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**MICHAEL POST, C.P.A., M.B.A.
HARRIS COUNTY AUDITOR**

April 22, 2022

Dear Mr. Daniel Ramos, Executive Director, Office of Management and Budget:

The Harris County Auditor's Office Audit Division has completed a Closeout Audit of the Office of Management and Budget. The results of our audit are included in the attached report.

We appreciate the time and attention provided by you and your staff during this engagement. Please anticipate an email request to complete the Audit Division's Post Engagement Survey. We look forward to your feedback. If you have any questions, please contact me or Errika Perkins, Chief Assistant County Auditor, 713-274-5673.

Sincerely,

A handwritten signature in blue ink that reads "Michael Post". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Michael Post
County Auditor

Report Copies:

District Judges
County Judge Lina Hidalgo
Commissioners:
 R. Jack Cagle
 Rodney Ellis
 Adrian Garcia
 Tom Ramsey
Christian Menefee
David Berry



AUDIT REPORT
OFFICE OF MANAGEMENT AND BUDGET
DAVID BERRY CLOSEOUT

APRIL 22, 2022

Executive Summary

OVERALL CONCLUSION

Based on the procedures performed, the Office of Management and Budget (OMB) generally complied with County procedures; however, improvements are needed in the recording of capital assets in the County Financial System (PeopleSoft). The issue was discussed with OMB and the County Auditor. A management action plan has been developed, which will address the issue identified by October 1, 2022.

Departmental Metrics

Budget	Adjusted (SFY22) (Divisions 201, 202, 203)		
	\$1,659,481,259		
Staffing	Total Number of Positions	Positions Not Filled	Number of Grant Funded Positions
	45	4	0
Travel Card	Quantity	Card Limit	Total Expenses For 5 Month Audit Period
	1	\$10,000	\$1,463
Retail Credit Account	Description	Quantity	Expenses During Audit Period (unaudited)
	Amazon	1	\$2,272
Capital Assets	Number of Assets	Total Asset Value	
	1592	3.9 Billion	

SCOPE AND OBJECTIVE

The procedures performed covered the 6-month period ended February 28, 2022. Pursuant to the Harris County Road Law, Section 10, the objectives of this engagement were to determine whether:

- A sample of the department's capital assets existed.
- Certain procurement and travel card expenditures complied with County procedure.
- System(s) access for the former executive leader was appropriately disabled.
- Petty cash reconciled to the imprest balance authorized by Commissioner's Court.

SUMMARY OF AUDIT ISSUES

Capital assets that are county-wide in nature have been assigned to OMB and the County has not developed a classification system to record county-wide assets in the financial records.

The audit issue, management's action plan to address the issue, and background information regarding this audit are discussed in more detail on the following pages. The audit issue is ranked based on the likelihood and impact of the risk to Harris County.

AUDIT ISSUE

ISSUE #1: Assets not recorded correctly in PeopleSoft [LOW]

What is the Issue: The OMB department has \$3.9 billion of capital assets recorded in their financial records. The majority of these capital assets are county-wide in nature.

Why it Happened: The County has not developed a classification system to record county-wide assets in the financial records.

Why it Matters: Failure to properly assign and record county-wide capital assets can lead to inaccurate asset records, the inability for County management to properly account for assets owned by their department, and misappropriation of County property.

What is Expected: Per Accounting Procedure A1-1, County departments are required to perform an annual inventory verification of all assets recorded on the County Inventory Listing.

What Action(s) are Suggested: County Auditor and OMB management should review OMB's capital assets to develop a process to record county-wide capital assets in PeopleSoft.

MANAGEMENT'S ACTION PLAN

Responsible Party: Mike Post and Daniel Ramos

The County Auditor and OMB will review county-wide assets currently assigned to OMB and come up with a plan on how to classify county-wide assets going forward.

Due Date: October 1, 2022.

BACKGROUND

Closeout audits are primarily performed to provide a newly elected or appointed official reasonable assurance that capital assets exist, and cash is accounted for pursuant to the Harris County Road Law.

The Harris County Road Law was originally passed in 1913 as a Special Law by the 33rd Legislature pursuant to Texas Constitution Article VIII. Section 10, Chapter 17 states that “Upon the death, resignation or retirement of any officer or employee, the Auditor shall require an accounting of all property of every kind of the County or its political subdivisions of which he has custody, possession, control or supervision...”

Pursuant to a County Attorney Opinion dated July 12, 2016, “the Harris County Auditor has the duty and the power to conduct a separation audit for every officer or employee of Harris County who terminates employment by death, resignation or retirement to account for all Harris County property within the employee’s custody, possession, control or supervision. It is within the discretion of the Auditor as to the scope of the detail and documentation necessary in each case.”

ACCOUNTABILITY

We conducted our audit 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.

The work performed required our staff to exercise professional judgment in completing the engagement’s scope. As the engagement’s scope did not include a detailed examination of all transactions, there is a risk that fraud, errors, or omissions were not detected during this engagement. The official, therefore, retains the responsibility for the accuracy and completeness of their financial records and for ensuring sufficient controls are in place to detect and prevent fraud, errors, or omissions.