

OFFICE OF THE CITY CONTROLLER



PARKS AND RECREATION DEPARTMENT

**PURCHASING CARD ACTIVITY AUDIT
HURRICANE IKE HOTEL CHARGES**

Annise D. Parker, City Controller

Steve Schoonover, City Auditor



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

ANNISE D. PARKER

December 18, 2009

The Honorable Bill White, Mayor
City of Houston, Texas

SUBJECT: Parks and Recreation Department – Purchasing Card Activity Audit
Hurricane Ike Hotel Charges (Report No. 2010-12)

Dear Mayor White:

The City Controller's Office Audit Division has completed an audit of the Parks and Recreation Department's (PARC) Purchasing Card (P-Card) Activity during Hurricane Ike, specifically for room and board charges for disaster workers. The audit objectives were to evaluate the expenses to ensure the amounts were reasonable, accurately computed, supported and properly recorded. The audit scope period was from September 14, 2008 through November 15, 2008.

The report, attached for your review, noted that PARC received a chargeback from the Administration and Regulatory Affairs Department's Strategic Purchasing Division (SPD) for \$20,686 for hotel room and board expenses for approximately 40 disaster workers from the Dallas Parks Department. A review of SPD's P-Card activity will be reported separately. The report also concludes that the PARC did not have any P-Card activities related to hotel room and board charges for the scope period.

We appreciate the cooperation and professionalism extended to our auditors by Department personnel during the course of the audit.

Respectfully submitted,

Annise D. Parker
City Controller

xc: City Council Members
Anthony Hall, Chief Administrative Officer
Michael Moore, Chief of Staff, Mayor's Office
Joe Turner, Director, Parks and Recreation Department
Alfred Moran, Administration and Regulatory Affairs
Michelle Mitchell, Director, Finance Department

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PURPOSE AND SCOPE

The Audit Division of the City of Houston (the City) Controller's Office has completed an audit of the Parks and Recreation Department's (PAR) Purchasing Card (P-Card) activities during Hurricane Ike specifically for hotel room and board charges. Our objectives were to evaluate the expenses to ensure the amounts were reasonable, accurately computed, supported and properly recorded. The audit scope period was from September 14, 2008 through November 15, 2008.

The scope of our work did not constitute an evaluation of the overall internal control structure of the PAR. Our examination was designed to evaluate and test compliance with procedures and the adequacy of internal controls related to P-Card activities.

PAR management is responsible for establishing and maintaining a system of internal controls to ensure compliance with the City's administrative policies and procedures and executive orders. The objectives of a system are to provide management with reasonable, but not absolute, assurance that P-Card expenses are approved, computed, supported, and reported in compliance with applicable executive orders, administrative procedures, and PAR standard operating procedures, if any.

We conducted this P-Card audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

BACKGROUND

Hurricane Ike formed on September 1, 2008 and made landfall on Galveston Island, Texas in the early morning hours of September 13, 2008. Hurricane Ike's highest sustained winds were 145 mph making it the 4th most intense hurricane to make United States landfall. Damage caused by Ike totaled over \$32 billion throughout seven countries and across 15 states.

When it came onshore in Texas, it was a Category 2 hurricane with a Category 5 equivalent storm surge. In downtown Houston, numerous skyscrapers had windows that were blown out, many of which were in the 75 story JP Morgan Chase Tower. This added to the devastation as it caused both wind and water damage within the buildings. Many of the downtown streets were littered with broken glass and window framing which continued to rain down for days after Hurricane Ike came onshore.

CenterPoint Energy reported that 2.1 million of their 2.26 million customers were without electrical power as of 11:00 AM, Saturday September 13. As of September 29, 2008 over 2 million customers had electrical service restored. The efforts were highlighted because of the over 9,000 mutual assistance lineman and tree trimmers from other parts of the country who worked tirelessly to assist CenterPoint's 3,000 workers. Even with this the high number of workers, some homes and businesses were still without power into October, 2008.

Realizing that Houston and the surrounding cities suffered extensive wind and water damage to businesses and homes alike, it is easy to understand that this affected many of the individuals that report to work for the City. Many firefighters, police officers, PARD employees, and other support personnel from throughout the City had problems with their homes. Some lost their roofs, had trees fall on their houses, had broken windows, and almost all of them were without electricity.

Because there were numerous areas needing attention within the City, management from various departments surveyed the City to determine what it would take to get the City back to providing the necessary services. Once this was determined, the departments coordinated with their counterparts in other cities throughout Texas. If the other city had a "Mutual Aid Agreement," (MAA) then the department coordinated for resources the City did not have or could not get. If a MAA was not signed and in place, then both cities took the necessary steps to have one put in place. A jurisdiction in Texas, cannot be helped or provide help without having a MAA in place.

The product of this coordination is Form 213, a scope of work. When the providing city and City department management agreed on what was to be provided, where and when it was to be provided, and to whom the disaster workers were to report, then this information was detailed on the form and signed by both Houston Emergency Center (HEC) personnel and the providing city. This then committed the City of Houston and the providing city to perform what was detailed on the Form 213.

Upon the signing of the Form 213 by HEC personnel, the other Texas cities began sending the agreed upon personnel, vehicles, and equipment. While they were travelled to Houston, the appropriate departments coordinated with local hotels and catering businesses to house and feed the disaster workers.

Many departments relied on the Strategic Purchasing Division (SPD) of the Administration and Regulatory Affairs Department, for guidance and assistance in coordinating for sufficient lodging for their disaster workers. SPD coordinated and paid for the PARD disaster worker's room and board during the scope period. A review of SPD's P-Card activity will be reported separately.

CONCLUSION


PARD received a chargeback from SPD for \$20,686 for hotel room and board expenses for approximately 40 disaster workers from the Dallas Parks Department for the period September 19th through October 3, 2008. The maximum number of disaster workers supporting PARD operations at any one time was approximately 30; some would be assigned here and then after a week or so rotate back to Dallas. They assisted in clearing debris from various City parks and athletic fields.

Initially the review of the PARD's P-Card activities for the scope period identified a charge of \$980 for the Humble Inn on September 29, 2008. The supporting documentation was requested from PARD. PARD provided an invoice from a catering firm to support 50 meals and refreshments for both September 27 and 28. The charge totaled \$980 and was paid to the Humble Inn. The PARD's Deputy Director reported that the catering company's credit card machine was not operational and they authorized the payment be made to the Humble Inn.

The review did not identify any PARD P-Card purchase activities related to hotel room and board charges. No exceptions were noted.



Arnie Adams, CFE, CIA
Audit Manager



Steve Schoonover, CFE
City Auditor