



Office of the City Controller  
**HOUSTON PARKS AND RECREATION  
DEPARTMENT**  
Follow-Up Audit



**Chris Brown**  
City Controller

**Report # 2024-02**

**Courtney Smith**  
City Auditor



OFFICE OF THE CITY CONTROLLER  
CITY OF HOUSTON  
TEXAS

CHRIS B. BROWN

September 12, 2023

The Honorable Sylvester Turner, Mayor,

**SUBJECT: REPORT #2024-02  
HOUSTON PARKS AND RECREATION DEPARTMENT (HPARD) – FOLLOW-UP AUDIT  
REPORT**

Mayor Turner:

We have completed the follow-up procedures on remediation efforts performed by HPARD management relating to Audit Report #2009-02, titled “*Vehicle Allowance Program Audit*” and Audit Report #2017-09, titled “*Cash Handling Processes – Performance Audit*.” 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.<sup>1</sup> Three findings remain open: one for Audit Report #2009-02 and two for Audit Report #2017-09.

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

- Management Status Updates; and
- Audit Testing/Verification

The efforts of management and the procedures performed towards the remediation of the issues from previous audits are assessed under the following criteria:

- Not Implemented:** No formal policy and/or no documented effort to address the audit finding.
- Incomplete/Ongoing:** Ongoing development of a process and/or effort toward a policy to address the audit finding.
- Substantially Implemented:** Significant effort directed toward remediation of the audit finding.
- Fully implemented:** Successful implementation of measures to address the audit finding.

---

<sup>1</sup> IIA Standard 2500 Implementation Guidance – stresses the importance of having a process that “.... *Captures the relevant observations, agreed corrective action and current status.*”

GAGAS 1.21, 6.11, 7.13, 8.30, and 9.08



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

**CHRIS B. BROWN**

Based on the procedures performed above, we believe that we have obtained sufficient and appropriate evidence to adequately support the conclusions provided below as required by professional auditing standards.<sup>2</sup> Our conclusions are as follows:

**Report #2009-02:** Based on our procedures, we conclude that this finding has a status of “**Not Implemented**” and will remain open.

**Report #2017-09:** Based on our procedures, we conclude that both findings have a status of “**Fully Implemented**” and are considered closed.

Details of remediation activities are contained in Exhibit 1 of the accompanying report.

We would like to thank the Houston Parks and Recreation Department for their cooperation during the Follow-Up Audit process.

Respectfully submitted,

Chris B. Brown  
City Controller

xc: City Council Members  
Kenneth Allen, Director, HPARD  
Cheryl Johnson, Deputy Director, HPARD  
Marvalette Hunter, Chief of Staff, Mayor’s Office  
Shannan Nobles, Chief Deputy City Controller  
Courtney Smith, City Auditor, Office of the City Controller

---

<sup>2</sup> See Exhibit 1 for the Detailed Remediation Assessment

# TABLE OF CONTENTS

---

	<b>Page</b>
<b>Transmittal Letter</b>	<b>i</b>
<b>Table of Contents</b>	<b>iii</b>
<b>Report Sections</b>	
Background	1
Audit Scope and Objectives	1
Procedures Performed	2
Follow-Up Approach	2
Conclusions	3
Audit Standards	4
Acknowledgement	4
<b>Exhibit 1</b>	
Detailed Remediation Assessment	5

---

## Background

As part of providing independent and objective assurance services related to efficient and effective performance, compliance and safeguarding of assets, we perform follow-up audit procedures to ensure that corrective actions are taken related to issues reported in previous audits.<sup>1</sup>

We have completed our follow-up procedures related to remediation efforts performed by management of the Houston Parks and Recreation Department (HPARD) for findings contained in Audit Report # 2009-02, titled, *"Parks Department Vehicle Allowance Program Audit"* and Audit Report # 2017-09, titled, *"PARD Cash Handling Processes Performance Audit."*

A total of four findings were issued under Audit Report 2009-02 and five were issued under Audit Report 2017-09. The result of prior follow-up audits is shown in the graphics below.

### AUDIT REPORT 2009-02



### AUDIT REPORT 2017-09



---

1 IIA Standard 2500 Implementation Guidance - stresses the importance of having a process that "... captures the relevant observations, agreed corrective action, and current status."

GAGAS 1.21, 6.11, 7.13, 8.30, and 9.08.

The audit procedures described in this report are remediation efforts related to the three remaining findings.

---

## Audit Scope and Objectives

The objectives of our follow-up audit were to determine:

1. The status of each open item; and
2. 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 documentation necessary to support the status of findings reported by management; and
- Reviewed supporting documentation and other evidence provided for sufficiency and appropriateness.

---

## Follow-up Approach

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

- Management Status Updates; and
- 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 that alerts us when received. This information is then assessed by the follow-up auditor who considers (1) responsiveness to the original issue and (2) remediation of the issue.

## FIELDWORK/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 is used as a basis for follow-up testing. If necessary, additional supporting information is gathered by the follow-up auditor 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 in one of the following four categories:

- Not Implemented - No formal policy and/or no documented effort to address the audit finding.
- Incomplete/Ongoing - Ongoing development of a process or efforts towards a policy to address the audit finding.
- Substantially Implemented - Significant efforts directed towards the implementation of the audit finding.
- Fully Implemented - Successful implementation of the audit finding.

---

## Conclusions

Based on the procedures performed, we believe we have obtained sufficient and appropriate evidence to adequately support the conclusions provided below as required by professional auditing standards:

### CONCLUSION 1 - (AUDIT OBJECTIVE 1)

- The finding for Audit Report 2009-02 will remain open.
- The two findings for Audit Report 2017-09 are considered closed.

Please see Exhibit 1 for the Detailed Remediation Assessment.

### CONCLUSION 2 - (AUDIT OBJECTIVE 2)

Based on procedures performed, we concluded the following:

#### **Audit Report 2009-02:**

- Management has not taken steps to facilitate training of employees in the Defensive Driving Course as required by AP 2-2. As a result, the status of remediation efforts for this finding is considered "**Not Implemented**" and the

finding will remain open.

**Audit Report 2017-09:**

- Management has established policies and procedures to process and manage refunds as well as voided and cancelled transactions. As a result, the remediation efforts for this finding are considered “**Fully Implemented**” and the finding is considered closed.
- Through an Inter-Office memo dated August 11, 2023, HPARD management secured a waiver from the provision of AP 4-8 requiring that cash receipts be deposited within three days. As a result the remediation efforts for this finding are “**Fully Implemented**” and the finding is considered closed.

Please see Exhibit 1 for the Detailed Remediation Assessment.

---

## Audit Standards

We conducted follow-up audit 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 (IIA). Those standards require that we plan and perform the audit 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 provides a reasonable basis for our findings and conclusions based on our audit objectives.

---

## Acknowledgement

We would like to thank HPARD for their cooperation during the follow-up audit process.



City of Houston  
Office of the City Controller - Audit Division  
Project: FY2023 Follow-Up HPARD  
Houston Parks and Recreation Department - FY 2023 Follow-Up Procedures

Exhibit 1 - Detailed Remediation Assessment, FY2023 Audit Follow-Up Procedures

Audit Report #	Finding Title	Finding	Management's Status Update	Procedures Performed	Conclusion
2009-02	Compliance with Defensive Driving Course Requirements.	Audit testing revealed that 8 out of the 26 Department employees that use city issued vehicles for work had not completed a DDC as required by AP 2-2.	Updated Management Response as of June 2023: HPARD provided an employee roster for the Audit Division to review and test to see if all employees was in compliance with DDC as required by AP 2-2.	We obtained the list of HPARD employees who have completed Defensive Driving Course (DDC-4) Training and performed procedures to determine whether appropriate training have been conducted in line with the provisions of AP 2-2. The results of our procedures revealed that 8 out of the 26 samples representing 30.77% did not have a DDC training in violation of the requirements of the provisions of AP 2-2.	<b>Not Implemented.</b>
2017-09	Cash Receipts are not Deposited Timely	<p>As a result of substantive testing and review of cash receipts totaling \$134,416.32, we determined that cash receipts exceeded the maximum deposit requirement of three days as required by AP 4-8 as follows:</p> <p>(a) Memorial Golf Course: cash receipts were not deposited within three days in 15 instances out of the 29 samples representing 54%.</p> <p>(b) Sharpstown Golf Course: cash receipts were not deposited within three days in 6 instances out of the 30 samples representing 20%.</p> <p>(c) When combined together, both golf courses had on average 62 instances out of 171 samples representing 36%.</p>	<p>As noted, PARD's current contract requires for armored car transfer of cash receipts twice per week. The contract/schedule, absence of holiday service, and occasional courier "no show", contributes to the percentages noted above. After PARD Management review, we feel that the current contract/transfer schedule is most appropriate from an operational and budget perspective, and allows adequate safeguarding of assets. Memorial Park is closed on Tuesday's, and Sharpstown volume does not justify addition to the current pickup schedule, which would increase the expense of courier service by 33%. Therefore, in accordance with AP 4-8 7.7.1, PARD Management will submit a request for an exception to AP 4-8 7.5.5.4, to ensure compliance with policy. As always, we will continue to refresh the employees on the policies on an as needed basis.</p>	<p>We obtained and reviewed the bank deposits and CR tracking sheets as well as the daily reconciliation reports and determined that cash receipts are not being deposited within the three day requirement, as stated in AP 4-8. However, in an Inter-office memo dated August 11, 2023, the Finance Department approved HPARD's request to maintain a secured holding for its daily deposits thereby obtaining a waiver of the requirement of AP 4-8 that deposits must be made within three days. Based on this, the auditors considered that management efforts towards remediating the audit finding is sufficient. As a result, the finding is considered closed and fully implemented.</p>	<b>Fully Implemented.</b>
2017-09	MANAGEMENT OF VOIDED AND CANCELLED TRANSACTIONS	<p>There are no consistent departmental policies, procedures or practices for the processing and management of refunds voided, or cancelled transactions. For each PARD golf course, refund and void transactions are processed differently, although all are approved by the park golf course manager.</p>	<p>PARD Management will enhance procedures related to the management of voids and corrections. Software enhancements now allow voids and credit transactions to be readily identified in the Point of Sale, and directly related to the original transaction. The cashier is identified on all transactions receipts, and concurrent with previous written policy, "Any void and/or correction to POS transactions, should be brought to a supervisor's attention immediately, and must be validated". To create consistency at all courses, the following detail will be added; "In addition, any void and/or correction to POS transactions must be directly applied/identified toward the original transaction, and a hard copy kept on file at the respective facility". Tournament entry fees received in the form of online payment are inclusive of course fees and tournament prizes which are distributed in the form of gift cards creating additional revenues. The noted voids and credits are a result of tournament fees being redistributed to PARD Revenue Chart of Accounts through the POS system. PARD Management will ensure that the original transaction is noted on the separate transaction for tournament prize gift cards, when redistributing revenue into the appropriate revenue chart of accounts.</p>	<p>We obtained and reviewed the updated response from management and obtained records from HPARD confirming that they have departmental policies, procedures or practices for the processing and management of refunds voided, or cancelled transactions.</p>	<b>Fully Implemented.</b>

---

**Audit Team**

Marlon Scott, Lead Auditor

Olaniyi Oyedele, CPA, Audit Manager

**City Auditor**

Courtney Smith, CPA, CIA, CFE

---

Audit reports are available at:

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