

**OFFICE OF THE CITY CONTROLLER**



**HOUSTON PARKS AND RECREATION DEPARTMENT  
(PARC)  
FISCAL YEAR 2016  
AUDIT FOLLOW-UP REPORT**

**Chris B. Brown, City Controller**

**Courtney E. Smith, City Auditor**



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

**CHRIS B. BROWN**

May 10, 2016

The Honorable Sylvester Turner, Mayor

**SUBJECT: Report #2016-09  
Houston Parks and Recreation Department (PAR) – FY 2016  
Audit Follow-Up Report**

Mayor Turner:

The Office of the City Controller's Audit Division has completed its follow-up procedures related to the FY2016 remediation efforts performed by PAR 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.<sup>1</sup>

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

- Management Status Updates
- Audit Testing/Verification

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

- There were a total of two (2) open findings issued under audit reports 2009-02 and 2012-04. Our test work determined that both findings had been Closed/Remediated (Objective 1).
- In reviewing the department's remediation process associated with the two (2) findings, we concluded the overall assessment to be Adequate (Objective 2).

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<sup>1</sup> 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..."

<sup>2</sup> See Exhibit 1 for the Detailed Remediation Assessment - "FY2016 Audit Follow-Up Procedures Matrix"



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

**CHRIS B. BROWN**

We would like to thank PARD their proactive approach to risk management, timely remediation of audit findings, and for facilitating the Audit Division's process by populating the Business Users Portal with adequate detail.

Respectfully submitted,

Chris B. Brown  
City Controller

xc: Alison Brock, Chief of Staff, Mayor's Office  
City Council Members  
Joe Turner, Director, PARD  
Cheryl Johnson, Deputy Director, PARD  
Kelly Dowe, Chief Business Officer, Mayor's Office  
Harry Hayes, Chief Operating Officer, Mayor's Office  
Shannan Nobles, Chief Deputy City Controller  
Courtney Smith, City Auditor, Office of the City Controller



Office of the City Controller  
Audit Division

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## *EXECUTIVE SUMMARY*

### *BACKGROUND*

The Office of the City Controller's Audit Division has completed its follow-up procedures related to the FY2016 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.

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

- Management Status Updates
- Audit Testing/Verification

### **MANAGEMENT STATUS UPDATES:**

Prior to the issuance of audit reports, findings are ranked according to three levels of risk to the Department as a whole (high, medium, and low). Our continuous follow-up process includes, sending requests for status updates related to management's progress toward the remediation of open findings. Management provides status updates through an online portal that alerts the Division when received. This information is then assessed by the follow-up auditor considering (1) responsiveness to the original issue and (2) remediation of the issue. A status update which indicates that a finding has been remediated is tested/verified by the follow-up auditor prior to being closed.

### **FIELDWORK/TESTING VERIFICATION:**

The information received through management status updates is used as a basis for follow-up testing. Additional supporting information is gathered by the follow-up auditor if it is needed to provide sufficient and appropriate evidence to achieve our objectives. Once the testing/verification of a department's findings has been completed, the department's remediation process is then assessed (Adequate or Inadequate). A rating of **Adequate** indicates the department has processes in place to sufficiently monitor and address issues identified. This could be demonstrated by findings being completely remediated (if the finding is Closed) or the department exhibiting progress in their remediation efforts (if the status is Ongoing). An **Inadequate** rating is assessed when the status of the findings is not as reported by management and/or the issues have not been addressed as stated in a status update.



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## *AUDIT SCOPE AND OBJECTIVES*

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 open findings.

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## *PROCEDURES PERFORMED*

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

- Obtained, reviewed and assessed management's status updates to open findings;
- Determined the findings for which management's status updates indicated remediation;
- Determined and requested the documentation necessary to support the findings status reported by management;
- Performed Interviews with management and relevant staff; and
- Reviewed supporting documentation and other evidence provided for sufficiency and appropriateness.

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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 Professional 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.

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## *CONCLUSIONS*

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

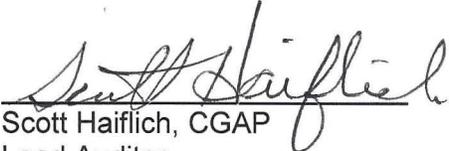
- There were a total of two (2) open findings issued under audit reports 2009-02 and 2012-04. Our test work determined that both findings had been Closed/Remediated (Objective 1).
- In reviewing the department's remediation process associated with the two (2) findings, we concluded the overall assessment to be Adequate (Objective 2)



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***ACKNOWLEDGEMENT AND SIGNATURES***

We would like to thank PARD for their proactive approach to risk management, timely remediation of audit findings, and for facilitating the Audit Division's process by populating the Business Users Portal with adequate detail.. This is consistent with the cooperation and efficiency we have historically experienced with PARD Management.

  
Scott Haiflich, CGAP  
Lead Auditor

  
Theresa Watson, CIA  
Audit Manager

  
Courtney E. Smith, CPA, CIA, CFE  
City Auditor

# EXHIBIT 1

City of Houston  
Office of the City Controller - Audit Division  
Project: FY 2016 Follow-Up  
Parks and Recreation Department - 2016 Follow-Up Procedures

**Exhibit 1 - Detailed Remediation Assessment, 2016 Audit Follow-Up Procedures**

Audit Report Number	Finding Title	Finding	Management's Status Update	Conclusion	
				Ongoing/Closed	Remediation Process
2009-02	Compliance with Motor Vehicle Record Requirements	AP 2-2, Section 8.3, requires that the Department, at least annually, obtain and review the motor vehicle record (MVR) of each employee who drives on City business to determine if the employee is qualified to drive on City business in accordance with the policy.	Cheryl Johnson (5/13/2015): Central HR ran the annual MVR's for all HPARD employees the first of May 2014. We are following the procedures in A.P. 2.2 for all employees who are found not to be in compliance. Completed: Jun 2014 Supporting Documentation: The attached spreadsheet shows the results of the department MVR's ran.	<b>Closed</b> - The Parks and Recreation Department provided the most recent MVR report provided by the Human Resources Department.	<b>Adequate</b>
2012-04	Contract Compliance – Capital Improvements	LMG did not build a driving cage or range. LMG did not spend \$60,000 or more in updating the Pro Shop and landscaping in lieu of building a driving range.	Cheryl Johnson (5/15/2015): Late 2014, Mr. Lopez submitted documents/receipts showing improvements made to the course. The director has reviewed the documents and sent the Golf Division Manager to inspect the improvements.  There has not been a final decision made, but it will be done in the next couple of months. At that time the director will send Mr. Lopez a follow up letter and it will also be submitted to Controllers.	<b>Closed</b> - The agreement with LMG expired, was not renewed, and the Glenbrook Golf Course has been closed.	<b>Adequate</b>