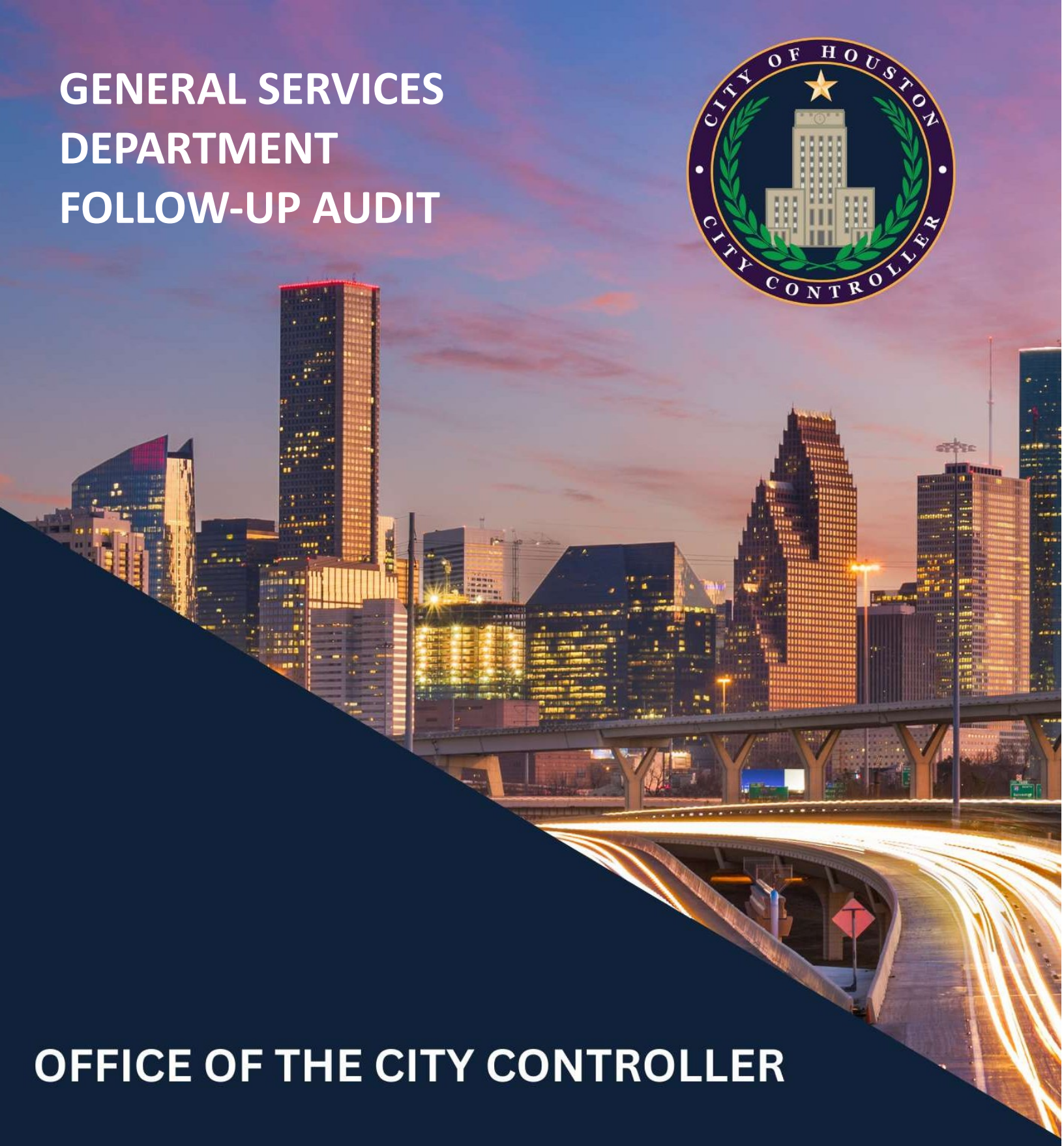
GENERAL SERVICES DEPARTMENT FOLLOW-UP AUDIT



OFFICE OF THE CITY CONTROLLER

CHRIS HOLLINS
CITY CONTROLLER

FY2027
Report #2027-06
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CHRIS HOLLINS
City Controller

The Honorable John Whitmire, Mayor
City of Houston, Texas

SUBJECT: GENERAL SERVICES DEPARTMENT FOLLOW-UP AUDIT REPORT

We have completed follow-up procedures on remediation efforts carried out by the General Services Department management relating to the following audit reports:

REPORT NUMBER	REPORT TITLE	TOTAL FINDINGS
2020-01	Houston Public Library (HPL) Cash Handling Processes Performance Audit	6
2023-09	Building Security Performance/Compliance Audit	4

Based on the follow-up procedures outlined in this report, and in accordance with professional auditing standards, we obtained sufficient and appropriate evidence to support the conclusions presented in Appendix 1.

FINDINGS[#]	FINDING REMEDIATION STATUS	DESCRIPTION
2	**Fully Implemented**	Successful implementation of processes to address the audit finding.
2	**Partially Implemented**	Significant efforts and implementation of processes to address the audit finding.
1	**Incomplete/Ongoing**	Ongoing development of a process and/or efforts toward a policy to address the audit finding.

[#] Five (5) of the 6 findings related to Report #2020-01 were considered fully remediated in a prior follow-up audit report and not included in these follow-up audit procedures.

This assessment reinforces our commitment to conducting thorough and objective audits, ensuring that identified issues have been properly addressed and corrective actions have been effectively implemented.

We would like to thank the management and staff of the General Services Department for their cooperation during the follow-up audit process.

Respectfully submitted,



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FOLLOW-UP AUDIT

SUMMARY

The Audit Division is tasked with providing independent and objective assurance services to enhance organizational performance, ensure compliance, and safeguard assets. As part of this mandate, follow-up audits are conducted to verify that corrective actions have been implemented for issues identified in prior audits.

This follow-up audit evaluated the remediation efforts carried out by General Service Department's management in response to the findings from Audit Reports:

- Houston Public Library (HPL) Cash Handling Processes Performance Audit (2020-01)
- General Services Department (GSD) Building Security Performance Audit (2023-09)

The audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Government Accountability Office (GAO) and the Global Internal Audit Standards as established by the Institute of Internal Auditors (IIA).

AUDIT OBJECTIVES

The follow-up audit was conducted to:

- Determine the status of the ten open findings from Audit Report #2020-01 and Audit Report #2023-09.
- Evaluate the adequacy of management's remediation processes to address the findings.

SCOPE

The scope of the audit included:

- Audit Report #2020-01 had six (6) findings; five (5) of which were considered "Fully Remediated" in a prior audit report and not included in these audit procedures.
- Audit Report #2023-09 had four (4) findings.

CONCLUSIONS

OBJECTIVE 1: STATUS OF OPEN FINDINGS

Management provided status updates related to all five (5) open audit findings.

OBJECTIVE 2: REMEDIATION ASSESSMENT

Management's remediation efforts were adequate, in that two audit findings were fully implemented and three audit findings will remain open. See Appendix 1: Detailed Remediation Assessment for details.

Findings*	Finding Remediation Status	Description
2	Fully Implemented	Successful implementation of processes to address the audit finding.
2	Partially Implemented	Significant efforts and implementation of processes to address the audit finding.
1	Incomplete/ Ongoing	Ongoing development of a process and/or efforts toward a policy to address the audit finding.
0	Not Implemented	No effort to implement processes to address the audit finding.

* Five (5) of the 6 findings related to Report #2020-01 were considered fully remediated in a prior follow-up audit report and not included in these follow-up audit procedures.

ACKNOWLEDGMENT

We extend our appreciation to the management of the General Services Department for its cooperation and commitment to addressing the audit findings. Their efforts facilitated a thorough and effective follow-up audit process.

AUDIT TEAM

Deputy Director: Jennifer Pierce
Audit Manager: Theresa Watson, CIA, CGAP
Lead Auditor: Michelle Paul
Quality Assurance: Mohammad Haroon, CPA

APPENDIX 1: DETAILED REMEDIATION ASSESSMENT

HOUSTON PUBLIC LIBRARY (HPL) CASH HANDLING PROCESSES PERFORMANCE AUDIT (REPORT #2020-01)				
#	FINDING NAME	RECOMMENDATION AND MANAGEMENT RESPONSE(S)	CONCLUSION	REMEDIATION STATUS
1	**Several HPL Security Cameras Are Inoperative or Non-Existent**	**Recommendation** 1. We recommend that GSD develop a citywide policy with regards to periodic maintenance and check on the security cameras. This policy must include a maintenance register for all cameras within the city. The maintenance register should include the name of the officer assigned to do the maintenance, day/time of performance and a sign-off indicating whether the assignment was performed and issues if any, encountered. Registers must be reviewed periodically by a maintenance supervisor. 2. We recommend that a comprehensive review of the strategic positions of all cameras placed in cash collection centers be carried out to ensure that all relevant events relating to the safety and security of assets and personnel are adequately captured. 3. We recommend HPL follow up with GSD to ensure periodic preventive maintenance of security cameras be performed on a sustained, periodic basis and that documentation be stored on the results of these requests for all applicable locations. **Management Response** **July 2019** While the GSD Director agrees security cameras should be in place and operational in and around the cash handling areas at city libraries, we discovered past security assessments, conducted by city approved contractors, did not recommend security cameras in these areas. Security Management will conduct a comprehensive review of cameras in cash collection centers and will work with HPL on installing and/or upgrading those cameras. GSD will develop a policy to cover the preventive maintenance of security cameras and document the preventive maintenance performed, **August 2023** Location Cameras Comment Number Working • Alief 0 0 Security camera does not exist – New facility, all cameras operational • Central 6 2 Four security cameras not working – recently upgraded and showed auditor the views and she was pleased.	Audit testing confirmed that all Houston Public Library locations reviewed had installed and operational security cameras with adequate coverage. Although formal maintenance records for newly installed systems are still being established, GSD provided documentation demonstrating required maintenance records are being retained. All previously identified issues including missing cameras, nonfunctioning cameras, inadequate coverage, and lack of documentation have been resolved. The management action plan is adequate to address the audit finding and considered "fully implemented". This finding is Closed.	**Fully Implemented**

HOUSTON PUBLIC LIBRARY (HPL) CASH HANDLING PROCESSES PERFORMANCE AUDIT (REPORT #2020-01)				
#	FINDING NAME	RECOMMENDATION AND MANAGEMENT RESPONSE(S)	CONCLUSION	REMEDIATION STATUS
		– Two security cameras. improperly angled – One secured location not maintained • Collier 0 0 Security camera does not exist – FY24 upgrade. Need to schedule walk through • Park Place 1 1 Security camera needs enhancement – Upgrade coming up, quote received recently.		

GENERAL SERVICES DEPARTMENT (GSD) BUILDING SECURITY PERFORMANCE AUDIT (REPORT #2023-09)				
#	FINDING NAME	RECOMMENDATION AND MANAGEMENT RESPONSE(S)	CONCLUSION	REMEDIATION STATUS
1	**Former Employees Not Deleted from The Badging System**	**Recommendation** 1. GSD should perform a system audit of the badging process to ascertain deficiencies existing in the process. GSD may engage the services of third-party consultants for this purpose. 2. GSD should perform periodic reviews of badging access to ensure listings are both accurate and up to date. 3. GSD should coordinate with HR to develop a process to ensure termination of access for employees who are separated from the City in a timely manner. **Management Response** **June 2023** General Services Department (GSD), Security Management Division (SMD) has implemented a process with Human Resources (HR) to allow SMD to perform monthly reviews of employees that are being separated from the city. HR will send a monthly report to SMD that details employees who have been separated from the city. The Badging Office will then go into the badging system to ensure that the separated employees' access has been terminated. Director Messiah is scheduled to meet with Director Cheeks of Human Resources on June 29, 2023, to discuss the possibility of adopting an exit procedure for all employees that are separated from the city. The procedure will detail that the employee must turn in their badge to SMD along with a form that must be signed off by SMD, verifying that the exiting employee badge has been turned into SMD for termination of access. The exiting employee will then take the completed form back to HR **January 2026** Department confirms employee departure with HR each month and then sends email confirming badge deactivation.	A comparison of HR's separated employee roster to GSD's active badge records revealed no exceptions. Delays and inconsistencies noted in the original finding have been corrected. The management action plan is adequate to address the audit finding and considered "fully implemented". This finding is Closed.	**Fully Implemented**

GENERAL SERVICES DEPARTMENT (GSD) BUILDING SECURITY PERFORMANCE AUDIT (REPORT #2023-09)				
#	FINDING NAME	RECOMMENDATION AND MANAGEMENT RESPONSE(S)	CONCLUSION	REMEDIATION STATUS
2	**Security Contractor Training Not Occurring as Prescribed in Agreement**	**Recommendation** 1. GSD should enhance the monitoring of security officer training by implementing a continuous review process; 2. GSD should receive and maintain evidence of security officer training occurring as required by the security service agreement; and 3. GSD should request regular status updates of training for City security officers and obtain documented explanations for deviations from training plans. **Management Response** **June 2023** General Services Department (GSD), Security Management Division (SMD) with the goal of enhancing and monitoring of security officer training, has implemented a process with Allied Universal Security Services to allow for a continuous review of training as specified in the contract. SMD along with Allied Universal has worked to separate and label the quarterly/annual training separate, in that the training can be searchable in their system. We are also working to finalize the quarterly reporting format to be submitted to SMD and reviewed 30 days after the end of each quarter. We have taken the findings of this audit as an opportunity to fine tune our reporting and compliance reporting with regards to quarterly training. Allied Security will be required to explain in writing any deviations from the training plans. **January 2026:** The process has been implemented and the reports are available.	Audit reviewed the contractor provided training records for a sample of 20 security officers for the 2025 annual training year and found 10% (2 of 20) of the officers reviewed did not have the 16 hours or required training. Because GSD was able to provide documentation of the required training for 18 officers, management demonstrated significant efforts to remediate this finding and considered partially implemented and will remain open. The finding will remain open with status of "Partially Implemented" until compliance processes are in place to ensure contractor security officers complete the mandatory training and deviations are appropriately documented and justified.	**Partially Implemented**
3	**Inappropriate Access Through an Unsecured Building Entrance**	**Recommendation** GSD should ensure security officers inspect entry points during the execution of daily rounds. Additionally, security officers should assess whether entry points are both secure and properly functioning during their inspection. **Management Response** **June 2023** The door magnet was not working properly and has been replaced.	Audit testing showed improvements in door security and documentation of daily rounds log. Most access points were secured, and daily round logs generally supported required monitoring. However, one previously identified exterior door continued to exhibit security deficiencies, and the related monitoring activities continue to be inconsistently documented. Because these deficiencies affect a key access point from the original finding and demonstrated ongoing gaps in required oversight, this condition will remain unresolved. Although controls have improved but are not functioning reliably at all locations.	**Incomplete / Ongoing**

GENERAL SERVICES DEPARTMENT (GSD) BUILDING SECURITY PERFORMANCE AUDIT (REPORT #2023-09)				
#	FINDING NAME	RECOMMENDATION AND MANAGEMENT RESPONSE(S)	CONCLUSION	REMEDIATION STATUS
		January 2026 The door magnet is still in place and the door remains secure. All City building access controlled by GSD is secured.	Management's action plans are in progress but have not fully resolved the original finding. Accordingly, the finding will remain open with a status of "Incomplete / Ongoing".	
4	**Security Contractor Daily Logs Are Incomplete**	**Recommendation** 1. GSD should communicate the expectations and requirements of security officers to complete electronic logs and/or rounds daily with the security contractor; and 2. GSD should review contractor logs periodically to verify contractor compliance with the security services agreement. **Management Response** **June 2023** In April 2023, Allied Universal Security began using an app named Heliaus within the company's smartphones that is used to make/ evidence rounds by scanning tags at designated posts. It allows the user to create reports through the app without needing to write it on Paper. **January 2026** This process is in place via Contractor's app and the information from the Contractor's app is available.	Audit procedures noted that the Daily Activity Logs received for the sampled locations were complete and compliant. Of the 15 logs selected for testing, 12 (80%) were compliant and 3 (20%) were noncompliant because the logs were not provided, preventing verification that required daily activity rounds were performed. Although compliance has improved since the original audit, missing logs at multiple sites indicate that contractor compliance remains inconsistent. The finding will remain open with status of "Partially Implemented" until procedures are in place to ensure Daily Activity Logs are completed and retained documenting activity rounds.	**Partially Implemented**

APPENDIX 2: FOLLOW-UP AUDIT PLAN

AUDIT OBJECTIVES

The objectives of the follow-up audit were to:

1. Determine the status of each open item.
2. Evaluate the adequacy of the department's remediation process to resolve open findings.

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 status of each finding reported by management.
- Reviewed supporting documentation and other evidence provided for sufficiency and appropriateness.

AUDIT APPROACH

Our follow-up audit process utilizes a risk-based approach, which contains the two primary components:

- Management Status Updates
- Audit Testing/Verification

MANAGEMENT STATUS UPDATES

Our follow-up audit 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. This information is then assessed by the follow-up auditor, who considers responsiveness to the original issue and remediation of the issue.

AUDIT TESTING / VERIFICATION

A management status update indicating that a finding has been remediated is then tested/verified by the follow-up auditor prior to being closed.

The information received through management status updates form the basis for follow-up testing. If needed, additional supporting information is gathered by the follow-up auditor to provide sufficient and appropriate evidence to achieve our objectives. Once the testing and verification of a department's remediation processes have been completed, Audit then assess each finding based on one of the following four categories:

- **Fully Implemented**: Successful implementation of processes to address the audit finding.

- **Partially Implemented**: Significant efforts and implementation of processes to address the audit findings.
- **Incomplete/Ongoing**: Ongoing development of a process or efforts towards a policy to address the audit finding.
- **Not Implemented**: No effort to implement processes to address the audit finding.

AUDITING STANDARDS

The Audit Division conducted follow-up audit procedures in accordance with the Generally Accepted Government Auditing Standards (GAGAS) issued by the Government Accountability Office (GAO) and the Global Internal Audit Standards as established by the Institute of Internal Auditors (IIA).

These standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for the findings and conclusions drawn in alignment with audit objectives.

GOVERNMENT AUDITING STANDARDS (YELLOW BOOK)

GAGAS 8.30

> "Auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements that are significant within the context of the audit objectives. When planning the audit, auditors should ask management of the audited entity to identify previous engagements or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented. Auditors should use this information in assessing risk and determining the nature, timing, and extent of current audit work, including determining the extent to which testing the implementation of the corrective actions is applicable to the current audit objectives."

GLOBAL INTERNAL AUDIT STANDARDS (RED BOOK)

IIA Standard 15.2

> "Internal auditors must confirm that management has implemented internal auditors' recommendations or management's action plans following an established methodology, which includes:
>
> - Inquiring about progress on the implementation.
> - Performing follow-up assessments using a risk-based approach.
> - Updating the status of management's actions in a tracking system.
>
> The extent of these procedures must consider the significance of the finding."