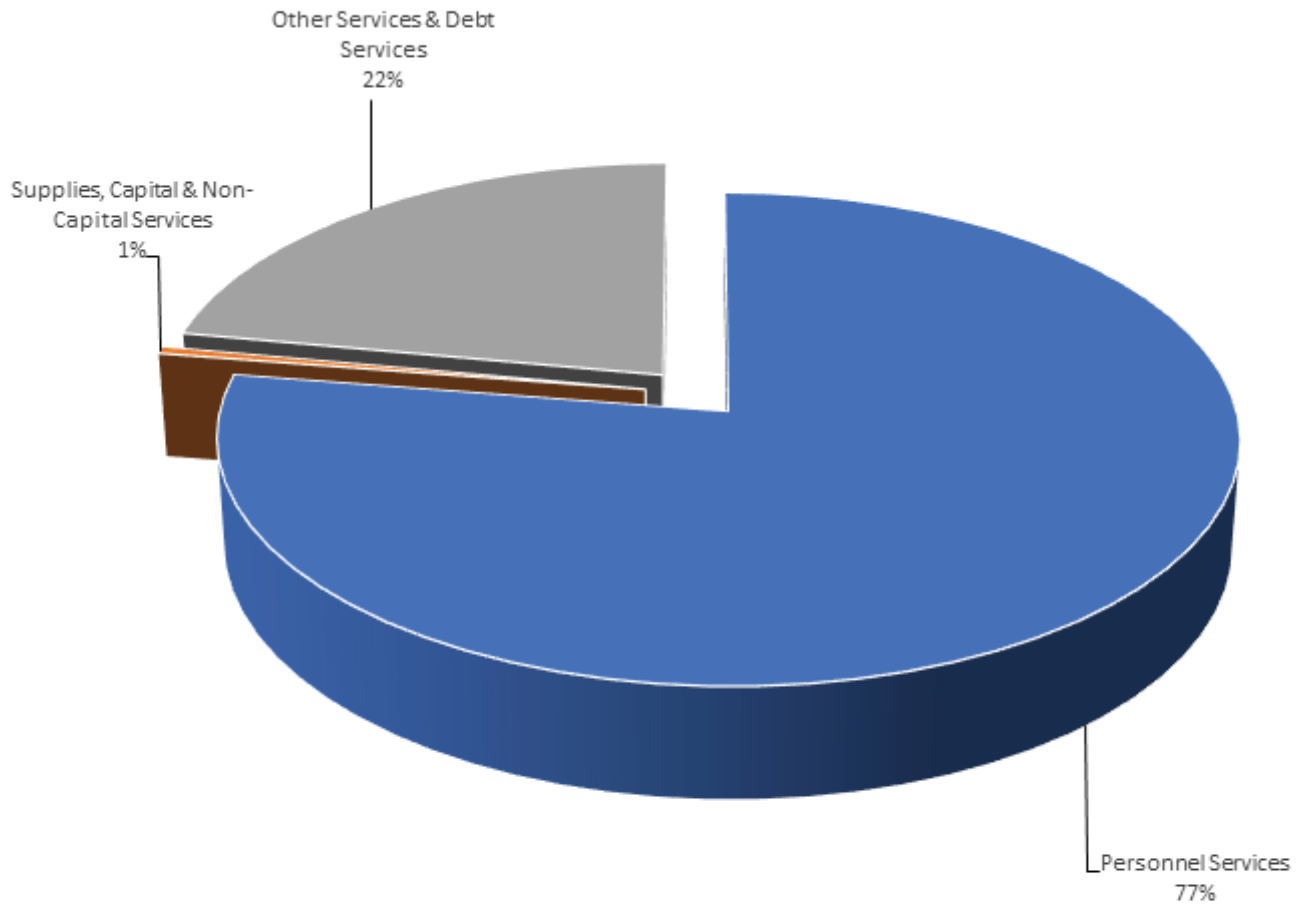
Fiscal Year 2022 Financial Data

MCD collected \$23 million in revenue during FY 2022. Court Fines and Forfeit revenue totaled approximately \$18M (78 percent of collected revenue). Total expenditures for the period were \$30.2 million. See charts below.

Revenue (\$23 million)



Expenditures (\$30.2 million)



Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Communications	<ul style="list-style-type: none"> • Inadequate internal communication • Untimely response to Texas Public Information Act (TPIA) requests • Inadequate technical resources • Staffing deficiencies • Limited language access • Outdated website information • Inadequate mail security • Delays in processing of incoming and outgoing mail • Inadequate email security • Slow or no response – One Call Solution Center 	<ul style="list-style-type: none"> • Multiple emergency notification/communication methods for staff • Bulletin boards • TPIA request responses by mandated timelines, and timely processing of Clearance Letter requests • Cross training of staff • Full-time and contracted language interpreters • Daily reviews and updates to website and social media platforms • Limited access to mailroom • Collections and Compliance’s management of mail operations • Mail processing performance standards • Cyber security training • One Call Solution Center activity reports & performance standards • Designated liaisons for COH 311 and One Call Solution Center 	High

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Court Operations/ Management	<ul style="list-style-type: none"> • Staffing deficiencies • Insufficient knowledge • Insufficient funding • Inaccurate or untimely docket preparation • Uneven docket assignments • Inaccurate scheduling • Untimely issuance of subpoenas • Inadequate record retention • Loss, damaged or theft of records • Inadequate records management • Noncompliance with the local, state, and federal laws and regulations • Limited language access • Transcription errors • Inadequate disaster and emergency plans • Inadequate physical security • Employee and public safety • Court hearing cancellations and delays • Inappropriate or unauthorized access to records • Warrant verifications • Excessive backlog of cases • Identify theft 	<ul style="list-style-type: none"> • Internal, external & cross-training of staff • Utilization of CSMART for operational quality, accuracy, and efficiency • Monitoring of court dockets CSMART generates/sends subpoenas 30 days prior to the court date • Compliance with COH record retention schedule and policies • Protocols for safeguarding court-related records • Monthly, quarterly and annual reports to the State • Full-time and contracted language interpreters • Court reporters are certified and required to participate in continuing education • Regular review and updates to MCD Continuation of Operations Plan (COOP) and internal MCD Emergency Action Plan • Bailiffs to provide court room security and contract security guards to provide security screening services at all court locations • Camera surveillance and panic buttons • Police presence in facilities • Cancellation announcements via press releases and website updates • Forms committee approves existing or new forms • Staff verification & supervisory audits of warrant verifications 	Medium

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Customer Service	<ul style="list-style-type: none"> • Ineffective interactions with customers • Staffing deficiencies • Court hearing cancellations and delays • Limited language access • Inaccurate case files 	<ul style="list-style-type: none"> • Customer satisfaction surveys, 311 monthly performance reports and availability of Compliment/Complaint Forms • Shift scheduling for 24 hour coverage • Dissemination of cancellations or other announcements through press releases and web updates • Full-time and contracted language interpreters • Data entry error monthly reports 	
Financial Management	<ul style="list-style-type: none"> • Staffing deficiencies • Insufficient knowledge • Inadequate policies and procedures • Insufficient funding • Incomplete or inaccurate recording of revenue • Theft/fraud • Non-compliance with state and federal reporting requirements • Inappropriate or unauthorized purchases • Misappropriation of funds • Inadequate cash management • Lack of management oversight of third-party contracts 	<ul style="list-style-type: none"> • Cross training of staff • Regular review of policies and procedures • Daily reconciliation of bank activity • Monthly monitoring of revenue and expenditures for all Divisions • Regular review of internal and COH cash handling and fraud-related policies and procedures • Monitoring of external collection vendor activity via daily reports • Senior staff monitors contract compliance 	Medium

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
IT System Support	<ul style="list-style-type: none"> • Lack of system interfaces • Insufficient funding • Inappropriate or unauthorized access • Inadequate system backups • System security breaches • Cyber attacks • System failures • Loss of data • Staffing deficiencies • Noncompliance with CJIS 	<ul style="list-style-type: none"> • CSMART interfaces with iNovah & internal and external vendors/agencies • Limited internal user access • HITS performs daily system backups • HITS cyber security training • Emergency procedures manual • CJIS Terminal Agency Coordinator (TAC) maintains certifications & recertifications 	Medium

Key Business Risk Areas

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
Revenue Collection	<ul style="list-style-type: none"> • Inadequate collection of fines and fees • Inappropriate and/or unauthorized refunds • Ineffective collection policies and procedures • Inadequate cash handling procedures • Unsecured and/or untimely deposits of cash collections • Theft / Fraud • Incomplete or inaccurate recording of transactions • Insufficient knowledge • Staffing deficiencies 	<ul style="list-style-type: none"> • Scheduled reports, internal quarterly audits, and performance standards for both inhouse & external collections • Finance verifies and MCD approves refunds • Established collection process during business hours & after-hours • Dedicated internal collections through One Call Solution Center • Formal cash handling policies • Employees are bonded • Daily reconciliation of cases processed and cash receipts • Segregation of duties 	Medium

DEPARTMENT RISK ASSESSMENT
DATES

**City of Houston Departments
Dates of Last Risk Assessments**

DEPARTMENT NAME	LAST DATE ASSESSED
Administration & Regulatory Affairs	2018
City Secretary	2020
Controller's Office	2018
Finance	2022
Fire	2023
Fleet Management	2023
General Services	2019
Houston Health	2023
Housing and Community Development	2019
Houston Airport System	2018
Houston Emergency Center	2019
Houston Information Technology Services	2018
Houston Parks and Recreation	2018
Houston Public Works	2021
Human Resources	2018
Legal	2020
Library	2022
Municipal Courts	2023
Neighborhoods	2022
Office of Business Opportunity	2020
Planning and Development	2021
Police	2022
Solid Waste Management	2021

Glossary of Terms

Auditable Entities

Auditable Entities for risk assessment purposes are defined as areas upon which audits or reviews can be conducted by internal or external auditors. These functions or activities may also be considered key business processes or defined organizational structures.

Auditor Risk

The probability that an auditor will render erroneous conclusions to the audit objectives based on insufficient and/or inappropriate evidence, lack of reasonable auditor judgment, lack of proficiency or competency and/or lack of sufficient resources or tools to perform substantive procedures. This risk category is prevalent during audits of departments, sections, divisions or KBPs.

Component Units

Component Units are defined by the Governmental Accounting Standards Board as a related entity whose leadership/ management is controlled and/or appointed by a primary government (e.g., City of Houston) and is dependent on the primary government financially or would otherwise not exist if the primary government did not exist.

Control Risk

The perceived likelihood and impact of deficiencies in management controls put in place to ensure the achievement of objectives, protection of assets, financial reporting, etc. These are based on managerial decision-making, risk management techniques and strategy, which generally fall within the accountability and control of operational management. Examples include the structure of reporting lines and development of major processes to execute mission and objectives.

Inherent Risk

The perceived likelihood and impact associated with an entity or activity that exists simply from the perspective of its current environment. This assumes no significant actions have been taken by management to mitigate or address identified risks. Inherent risks could be related to geographic location, funding sources, population, global economy, structure of federal and state government, etc.

Glossary of Terms cont.

Key Business Processes

A KBP is a vital business procedure, function or activity by which a department spends significant financial or personnel resources to perform an activity over which they have primary responsibility within the City. KBPs also represent areas upon which audits or reviews can be conducted.

Residual Risk

Risk that remains after management's response (implementation of controls) to inherent risk.

Risk Universe

All risks that could effect the City of Houston.

Audit Team

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Audit reports are available at:

<http://www.houstontx.gov/controller/audit/auditreports.html>