

# OFFICE OF THE CITY CONTROLLER



**CITY OF HOUSTON**

## **2013 ENTERPRISE RISK ASSESSMENT**

**Ronald C. Green, City Controller**

**David A. Schroeder, City Auditor**



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

**RONALD C. GREEN**

November 26, 2013

The Honorable Annise D. Parker, Mayor and City Council Members  
City of Houston, Texas

**SUBJECT: REPORT #2014-05  
CITY OF HOUSTON – 2013 ENTERPRISE RISK ASSESSMENT**

Mayor Parker and City Council Members:

I'm pleased to submit to you the Enterprise Risk Assessment (ERA) performed by the Controller's Office Audit Division during Fiscal Year (FY) 2013. As you are aware, this is a process that supports our efforts in developing the Annual Audit Plan (see Report #2014-06) and deploying the necessary resources to execute.

As noted in last year's ERA report (#2013-02) the process going forward is being performed annually by selecting and updating five to six departments each fiscal year. This approach provides full coverage of all City Departments over a four to five year period rather than re-perform the entire process every year. Our methodology is consistent with professional standards and considers available resources, cost-benefit, and will allow us to advance the quality of the assessment each cycle.

In selecting the departments to update, we identified and considered several factors, including "Notable Changes since the FY2010 Enterprise Risk Assessment" (See Executive Summary, p.2). Based on this, the five departments selected and updated for the FY2011 ERA were:

- Department of Neighborhoods (DON)
- Fleet Management Department (FMD)
- Houston Department of Health and Human Services (HDHHS)
- Houston Fire Department (HFD)
- Municipal Courts Department (MCD)

The ERA Report contains two sections: Executive Summary and Separate Risk Profiles organized by key business processes within each department. There are two primary perspectives that are graphically presented within the Executive Summary, 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, overlap, redundancies, synergies, and leverage of resources. This perspective is looking at activities that the City performs without consideration of its organizational structure; and

**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 course of the project by personnel from DON, FMD, HDHHS, HFD, and MCD.

Respectfully submitted,



Ronald C. Green  
City Controller

xc: Chris Brown, Chief Deputy City Controller  
Waynette Chan, Chief of Staff, Mayor's Office  
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## EXECUTIVE SUMMARY

### PURPOSE AND INTRODUCTION

The Audit Division within the Office of the City Controller adheres to professional standards issued by the Government Accountability Office (GAO's *Yellowbook*) and the International Standards of the Professional Practice of Internal Auditing (*Redbook*) per the Institute of Internal Auditors (IIA). Both sets of standards require a risk-based approach to identify the scope and objectives of the audit planning and to properly design audit procedures. The *Redbook* specifically requires an Enterprise Risk Assessment (ERA) process be performed annually as a primary driver to support the annual audit plan, while the *Yellowbook* requires that risk be considered at the engagement/process level.

As such, the Audit Division applies risk-based methodology in the following manner:

- Annual ERA on all major processes within five to seven departments, which then provide a basis for input to the Audit Plan (See Report # 2013-01 FY2013 Controller's Audit Plan);
- Risk Assessment procedures at the Engagement/Audit project level; and
- Risk Consideration in rendering conclusions and determining the impact and magnitude of findings and preparing the final audit report.

### BACKGROUND AND METHODOLOGY –

Previous to 2010, the Audit Division outsourced its risk assessment process to external consultants and utilized the results provided in a report to assist in developing the annual audit plan. The previous risk assessments had been performed in 1994, 1999, and 2004 respectively. In FY2010, the Audit Division conducted an ERA internally utilizing approximately three full-time equivalents (FTEs) and assessed all City Departments. Since then, the process is being performed annually by selecting Departments on a rotational basis for efficiency and to ensure full coverage of all City Departments over a four to five year period. The ERA process has also expanded to include additional considerations along with the Department Risk Profiles. The FY2013 ERA began with preliminary planning, a review of FY2010's risk assessment report, consideration of Audit Reports issued during the fiscal year, and the following components as impacted during the fiscal year.

### COMPONENTS OF THE ANNUAL ERA PROCESS:

- Notable Changes
  - Significant Events and
  - Structural and Operational Changes (new departments, creating new entities, changes to processes, consolidation, etc.)
- Consideration of Significant Information Technology and Systems
- Department Risk Profile Updates

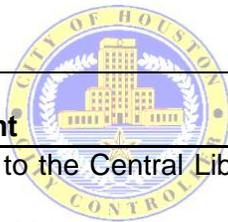


## NOTABLE CHANGES

Applying the risk based methodology as noted above in preparation of the FY2014 Annual Audit Plan, the Audit Division considers significant changes of events, operational and/or business processes, as well as changes in departmental leadership that have occurred since the last risk assessment update. These changes, whether individually or collectively, may have an effect on the way the City conducts business operationally and the resources available. The Audit Division considers these factors in preparation of the Annual Audit Plan.

### **SIGNIFICANT EVENTS AND OPERATIONAL CHANGES SINCE THE FY2012 ENTERPRISE RISK ASSESSMENT UPDATE (ERA) – include the following:**

- June 2013 the City of Houston (City) signed an agreement with Reliant Energy to purchase 140 Megawatt (MW) of renewable power for the next two years. The City's purchase of green power will account for half of its annual electricity demand. This purchase puts Houston as the largest municipal purchaser of renewable power in the nation, and in the top 10 overall in the nation, according to Environmental Protection Agency (EPA) estimates. The City has committed to \$2 million for this 2-year agreement less than \$0.01 per kWh on top of the City's power price.
- In June 2013, the Mayor, along with the Houston Parks Board and the Houston Parks and Recreation Department (HPARD) announced the start of the \$205 million Bayou Greenways 2020 initiative designed to create a 150-mile greenway system within the city limits. In the November 2012 election, Houston voters approved a major bond referendum (Proposition B) providing \$166 million in parks funding, \$100 million of which is dedicated to Bayou Greenway 2020. The construction of trails and related facilities will be funded by \$100 million from public commitment (Proposition B) and \$105 million in private funding. It is the largest urban park project in the nation, according to Executive Director of the Houston Parks Board.
- The Houston City Council in May 2013 approved the Mayor's recommended enhancements to the City's 30-year-old goal-oriented Minority and Women-Owned Business Enterprise (MWBE) contracting program. Women-owned businesses will be re-instated to the program, the City-wide participation goal in construction projects/contracts will increase from 22 percent to 34 percent, and the Persons with Disabilities Business Enterprise program will be expanded. The changes are the end result of a disparity study completed in April 2012.
- The Mayor in April 2013 proposed a plan that will provide funding for Memorial Park improvements and construction of a mass transit corridor on Post Oak Boulevard through the Uptown Tax Increment Reinvestment Zone #16 (TIRZ). City Council approved the plan in May 2013. The project from the proposed TIRZ expansion will focus first on the creation of an updated master plan that is expected to include site remediation; erosion control; removal of invasive non-native plants; the re-establishment of native grasslands; and forests and facility needs. The expansion calls for annexing 1,768 acres of land into the TIRZ. The estimated cost of the park and transit projects is \$556 million over a 25-year period.
- The City was one of five winners in The Bloomberg Philanthropies' Mayors Challenge, a competition to inspire American cities to generate innovative ideas that solve major challenges and improve city life – and that ultimately can be shared with other cities to improve the well-being of the nation. Houston will receive a \$1 million innovation prize to help implement its *One Bin for All* idea. In addition, Houston was also winner of the Mayors Challenge Fan Favorite Selection and will receive a \$50K in-kind grant from IBM to support the implementation of the *One Bin for All* idea.
- In February 2013, the Mayor announced the extension of service hours at Houston Public Library (HPL) locations throughout the city, which restores Saturday service to 14 neighborhood libraries, bringing the total number of libraries open on Saturdays to 41. In



addition, hours were restored to the Central Library, returning it to a seven day a week schedule.

- The Mayor announced in FY2013 the completion of the Houston Recovery Center renovation, home to the City of Houston's new Sobering Center. The center is meant to be an alternative to the arrest of individuals, whose only offense is public intoxication, allowing them to regain sobriety in a safe, medically-monitored environment. The 84-bed facility is located in a two story building, which is also home of the Houston Police Department (HPD) mental health unit.

#### **STRUCTURAL CHANGES TO THE RISK UNIVERSE -**

Changes to the Risk Universe are considered when for example: there are Departmental and/or management structure changes; functions/responsibilities/processes are added, or eliminated; and consolidation, centralization or decentralization occurs between Departments or on a City-wide basis. In addition, the Audit Division must consider the Risk Universe of the increasing number of Local Government Corporations (LGC) being created on the City's behalf, as well as other forms of Component Units (**See description below**).

**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, as described in more detail below. Changes that occurred in the risk universe included:

- In August 2013, the Mayor appointed the City of Houston's new Chief Procurement Officer who will lead day-to-day operations for procurement across all City Departments as head of Strategic Purchasing Division (SPD), reporting to the City's Finance Director;
- In FY2013, a new Director was appointed and confirmed for the Administration and Regulatory Affairs Department (ARA);
- Independent crime lab, The Houston Forensic Science LGC, Inc, established by the Mayor and the Houston City Council has selected its President and CEO. The independent city-chartered organization is to assume the operations of the current Houston Police Department Forensic Division.

**COMPONENT UNITS** - Component Units are defined by the Governmental Accounting Standards Board (GASB)<sup>1</sup> as a related entity whose leadership/management is controlled and/or appointed by a primary government (e.g. City of Houston) and who is dependent on the primary government financially or who would not exist if the primary government did not exist. In determining whether a particular legally separate entity is a component unit of a primary government, there are three specific tests that involve:

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

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 Comprehensive Annual Financial Report (CAFR). Blended component units (although legally separate entities) are, in substance, part of

<sup>1</sup> GASB Statement No. 14, *The Financial Reporting Entity*; GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*; and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*.



the City's operations and they provide services exclusively or almost exclusively for the City. In addition, both discretely presented component units - governmental and business-type are presented in the CAFR.

The City considers a Component Unit to be 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.

Major third party entities completed or opened during FY 2013 were the Houston Forensic Science LGC, Inc., Houston Media Source, and the Houston Recovery Center LGC. Starting with the FY2014 ERA, the Audit Division plans to include selected Component Units as a part of the risk assessment process.

**ADMINISTRATIVE POLICIES AND PROCEDURES, EXECUTIVE ORDERS, AND MAYOR'S POLICIES** – The City Charter, Article VI gives the Mayor power and the duty to exercise administrative control over all departments of the City, which include the authority to sign into effect Administrative Policies and Procedures (APs), Executive Orders (EOs), and any Mayor's Policies (MPs). The Code of Ordinances states that ARA has been designated by the Mayor as having the responsibility for the development and implementation of City-wide policies, regulations, and procedures.

Using the risk criteria shown below, the Audit Division performed an initial review and risk ranked the APs, EOs, and MPs based on their significance or level of impact of the policy to City-wide operations. Each department was then risk rated based on the level of the department's operational risk exposure. These ratings were combined to determine the overall risk rating for each of the policies and these policies were then categorized by: 1) Administrative, 2) Public Service, 3) Development and Maintenance, Human & Cultural and Other. A total of 117 policies were reviewed:

**RISK CRITERIA**

- Complexity of Operations
- Council & Public Interest
- Financial Impact/Concerns
- Human Resources Concerns
- Regulatory and/or Compliance Risk/Concerns
- Technology Concerns
- Time Since Last Audit
- Mission Criticality
- Internal Control Consideration (as reported by management)
- Legal Claims
- Public and Employee Safety Concerns

Procedures are being put in place to perform audits to determine the level of compliance and effectiveness of City policies on a 5 year rotational basis.

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**CONSIDERATION OF SIGNIFICANT INFORMATION SYSTEMS**

Utilizing a risk-based approach as required by the standards, the Audit Division will consider the City's information technology systems that have been implemented, as well as the technology



initiatives that are being developed, which affect operational/business processes. The Audit Division took into consideration Information Technology projects and initiatives being developed for City-wide and department use. Projects and initiatives in various stages of development are:

- Municipal Courts Case Management System (C Smart);
- Utility Customer Service Billing System (Hansen)
- Data Center Consolidation;
- Enterprise Resource Planning System (ERP);
- Clinical Management Information System;
- Telecom Expense Management; and
- Houston Police Department Record Management System (RMS).

**DEPARTMENT RISK PROFILE UPDATES**

Departmental assessment update candidates were selected and structured based on available resources, time constraints, and cost-benefit considerations. The departmental portion of the ERA performed during FY2013 utilized three professional staff from the Audit Division who performed reviews of the selected Department’s responses from prepared questionnaires and any follow-up questions, and interviews with key operational and management personnel from the following five City Departments:

- Department of Neighborhoods (DON)
- Fleet Management Department (FMD)
- Houston Department of Health and Human Services (HDHHS)
- Houston Fire Department (HFD)
- Municipal Courts Department (MCD)

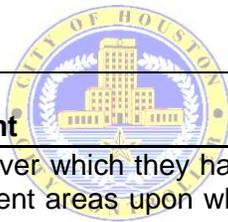
The process was performed using three basic components: Data gathering, Analysis, and Output as shown in Table 1 and further explained the remaining sections

**Table 1 – Department Risk Profile Update - Components**

<b>DATA GATHERING</b>	<b>ANALYSIS</b>	<b>OUTPUT</b>
<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> Financial Data City and Department Websites <i>Interviews</i>	Analyze Questionnaire responses and follow-up with questions/interviews/discussions Identify Key Business Processes and related changes Identify Potential Risks Identify Risk Management techniques as stated by management Map identified risks to stated risk management techniques Evaluate process significance to the Department and overall City operations Perform Department-level risk assessments and validate with management	Updated City-wide business risk profile Audit Division Planning tool

**KEY BUSINESS PROCESSES –**

In context of the ERA, “Key Business Process” (KBP) is defined as a vital business procedure, function or activity on which a Department spends a significant amount of financial or personnel



resources to perform, or an activity over which they have primary responsibility within the City. Key Business Processes also represent areas upon which audits or reviews can be conducted by internal auditors or external consultants.

While the City-wide analysis identified 145 total key business processes, it was discovered that 19 of them were *common* throughout most Departments, so they were grouped together for more efficient analysis. Thus Graph 2 provides a perspective to see potential efficiencies, overlap, redundancies, synergies, and leverage of resources when looking at activities that the City performs without consideration of its organizational structure <sup>2</sup>(For a contrasting perspective, see Graph 1).

The common KBPs are identified as follows:

- Administration
- Communications
- Compliance
- Customer Service
- Disaster Recovery
- Facilities Management
- Financial Management
- Fleet Management
- Grant Management
- Human Resources (HR)
- Inventory/Materials Management
- Information Technology (IT)
- Payroll
- Procurement
- Project/Construction Management
- Public Safety
- Records Management
- Revenue Generation (and Collection)
- Security
- **Specific Operational**

**NOTE:** *'Specific Operational'* is made up of processes that are unique to the operations of the various Departments (e.g. "Call-Taking" for the HEC center, "Certification" for MWDBE for OBO, "Collection" for Solid Waste, etc.) For purposes of the report **'Security'** was combined primarily within **'Public Safety'**.

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## RISK IDENTIFICATION AND RATINGS –

It is important to clarify the factors used in determining the levels of risk as presented in the departmental risk assessments. For audit purposes, risk is evaluated by distinguishing between types of risk. For purposes of the ERA and its support for the Annual Audit Plan, the following definitions are provided:

**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 taken by management to mitigate (address) those risks. For example, the City has *inherent risks* associated with its geographic location, funding sources, population, global economy, structure of federal and state government, etc. This can then begin to be refined to the Departments within the City government.

**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 are generally within the accountability and control of operational management.

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<sup>2</sup> The ratings were determined by applying each KBP within each Department to the weighted criteria identified in the ERA Process Section. A "High" rating indicates that conditions and events which prevent the City from achieving its objective(s) within that process could have a significant impact. This is measured in terms of disruption to essential services, financial loss, ability to protect public health and safety, impediments to economic development, or negative perception. In contrast, a "Low" rating indicates that the impact of such an occurrence would be minimal or the likelihood of occurrence is remote.



For example the design of the organizational chart, structure of reporting lines, and development of major processes to execute the mission and objectives are high-level examples of management controls and risk management techniques.

**RESIDUAL RISK** – the level of impact and likelihood of an adverse event occurring to impede the City, Department, and/or Key Business Processes from achieving success *after identifying and testing of management (internal) control structure*.

**AUDITOR RISK** – this is the probability that the 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, lack of sufficient resources or tools to perform substantive procedures. This risk category comes into play during audits of Departments, Sections, Divisions, or Key Business Processes.

***The ERA considered primarily inherent risks, with limited identification of control risk as self-reported by management. We did not substantively test specific management controls in detail and therefore, do not render an opinion on the effectiveness of design nor the efficiency in implementation or existence. The ratings do not imply a judgment on how management is addressing risk and thus is not a specific assessment of management performance nor concludes on ‘Residual Risk’. The actual projects<sup>3</sup> performed will allow us to test more comprehensively where necessary. Additionally, as we continue the annual ERA, we will be able to bring the assessment to a deeper level, and thus help us to effectively adjust our course and focus our efforts.***

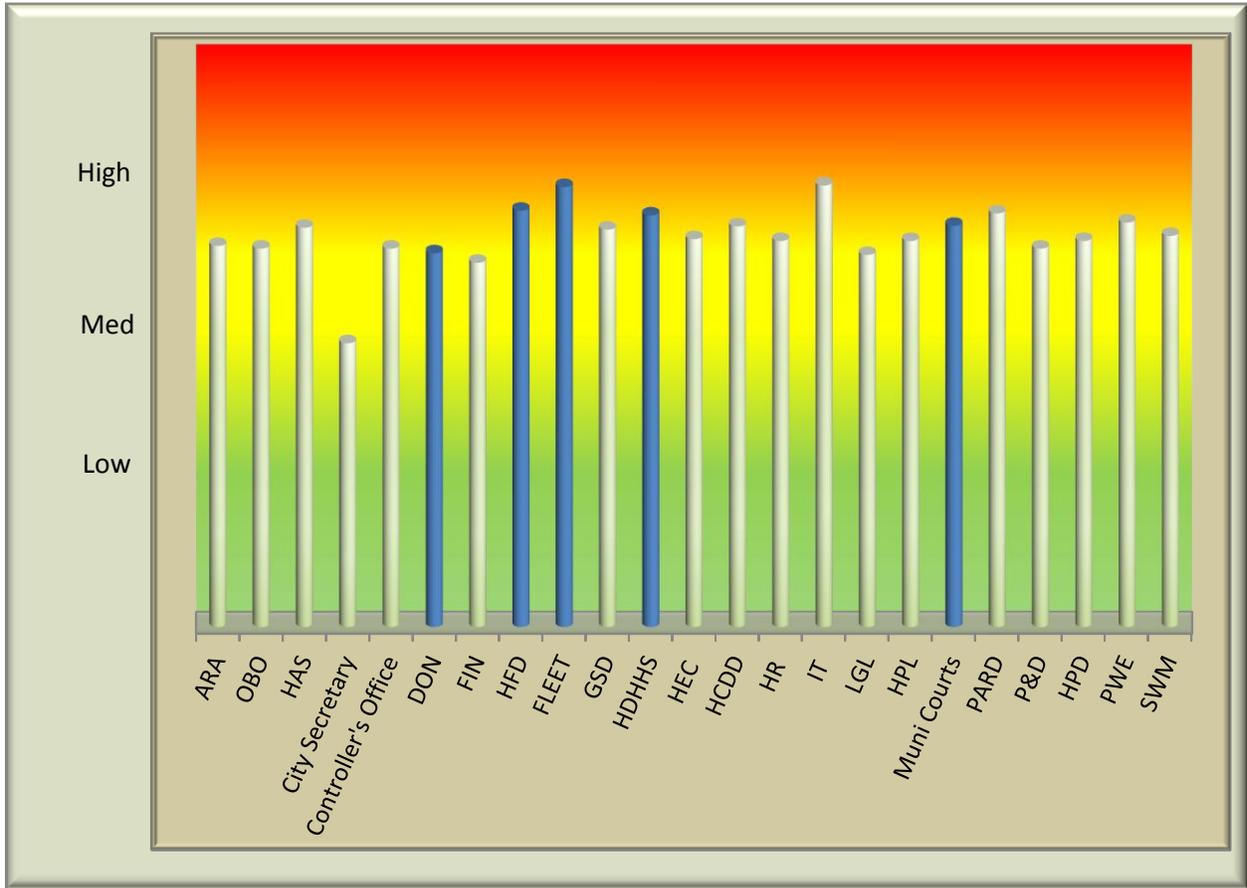
***The ratings were determined by applying each Key Business Process within each Department to the weighted criteria identified below. For example, a “High” rating indicates that conditions and events which prevent the City from achieving its objective within that process could have a significant impact in terms of disruption to essential services, financial loss, ability to protect public health and safety, impediments to economic development, or negative perception. In contrast, a “Low” rating indicates that the impact of such an occurrence or aggregated occurrences would be minimal.***

The following graphs summarize the Audit Division’s assessment of risk from two different perspectives: (1) Department and (2) Key Business Process (KBP). Each KBP was evaluated within each department and then rated based on the same weighted criteria as shown on page 5.

<sup>3</sup> NOTE: Where the term ‘projects’ is used in the Audit Plan, this includes audits, reviews, monitoring, and other ongoing procedures, etc.



GRAPH 1 –OPERATIONAL RISK PROFILE BY DEPARTMENT<sup>4</sup> –

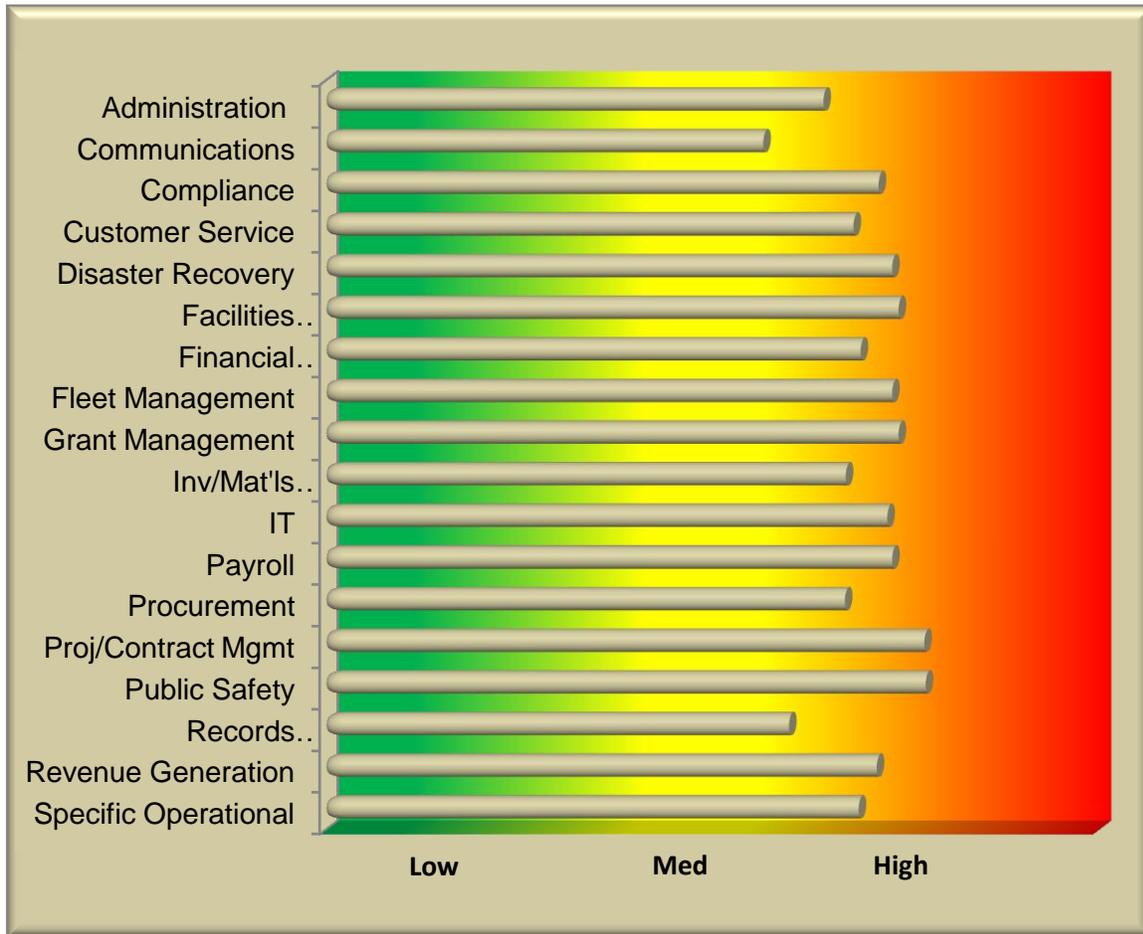


Evaluating all of these various factors provides indicators on prioritizing the potential projects for the upcoming year. In other words, this points us in the direction of “*what*” to audit. We then identify the available resources to determine the volume of activity to include in our plan.

<sup>4</sup> The blue vertical bars represent the 5 departments updated for the FY2013 ERA.



GRAPH 2 – OPERATIONAL RISK PROFILE BY KEY BUSINESS PROCESS<sup>5</sup> –



The risk assessment revealed that the areas of Disaster Recovery, Facilities Management, Fleet Management, Grant Management, IT, Payroll, Project/Contract Management, and Public Safety fall within the high risk category (See *Graph 2* above).

<sup>5</sup> 'Specific Operational' is comprised of those key business processes that are unique to the operations of the various Departments (e.g. "Call-Taking" for the Houston Emergency Center (HEC), "Certification" for Minority, Women, and Disabled Business Enterprise (MWD BE) for Mayor's Office of Business Opportunity (OBO), "Collection" for Solid Waste, etc.) <sup>6</sup> See REPORT 2014-06 FY2014 CONTROLLER'S ANNUAL AUDIT PLAN, which was released in October 2012.

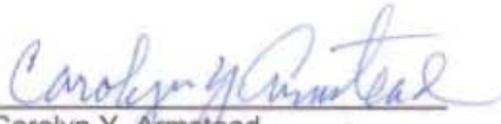


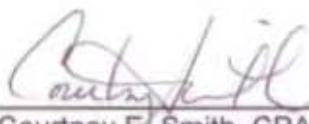
OUTPUT –

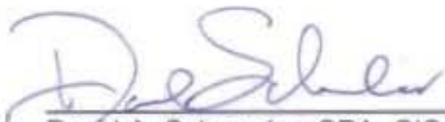
The primary output of the ERA is to utilize the risk profile as one of the catalysts in designing the Controller's Office Annual Audit Plan (See Report 2014-06 Controller's FY2014 Audit Plan). As the risk profile of the City changes, it is reflected in the selection of some of the Audits to perform for FY2014. Projects that the Audit Division will audit from the Annual Audit Plan include High Risk business processes identified above, for example: Compliance, IT, Inventory Management, which reside within the following Departments: General Services (GSD); Fleet Management (FMD); Houston Airport System (HAS); Fire (HFD); Police (HPD); Administration & Regulatory Affairs (ARA); Public Works & Engineering (PW&E); and.<sup>6</sup>

ACKNOWLEDGEMENT AND SIGNATURES –

The Project Team would like to express our appreciation to the participating Departments and their representatives who gave their time and efforts. 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 have a significant number of qualified professionals who serve the constituency by providing quality services in an economically challenged environment and who are proud of the work that they do.

  
Carolyn Y. Armstead  
Lead Auditor

  
Courtney E. Smith, CPA, CFE, CIA  
Audit Manager

  
David A. Schroeder, CPA, CISA  
City Auditor

<sup>6</sup> Where the term "Projects" is used in the Audit Plan, this includes audits, reviews, and other ongoing procedures, etc.



# UPDATED DEPARTMENT RISK PROFILES

# **Department of Neighborhoods (DON)**

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## **Mission and Objectives**

The Department of Neighborhoods (DON) is an entity dedicated to improving quality of life in our neighborhoods through expanded outreach, stronger community partnerships and improved government responsiveness.

This constituent-based service concept creates a “one-stop-shop” for accessing City services and resolving neighborhood issues.

## **Significant Activities**

Department of Neighborhoods (DON) was originally established by Ordinance No. 2011-697, in August 10, 2011. The Department has responsibilities, which include: 1) assisting citizens access to City services and to serve as a liaison between citizens of the City and City Departments; 2) assisting families, young adults, and communities in reducing the frequency and the effects of juvenile delinquency in general and gang participation in particular; and 3) reducing substandard living conditions in the City through enforcement of various statutes and City of Houston Code of Ordinances. The current Director was appointed by the Mayor and confirmed by the City Council in May 2012. Specific activities of the department include:

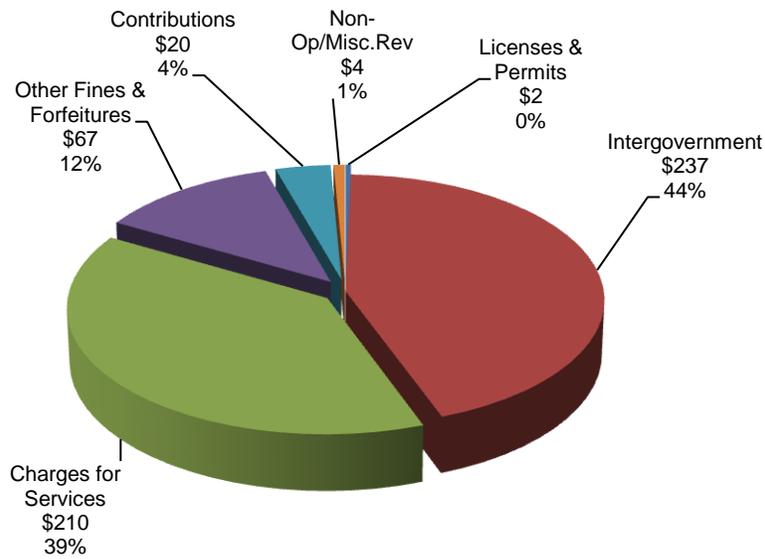
- Providing abatement services for dangerous buildings, weeded lots, and junk vehicles;
- Conducting investigations of dangerous buildings;
- Processing liens, applications for extensions of dangerous building orders;
- Maintaining records of inspection documents, hearings;
- Maintaining records for processed Texas Public Information Act requests;
- Providing outreach programs/events for various communities and promoting cultural diversity;
- Coordinating volunteer initiatives for projects with City Departments and community partners;
- Facilitating delivery of services to citizens with disabilities;
- Providing education initiatives and a guide to resources to students/families; and
- Providing case management including intervention services for active gang members, gang related ex-offenders and high risk youth.

## **FISCAL YEAR 2012 Financial Data**

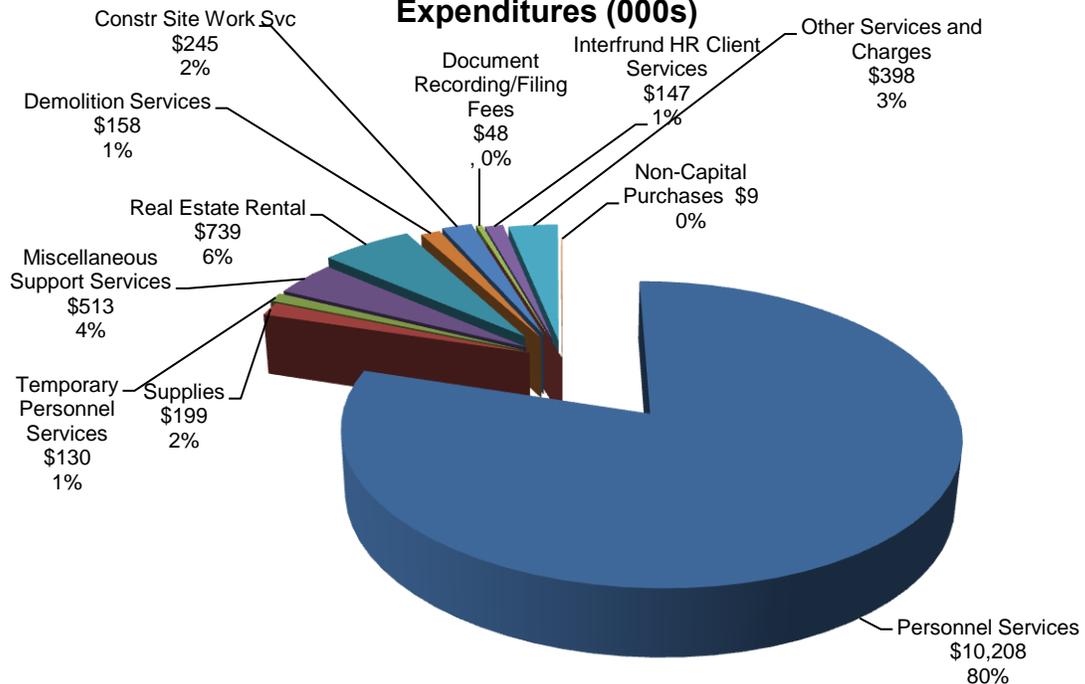
During FY2012, the DON managed a budget from the General Fund of \$14.4 million with actual expenditures totaling \$12.7 million. They collected \$540 thousand in revenues. Graphical representations of the revenues and expenditures depict the amount and source of each.

# Department of Neighborhoods (DON)

**Revenue (000s)**



**Expenditures (000s)**



Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
<b>Code Enforcement</b>	<ul style="list-style-type: none"> <li>▪ Insufficient resources/funding</li> <li>▪ Insufficient number of Inspectors/certified Code Enforcement Officers to inspect properties</li> <li>▪ Incorrect property to be demolished</li> <li>▪ Inability to monitor litigation deadlines</li> <li>▪ Missed deadlines for Hearing orders</li> <li>▪ Backlog of properties that are hazardous/dangerous to be demolished</li> <li>▪ Non compliance of nuisances</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal case management system (FORMS) that tracks each inspection</li> <li>▪ Code Enforcement Officer (CEO) has extreme familiarity with the building at the site at the time the contractor is present</li> <li>▪ All legal descriptions are checked and re-checked</li> <li>▪ Review and re-review all legal descriptions</li> <li>▪ CEO is at the building site at the same time as contractor</li> <li>▪ Final reviews from Demolition Assessment Panel (DAP)</li> <li>▪ Inspections conducted and citations issued</li> </ul>	High
<b>Compliance</b>	<ul style="list-style-type: none"> <li>▪ Non-compliance with laws, regulations, statues and/or City policies and procedures</li> <li>▪ Dangerous buildings are not demolished timely creating health, safety, and crime concerns</li> <li>▪ Non-compliance with asbestos regulations during building demolition</li> <li>▪ Inability to monitor litigation deadlines</li> </ul>	<ul style="list-style-type: none"> <li>▪ Multiple layers of approvals are required prior to destruction</li> <li>▪ Building inspectors assigned to resolve dangerous building cases</li> <li>▪ Contractors must be certified and insured to demolish a building including those with asbestos</li> <li>▪ Citations issued for no-compliance</li> <li>▪ Due process to property owners</li> </ul>	Medium
<b>Customer Service</b>	<ul style="list-style-type: none"> <li>▪ Lack of resources to meet the needs of constituents</li> <li>▪ Communication breakdown with citizens</li> <li>▪ Needs of communities are not met</li> <li>▪ Inadequate or ineffective outreach programs and/or initiatives to meet community needs</li> <li>▪ Inadequate staff/partnership</li> </ul>	<ul style="list-style-type: none"> <li>▪ Attending and participating in neighborhood civic meetings</li> <li>▪ Promoting, sponsoring and co-sponsoring events and programs</li> <li>▪ Proactive in working with the various communities</li> </ul>	Medium
<b>Records Management</b>	<ul style="list-style-type: none"> <li>▪ Natural disaster or other catastrophic events occur</li> <li>▪ Loss of proprietary information (inspection documents, hearing decisions, etc.) due to system malfunction or failure</li> <li>▪ Outdated equipment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Daily backups</li> <li>▪ Maintain hard copies</li> <li>▪ Automated tracking</li> </ul>	Medium

# **Fleet Management Department (FMD)**

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## **Mission and Objectives**

“The mission of the Fleet Management Department is to maximize the use and value of the City’s vehicle assets. We will accomplish this by partnering with departments to provide quality services and reliable, safe, and environmentally-efficient vehicles in a cost-effective and transparent manner.”

## **Significant Activities**

Fleet Management Department (FMD) was originally established by Ordinance No. 2010-803, Section 2, October 13, 2010. The Department is responsible for the City’s fleet of vehicles, fire trucks, solid waste vehicles and other related rolling stock, which is represented by all City Departments except Public Works & Engineering Department. The Department manages 14,000 vehicles at 29 sites. By consolidating the City’s fleet, costs were reduced and efficiencies were accomplished. The current Director was appointed by the Mayor and confirmed by the City Council in January 2012. Prior to the appointment of the current Director, in the interim, responsibilities of FMD were assumed by the Director of General Services Department (GSD). Specific activities include:

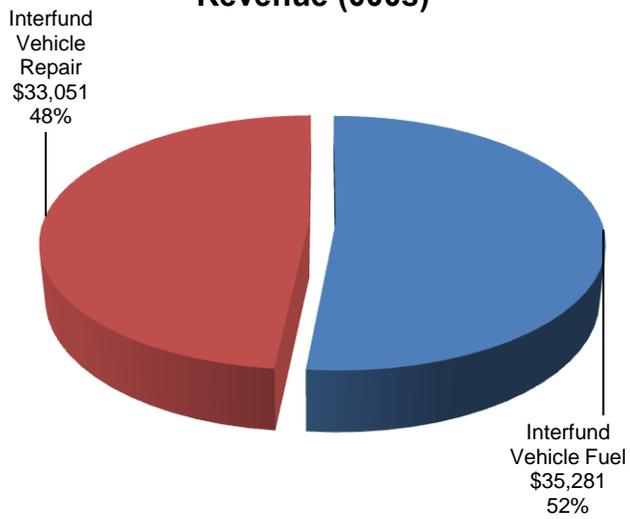
- Specification and acquisition of new vehicles and other related equipment and preparation of any required capital planning to budget for such acquisitions;
- Managing the maintenance and repair for all vehicles and related equipment;
- Managing and maintaining all City-wide fuel facilities and requirements;
- Managing the procurement of fuel for all City vehicles;
- Managing City-wide vendor contracts for vehicle parts;
- Providing oversight and managing the Fuel Card Program;
- Managing and providing oversight of 67 fuel sites and 4 body and paint shops; and
- Providing oversight and support to Department Fleet Coordinators.

## **Fiscal Year 2012 Financial Data**

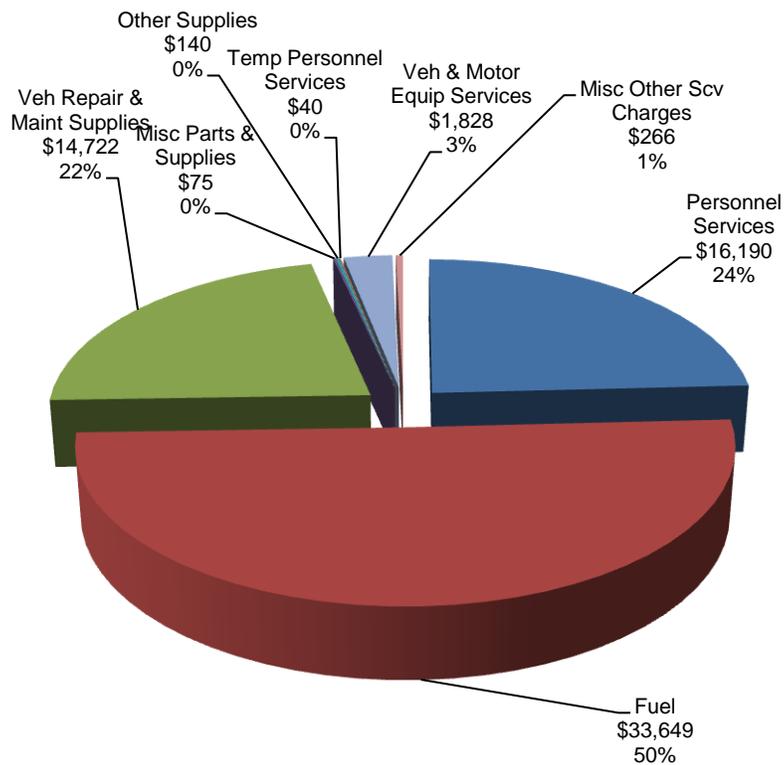
During FY 2012, FMD generated revenue from services of \$68.3 million, which went into the General Fund. Total expenditures were \$66.9 million. Graphical representations of the revenues and expenditures depict the amount and source of each.

# Fleet Management Department (FMD)

## Revenue (000s)



## Expenditures (000s)



# FMD

# Risk Profile

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
<b>Fleet Management</b>	<ul style="list-style-type: none"> <li>▪ Aging vehicle fleet, thereby increasing overall maintenance and operating cost</li> <li>▪ Failure of fleet management system</li> <li>▪ Inadequate funding for skilled mechanics</li> <li>▪ Lack of funding to replace and repair vehicles</li> <li>▪ Ineffective monitoring of maintenance schedules</li> <li>▪ Loss of key vehicles</li> <li>▪ Delay or not following preventive maintenance schedule</li> <li>▪ Heavier usage than anticipated leading to more frequent failure</li> <li>▪ Lack of available parts or needed supplies</li> <li>▪ Loss of specialized/certified repair mechanics</li> <li>▪ Weather events that affect the fuel levels</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implemented automated fleet management system, Asset Works-Fleet Focus M5</li> <li>▪ Preventive vehicle maintenance program in place</li> <li>▪ Department fleet coordinators are in place</li> <li>▪ Conduct monthly staff meetings</li> <li>▪ Contract with NAPA to ensure best possible prices and discounts for vehicle parts</li> <li>▪ Vehicle specific training for mechanics</li> <li>▪ Regularly review of vehicle maintenance schedules</li> </ul>	High
<b>Facilities Management</b>	<ul style="list-style-type: none"> <li>▪ Deferred scheduled maintenance</li> <li>▪ Catastrophic events occur</li> <li>▪ Insufficient funding for proper upkeep</li> <li>▪ Unauthorized access</li> <li>▪ Violation(s) of regulations, i.e., Environmental Protection Agency (EPA) and Occupational Safety &amp; Health Administration (OSHA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tracking scheduled maintenance</li> <li>▪ Coordinating with General Services Department (GSD) on preventive maintenance</li> <li>▪ Review and update policies and new legislation</li> </ul>	High
<b>Procurement</b>	<ul style="list-style-type: none"> <li>▪ Non-compliance with laws, regulations, statutes and/or City policies and procedures</li> <li>▪ Price volatility</li> <li>▪ Unauthorized usage and/or users of fuel cards</li> <li>▪ Loss or theft of fuel cards</li> <li>▪ Inadequate supply and/or level of fuel, which could result in ageing or separation</li> <li>▪ TCEQ non compliance, which could result in penalties or fines</li> </ul>	<ul style="list-style-type: none"> <li>▪ Managing City-wide contract from for vehicle parts (NAPA)</li> <li>▪ Monitoring through monthly reports including fuel consumption/usage to Fuel Coordinators</li> <li>▪ Daily inspections of fuel sites</li> <li>▪ Monitoring turn over during the seasons</li> <li>▪ Determining inventory more closely during seasonal months, e.g., hurricane months</li> <li>▪ Maintaining adequate supply</li> </ul>	High
<b>Customer Service</b>	<ul style="list-style-type: none"> <li>▪ Facility failure</li> <li>▪ Inadequate fuel levels or inequality of the fuel</li> <li>▪ Communication breakdown with Fuel Coordinators</li> <li>▪ Delay in repair of vehicles due to personnel issues and/or backlog of vehicle parts</li> <li>▪ Not understanding the needs of the Department</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review and monitor vendor contracts</li> <li>▪ Weekly and monthly staff meetings with Shop and Division level Managers</li> <li>▪ Assist City Departments with assessment of Department needs regarding vehicle purchases and other related equipment</li> <li>▪ Regular communication with Fuel Coordinators</li> </ul>	Medium

# **Houston Department of Health and Human Services (HDHHS)**

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## **Mission and Objectives**

The mission of the HDHHS is to work in partnership with the community to promote and protect the health and social well-being of all Houstonians. Goals:

- Collect, analyze and disseminate health data;
- Prevent the spread of diseases;
- Promote and encourage healthy behaviors;
- Provide leadership, planning and policy development;
- Protect against environmental hazards;
- Assure quality and accessibility of community-wide health and human services;
- Improve the public health infrastructure; and
- Assure a competent public health workforce.

## **Notable Changes since the Previous Risk Assessment**

A previous risk assessment of HDHHS took place in Fiscal Year 2010. Since that assessment the following changes have occurred: 1). Administrative staff was reduced, Support functions were consolidated, and the Department structure was re-organized, focusing on community-oriented service delivery; 2) Consolidated and reorganized staffing in the health centers and multi-service centers; 3) Implemented the new Kronos Time and Attendance System); and 4) a new distribution warehouse was completed and is operational.

## **Significant Activities**

HDHHS accomplishes its mission through educational awareness, program services, and monitoring and regulatory activities. The Department activities include:

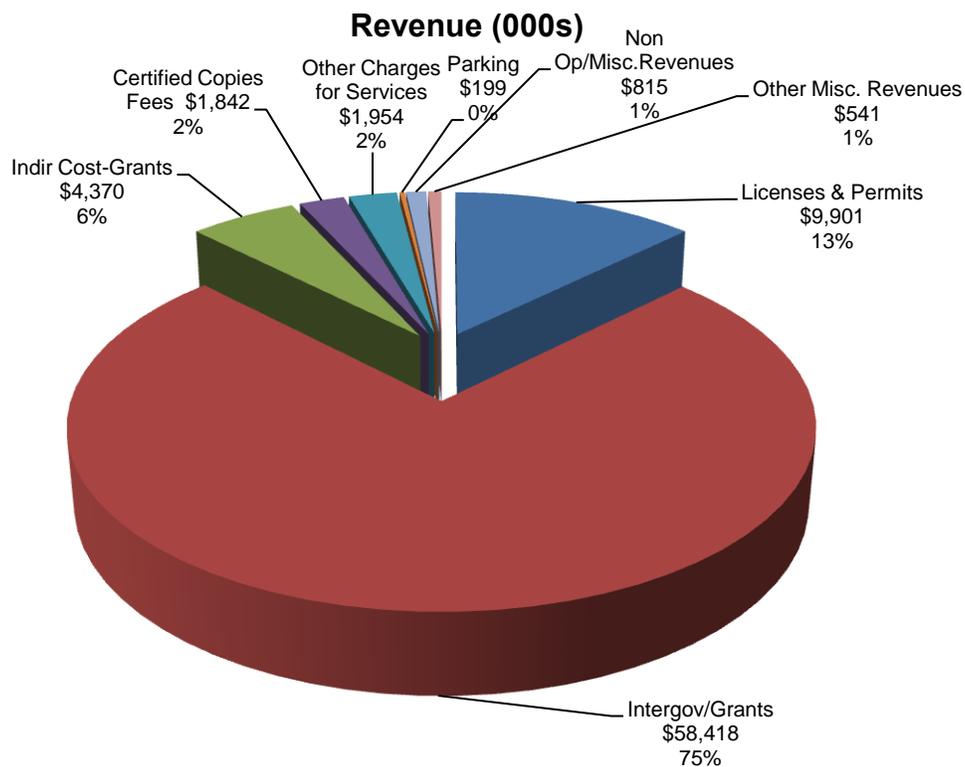
- Monitoring and enhancing integrated surveillance systems to identify and contain health issues and emerging health threats;
- Assessing, investigating, and analyzing health threats and hazards;
- Managing 5 health facilities and 11 multi-service centers, which provide family planning, preventive health care, , dental care, and WIC nutrition services;
- Providing community disease control services including immunizations, tuberculosis (TB) control, sexually transmitted disease (STD) control, hepatitis C and HIV education and testing;
- Performing laboratory testing in support of emergency response, environmental, clinical and reference laboratory activities;
- Providing enforcement and protection related to outdoor and indoor air quality, water quality, waste issues regarding land, occupational health and safety inspections, food sanitation, lead poisoning prevention and lead-based paint reduction;
- Monitoring approximately 12,500 food service establishments including mobile food units and about 5,000 temporary food events by sanitarians who perform 31,000 inspections per year, and conduct training for 4,300 food establishments managers;
- Performing 3,900 public pool inspections per year and responding to citizens complaints, including those concerning private residential pools;
- Providing senior citizen nutritional services and information referral respite, legal, dental, hearing and vision services;
- Developing IT solutions in collaboration with Houston Information Technology Services (HITS) to further enable data mining, grant reporting capabilities, case management and referral system, clinic/pharmaceutical inventory tracking, and medication management;

# Houston Department of Health and Human Services (HDHHS)

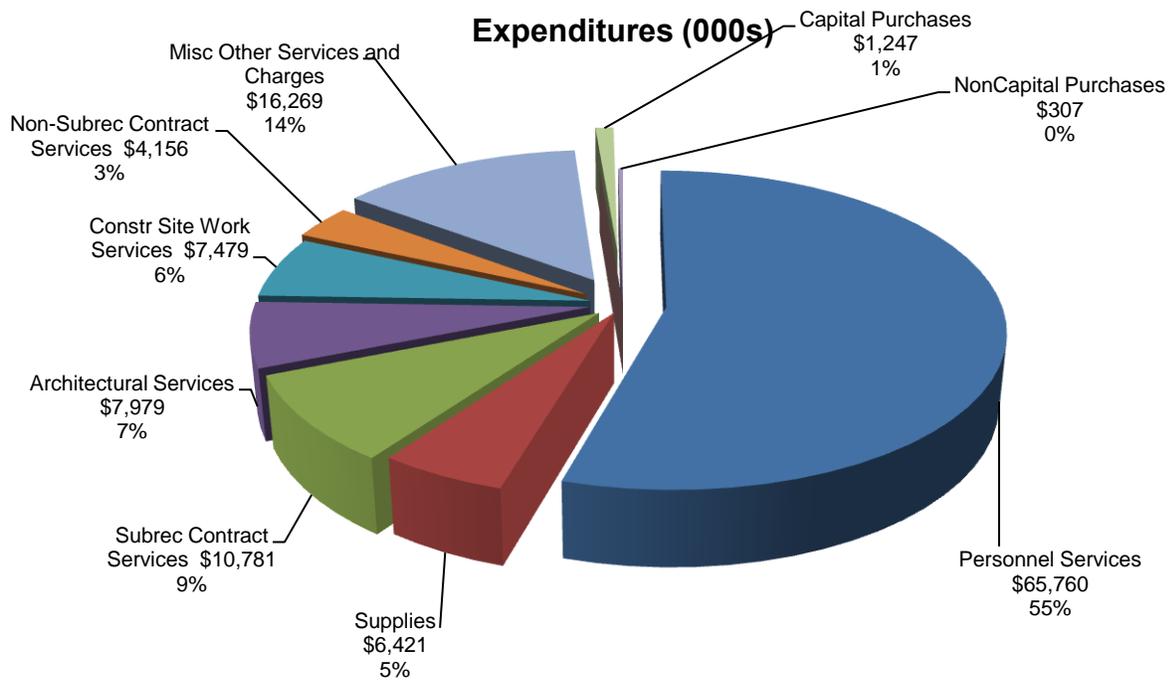
- Maintaining birth and death records and providing certified copies of those records;
- Managing vital statistics records dating back to 1833;
- Partnering with local universities to develop certificate in Public Health;
- Working with law enforcement agencies on joint environmental initiatives and task forces to combat criminal activity across jurisdictions;
- Responding to over 4,000 open records requests and coordinating media relations activity; and
- Processing over 400,000 reports annually.

## Fiscal Year 2012 Financial Data

During FY 2012, HDHHS received a total of \$78 million dollars, of which \$62.7 million (80%) was in the form of grant funding. Total expenditures were \$120.3 million. Graphical representations of the revenues and expenditures depict the amount and source of each.



# Houston Department of Health and Human Services (HDHHS)



Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
<b>Compliance</b>	<ul style="list-style-type: none"> <li>▪ Unfunded regulatory changes</li> <li>▪ Public unaware of permitting procedures</li> <li>▪ Permitting fees not fully compensating for costs</li> <li>▪ Public unaware of environmental regulations / hazards</li> <li>▪ Inability to control nearby jurisdiction's environmental violators</li> <li>▪ Increase in environmentally sensitive activities</li> <li>▪ Noncompliance with regulations</li> <li>▪ Bio-terrorist event</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pursue external funding</li> <li>▪ Reassign resources</li> <li>▪ Define scope of permitting and related fees in ordinances</li> <li>▪ Online permitting information</li> <li>▪ Public awareness program</li> <li>▪ Enforcement through permitting and inspections</li> <li>▪ Collaborate with other jurisdictions</li> <li>▪ Increase City-wide inspectors and investigators enforcement activities</li> <li>▪ Conduct sampling and laboratory testing to monitor compliance</li> <li>▪ Develop/Expand Public Health Surveillance System</li> </ul>	High
<b>Grant Management</b>	<ul style="list-style-type: none"> <li>▪ Unaware of grant program or reporting requirements</li> <li>▪ Inability to meet grant data capture or reporting requirements</li> <li>▪ Grant accounting limitations in the City's financial accounting system</li> <li>▪ Limited support or infrastructure to rapidly implement new grant activities</li> <li>▪ Ineffective monitoring of grant programs and activities</li> <li>▪ Lack of sufficient staffing to reconcile all grant activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase monitoring of grant expenditures and compliance issues</li> <li>▪ Assign key personnel to manage activity for each grant</li> <li>▪ Reconcile grant activity</li> <li>▪ Work to resolve needs</li> <li>▪ Provide staff for manual effort required</li> <li>▪ Comply with grant activity reporting requirements</li> <li>▪ Work with COH Legal and HR departments to startup programs more quickly</li> <li>▪ Perform internal and external compliance audits</li> <li>▪ Assign grant funded staff to manage grant activities</li> </ul>	High
<b>IT</b>	<ul style="list-style-type: none"> <li>▪ Insufficient funding</li> <li>▪ Loss of critical systems and/or information</li> <li>▪ Inadequate or inefficient systems</li> <li>▪ Limited selection of off-the-shelf clinical software packages</li> <li>▪ HIPAA noncompliance</li> <li>▪ Conflicts in alignment of external funding entities' standards and Citywide IT standardization</li> <li>▪ Employee technical skill gaps</li> </ul>	<ul style="list-style-type: none"> <li>▪ Allocate IT cost based on usage</li> <li>▪ Establish Continuity of Operations Plan</li> <li>▪ Coordinate activities with Houston Information Technology Services (HITS) Department</li> <li>▪ Collaborate with other Division programs to develop and fund multi-functional solutions</li> <li>▪ Seek vendors with specific public health software implementation experience</li> <li>▪ Use HIPAA specific encryption for personally identifiable data</li> <li>▪ Fund projects to strengthen related network infrastructure and security</li> <li>▪ Train and cross-train staff</li> </ul>	High
<b>Public Health Services</b>	<ul style="list-style-type: none"> <li>▪ Insufficient funding and/or resources to respond to service demands</li> <li>▪ Public unaware of programs and services offered</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pursue external funding</li> <li>▪ Develop and maintain strong relationships with local medical community and Centers for Disease Control</li> </ul>	High

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
	<ul style="list-style-type: none"> <li>▪ Inadequate or inaccessible centers</li> <li>▪ Inability to properly maintain facilities</li> <li>▪ Loss of federal and/or state funding causes some critical services to go unmet</li> <li>▪ Lack of preparation for contagious disease outbreak</li> <li>▪ Leadership unaware of contagious outbreak</li> <li>▪ Lack of preparation for bio-terrorist event</li> </ul>	<p>and Prevention</p> <ul style="list-style-type: none"> <li>▪ Implement a public information and marketing campaign</li> <li>▪ Coordinate immunization activities with medical and community based organizations</li> <li>▪ Develop and expand Public Health Surveillance System</li> <li>▪ Coordinate facility maintenance with General Services Department (GSD)</li> <li>▪ Move to enhanced clinical and environmental laboratory</li> <li>▪ Put aggressive response protocols in place which include triggers based on statistical deviations</li> <li>▪ Communicate and collaborate regularly with HEC, County , State and Federal officials regarding outbreaks</li> <li>▪ Develop policy, training exercises, and plans to facilitate immediate response to bio-terrorist event</li> </ul>	
<b>Financial Management</b>	<ul style="list-style-type: none"> <li>▪ Inadequate resources to perform required tasks</li> <li>▪ Lack of awareness of policies and procedures</li> <li>▪ Inadequate monitoring of expenditures against budget</li> <li>▪ Incomplete or inaccurate financial records</li> <li>▪ Transactions not posted timely</li> </ul>	<ul style="list-style-type: none"> <li>▪ Decentralize administrative processes and monitoring</li> <li>▪ Increase training</li> <li>▪ Review and update policies and procedures regularly</li> <li>▪ Embed controls in financial system (SAP)</li> <li>▪ Issue monthly reporting of grant funded programs</li> <li>▪ Disseminate monthly financial reports</li> <li>▪ Multi-level monitoring QA reviews</li> <li>▪ Provide monitoring</li> </ul>	Medium
<b>Human Resources (HR)</b>	<ul style="list-style-type: none"> <li>▪ Challenge to recruit and retain qualified individuals</li> <li>▪ Noncompetitive compensation</li> <li>▪ Loss of training funds</li> <li>▪ Lack of depth in key positions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Coordinate strategic recruitment and retention initiatives</li> <li>▪ Develop recognition programs to reward and retain staff</li> <li>▪ Promote the Department's mission, value, and flexible workplace to identify HDHHS as an employer of choice</li> <li>▪ Train the Trainer Program</li> <li>▪ Increase on-line LMS training</li> <li>▪ Increase staff facilitated free webinar training</li> <li>▪ Increase training opportunities</li> <li>▪ Develop Manager and Supervisor level leadership academy</li> <li>▪ Retiree Part-time Re-employment Program</li> </ul>	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
<b>Procurement</b>	<ul style="list-style-type: none"> <li>▪ Noncompliance with state / local regulations or ordinances</li> <li>▪ Inefficient process</li> <li>▪ Lack of awareness of internal policies and procedures</li> <li>▪ Ineffective contract management</li> <li>▪ Procedural delays</li> <li>▪ Inadequate inventory management controls</li> </ul>	<ul style="list-style-type: none"> <li>▪ Collaborate with Strategic Purchasing to develop contracts</li> <li>▪ Enforce penalties for violations</li> <li>▪ Centralized purchase requisition procedure to develop expertise and streamline process</li> <li>▪ Ensure policies and procedures are in place</li> <li>▪ Train and cross-train staff</li> </ul>	Medium
<b>Revenue Generation</b>	<ul style="list-style-type: none"> <li>▪ Inadequate revenue transaction controls</li> <li>▪ Inadequate enforcement of permitting requirements</li> <li>▪ Inability to identify establishments / entities requiring permits</li> <li>▪ Non-compliance with cash handling procedures</li> </ul>	<ul style="list-style-type: none"> <li>▪ Record transactions systematically in financial system</li> <li>▪ Ensure procedures are in place for permit and lab billing</li> <li>▪ Perform inspections Cross train inspectors</li> <li>▪ Embed permitting requirements in the licensing / registration process</li> <li>▪ Use GIS to identify / track establishments</li> <li>▪ Train on department policies and procedures</li> <li>▪ Perform periodic unannounced review at cash handling locations</li> </ul>	Medium

# Houston Fire Department (HFD)

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## Mission and Objectives

The mission of the Houston Fire Department (HFD) 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 2010. Since that assessment, the following changes have occurred: 1). Their emergency fleet vehicles, repair shop, rescue vehicles and specialized apparatus have been consolidated into the Fleet Management Department (FMD); 2) In June 2011, City Council approved, authorized and ratified the Collective Bargaining Agreement between the Houston Professional Fire Fighters Association (exclusive bargaining agent for all fire fighters) and the City of Houston; 3) Payroll was consolidated City-wide into Administration & Regulatory Affairs Department (ARA); and 4) HFD's main record management system (CAD) became the responsibility of Houston Information Technology Services Department (HITS).

## Significant Activities

HFD is the third largest fire department in the United States and is responsible for preserving life and property to a population of more than 2 million citizens in an area totaling 654 square miles. The HFD is the largest fire department in the country to be rated Class 1 by the Insurance Service Office (ISO) and the world's largest accredited fire department by the Commission on Fire Accreditation International (CFAI).

The current Fire Chief, appointed by the Mayor and confirmed by the City Council in September 2010 is the 35<sup>th</sup> Fire Chief for the City of Houston. Since the last risk assessment, the Department has re-organized and is managed through four Commands: Emergency Response, Finance, Prevention, and Support. Within each Command are several Divisions. HFD has four primary programs:

- Fire prevention
- Public education
- Fire suppression, and
- Emergency Medical Services

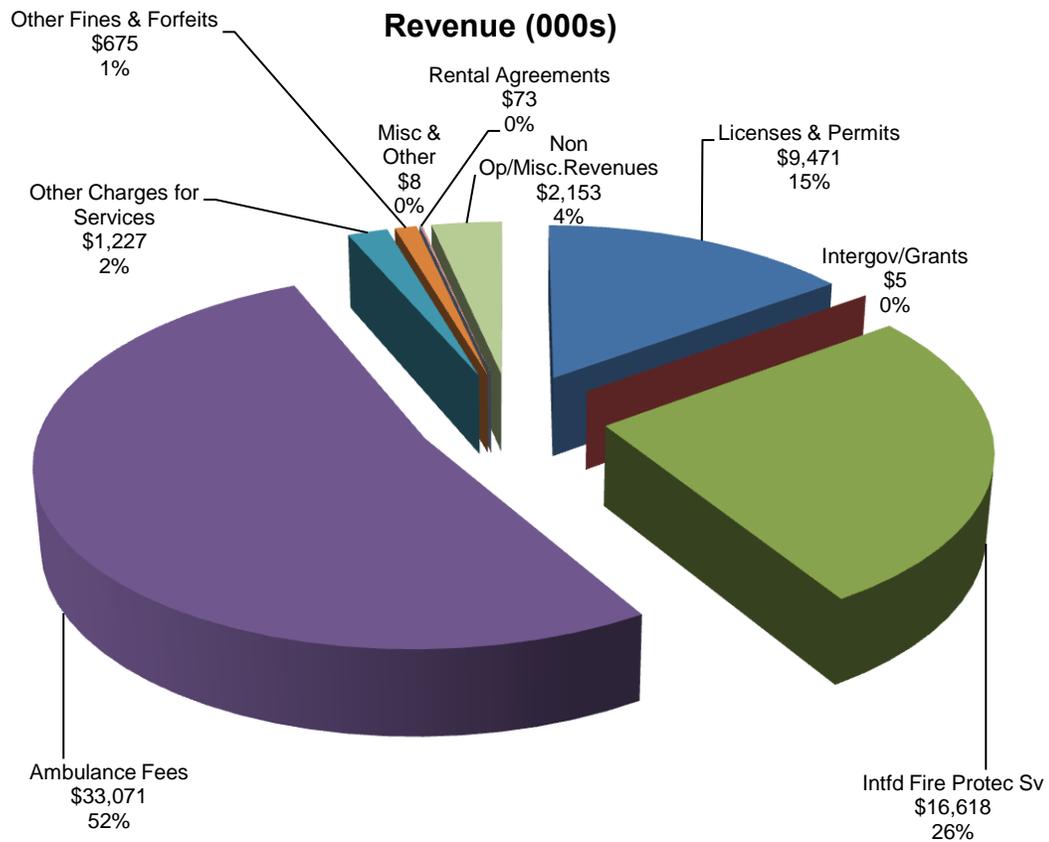
The goals of these programs are to:

- Minimize civilian fire-deaths and property damage through aggressive fire prevention and fire suppression activities,
- Maximize out-of-hospital cardiac arrest survival rates through a fractal deployment strategy of EMS resources, "best-practice" standing medical protocols and continuing education, and
- Eliminate/reduce firefighter line-of-duty deaths/injuries by providing in-house training utilizing state-of-the-art training facilities.

# Houston Fire Department (HFD)

## Financial Data

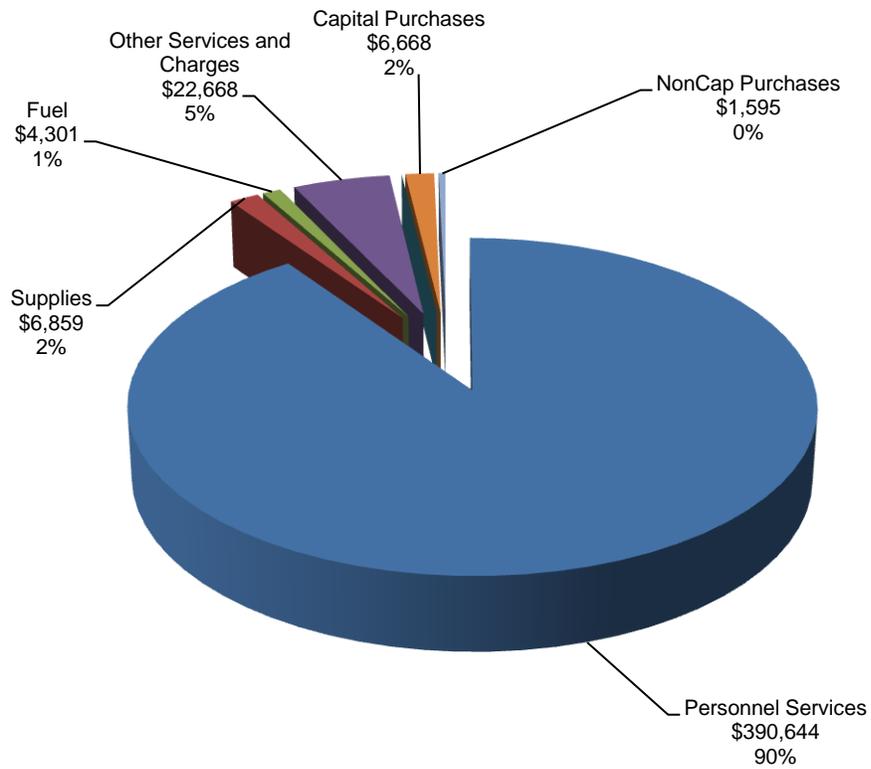
During FY 2012, HFD collected \$63.3 million in revenue, which included a total of \$50.9 million in charges for services and \$12.4 million from other miscellaneous revenue. Service charges included Licenses & Permits and Ambulance Fees. The revenue collected for FY2012, went into the General Fund. Corresponding expenditures for the period were \$432.7 million. Graphical representations below of revenues and expenditures depict the amount and source of each.



# Houston Fire Department (HFD)

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## Expenditures (000s)



Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
<b>Compliance</b>	<ul style="list-style-type: none"> <li>▪ Inability to provide state mandated training hours</li> <li>▪ Non compliance with federal, state, and local regulations</li> <li>▪ Non compliance with labor contract</li> <li>▪ Unfunded legislative mandates</li> <li>▪ New FAA regulations</li> <li>▪ Management unaware of regulatory changes</li> <li>▪ Inadequate / untimely fire inspections</li> <li>▪ Insufficient monitoring of inspections process</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conduct initial and continuing education training</li> <li>▪ Implemented online training where possible</li> <li>▪ Training is monitored</li> <li>▪ Participate in trainings held by other agencies</li> <li>▪ Adhere to HFD's Standard Operating Guidelines which encompass federal, state and local regulations</li> <li>▪ Integration Land Management System (ILMS) used to monitor inspections / permitting</li> <li>▪ Perform bi-annual inspections of hydrants</li> <li>▪ Maintain ISO and CFAI accreditation</li> </ul>	High
<b>Emergency Response</b>	<ul style="list-style-type: none"> <li>▪ Ineffective dispatch system</li> <li>▪ Age of the front-line and reserve fleets</li> <li>▪ Insufficient medical supplies</li> <li>▪ Lack of support from partner agencies</li> <li>▪ Loss of communication with control towers</li> <li>▪ Major emergency situation that exhausts available resources</li> <li>▪ Inability to meet response times expected by citizens</li> <li>▪ Control and predictability of classified overtime</li> </ul>	<ul style="list-style-type: none"> <li>▪ Analysts are centralized to coordinate responses for consistent results</li> <li>▪ Review and update call for service protocols as needed</li> <li>▪ Coordinate with FMD and follow vehicles and apparatus replacement schedule as funding allows</li> <li>▪ Standard supply levels for each apparatus type</li> <li>▪ Redundancy capability built into communication center and systems</li> <li>▪ Monitor call for service response times</li> <li>▪ Review citizen survey satisfaction rates on emergency response</li> <li>▪ Coordinate fleet needs with FMD</li> <li>▪ Review vacation and time off policies, restrict holiday time during peak months, and graduate more new FF than attrition each year.</li> </ul>	High
<b>Safety</b>	<ul style="list-style-type: none"> <li>▪ Unknown conditions at emergency sites</li> <li>▪ Lack of support from law enforcement personnel</li> <li>▪ Inability to communicate conditions to crew or command</li> </ul>	<ul style="list-style-type: none"> <li>▪ Install, maintain, operate and repair HFD radio and wireless communications</li> <li>▪ Receive support from law enforcement</li> <li>▪ Installed thermal imaging</li> </ul>	High

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
	staff <ul style="list-style-type: none"> <li>▪ Lack of maintenance of Personal Protective Equipment (PPE)</li> </ul>	equipment on all engines and trucks <ul style="list-style-type: none"> <li>▪ Conduct initial and continuing education training</li> <li>▪ Implement equipment upgrades to minimize injuries</li> <li>▪ PPE inspected and issued to each individual</li> <li>▪ Conduct fire prevention education to the public</li> </ul>	
<b>Financial Management</b>	<ul style="list-style-type: none"> <li>▪ Inadequate financial management oversight</li> <li>▪ High rate of uncollectibility for EMS billings</li> <li>▪ Lack of funding for operational enhancements and replacement of PPE and EMS equipment</li> <li>▪ Economic constraints prevent external entities assistance with prevention education and outreach</li> <li>▪ Lack of oversight on PCard purchases</li> <li>▪ Limited amount of grant funding available</li> <li>▪ Inadequate monitoring and reporting on grant activities</li> <li>▪ Inability to fund pension obligations</li> <li>▪ Failure to understand the State of Texas and COH procurement laws and ordinances</li> <li>▪ Inability to predict headcount</li> <li>▪ Lack of inventory management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Prepare budget and monitor it against actual expenditures</li> <li>▪ Quarterly review of contracts</li> <li>▪ Utilize dashboard to provide data to Executive Command</li> <li>▪ Adhere to City's procurement policies and procedures</li> <li>▪ Monitor PCard purchases and use of Petty Cash</li> <li>▪ Report grant activities to funding agencies</li> <li>▪ Prioritize operational enhancements and replacement of life safety equipment for funding</li>   <li>• Conduct Procurement 101 classes for staff periodically</li>   <li>• Finance takes the lead and provides headcount projections</li> <li>• Regular meetings are scheduled with procurement, DC and analysts to foster a regular dialogue.</li> </ul>	Medium
<b>Human Resource (HR)</b>	<ul style="list-style-type: none"> <li>▪ Lack of training funds</li> <li>▪ Inability to attract qualified personnel</li> <li>▪ Key personnel attrition</li> <li>▪ Timely movement of attrition and new hires in/out of SAP</li> <li>▪ Lack of formal succession plan</li> <li>▪ Inability to fund pension obligations</li> <li>▪ Inadequate communications with COH HR Department and access to resources</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implemented career day events to attract recruits</li> <li>▪ Implemented Classified Testing and Diversity Assurance</li> <li>▪ Continue to express to HR the importance of timely information.</li> <li>▪ Provide training and programs for officer development</li> <li>▪ Customized module for personnel transfers to increase efficiency</li> <li>▪ Provide Critical Incident Stress</li> </ul>	Medium

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
		Management (CISM) Team counseling and Family Support services as needed	
<b>Information Technology (IT)</b>	<ul style="list-style-type: none"> <li>▪ Loss of critical data streams</li> <li>▪ Loss of record management capabilities</li> <li>▪ Lack of adequate systems enhancements</li> <li>▪ Inadequate business continuity plan</li> <li>▪ Increasing dependence on technological solutions for unique administrative and operational activities</li> <li>▪ With consolidation of HITS, inadequate access to City IT resources</li> </ul>	<ul style="list-style-type: none"> <li>▪ Chief Technology Officer work with HITS</li> <li>▪ Manage HFD desktop support, telecom, and application development</li> <li>▪ Critical systems are maintained at HEC</li> <li>▪ Increasing redundancy to minimize service disruption</li> <li>▪ Developed and implemented hardware replacement policy</li> </ul>	Medium
<b>Materials Management</b>	<ul style="list-style-type: none"> <li>▪ Natural disasters, terrorist attack or weather conditions that block access to warehouse</li> <li>▪ Inability to procure supplies and equipment timely</li> <li>▪ Delivery of supplies or equipment to stations is impeded</li> </ul>	<ul style="list-style-type: none"> <li>▪ Perform inventory observation</li> <li>▪ Inventory received at warehouse</li> <li>▪ Supplies distributed from warehouse to stations</li> <li>▪ Annual inventory performed</li> </ul>	Medium

# Municipal Courts Department (MCD)

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## Mission and Objectives

The mission of the Municipal Courts Department is to provide an accessible legal forum for individuals to have their court matters heard in a fair and efficient manner, while holding 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 2010, at which time, the Department was two separate departments, Municipal Courts Administration and Municipal Courts Judicial. The two Departments were consolidated in September 2010. Since the last assessment, the following City-wide consolidations have also occurred: 1). Payroll was consolidated into Administration & Regulatory Affairs Department (ARA); 2) MCD Information Technology Systems was consolidated into the Houston Information Technology Services Department (HITS); and the MCD Human Resources functions were consolidated into the Human Resources Department (HR). Also since the previous assessment, the Red Light Camera Program was eliminated by the City of Houston.

## 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 (3) shifts to provide 24-hour coverage to facilitate effective and efficient court operations. Court services to the public are provided by the Department's four Divisions: Administrative Services, Court Operations, Public Services and Judicial Operations.

MCD is responsible for a variety of services to the public including:

- Data entry of citations into case management system
- Complaint preparation
- Arraignment and trial dockets for 14 day courts, and 6 night courts; Full service courts are located at the Central, Southeast Command (Court 13/Court 14), Westside Command (Court 18), and North Command (Court 20).
- Annex court operations at satellite locations including Kingwood and Clear Lake, each operating one day per week. Annex Courts located at the Southeast, Westside and North Command locations operate Monday through Friday, and the Central location, operates Monday through Saturday
- Processing of court actions and courtroom clerk support of the judicial staff
- Oversight of Court Security Officers and private security guards
- Collection of fines, fees and court costs for the State of Texas and the City of Houston
- Bond and case reset processing
- In-person, mail, on-line, IVR and Kiosk payment processing and reconciliation
- In-house collection efforts through the One Call Solution Center
- Subpoena issuance and verification of warrants for law enforcement
- Records retention
- Processing of bond forfeitures and appeals
- Processing of bankruptcy and expunction requests
- Reporting of financial information and court performance standards to the appropriate local, state and national jurisdictions

## **Municipal Courts Department (MCD)**

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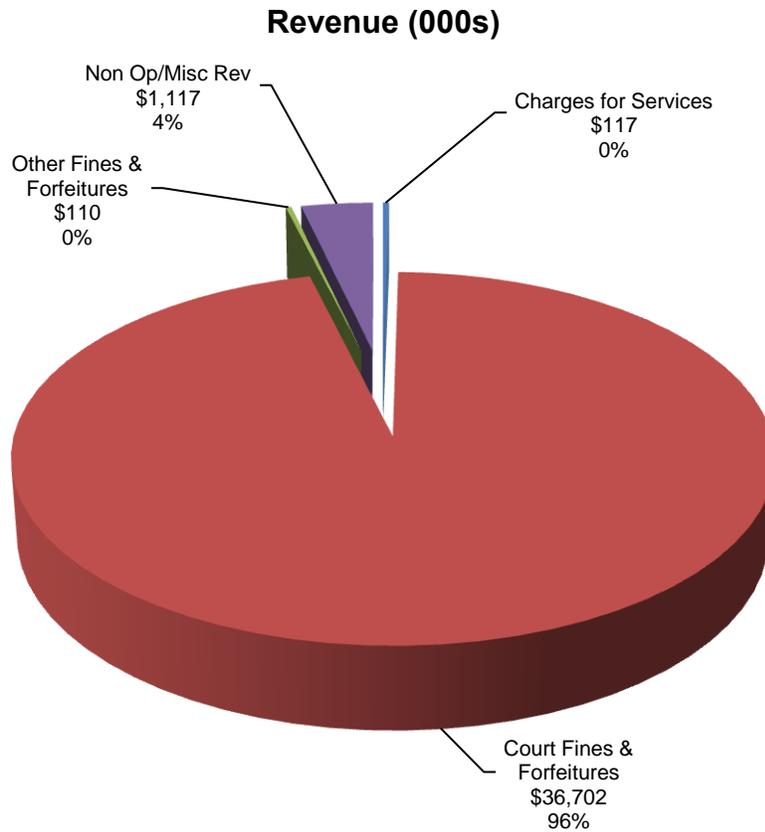
- Coordinating responses to Open Records requests
- Issuance of press releases; media relations
- Oversight of Department web page information and on-line services
- Community outreach/education efforts
- Teen Court
- Campus-based truancy prevention initiatives funded through the Juvenile Case Manager Special Revenue Fund at Houston Independent School District and Spring Branch Independent School District target campuses
- Facilities, security, and safety management
- Provides a forum for:
  - Arraignments, bench trials and jury trials
  - Adjudication of parking citations and appeals in partnership with ARA
  - Show Cause and Scire Facias Hearings
  - Jail arraignment and trial dockets held seven days per week at two court locations (Central/Southeast).
  - Magistrate services, including blood search warrants for law enforcement
  - Civil Adjudication hearing process for Ordinance violators related to dangerous buildings in partnership with the Department of Neighborhoods
  - Ordinance violation hearings in partnership with ARA
- Specialized dockets including: Juvenile, Homeless, Truancy, Property Disposition and Impact
- Oversight of juror summoning process
- Oversight of budgetary and operational functions of three Special Revenue Funds: the Juvenile Case Manager Fund, the Building Security Fund and the Court Technology Fund Provide mandated court services to the public including court appointed counsel, interpreters and court reporters
- Processing of requests for court action received by mail

# Municipal Courts Department (MCD)

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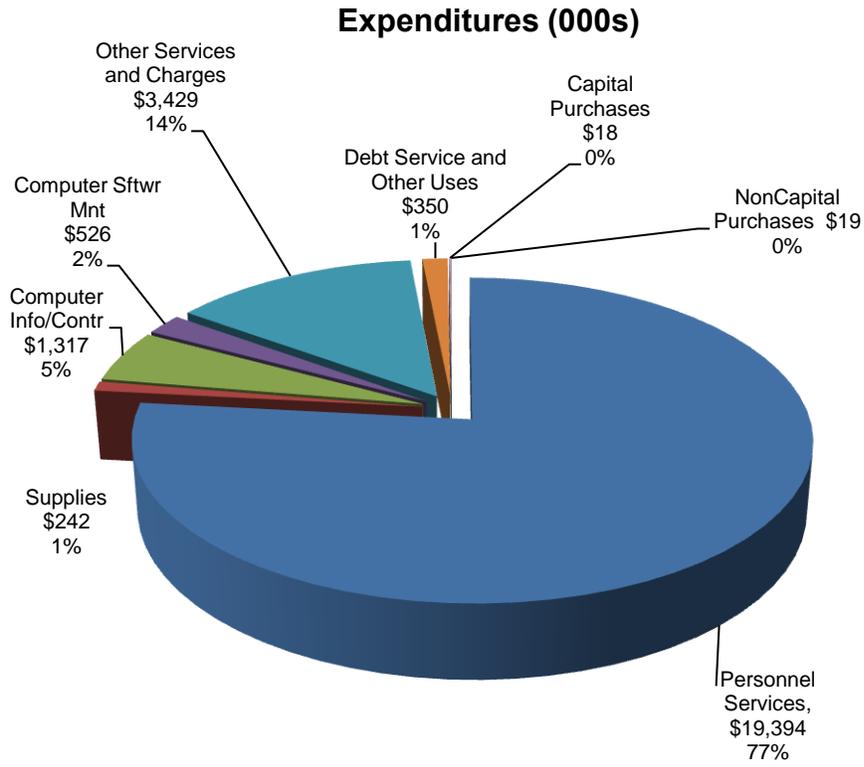
## FISCAL YEAR 2012 Financial Data

MCD collected \$38.3 million in revenue for the City's general fund and special funds during FY 2012. Approximately 96% of collected revenue consisted of court fines and forfeitures, and the remaining miscellaneous other revenue went into the General Fund. Total expenditures for the period were \$25.2 million. Graphical representations of the revenues and expenditures depict the amount and source of each.



# Municipal Courts Department (MCD)

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# MCD

# Risk Profile

Key Business Process	Potential Risks	Reported Risk Management Techniques	Risk Rating
<b>Court Operations/Management</b>	<ul style="list-style-type: none"> <li>▪ Insufficient staffing level</li> <li>▪ Inaccurate or untimely docket preparation</li> <li>▪ Subpoenas not issued timely</li> <li>▪ Inability to conduct mandated arraignments</li> <li>▪ Limited facility space</li> <li>▪ Limited record archival space</li> <li>▪ Disasters leave facilities inaccessible</li> <li>▪ Lack or inadequate physical security</li> <li>▪ Insufficient resources</li> <li>▪ Court room dockets are uneven</li> <li>▪ Facility capacity constraints</li> <li>▪ Inadequate staff training</li> <li>▪ Delay of CSMART implementation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cross training of staff</li> <li>▪ Increased use of electronic processes to improve operational quality and efficiency</li> <li>▪ Decentralization of operations</li> <li>▪ Coordinate facility repair and renovations</li> <li>▪ Manage bailiffs to provide court room security</li> <li>▪ Camera surveillance</li> <li>▪ Police presence in facilities</li> <li>▪ Decentralization of operations</li> <li>▪ Arraignment alternatives</li> <li>▪ Dockets are monitored and overruns are tracked to determine cause</li> <li>▪ Operational statistics are monitored</li> <li>▪ Staff are well trained</li> <li>▪ Formation of CSMART Sponsor Team and Executive Steering Committee to assist with maintaining implementation timeline</li> </ul>	High
<b>Customer Service</b>	<ul style="list-style-type: none"> <li>▪ Ineffective or inefficient interactions with customers</li> <li>▪ Insufficient staff to perform required tasks</li> <li>▪ Significant increase in workloads from any new initiatives</li> <li>▪ Court related processes can occur at any time</li> </ul>	<ul style="list-style-type: none"> <li>▪ Working with HITS in adding technological solutions to provide service alternatives</li> <li>▪ Developed initiatives for high volume clients (bondsmen, attorneys)</li> <li>▪ Provide services at central and satellite locations</li> <li>▪ Provide staffing in 3 shifts for 24 hour coverage</li> </ul>	Medium
<b>Communications</b>	<ul style="list-style-type: none"> <li>▪ Lack of coordinated communication from Department</li> <li>▪ Non-compliance with Texas Public Information Act requests</li> <li>▪ Inadequate technical and staffing resources</li> </ul>	<ul style="list-style-type: none"> <li>▪ Developed more effective media protocols</li> <li>▪ Set up incident reporting standards</li> <li>▪ Established bulletin boards in each location</li> <li>▪ Developed internal communication tools for staff</li> </ul>	Medium
<b>Financial Management</b>	<ul style="list-style-type: none"> <li>▪ Inadequate resources to perform required tasks</li> <li>▪ Lack of policies and procedures</li> <li>▪ Funding related to third party support not utilized on Departmental priorities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Perform account reconciliations</li> <li>▪ Monthly monitoring of revenue and expenditures</li> <li>▪ Provide data for inclusion in Monthly Financial and Operations Report</li> </ul>	Medium

# MCD

# Risk Profile

	<ul style="list-style-type: none"> <li>▪ Incomplete or inaccurate recording</li> </ul>	<ul style="list-style-type: none"> <li>▪ Policies and procedures are being updated</li> <li>▪ Tracking of funds allocated and expended</li> </ul>	
<b>Revenue Collection</b>	<ul style="list-style-type: none"> <li>▪ Citations not properly controlled or processed</li> <li>▪ Ineffective collection procedures</li> <li>▪ Unsecured and/or untimely deposits of cash collections</li> <li>▪ Theft / Fraud</li> <li>▪ Incomplete or inaccurate recording of transactions</li> <li>▪ Lack of cash handling controls</li> <li>▪ Inadequately trained personnel</li> </ul>	<ul style="list-style-type: none"> <li>▪ Automated system increases accuracy and control of citations</li> <li>▪ Collection processes established</li> <li>▪ Expansion of in-house collection program</li> <li>▪ Follow-up on delinquent accounts for collection</li> <li>▪ Employees are bonded</li> <li>▪ Reconciliation of cases processed and cash receipts performed daily</li> <li>▪ Segregation of duties</li> <li>▪ Formal cash handling policies in place and communicated</li> </ul>	Medium



# DEPARTMENT RISK ASSESSMENT DATES



<b>CITY OF HOUSTON DEPARTMENTS</b>	<b>LAST ASSESSED</b>
<b>ADMINISTRATION AND REGULATORY AFFAIRS</b>	<b>2010</b>
<b>CITY SECRETARY</b>	<b>2012</b>
<b>FINANCE</b>	<b>2012</b>
<b>FIRE</b>	<b>2013</b>
<b>FLEET MANAGEMENT</b>	<b>2013</b>
<b>GENERAL SERVICES</b>	<b>2011</b>
<b>HEALTH AND HUMAN SERVICES</b>	<b>2013</b>
<b>HOUSING AND COMMUNITY DEVELOPMENT</b>	<b>2011</b>
<b>HOUSTON AIRPORT SYSTEM</b>	<b>2010</b>
<b>HOUSTON EMERGENCY CENTER</b>	<b>2011</b>
<b>HOUSTON INFORMATION TECHNOLOGY SERVICES</b>	<b>2010</b>
<b>HUMAN RESOURCES</b>	<b>2010</b>
<b>LEGAL</b>	<b>2011</b>
<b>LIBRARY</b>	<b>2012</b>
<b>MUNICIPAL COURTS</b>	<b>2013</b>
<b>NEIGHBORHOODS</b>	<b>2013</b>
<b>OFFICE OF BUSINESS OPPORTUNITY</b>	<b>2012</b>
<b>PARKS AND RECREATION</b>	<b>2010</b>
<b>PLANNING AND DEVELOPMENT</b>	<b>2012</b>
<b>POLICE</b>	<b>2012</b>
<b>PUBLIC WORKS AND ENGINEERING</b>	<b>2011</b>
<b>SOLID WASTE MANAGEMENT</b>	<b>2012</b>