



Office of the City Controller
GENERAL SERVICES DEPARTMENT
Comfort Systems Contract
Compliance Audit



Chris Brown
City Controller

Report # 2022-05

Courtney Smith
City Auditor



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

CHRIS B. BROWN

January 25, 2022

The Honorable Sylvester Turner, Mayor
City of Houston, Texas

**SUBJECT: 2022-05 GENERAL SERVICES DEPARTMENT (GSD)
COMFORT SYSTEMS CONTRACT COMPLIANCE AUDIT**

Mayor Turner:

The Office of the City Controller's Audit Division has completed a compliance audit of the Comfort Systems USA South Central (CSUSASC) contracts. Comfort Systems USA (South Central), Inc. is an operating company established in Houston and part of the nationwide network of Comfort Systems USA (CSUSA). CSUSASC has become a regional leader in installation and service for building mechanical systems. The City of Houston (the City) entered into multi-year contracts with CSUSASC through the General Services Department (GSD) and the Houston Airport System (HAS) to provide support service for repairs, maintenance, or replacement of HVAC parts and/or equipment. The total contract value was more than \$72 million.

The audit objectives for this engagement were to review and validate compliance with the key terms and conditions of the contracts. The engagement scope period included operations and transactions occurring during Fiscal Year (FY) 2013 through FY 2019 covering three contract periods.

During the audit, we noted improvements in internal controls established by management to enhance operations and safeguard assets. For instance, GSD has established a procedure which allows property management personnel to ensure that approved contractor service ticket showing work completed is attached to invoice prior to payment for work done. Similarly, HAS centralized and streamlined the processing of all documentation to include more thorough reviews assuring that all required procedures are followed, and authorized documentation is used.

During the audit engagement, we found exceptions in the areas of performance bonds, invoice documentation, and change orders. Details regarding those exceptions are contained in our report.



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

CHRIS B. BROWN

We would like to express our appreciation to the management and staff of GSD and HAS for their time, effort, responsiveness, and cooperation during the course of the audit.

Respectfully submitted,

Chris B. Brown
City Controller

xc: C. J. Messiah, Director, General Services Department
Mario Diaz, Director, Houston Airport System
City Council Members
Marvalette Hunter, Chief of Staff, Mayor's Office
Eric Alexander, Assistant Director, General Services Department
Kertecia Mond, Chief Auditor-Deputy Assistant Director, Houston Airport System
Shannan Nobles, Chief Deputy City Controller, Office of the City Controller
Courtney Smith, City Auditor, Office of the City Controller

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Introduction

The Office of the City Controller's Audit Division (AD) has completed a performance/compliance audit of General Services Department (GSD) Comfort Systems USA South Central, Inc. ("CSUSASC", "Prime Contractor", "Contractor") contracts. Comfort Systems USA (South Central), Inc. is an operating company established in Houston and part of the nationwide network of Comfort Systems USA (CSUSA). CSUSASC has become a regional leader in installation and service for building mechanical systems. The City entered into contracts with CSUSASC to service systems under the purview of the GSD and Houston Airport Systems (HAS) Departments. The purpose of the audit was to review and validate compliance with key terms and conditions of the contracts. The audit scope covered fiscal years 2013 through 2019. The audit was included in the Fiscal Year 2020 (FY2020) Audit Plan.

Background

The General Services Department (GSD) was established in 2000 to provide centralized facility management for most of the facilities in the City of Houston's portfolio. The portfolio currently has more than 300 facilities. GSD's facility management responsibilities include energy, property maintenance, and security. Existing facilities represent approximately 7.7 million square feet of occupied space. The department also provides real estate, design, and construction services as needed for new acquisitions or for renovations in existing facilities. As part of executing their responsibility, GSD enters into and manages contractual agreements with a variety of third-party service providers. The Property Management Division is the unit within GSD tasked with providing day-to-day services which include safe, reliable, and fiscally responsible facility infrastructure maintenance, repair, renovation, and resource conservation.

The Houston Airport System (HAS) operates and manages the City's airport system and is responsible for maintaining the operational condition of each of the three (3) airport facilities, airfields, and grounds. This responsibility includes project management oversight services for the scope, design, and construction of airport system projects. As the department responsible for airport facilities, HAS enters into contractual relationships for building maintenance on behalf of the City. Under HAS operations, the responsibility for HAS contract management and administration resides with the business units. Each business unit has all oversight functions of contracts and day-to-day compliance requirements.

GSD and HAS entered multi-year contracts with Comfort Systems USA South Central on behalf of the City to provide heating, ventilation, and air conditioning maintenance services. Those services were to provide support for repairs, maintenance, or replacement of HVAC parts and/or equipment.

The initial audit scope of the audit focused on two (2) contracts with CSUSASC totaling just over \$37 million. The contracts were #4600013053 managed by GSD in the amount of \$7,128,396.18 and contract #4600011869 managed by HAS in the amount of \$30,358,135.62.

During planning, audit procedures revealed an additional contract with CSUSASC, #4600014880, with a target value of \$35,116,757.97. Our initial audit scope was amended to include this contract, thereby adjusting the total contract value under audit to \$72,603,289.77. The details of the contracts are contained in the table below:

Table 1: Contracts				
Department	Contract #	Target Value	Date Began	Date Ended
GSD	4600013053	\$ 7,128,396.18	1/23/2015	1/22/2020
HAS	4600011869	\$ 30,358,135.62	1/1/2013	3/31/2018
HAS	4600014880	\$ 35,116,757.97	6/1/2018	5/31/2023
Total		\$ 72,603,289.77		

CONTRACT TERMS AND CONDITIONS

The contracts under review had similar contract terms and conditions. Those terms and conditions identify the duties, rights, and responsibilities of all parties under the contract. Our audit procedures included an assessment of key terms and conditions and an evaluation of their significance to our audit objectives are detailed in Table 2.

Table 2: Risk Assessment of Key Terms and Conditions			
Contract Numbers 4600011869, 4600013053 and 4600014880			
Terms and Conditions	Applicable Contracts	Risk Ratings*	Remarks
Notice to Proceed	All contracts	1	Preliminary risk assessment indicated compliance. No further audit test work required.
Performance Bond	#4600011869 #4600014880	3	Test work required
MWBE Compliance	All contracts	2	Test work required
*Preliminary Risk Assessment Ratings: 1: Not Significant 2: Significant 3: Material			

Table 2: Risk Assessment of Key Terms and Conditions Contract Numbers 4600011869, 4600013053 and 4600014880			
Terms and Conditions	Applicable Contracts	Risk Ratings*	Remarks
Contractor Pay or Play Program	All contracts	2	Test work required
Change Orders	All contracts	3	Test work required
Insurance	All contracts	1	Preliminary risk assessment indicated compliance. No further audit test work required.
Drug Policy	All contracts	1	Preliminary risk assessment indicated compliance. No further audit test work required.
Renewals	All contracts	N/A	N/A. No renewals under the contracts
Extensions	All contracts	N/A	N/A. There were no extensions under the contracts
Use of Sub-contractors	#4600013053	3	Test work required
Invoicing	All contracts	3	Test work required
Termination	All contracts	N/A	N/A. There was no termination under the contracts.
*Preliminary Risk Assessment Ratings: 1: Not Significant 2: Significant 3: Material			

CONTRACT TERMS AND CONDITIONS

Table 2 above depicts the results of the risk assessment performed on the terms and conditions contained in the contract. We developed and performed a risk assessment to determine the contract terms and conditions considered significant for further audit test work. The criteria used in the risk assessment are as summarized below:

- a. Contract Value: Based upon Section 2253.021 “Performance and Payment Bonds Required” of the Texas Government Code that requires a performance bond for all public contracts with a contract value in excess of \$100,000, contract value was considered a significant term and condition under the contract for risk assessment. As a result, all the contracts under audit were considered high risk because their contract value exceeded the dollar threshold.

- b. Pervasiveness: Pervasiveness represents the degree to which the term and condition affects the operational capability of the parties in the contract, that in the opinion of the auditor, the absence and/or inadequacy of such term and condition may render the contract inoperable. As a result, under this criterion, terms and conditions relating to Change Orders, performance bond etc. were considered material to the operations.
- c. Extent of Compliance: The extent to which a term and condition had been achieved through documentary evidence contained in the contract determines the risk assessment classification. To this end, risk assessment under this criterion were classified as “High”, “Moderate” or “No Risk” depending on the support documentation already contained in the contract to address the term and condition.
- d. Overall Consideration: Factors like the auditors’ knowledge and experience regarding the risk(s) associated with the term and condition under considerations were the major determinant under this risk assessment criterion.

Audit Scope and Objectives

The audit objective for the engagement was to review and validate compliance with the key terms and conditions of the contract.

The engagement scope included all operations, and transactions occurring during Fiscal Years 2013 through 2019 for each of the contracts.

Procedures Performed

To obtain sufficient evidence to achieve engagement objectives and support our conclusions, we performed the following:

- Obtained and reviewed the contracts in place with CSUSASC to gain an understanding of the terms and conditions of the contracts underlying the objectives of the audit.
- Performed a review and preliminary risk assessment of the terms and conditions contained in the contracts to assess those that required further audit test work.
- Obtained and reviewed Chapter 15 of the City Ordinance, and policies and procedures relevant to the audit objectives including Executive Orders 1-7, 1-2, 1-31 and 1-56, Administrative Policies 2-14, 5-7, 5-10, and 5-13 and HAS Departmental policies and procedures AOP 10-02 & OPPTS I-187.

- Gained an understanding of the requirements of city contracts, its administration, operational guidelines and key management personnel and departments responsible for the implementation of contract provisions.
- Performed procedures to determine if the information relating to the contracts maintained under the HAS OnBase operating system agree in all material respects to the information on the contracts maintained in the SAP.
- Obtained a list of companies engaged as subcontractors under the contracts to determine whether the companies that were used agreed with those listed in the contracts.
- Inquired of Comfort Systems USA SC key management whether any of the sub-contractors is a related party and documented the results of the inquiries.
- Reviewed recent financial statements and/or management reports for evidence of related party relationships and transactions.
- Performed a search of the Texas Secretary of State and Texas Comptroller of Public Accounts, respectively, to verify that the companies were duly registered and organized to do business in the State of Texas and noted their business purposes.
- Performed procedures through the examination of the Office of Business Opportunity (OBO) MWBE data listing to determine if the subcontractors qualified as MWBE and were current in their designation.
- Performed a search of the Texas State Comptroller of Public Accounts' Historically Underutilized Business database to determine if the subcontractors are qualified as MWBE.
- Performed procedures to determine whether the contractor maintained a performance bond in the amount of 100% of the applicable agreement during the period of the contract and that such performance bond was furnished within ten days of the Notice to Proceed issued by the Director.
- Performed procedures to verify that the surety is authorized to issue bonds in Texas by reviewing information on Surety Companies and Agents maintained by the Texas Department of Insurance.
- Verified that surety is accepted on the list published by the United States Treasury Department.
- Obtained information from OBO personnel regarding payments by the contractor into the Contractors' Responsibility Fund (CRF). Obtained evidence relating to payment frequency and

total payments received through December 2019 for contracts #4600011869 & #4600014880 and through March 2019 for the contract #4600013053.

- Performed procedures to verify if the contractor had established mechanisms to ensure subcontractors pay for covered employees under the Pay or Play programs.
- Performed procedures to verify that the Pay or Play amounts paid were accurate and complete.
- Performed procedures to determine if Change Orders were approved subject to the Allocated Funds provision of each contract agreement.
- Performed procedures for test for any alterations and unauthorized amendments to Change Orders.

Conclusions

We believe that we have obtained sufficient and appropriate evidence to adequately support the conclusions provided below as required by professional auditing standards. The conclusions are aligned with the related audit objectives for consistency and reference. For the detailed findings, recommendations, management responses, comments and assessment of responses see the “Detailed Findings, Recommendations, Management Response, and Assessment of Response” section of this report.

Based on work performed, we determined there were areas of noncompliance with key terms and conditions directly related to the general contractor’s service activity (See Findings #1, #2, and #3.) We also noted opportunities for improvement in the “Other Observation” section.

Other Observations

VALID REGISTRATION TO DO BUSINESS IN TEXAS

According to the Texas Business and Commerce Code, all entities wishing to do business within the state of Texas are required to register with either the county in which the business is located or the Secretary of State. During the audit we noted seven (7) instances

of entities who were not considered legally authorized to conduct business in the state of Texas. Five (5) entities had their right to do business in the state of Texas considered inactive as their franchise tax status was classified as “Ended”. One (1) entity had its right to do business within the state classified as “Forfeited” and no information could be obtained for one (1) entity on the Texas Comptroller of Public Accounts website.

INFORMATION IN HAS ONBASE SYSTEM DOES NOT MATCH SAP

HAS maintains its contracts in OnBase. A comparison of the information contained in the OnBase application with information contained in SAP noted discrepancies in the contract names, vendor numbers, contract numbers and contract expiration dates. We also noted that the OnBase application did not require the inclusion of a contract amount.

CONTRACTOR AND SUBCONTRACTOR PAY OR PLAY (POP) ACTIVITY NOT CONSISTENTLY MONITORED

Each contract under review included Pay or Play and MWBE requirements. While changes have been made to Executive Order 1-7, City Contractors’ Pay or Play program as well as the B2G monitoring system after the execution of these contracts, activity related to these two requirements was inconsistently reported and monitored. The designated departmental POP liaison should work closely with the Office of Business Opportunity to monitor contractor and subcontractor compliance with Pay or Play as well as the substitution of subcontractors.

Audit Standards

We conducted this performance/compliance audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, 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.

The scope of our work did not constitute an evaluation of the overall internal control structure of GSD or HAS. Management is responsible for establishing and maintaining a system of internal controls to ensure that City assets are safeguarded; financial activity is accurately reported and reliable; and management and employees are following laws, regulations, and policies and procedures. The objectives are to provide management with reasonable, but not absolute assurance that the controls are in place and effective.

Acknowledgement

The Audit Team would like to thank the management of GSD and HAS for their cooperation, time, and efforts throughout the course of the engagement.

Detailed Findings, Recommendations, Management Responses, and Assessment of Responses

Finding #1 - No Performance Bond on Contract

Risk Rating = High
(Impact and Magnitude)

Background

The requirement of a performance bond, also called a contract bond, is common in government-related public works contracts. The state of Texas defines a public work contract as “a contract for constructing, altering, or repairing a public building or carrying out or completing any public work” . Performance bonds are usually issued by a bank or an insurance company. The bond is basically a three-party agreement between the entity requiring the bond, the issuer, and the principal (in this case the contractor). The bond issuer financially guarantees to the entity requiring the bond that the principal will perform the contracted/requested services. If the services are not completed satisfactorily, the bond allows the project owner to seek redress and/or compensation. This provides an important element of protection for the contracting entity without any financial consequence to taxpayers.

Government laws, regulations, statutes, authoritative literature and pronouncements provide authoritative support for the inclusion of performance bonds in a contract. Under Texas Government Code Title 10. General Government, Subtitle F, Chapter 2253. Subchapter B. General Requirements. Section 2253.021. Performance and Payment Bonds Required, states:

- a. A governmental entity that makes a public contract with a prime contractor shall require the contractor, before beginning the work, to execute to the governmental entity:
 - (1) performance bond if the contract is in excess of \$100,000
 - (2) a payment bond if:
 - (A) the contract is in excess of \$25,000, and the governmental entity is not a municipality, or a joint board created under Subchapter D, Chapter 22, Transportation Code; or
 - (B) the contract is in excess of \$50,000, and the governmental entity is municipality, or a joint board created under Subchapter D, Chapter 22 Transportation Code

b. The performance is:

(1) solely for the protection of the state or governmental entity awarding the public work contract.

(2) in the amount of the contract; and

(3) conditioned on the faithful performance of the work in accordance with the plans, specifications, and contract documents.

All the contracts under audit have values exceeding the \$100,000.00 threshold as referenced in the Texas Government Code. As part of the audit objective, we performed procedures to determine whether a performance bond was issued in accordance with the requirements of Government Code Title 10 Subtitle F, Chapter 2253, Section 2253.021 for each contract under audit.

Finding

On January 1, 2015, Contract #4600013053 was signed between the City of Houston ("City") and Comfort Systems USA South Central, Inc. ("Contractor", "CSUSASC") in the amount of \$7,128,396.18, and was approved under Ordinance #2015-0031 for heating ventilation and air conditioning services for various departments. Audit procedures performed found no evidence that a performance bond was provided by the contractor in connection with this contract.

Further inquiries were performed to determine the reason(s) for the non-inclusion of the performance bond as part of the contract documentations. CSUSASC management represented to the AD that they did not provide the performance bond because it was not required to do so, although performance bonds were submitted for the other two (2) contracts.

Recommendations

We recommend GSD management consider designating an employee to serve as a contract liaison officer. Such personnel would be trained in the contract management review process to ensure all contract documents are included prior to execution. The liaison officer may work with SPD to develop or compile a checklist to assist in this process.

GSD Management Response

GSD will work with SPD to ensure that all contract deliverables are met. Typically, Performance Bonds for Citywide contract are sent to SPD to be posted in SAP.

Responsible Party

GSD Assistant Director

Estimated Date of Completion

June 30, 2022

Assessment of Response

Management response as presented, adequately addresses the issues identified and proposed corrective actions are appropriate.

Finding #2 - Non-Compliance with Change Order Procedures

Risk Rating = High
(Impact and Magnitude)

Background

Several circumstances may require a modification to the original contract, thus language specifying the procedures needed to revise a contractor's work are an essential feature of any public contract. The modifications are generally known as Change Orders. Change Orders effectively amend the terms and conditions of the original contract without adding brand new terms. Most Change Orders modify the work required by contract documents, which, can increase the contract price and/or adjust the time required to complete the work. A valid Change Order requires both the contractor and the project owner to agree on all terms. The contracts under audit have clauses relating to Change Orders as follows: "At any time during the Agreement Term, the Director may issue a Change Order to increase or decrease the scope of services or change plans and specifications, as he or she may find necessary to accomplish the general purposes of this Agreement. Contractor shall furnish the services or deliverables set forth in the Change Order in accordance with the requirements of this Agreement plus any special provisions, specifications, or special instructions issued to execute the extra work".

In addition to the Change Order clauses included in the contracts, the Houston Airport System (HAS) has established internal policies and procedures as part of internal control measures to address issues relating to Change Orders in contracts as part of management efforts to control costs associated with contracts and safeguard assets. Their internal policy is contained in the HAS AOP 10-02, Section 5.7 Emergency COR 5.7.1 as follows:

"If for any reason a Change Order Request (COR) under \$25,000.00 is required that affects operations of critical equipment, facilities, systems, etc. that would involve the safety of the airport, employees, tenants, travelers, etc., the Airport Manager or designated representative may authorize the work to begin with his or her signature. The word "EMERGENCY" must be clearly specified in the appropriate portion of the COR form, with the process continuing as specified."

Audit procedures were performed to determine whether Change Orders were treated in accordance with the provisions of Section 5.7, Emergency COR 5.7.1 of HAS AOP 10-02.

Finding

Audit procedures performed revealed the following exception:

(a) A Change Order Request (COR) for emergency repairs under contract # 4600011869 did not have an approved signature and was not clearly marked "EMERGENCY" as required by the provisions of Section 5.7 of HAS AOP 10-02.

Recommendations

We recommend that management institute an internal control measure designed to ensure that:

- 1) forms are filled out completely and accurately on every Change Order
- 2) proper supervisor review and approval is implemented on every Change Order/Emergency Change Order
- 3) management should establish various milestones i.e. (5%, 10% etc.) in Change Order costs compared to total project costs to serve as trigger points towards reaching the maximum percentage of Change Order costs over total projects costs allowed over the project. This is necessary to serve as a control and prevent unnecessary costs overruns.

HAS Management Response

Houston Airport System has centralized and streamlined the processing of all documentation to include more thorough reviews assuring that all required procedures are followed, and authorized documentation is used.

Responsible Party

The HAS Deputy Assistant Director of Outsourced Maintenance Services.

Estimated Date of Completion

December 31, 2021

Assessment of Response

Management response as presented, adequately addresses the issues identified and proposed corrective actions are appropriate.

Finding #3 - Invoices Not Properly Reviewed and Adequately Supported Prior to Presentation and Approval for Payment

Risk Rating = Medium
(Impact and Magnitude)

Background

Upon completion of services, contract payment terms detail the required documentation for services rendered under the contract. As a result, clauses are included in the contract for this purpose.

The provisions of Contract #4600013053 *Exhibit "B" Scope of Work Part 1 General Specifications Section 24, Sub Section 24.1 and 24.2 Invoices* provides that "In order to expedite payment, all invoices must be submitted in triplicate. For each job, an invoice must be accompanied by a GSD Work Order number (for non-schedule PMs and Full Maintenance Work and Service Repair Work), work ticket detailing the date, location, hours worked, and parts used. The work ticket must be signed by the department designee for the work location. For each part purchased, the Contractor shall provide a photocopy of the paid supplier's invoice to the designated City representative. If the invoice is not accompanied by a supplier's invoice, the Contractor's invoice for parts and equipment will not be paid. Each invoice shall contain:

- (a) Contract and Ordinance Number
- (b) Description, quantity delivered, unit price, and total amount for each item in accordance with the Contract fee Schedule
- (c) The name of the department, divisions, or section where the delivery was made
- (d) Address of location where the work was performed; and
- (e) The total amount of each invoice".

Contract #4600011869 *Exhibit "A" Performance/Work Statement Section 12, Subsection 12.1 and 12.2 Invoicing* provides that "Contractor shall submit invoices for work completed on a form approved in advance by the Director; invoices must be accompanied by support documents requested by the Director. Each invoice submitted must be in duplicate and each copy must include the required attachments. The invoice must be identified by the Agreement name and Agreement number."

Contract #4600014880 under Article 3. *Duties of Contractor Section 3 Scope of Services, Subsection 3.05* Invoicing provides that "Contractor shall submit its invoices on forms approved in advance

by the Director. Each invoice must be accompanied by copies of certified time sheets and any other support documents as may be requested by the Director. Each invoice Contractor submits must be in duplicate and each copy must include the required support documents. Each invoice must be identified by the Contract name and Contract number.”

Finding

During the audit, we performed procedures to determine whether there were adequate internal controls established by management over contract payment process. Such procedures included, but not limited to determining whether:

- a. there exists established proper authorization and approval process
- b. payments are supported by adequate supporting documentation
- c. work performed by the contractor is inspected and approved by competent personnel prior to payment.
- d. whether support documentation identified contract name and number personnel prior to payment.

Audit procedures revealed certain exceptions as follows:

- a. we noted in six (6) of the 15 samples tested, there was no evidence of inspection, or certification of work performed, by department personnel prior to payment for work done.
- b. we noted instances of inadequate or no support documentation (e.g.: purchase orders (POs), certification of work etc.) as follows:
 - three (3) of the 15 samples tested related to GSD transactions were found with no support documentation
 - 31 out of the 45 invoices tested in respect of HAS transactions showed no evidence of support documentation
- c. we noted several instances of forms approved for payment using initials with no clear-cut indication of the name of the approving personnel or his/her designation as follows:
 - four (4) of 15 invoices approved for payment in connection with GSD transactions showed no proper documentation of approval
 - 30 out of 45 invoices approved for payment in connection with HAS transactions showed no clear-cut indication of the name of the approving city personnel

Recommendations

We recommend that management institute internal control measures designed to ensure that:

1. An inspection or certification of work is performed, including incorporation of a checklist with supervisory review and approval.
2. All appropriate and relevant documents are reviewed and signed by key management and technical personnel prior to presentation for payment.
3. All appropriate documentation for each invoice is securely maintained and stored for future reference by centralizing documentation.
4. Where initials are used they must be easily identified, traced to an employee, and accompanied by their employee ID#. Alternatively implement a print and signature in lieu of the initials.

GSD Management Response

(a) GSD Property Management (PM) personnel ensure that an approved contractor service ticket showing work completed is attached to invoice prior to payment for work done. Review of reporting expectation and procedures will be reviewed with critical contract.

(b) GSD Accounts Payable will ensure that a copy of the PO or supporting documentation is present before paying any invoices.

(c) GSD PM management personnel will be issued name stamps with printed name to use for invoice documents approval. Invoices will be signed/initialed and stamped with printed name.

HAS Management Response

The use of signature initials was a method used at this time that HAS recognized that needed improvement along with inconsistent processes (based on Airport) and record retention issues contributed to missing documentation.

Corrective Measures: We have improved this by centralizing the invoice process, modernizing to paperless by utilizing DocuSign to clearly identify the Inspectors and Contract Manager's signatures and to better retain records. All supporting documents are now attached and tracked real time in this new process.

Responsible Party

- GSD Assistant Director
- HAS Deputy Assistant Director of Outsourced Maintenance Services

Estimated Date of Completion

GSD - June 30, 2022

HAS - December 31, 2021

Assessment of Response

Management response as presented, adequately addresses the issues identified and proposed corrective actions are appropriate.

EXHIBIT 1
Acknowledgement Statement
GENERAL SERVICES DEPARTMENT

Office of the City Controller
Audit Division

Exhibit 1 Acknowledgement Statement

Date: 12/21/21

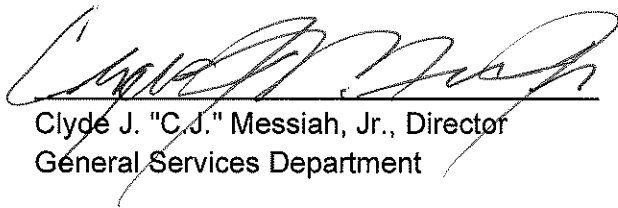
Chris B. Brown
City Controller
Office of the City Controller

Subject:

General Services Department (GSD) Comfort Systems USA Contract Compliance Audit-
Acknowledgement of Management Responses

I acknowledge that the management responses contained in the above referenced report are those of the General Services Department (GSD). I also understand that this document will become a part of the final audit report that will be posted on the Controller's website.

Sincerely,



Clyde J. "C.J." Messiah, Jr., Director
General Services Department

12/21/21

EXHIBIT 2
Acknowledgement Statement
HOUSTON AIRPORT SYSTEM

Office of the City Controller
Audit Division

Exhibit 2

Acknowledgement Statement

December 30, 2021

Chris B. Brown
City Controller
Office of the City Controller

Subject:

Houston Airport Systems (HAS)-Acknowledgment of Management Responses resulting from General Services Department (GSD) Comfort Systems USA Contract Compliance Audit expansion to include HAS.

I acknowledge that the management responses contained in the subject report are those of the Houston Airport Systems (HAS). I also understand that this document will become a part of the final audit report of the Comfort Systems USA Contract Compliance Audit for the Houston Airport System that will be posted on the Controller's website.

Sincerely,



Mario Diaz, Director
Houston Airport System

Audit Team

Richard Denney, MBA, 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>