

# Harris County Auditor's Office



## MEMORANDUM

To: Roberto Trevino, Executive Director – Harris County Toll Road Authority

From: Mike Post, Harris County Auditor *MP*  
Errika Perkins, Chief Assistant County Auditor- Audit Division

CC: Diana Ramirez, Interim County Administrator *ER*  
Thania Gonzalez, Chief Financial Officer  
Jason McLemore, Deputy Director

RE: Harris County Toll Road Authority's Professional Services Exemptions

Date: July 18, 2023

## EXECUTIVE SUMMARY

The Audit Division conducted an audit of the newly established procurement function at the Harris County Toll Road Authority (HCTRA). During planning, however, the team identified a scope limitation that rendered the assurance audit impractical. The auditors instead performed a consulting engagement of HCTRA's Professional Services Exemptions. The purpose of this engagement was to evaluate the design and effectiveness of controls over the procurement process for professional services greater than \$50,000 to support the following objectives:

1. Determine whether the Request for Qualification procurements comply with Texas Local Government Code §2254 (Sub-Chapter A) and Harris County Local Procurement Policy Manual.
2. Confirm whether HCTRA has a reasonable process established to broaden and diversify its professional services' vendor base.
3. Determine whether contract renewals are properly authorized.

The scope of this engagement covered the period of January 1, 2022, through December 31, 2022.

### Scope Limitation

Since the request for qualification process was recently redesigned at HCTRA, the number of procurements completed by HCTRA's new Procurement Team during calendar year 2022 was limited to one.

### Recommendation for HCTRA Professional Services Exemptions:

- Maintain evidence of a debarment review\* for suppliers who have been awarded a contract.

\*A debarment review is a process to verify if an entity or its principals are subject to an active federal exclusion, i.e., declared ineligible for the award of a contract.

---

## BACKGROUND

HCTRA was established in 1983 by the Harris County Commissioners Court pursuant to Chapter 284 of the Texas Transportation Code. In 1983, Harris County voters authorized the issuance of up to \$900 million in bonds to construct, operate, and maintain toll roads in Harris County. HCTRA is an enterprise fund of the County and is included in the County's financial statements. HCTRA's Enterprise Fund operating revenues consist of fees assessed each time a vehicle passes through a toll station on the County's toll roads. Total revenues for the short fiscal year 2022 were \$532,151,298.

Although HCTRA has historically conducted the majority of their professional service procurements, in 2022 HCTRA enhanced their professional service procurement process by establishing a team for professional services greater than \$50,000. HCTRA has an online Professional Service Registry that accepts and maintains a registry of submitted Statements of Qualifications (SOQs). SOQs assist HCTRA in quickly assessing a firm's capabilities, its key personnel, and its relative experience during later procurement processes. On July 3, 2007, Harris County Commissioners Court authorized the procedure using a request for SOQs from interested consultants to support HCTRA's maintenance and development programs. Each SOQ is required to include the firm's organizational chart and staff resumes. The SOQ should also provide the services each firm is qualified to perform.

---

## RESULTS

---

### **OBJECTIVE 1: Determine whether the Request for Qualification procurements comply with Texas Local Government Code Section 2254 (Sub-Chapter A) and Harris County Local Procurement Policy Manual.**

**OBSERVATION 1:** HCTRA did not maintain supporting documentation that a debarment review was completed for a supplier awarded a contract. In accordance with the Harris County Local Procurement Policy Manual, Section N, "Prior to the award of a contract with a contractor, the Purchasing Office shall verify eligibility and debarment status."

**RECOMMENDATION 1:** HCTRA Management should require staff to maintain evidence of debarment reviews as verification of their performance.

---

### **OBJECTIVE 2: Confirm whether HCTRA has a reasonable process established to broaden and diversify its professional services' vendor base.**

**OBSERVATION 2:** The HCTRA Procurement Team has a Supplier Diversity Group to help facilitate diversity within their vendor base. This includes establishing internal goals for the inclusion of vendor selections from Minority and Women-Owned Business Enterprises.

**RECOMMENDATION 2:** No action required.

---

### **OBJECTIVE 3: Determine whether the contract renewals are properly authorized.**

**OBSERVATION 3:** Based on the testing performed for the one contract renewal, it was determined that the renewal was appropriately authorized by HCTRA Management.

**RECOMMENDATION 3:** No action required.

---

---

***Internal Audit Standards***

We conducted our engagement in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.