

OFFICE OF THE CITY CONTROLLER



HOUSTON POLICE DEPARTMENT (HPD)

FISCAL YEAR 2013 FOLLOW-UP PROCEDURES

Ronald C. Green, City Controller

David A. Schroeder, City Auditor



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

RONALD C. GREEN

December 19, 2012

The Honorable Annise D. Parker, Mayor

**SUBJECT: REPORT #2013-05
HOUSTON POLICE DEPARTMENT (HPD) – FY2013 AUDIT FOLLOW-UP PROCEDURES**

Dear Mayor Parker:

The Office of the City Controller's Audit Division has completed its follow-up procedures related to the FY2012 remediation efforts performed by management. As part of providing independent and objective assurance services related to efficient and effective performance, compliance, and safeguarding of assets, we perform follow-up procedures to ensure that corrective actions are taken related to issues reported from previous audits.¹

During FY2011, the Audit Division changed the Audit Follow-Up Process to utilize a risk-based approach, which contains two primary components:

- Management Status/Self-Reporting
- Fieldwork Testing/Verification

Based on the procedures performed, we obtained sufficient and appropriate evidence to render our conclusions related to HPD as follows:

- There were a total of five (5) findings contained in the report issued during the scope period. Our test work determined that all five (5) had been "**Closed**" (remediated) (Objective 1).
- In reviewing the remediation process associated with the five (5) findings previously reported, all five (5) were deemed adequate, yielding an overall assessment of **Adequate** (Objective 2)

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

Respectfully submitted,

Ronald C. Green
City Controller

cc: City Council Members
Chris Brown, Chief Deputy City Controller, Office of the City Controller
Waynette Chan, Chief of Staff, Mayor's Office
Charles McClelland, Chief of Police, Houston Police Department
David Schroeder, City Auditor, Office of the City Controller

¹ IIA Standard 2500 - requires a process that "...auditors evaluate the adequacy, effectiveness, and timeliness of actions taken by management on reported observations and recommendations...."

Office of the City Controller
Audit Division



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BACKGROUND

The Office of the City Controller's Audit Division has completed its follow-up procedures related to the FY2012 remediation efforts performed by management. As part of providing independent and objective assurance services related to efficient and effective performance, compliance, and safeguarding of assets, we also perform follow-up procedures to ensure that corrective actions are taken related to issues reported from previous audits.¹

The Audit Division (Division) Audit Follow-Up Process utilizes a risk-based approach, which contains two primary components:

- Management Status/Self-Reporting
- Fieldwork Testing/Verification

MANAGEMENT STATUS/SELF REPORTING:

During the 3rd quarter of the fiscal year, the current list of findings is reviewed and ranked according to three levels of risk (high, medium, and low). They are organized and identified by department and sent for management's self-reported status as to progress of remediation based on their responses in the Audit Report. This information is then assessed by the audit team considering (1) responsiveness to the original issue and (2) resolution of the issue identified.

FIELDWORK/TESTING VERIFICATION PHASE:

During the first quarter of the subsequent fiscal year, the information obtained through the management status phase is used as a basis to select departments for follow-up testing. Using the results of weighted risk-ranked findings, while also ensuring complete review of all City Departments, four to six are then selected for follow-up. All findings for those departments are then tested for: (1) Accuracy of management self-reporting (Ongoing, Closed, or Disagreed) and (2) assessment of the remediation process (Adequate or Inadequate), with consideration of the accuracy of management's self-reported status. The assessment of the remediation process also considers the risk of the finding (High, Medium, or Low) to the City. A rating of **Adequate** indicates the department has processes in place to sufficiently monitor and address issues identified. This could be demonstrated by having either remediated (if the finding is Closed) or is exhibiting progress in the remediation efforts (if the status is Ongoing).

¹ IIA Standard 2500 - requires a process that "...auditors evaluate the adequacy, effectiveness, and timeliness of actions taken by management on reported observations and recommendations..."

GAGAS 2.10, 4.05, 5.06, 6.36, 7.05, and A3.10c(4)

GAGAS Appendix I Supplemental Guidance A1.08 states "Managers have fundamental responsibilities for carrying out government functions. Management of the audited entity is responsible for...f. addressing the findings and recommendations of auditors, and for establishing and maintaining a process to track the status of such findings and recommendations..."



An **Inadequate** rating is assessed when the status of the findings are not as reported by management and/or the issues have not been addressed as originally committed to by the responsible management (consideration is given for changing environment that may require a different approach to solving the issue). If a department's remediation efforts have been assessed as **Inadequate** a rating of magnitude is also attached, based on the risk ranking of the associated finding(s). For example, a rating of **Inadequate/Low Impact** indicates that the remediation efforts are not sufficient; however, the risk to the City is Low.

AUDIT SCOPE AND OBJECTIVES

We identified **all** findings issued in **all** reports through the Office of the City Controller beginning in *FY2009* (this includes reports issued by outside professional services firms as well as those performed and issued exclusively by Audit Division professional staff).

Based on the Process described above the six (6) departments selected were:

- Public Works and Engineering Department (PWE)
- Houston Airport System (HAS)
- Houston Emergency Center (HEC)
- Houston Police Department (HPD)
- Houston Public Library (HPL)
- Mayor's Office

This report provides the results of the follow-up process as it relates to HPD and includes five (5) individual findings issued via one (1) formal audit report during the period July 1, 2008 through March 31, 2012.

The objectives of our Follow-Up Procedures were to determine:

1. The Status for each open item and
2. The adequacy of the department's remediation process in place to resolve its universe of findings.

PROCEDURES PERFORMED

Audit procedures performed to meet the audit objectives and provide a basis for our conclusions were as follows:

- Obtained and reviewed Management's Self-reporting of Findings status;
 - Performed a Risk Assessment considering the number of findings directed to departments and their assigned risk ranking.
 - Selected the departments for testing based on risk ranking, responsiveness to status update requests (department self-reporting), remediation efforts as reported (i.e. completed, non-responsive, responsive/unresolved), and Audit Division efficiency (combining follow-up testing with planned engagements)
 - Determined and requested the documentation necessary to support the status reported by management;
 - Performed Interviews with Management and relevant staff;
 - Reviewed supporting documentation and other evidence provided for sufficiency and appropriateness; and
 - Where appropriate, substantive testing was performed.
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AUDIT METHODOLOGY

We conducted Follow-Up Procedures in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Government Accountability Office (GAO) and 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 our work to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained meets these standards to support our findings and conclusions based on our audit objectives.

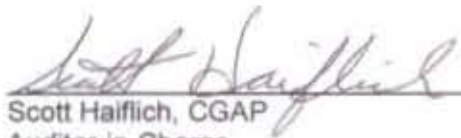
CONCLUSIONS


Based on the procedures performed above, we obtained sufficient and appropriate evidence to render our conclusions as follows:²


- There were a total of five (5) findings contained in the report issued during the scope period. Our test work determined that all five (5) had been "Closed" (remediated) (Objective 1).
- In reviewing the remediation process associated with the five (5) findings previously reported, all five (5) were deemed adequate, yielding an overall assessment of Adequate (Objective 2)

ACKNOWLEDGEMENT AND SIGNATURES

The Audit Team would like to thank Sgt. Reid Cashdollar and the officers at the Eastside Division, Kingwood Division, Midwest Division, Clear Lake Division and Training Academy who assisted during follow-up testing procedures.


Scott Halflich, CGAP
Auditor-in-Charge


Arnie Adams, CFE, CIA
Audit Manager


David Schroeder, CPA, CISA
City Auditor

²

See Exhibit 1 for the Detailed Remediation Assessment - "FY2013 Audit Follow-Up Procedures Matrix - HPD"

EXHIBIT 1 Detailed Remediation Assessment - "FY2013 Audit Follow-Up Procedures Matrix - HPD"

Report Number	Title	Finding	Management's Response/Actions Taken As Of 5/31/2012	Conclusion	
				Ongoing/Closed	Remediation Process
2009-09	CED Inventory Count	In a sample of 100 police officers, the serial numbers of the 100 CEDs were accurately recorded in inventory records. Only 110 of the available 173 CED cartridges matched inventory records. Twenty seven of the cartridges could not be traced to the inventory system.		Closed CED and cartridge serial numbers assigned to each of the 20 officers selected for testing at the Eastside, Kingwood, Midwest, and Clear Lake Divisions either agreed directly to the Taser Log (16) or differences (4) were reconciled to new issuance documentation.	Adequate
2009-09	Digital Power Magazine	We were told that Digital Power Magazines (DPMs) were failing more frequently now that CEDs were over three years old. Since the frequency of failure has increased, DPMs are being replaced without authorization letters (as required by G.O. # 400-26, Section 12) in order to reduce the officer's time away from work.	<p>Actions Taken: This "failure rate" was attributed to the previously required daily five second spark test each conducted by the officer. In January 2010, the policy governing CEDs was revised to require a one-second spark test at the beginning of the officer's shift.</p> <p>The new procedures being put in place to document the DPM usage will allow the department to determine the rate of failure.</p> <p>Date Completed/To Be Completed: August 2012</p> <p>Supporting Documentation: N/A</p>	Closed Discussion with appropriate Training Academy personnel revealed that "failure rates" are not captured or monitored. The finding was not based on review of any existing HPD failure rates. It was based on what the auditors were told. Therefore, there was no failure rate data to be examined during follow-up procedures. However, HPD has addressed the issue of officers' time away from work with Circular No. 11-0513-084 (effective 5/17/11) by expanding the availability of DPM replacements from only the Training Academy to include North Patrol, Southeast Patrol, and the Special Operations Division. In addition, officers are no longer required to write a letter to their division commander, nor is a supervisor's letter required when a defective CED or related equipment needs to be exchanged or replaced, except in cases where damage is suspected due to neglect.	Adequate

EXHIBIT 1 Detailed Remediation Assessment - "FY2013 Audit Follow-Up Procedures Matrix - HPD"

Report Number	Title	Finding	Management's Response/Actions Taken As Of 5/31/2012	Conclusion	
				Ongoing/Closed	Remediation Process
2009-09	Training Cartridges	Training CED cartridges, with the same capacity as issued to officers in the field, were issued for training. There was no record of who was issued the training cartridges.	<p>Actions Taken: Training cartridges are not issued to officers for use in the field. The training cartridges are used for training purposed only. The Training Division maintains an inventory of the training cartridges and when they were expended for training purposes.</p> <p>Date Completed/To Be Completed: August 2012</p> <p>Supporting Documentation: N/A</p>	Closed	Adequate
2009-09	Unrecorded Inventory	Approximately 1,300 CED cartridges were initially issued to officers prior to an inventory/issuance process being implemented. Also, six CEDs in the Defensive Tactics Office were not recorded in inventory		Closed	Adequate
2009-09	Spark Test	Roll Call supervisors were not consistently documenting their witnessing of Spark Tests as required by GO # 400-26.		Closed	Adequate