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Audit Report

**AUDIT OF SECURITY ALARM
PERMITS AND FEES**
(Report No. A13-008)

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City Auditor

Craig D. Kinton

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Executive Summary

Internal controls over the Security Alarm (burglar and panic/hold-up alarms) Program are not sufficient to ensure security alarm data accuracy and compliance with City of Dallas (City) Code Chapter 15C, *Emergency Reporting Equipment and Procedures, Article I, Alarms Responded to by the Police Department* (Chapter 15C). The internal control deficiencies identified include both information technology and security alarm procedural controls. Specifically:

- The transition of the security alarm processing function from the Miscellaneous Accounts Receivable System (MARS) to the Systems, Applications and Products in Data Processing system (SAP) disrupted

security alarm billing, permit processing, and the enforcement of the security alarm ordinance from November 2008 to August 2010. As a result, from August 2009 to May 2010: (1) records of approximately 54,000 security alarm calls (including true, false, and cancelled alarms) were never processed from the Computer Aided Dispatch System (CAD) to SAP; (2) eligible false alarm fees (all panic alarms and more than three false burglar alarms per permit per year) were never billed; (3) when billing resumed false alarms were incorrectly billed at lower fee amounts; (4) the effectiveness of the false alarm fee as an incentive to permit holders to minimize false alarm calls was reduced; and, (5) the City experienced an estimated loss of \$861,000 to \$1.6 million from the unbilled or incorrectly billed false alarm fees.

In addition, the Dallas Police Department (DPD) could not verify the validity of security alarm permits to comply with Dallas City Code Section 15C-2 *Permit Required; Application; Fees; Transferability; False Statements* (Section 15-C-2) which requires DPD to refuse police response to any non-9-1-1 burglar alarm notification from a commercial or residential alarm site that does not have a valid alarm permit. As a result, between March 2009 and May 2010, DPD responded to approximately 29,000 non-permitted burglar alarms. According to DPD, the presence of

Primary Security Alarm Program Responsibilities

The DPD responsibilities include enforcing the requirements of Chapter 15C, receiving calls from alarm monitoring companies, and dispatching patrol units to alarm locations.

The SCD responsibilities include receiving and processing burglar and panic/hold-up alarm permit applications; issuing, renewing, and revoking alarm permits; sending bills for excessive false alarms and processing payments; and, receiving and processing payments from walk-in customers.

The DWU Payment Processing Division is responsible for receiving and depositing security alarm related payments received by mail.

The CAD and the SAP systems are the primary computerized data systems used by SCD and DPD Alarm Unit to process and record security alarm related transactions.

Source: City Code Chapter 15C, DPD, DWU

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- DPD officers adds public safety value; however, these officers could have been directed to other public safety matters had the SAP system been functioning as intended.
- The SAP security alarm data authorizations are not properly defined to ensure that both the Department of Dallas Water Utilities (DWU) Special Collections Division (SCD) and DPD personnel do not control all stages of the security alarm process. As a result, security alarm permits may be reinstated without proper applications, and permit and false alarm fees may not be consistently billed and collected.
 - The DPD and DWU do not have sufficient data validation rules for CAD security alarm permit numbers entered by the DPD Police Report Representatives who perform alarm call-taking duties. As a result, in Fiscal Year (FY) 2010 and FY 2011:
 - Department of Communication and Information Services (CIS) was unable to match 5,922 security alarms to alarm permit numbers in SAP, and an estimated \$252,000 associated with these false security alarms could not be billed in accordance with the schedule of fees prescribed by the Texas Local Government Code Section 214.197 *Penalties for False Alarms* and Dallas City Code Section 15C-12 *Service Fees; Payment Plan (Section 15C-12)*
 - A total of 103 alarm calls in SAP were matched to 90 non-security alarm permits and were never billed for approximately \$2,600
 - The SCD, DPD, and CIS do not monitor the completeness of daily transfers of security alarm data from CAD to SAP. As a result, 408 CAD security alarm records from June 27, 2010 to September 30, 2011 were not transferred from CAD to SAP.
 - The DPD Alarm Unit does not have sufficient internal controls in place to ensure that security alarm companies comply with Dallas City Code Section 15C-7.1 *Requirements for Alarm Companies* (Section 15C-7.1). The DPD Alarm Unit's enforcement of Section 15C-7.1 is limited to discussions with security alarm companies responsible for the locations with continued excessive false alarm problems. As a result of this limited approach, the City cannot confirm comprehensive compliance with Section 15C-7.1.
 - The DPD Police Report Representatives, who process non-9-1-1 calls from monitoring companies, do not create and keep records, such as the security alarm owner's name, permit number, and address, for burglar alarm locations that do not have a valid permit. As a result, the DPD

Alarm Unit cannot follow-up with the burglar alarm owners to sufficiently enforce City Code security alarm permit requirements.

- In FY 2010 and FY 2011, SCD incorrectly processed commercial permit applicants as residential permit applicants even though the applicants' locations were shown as "commercial" in SAP and in the Dallas County Appraisal District's (DCAD) records. As a result, the City did not receive the correct permit fee revenue.

In addition, during the audit period, nine permits were issued to locations outside of the City. As a result, permits were issued to locations where the City does not have the authority or jurisdiction to provide police response to security alarm signals.

- The SCD does not charge persons in control of security alarm systems who do not have a valid permit in accordance with City Code Section 15C-12 (see Table VI on page 28). Instead, SCD charges a flat fee of \$50 for each false burglar alarm call and a flat fee of \$100 for each panic/hold-up alarm call. As a result, the City is not receiving the proper amount of false alarm fee revenue.

We recommend the Director of DWU and the Chief of Police, in cooperation with the Director of CIS, improve the security alarm information technology and procedural controls by addressing the recommendations made throughout this report.

The objective of the audit was to evaluate the controls over the City's Security Alarm Program to determine whether the controls are sufficient to ensure data accuracy and compliance with Chapter 15C. The audit scope covered security alarm related transactions occurring from October 1, 2009 through September 30, 2011. We also reviewed certain related transactions and records before and after that period.

Management's response to this report is included as Appendix III.

Auditor Follow-Up Comments

While management agreed with all or portions of 12 of the 13 recommendations included in this report, several statements included in the response deserve comment.

Management's assertion that *"the most significant issues identified in this report were remediated three (3) years ago"* is not accurate. Eleven of the 12 recommendations management agreed to implement are shown as either

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implemented or to be implemented in FY 2013 or the first quarter of FY 2014. The 13 recommendations included in this report address opportunities to improve internal controls through improved segregation of duties, data validation and monitoring, as well as opportunities to strengthen enforcement of compliance with Chapter 15C for alarm monitoring companies and alarm permit holders.

Management challenged the methodology used to estimate the \$861,000 to \$1.6 million loss resulting from unbilled or incorrectly billed false alarm fees noting that total alarm fees (permits and false alarms) increased from FY 2009 to FY 2010. Management, however, does not dispute the billing process was disrupted from November 2008 to August 2010 or that for ten months of that period approximately 54,000 false alarm calls (including true, false, and cancelled) were never processed for billing consideration. While total alarm fees increased from \$3.7 million in FY 2009 to \$4.2 million in FY 2010, the totals for both years remained significantly below the \$4.9 million total in FY 2008 which was prior to the SAP system conversion (25 percent and 15 percent respectively).

Management disagreed with one recommendation and portions of two other recommendations directed to improving citizen and burglar alarm monitoring companies' compliance with the Ordinance. The effectiveness of the Ordinance as a tool to reduce the number of false alarm calls reported to DPD is enhanced with strong enforcement. We encourage DPD to continue to consider additional options to strengthen compliance with the Ordinance.

Audit Results

Overall Conclusions

Internal controls over the Security Alarms (burglar and panic/hold-up alarms) Program are not sufficient to ensure security alarm data accuracy and compliance with City of Dallas (City) Code Chapter 15C, *Emergency Reporting Equipment and Procedures, Article 1, Alarms Responded to by the Police Department* (Chapter 15C). The internal control deficiencies identified include both information technology and security alarm procedural controls.

Section I: Security Alarm Information Technology Controls

Transition to a New Billing System Disrupted Billing, Permitting, and Enforcement of the Security Alarm Ordinance

The transition of the security alarm processing function from the Miscellaneous Accounts Receivable System (MARS) to the Systems, Applications and Products in Data Processing System (SAP) disrupted security alarm billing, permit processing, and the enforcement of Dallas City Code Section 15C-2 *Permit Required; Application; Fees; Transferability; False Statements* (Section 15C-2) (see text box) from November 2008 to August 2010. As a result:

- The security alarm billing process was disrupted for 288 days from August 2009 to May 2010¹
 - Records of approximately 54,000 security alarm calls (including true, false, and cancelled alarms) were never processed from the Computer Aided Dispatch System (CAD) into SAP and eligible false alarm fees (all panic alarms and more than three false burglar alarms per permit per year) were never billed

Dallas City Code Section 15C-2

The Chief of Police shall refuse police response to any burglar alarm notification from a commercial or residential alarm site that does not have a valid alarm permit, unless the alarm notification was: (1) a duress alarm; (2) a hold-up alarm; (3) a panic alarm; or (4) reported to a 9-1-1 emergency telephone number or to the police department by a person other than an alarm company.

Source: Dallas City Code

¹ The processing of burglar alarms was disrupted from August 5, 2009 through May 20, 2010. The processing of panic/hold-up alarms was disrupted from August 5, 2009 through April 25, 2010.

- False alarms were billed at lower fee amounts when billing resumed in April 2010 because the disruption resulted in a lower count of false alarms per permit in SAP

The effectiveness of the false alarm fee as an incentive to permit holders to minimize false alarm calls was reduced and the City experienced an estimated loss of \$861,000 to \$1.6 million from the unbilled or incorrectly billed false alarm fees.

- Permit issuance, revocations, and renewals were either not processed or not processed timely. As a result, between March 2009 and August 2010 the Dallas Police Department (DPD) was unable to:
 - Verify the validity of security alarm permits to comply with Dallas City Code Section 15C-2
 - Enforce City Code Section 15C-2 by refusing to respond to non-permitted locations. As a result, between March 2009 and May 2010, DPD responded to approximately 29,000 non-permitted burglar alarms. According to DPD, the presence of DPD officers adds value; however, these officers could have been directed to other public safety matters had the SAP system been functioning as intended.

Management's decision to interrupt the security alarm billing process and to forego the associated security alarm revenue appears to be the result of the following:

- Numerous security alarm permit processing and false alarm billing problems identified during the implementation of the SAP module for the Security Alarms Program (Program)
- An alternative means of processing security alarm permits and billing false alarm fees outside of SAP was not available
- Formal communication with executive City management regarding the impact and duration of the SAP outage did not occur

The System Development Life Cycle (SDLC) controls in the Control Objectives for Information and related Technology (COBIT) (A17), *Install and Accredit Solutions and Changes*, states: "New systems need to be made operational once development is complete. This requires proper testing in a dedicated environment with relevant test data, definition of rollout and migration instructions, release planning and actual promotion to production, and a post

implementation review. This assures that operational systems are in line with the agreed-upon expectations and outcomes.”

The Federal Information System Controls Audit Manual (FISCAM) requires that organizations develop a business continuity plan that focuses on sustaining an organization’s business functions during and after a disruption. In addition, a business impact analysis should be conducted to:

- 1) Identify and rank critical information technology resources
- 2) Identify outage impact and allowable outage times
- 3) Develop recovery priorities
- 4) Obtain senior management’s agreement with 1-3 above

The purpose of the business impact analysis is to correlate specific system components with the critical services that they provide and, based on that information, to characterize the consequences if system components were to be disrupted.

Emergency processing priorities should be established in conjunction with identifying and ranking critical functions. The entity should develop a plan for restoring critical operations. The plan should clearly identify the order in which various aspects of processing should be restored, who is responsible, and what supporting equipment or other resources will be needed.

Recommendation I

We recommend the Director of the Department of Communication and Information Services (CIS) strengthen SDLC controls to ensure that new software and/or systems provide the intended functionality before being placed into operation.

Recommendation II

We recommend the Chief of Police, in conjunction with the Directors of CIS and the Department of Dallas Water Utilities (DWU), develop information technology related contingency operation plans for the Program which includes:

- Issuing permits and billing for false alarm calls

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- Documenting escalation procedures which include input from executive City management, regarding business impact analysis and recovery priorities and requirements for formal documentation of decisions

Please see Appendix III for management's response to the recommendations.

Security Alarm Data Authorization Is Not Properly Defined

The SAP security alarm data authorizations are not properly defined to ensure that both DWU Special Collections Division (SCD) and DPD personnel do not control all stages of the security alarm process. As a result, security alarm permits may be reinstated without proper applications, and permit and false alarm fees may not be consistently billed and collected.

The DPD personnel who have the responsibility for the enforcement of the security alarm ordinance have the ability to access and edit billing data and access the processes that are SCD personnel responsibilities, such as:

- Issue, renew, and reinstate security alarm permits
- Revoke, cancel, or delete security alarm permits
- Bill fees for false security alarms

Although these are designated SCD responsibilities, DPD personnel have also performed some of these billing processes. A random sample of permits (47 of 722) revoked for exceeding the allowable number of false security alarms and then reinstated, showed that four of these permits, or nine percent, were reinstated by DPD. Data analysis revealed at least 55 instances of false alarm fee invoices, or approximately \$4,700, were cancelled by DPD without SCD's knowledge and without sufficient documentation.

Authorization controls are used to allow or prevent actions by a specific user based on predefined rules. Inadequately segregated duties increase the risk that erroneous or fraudulent transactions could be processed and/or improper program changes could be implemented.

Recommendation III

We recommend the Director of DWU evaluate current SCD and DPD data authorizations within SAP and ensure that authorizations are appropriate for each user's responsibilities.

Authorization Controls

Authorization includes the principles of legitimate use, least privilege, and segregation of duties.

Legitimate Use – Logical controls restrict legitimate users to the specific systems, programs, and files that they need

Least Privilege – Access should be limited to individuals with a valid business purpose

Segregation of Duties – Work responsibilities should be segregated so that one individual does not control all critical stages of a process

Source: Federal Information Systems Controls Audit Manual (FISCAM)

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Please see Appendix III for management's response to the recommendation.

Data Validation Rules Are Not Sufficient for Security Alarm Permits

The DPD does not have sufficient data validation rules for CAD security alarm permit numbers entered by the DPD Police Report Representatives who perform alarm call-taking duties. As a result, DPD Police Report Representatives have the ability to and do record erroneous permit numbers in CAD, making matching security alarm incident records in CAD to permit records in SAP for false security alarm billing less effective.

The DWU also does not have sufficient data validation rules to: (1) ensure that SAP only accepts valid security alarm permit numbers for processing; and, (2) that these permit numbers are only matched to security alarm permits and not to permits in other permit classifications, i.e., building permits, fire permits, liquor license, multi-tenant license, etc.

Audit analysis showed:

- The CIS was unable to match 5,922 security alarms to alarm permit numbers in SAP, and an estimated \$252,000 associated with these false security alarms could not be billed in accordance with the schedule of fees prescribed by the Texas Local Government Code Section 214.197 *Penalties for False Alarms* and Dallas City Code Section 15C-12 *Service Fees; Payment Plan* (Section 15C-12)
- A total of 103 alarm calls in SAP were matched to 90 non-security alarm permits and were never billed for approximately \$2,600

Without sufficient data validation rules, DPD resources may not be used effectively and efficiently. For example, in FY 2010 and FY 2011, DPD responded to 22,685 of 79,044 burglar alarms, or 29 percent, from security alarm owners with no valid permit. These burglar alarms were reported to the DPD service desk by security alarm monitoring companies via a non-9-1-1 telephone number designated by the Chief of Police (See Table I on page 13).

Table I

DPD Alarms Recorded FY 2010 – FY 2011

Alarm Type	Responded to by DPD		Cancelled Prior to DPD Arrival		Total
	Non-9-1-1	911	Non-9-1-1	911	
Residential Burglar Alarm	41,879	301	11,236	30	53,446
Commercial Burglar Alarm	36,921	375	7,008	43	44,347
Burglar Alarm Unknown	244	2,022	85	249	2,600
Sub-Total Burglar	79,044	2,698	18,329	322	100,393
Residential Panic Alarm	5,789	501	248	8	6,546
Commercial Hold-Up Alarm	5,624	353	400	24	6,401
Sub-Total Panic/Hold-Up	11,413	854	648	32	12,947
Total All Alarms	90,457	3,552	18,977	354	113,340

Source: CAD

According to Dallas City Code Section 15C-2, the Chief of Police shall refuse police response to any alarm notification from a commercial or residential alarm site that does not have a valid alarm permit, unless the alarm notification was: (1) a duress alarm; (2) a hold-up alarm; (3) a panic alarm; or, (4) reported to a 9-1-1 emergency telephone number or to the police department by a person other than an alarm company. According to DPD, the department responds to all burglar alarms regardless of the permit status when a particular type of business or a certain area of the City becomes a target for burglaries; however, these decisions are not documented in CAD.

According to FISCAM, input data should be validated and edited to provide reasonable assurance that erroneous data is prevented or detected before processing. Edits can include programming to identify and correct invalid field lengths or characters, missing data, incorrect data, or erroneous dates.

Recommendation IV

We recommend the Chief of Police, the Director of DWU, and the Director of CIS:

- Introduce additional CAD data validation rules for the security alarm permit numbers to enforce the correct permit number format recording by DPD Police Report Representatives

- Introduce additional data validation checks in SAP to ensure proper permit classification

Recommendation V

We recommend the Chief of Police:

- Enforce Dallas City Code Section 15C-2 by ensuring that DPD does not respond to alarms from locations without valid burglar alarm permits
- Document in CAD, DPD decisions to disregard the permit status when responding to burglaries of a targeted location or type

Please see Appendix III for management's response to the recommendations.

Security Alarm Data Monitoring Is Not Adequate

The SCD, DPD, and CIS do not monitor the completeness of daily transfers of security alarm data from CAD to SAP. As a result, 408 CAD security alarm records from June 27, 2010 to September 30, 2011 were not transferred from CAD to SAP. The reason the security alarm records were not transferred was not always evident; however, the CIS determined that some security alarm records were not transferred because the text fields exceeded 256 bytes.

In addition, the SCD does not routinely monitor SAP data to ensure that security alarm permit activations, renewals, reinstatements, and revocations are processed accurately and completely and to ensure that SAP permit data is reliable (see textbox below). As a result, accurate and complete applications are not always obtained, fees are not consistently collected, revocation letters are not always sent, and SAP data anomalies are not always detected and corrected.

Security Alarm Activations

A judgmental sample of 120 permits activated in FY 2010 through FY 2011 showed:

- Thirty six permits, or 30 percent, were activated by SCD in order to cancel the permits in SAP, resulting in data reliability issues
- Nineteen permit activations, or 16 percent, that the required paper applications could not be located
- Fourteen permit applications, or 12 percent, that the permit fees were processed incorrectly or the permit fees were not collected
- Six permits, or five percent, that SCD activated the permits either in error or to correct other procedural errors

Security Alarm Data Monitoring

The SCD monitoring is omitted or incomplete for the following:

- Applications and required payments are received prior to permit activation
- Permits expire in SAP on the 366 day if the permit is not renewed
- Permits with more than eight false security alarms within the preceding 12 months are revoked
- Bills are issued for all false security alarms
- Fees are received for all false security alarms
- Renewal and revocation letters are mailed timely to all permit holders

Source: Audit Analysis

Security Alarm Reinstatements

A random sample of permits (47 of 722) revoked for exceeding the allowable number of false alarms and then reinstated, showed that one permit, or two

percent, was reinstated without collecting the required fees. We estimate that 15 out of 722 permits were reinstated without collecting the required fees in FY 2010 and FY 2011.

Security Alarm Revocations

Print records of revocation letters could not be located for the revocations that occurred prior to July 11, 2010. A judgmental sample of 29 revocations, from a population of 735 revocations performed by SCD after July 11, 2010², showed nine revocations, or 31 percent, where there is no print record of a revocation letter.

Data analysis also showed additional data anomalies, including:

- Seventy eight permits that were not renewed within one year after the date of permit issuance show a status of “Active” even though the SAP System is programmed to automatically show permits as “Expired” on the 366th day if the permits have not been renewed
- One hundred and twenty-nine expired permits show their current status as “Expired” on one SAP screen and as “Active” on another SAP screen
- Seven permits eligible for revocation due to the accumulation of an excessive number of false alarms were not revoked

According to FISCAM, proper data processing controls require:

- Automated checking of data received from feeder systems, such as CAD into SAP, to ensure records processed in both systems match, or if not, an exception report is generated and used to ensure data processing completeness
- Data monitoring to ensure the reliability of computer-processed data because transactions may not be processed completely or accurately as a result of errors or inconsistencies in data, system interruptions, communication failures, or other events

According to City Code:

- Section 15C-2 – every holder of an alarm permit, or the person in control of the alarm system, shall pay a specified fee for false alarm notifications emitted from the alarm site

² This number excludes 29 erroneous revocations that were immediately rescinded and did not require a revocation letter.

- Section 15C-13, *Revocation of an Alarm Permit, (a) (4)* – the Chief of Police may revoke a security alarm permit if the alarm system has had eight or more false alarms within the preceding 12 months
- Section 15C-14, *Notice of Denial or Revocation of a Permit; Appeals* – if the Chief of Police revokes a permit, the Chief of Police shall send to the permit holder a revocation letter by certified mail, return receipt requested, written notice of the action and a statement of the right to an appeal

Recommendation VI

We recommend the Chief of Police, in cooperation with the Directors of DWU and CIS, develop data validation procedures to ensure that daily security alarm data transfer from CAD to SAP is complete and accurate.

Recommendation VII

We recommend the Director of DWU:

- Ensure security alarm permits are processed accurately and completely, and the associated fees are collected by routinely monitoring SAP data accuracy and completeness
- Improve data reliability by working with CIS to determine if permits can be cancelled in SAP without first activating the permits

Recommendation VIII

We recommend the Director of DWU and the Chief of Police improve SAP data monitoring procedures to ensure that required revocation letters are sent for all security alarm revocations.

Please see Appendix III for management's response to the recommendations.

Section II: Security Alarm Procedural Controls

Alarm Company Compliance with City Code Is Not Sufficiently Enforced

The DPD Alarm Unit does not have sufficient internal controls in place to ensure that security alarm companies comply with Dallas City Code Section 15C-7.1, *Requirements for Alarm Companies* (Section 15C-7.1) (see textbox). Although the DPD Alarm Unit receives information/notifications from alarm companies, DPD does not record, verify, or otherwise process the information to identify and pursue noncompliance. The DPD Alarm Unit's enforcement of Section 15C-7.1 is limited to discussions with security alarm companies responsible for the locations with continued excessive false alarm problems. As a result of this limited approach, the City cannot confirm comprehensive compliance with Section 15C-7.1.

**Dallas City Code
Section 15C-7.1**

An alarm company (person who sells, installs, services, or monitors an alarm system) shall confirm that a valid alarm permit has been issued by the City for an alarm site before:

- Performing any alarm system conversion at the alarm site
- Activating any alarm system installed at the alarm site

An alarm company that has a contract with a permit holder or person in control of an alarm system shall send a certification to the Chief of Police within 30 days after performing or causing the performance of an alarm system installation, activation, or conversion.

Source: Dallas City Code

Internal controls provide the City Council and management with reasonable assurance that the City is achieving Section 15C-7.1 compliance objectives.

Recommendation IX

We recommend the Chief of Police ensure DPD Alarm Unit internal controls are sufficient for recording and verifying the accuracy of notifications from alarm companies to identify and pursue all alarm companies that have not complied with the Dallas City Code Section 15C-7.1.

Please see Appendix III for management's response to the recommendation.

Security Alarm Call-Taking Procedures Are Not Sufficient

The DPD Police Report Representatives, who process non-9-1-1 calls from monitoring companies, do not create and keep records, such as the security alarm owner's name, permit number, and address, for burglar alarm locations that do not have a valid permit. As a result, the DPD Alarm Unit cannot follow-up with the burglar alarm owners to sufficiently enforce City Code security alarm permit requirements (see textbox). (Note: City Code Section 15C-7, *Monitoring Procedures*, requires security alarm monitoring companies to report alarms via a telephone number designated by the Chief of Police.)

DPD Burglar Alarm Dispatch Procedures
<ul style="list-style-type: none">• Obtain a security alarm permit number from the caller• Verify that the City's SAP System shows the security alarm permit has an "Active" status• Record the security alarm permit number and the alarm location in CAD• Send DPD patrol to respond to the security alarm
Source: DPD

In contrast, the DPD dispatch procedures for panic/hold-up alarms received from monitoring companies require DPD to record the owner's name and address; however, DPD is not required to verify and record the permit numbers. Without panic/hold-up alarm permit numbers, SAP cannot reliably match permits to alarms for billing purposes. As a result, the DPD Alarm Unit spends a significant amount of its work time on manual review and matching of alarm locations to permit locations.

The DPD Police Report Representatives process security alarm calls from monitoring companies according to DPD dispatch procedures for burglar alarms (see textbox). If the DPD Police Report Representatives cannot find the callers permit number in SAP, or if SAP shows the permit as "Expired" or "Revoked", Police Report Representatives are supposed to refuse DPD response and terminate the call without creating any record. The DPD does respond to all panic/hold-up alarms and to any alarms received via 9-1-1 without exception.

According to Dallas City Code Section 15C-2, a person commits an offense if he operates an alarm system at a commercial or residential alarm site without a valid alarm permit. Proper record-keeping helps to ensure that citizens comply with laws and regulations and that the City is delivering and billing for services.

Recommendation X

We recommend that the Chief of Police require DPD Police Report Representatives to:

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- Keep a record of all non-9-1-1 security alarm monitoring company calls from locations without valid permits and use this information to pursue violators of the security alarm permit requirements
- Record the permit number for panic/hold-up alarms received from non-9-1-1 security alarm monitoring company calls to DPD service desk

Please see Appendix III for management's response to the recommendations.

Permit Processing Procedures Are Inadequate

In FY 2010 and FY 2011, SCD incorrectly processed commercial permit applicants as residential permit applicants. A judgmental sample of 30 of 192 “commercial” premises with active “residential” security alarm permits in SAP showed 27, or 90 percent, paid a \$50 residential permit fee rather than the \$100 commercial permit fee. The commercial permit applicants’ locations were shown as “commercial” in SAP and in the Dallas County Appraisal District’s (DCAD) records. As a result, the City did not receive the correct permit fee revenue.

In addition, during the audit period, nine permits were issued to locations outside of the City. As a result, permits were issued to locations where the City does not have the authority or jurisdiction to provide police response to security alarm signals.

The SCD permit processing procedures do not require SAP validation of the:

- Residential or commercial status of the permit applicants
- Permit applicants’ security alarm location addresses

City Code Section 15C-2 specifies the nonrefundable fee for an annual permit, a permit renewal, or a permit reinstatement is \$50 for a residential alarm site and \$100 for a commercial alarm site. According to FISCAM, input data should be validated to provide reasonable assurance that erroneous data is prevented or detected before processing. Inadequate input controls result in incomplete, inaccurate, or invalid records.

Recommendation XI

We recommend the Director of DWU ensure SCD permit processing procedures include SAP validation of the:

- Residential or commercial status of permit applicants
- Security alarm system location within the Dallas City limits

Recommendation XII

We recommend the Director of DWU direct SCD to cancel security alarm permits issued to locations outside of the City limits and refund the associated permit fees.

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Please see Appendix III for management's response to the recommendations.

False Alarm Fees Are Not Charged in Accordance with City Code

The SCD does not charge persons in control of security alarm systems who do not have a valid permit in accordance with City Code Section 15C-12 (see Table VI on page 28). Instead, SCD charges a flat fee of \$50 for each false burglar alarm call and a flat fee of \$100 for each panic/hold-up alarm call. As a result, the City is not receiving the proper amount of false alarm fee revenue.

It was not clear why SCD adopted the practice of charging a flat fee for both residential and commercial alarms instead of the fees specified in Section 15C-12.

Section 15C-12 prescribes the same service fees to be paid by the holder of an alarm permit or the person in control of a burglar alarm system at a commercial or residential alarm site (see Table VI on page 28).

Recommendation XIII

We recommend that the Director of DWU work with the City Attorney to ensure fees charged for false alarms are in accordance with City Code Section 15C-12.

Please see Appendix III for management's response to the recommendation.

Background, Objective, Scope and Methodology

Background

Security Alarm Program

The Dallas Police Department (DPD) and the Department of Dallas Water Utilities (DWU) Special Collections Division (SCD) are primarily responsible for the City of Dallas' (City) Security Alarm (burglar and panic/hold-up alarms) Program:

- The DPD responsibilities include:
 - Enforcing the requirements of Dallas City Code Chapter 15C, *Emergency Reporting Equipment and Procedures*
 - Receiving calls from alarm monitoring companies
 - Dispatching patrol units to alarm locations
- The SCD responsibilities include:
 - Receiving and processing burglar and panic/hold-up alarm permit applications
 - Issuing, renewing, and revoking alarm permits
 - Sending bills for excessive false alarms and processing payments
 - Receiving and processing payments from walk-in customers

The DWU Payment Processing Division is responsible for receiving and depositing security alarm related payments received by mail.

The Computer Aided Dispatch System (CAD) and the Systems, Applications and Products in Data Processing System (SAP) are the primary computerized data systems used by SCD and DPD Alarm Unit to process and record security alarm related transactions.

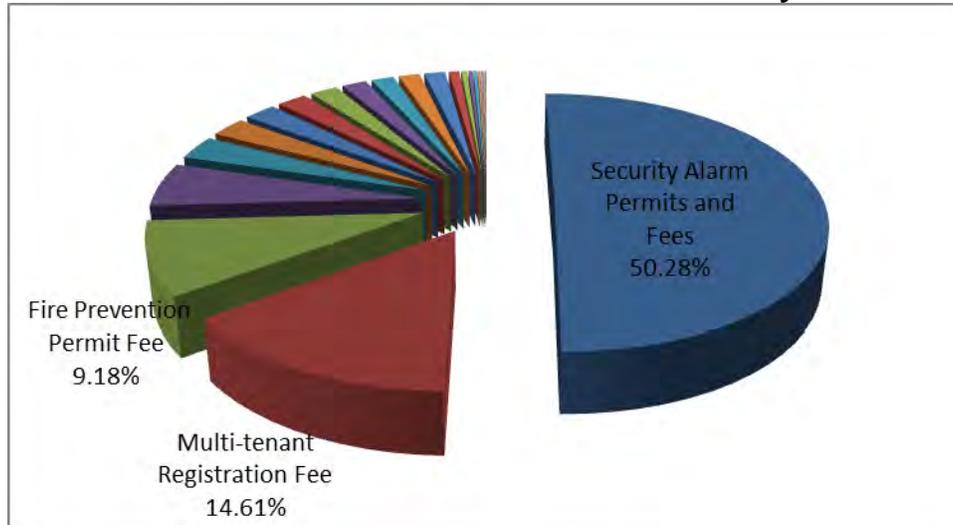
**An Audit Report on –
Security Alarm Permits and Fees**

Security Alarm Permit and Fee Revenue

In Fiscal Year (FY) 2011, Security Alarm Permit and Fee revenue of \$4.2 million comprised approximately 50 percent of the total permit and fee revenues of \$8.3 million collected by the SCD of DWU (see Chart I and Table II below).

Chart I

FY 2011 Permit and Fee Revenue Collected by SCD



Source: Advantage 3 Budget vs. Actual reports (as of December 2011)

Table II

Permit and Fee Revenue Collected by SCD in FY 2011

Permits and Fees	Revenue	Percent
Security Alarm Permits and Fees	\$ 4,174,908	50.28
Multi-tenant Registration Fees	1,213,547	14.61
Fire Prevention Permit Fees	762,331	9.18
Biomedical Telemetry Monitor Fees	458,463	5.52
Public Swimming Pool Permit Fees	250,248	3.01
Motor Vehicle Repair Licenses	208,812	2.52
Liquor Licenses	188,329	2.27
Home Repair Licenses	175,966	2.12
Multi-Tenant Re-Inspection Fees	163,815	1.97
Dance Halls Licenses	144,125	1.74
Fire Re-inspection Fees	134,025	1.61
Beer Licenses	122,210	1.47
Scrap Tire License Fees	121,755	1.47
All Others (each less than 1%)	185,419	2.23
Grand Total	\$ 8,303,953	100.00

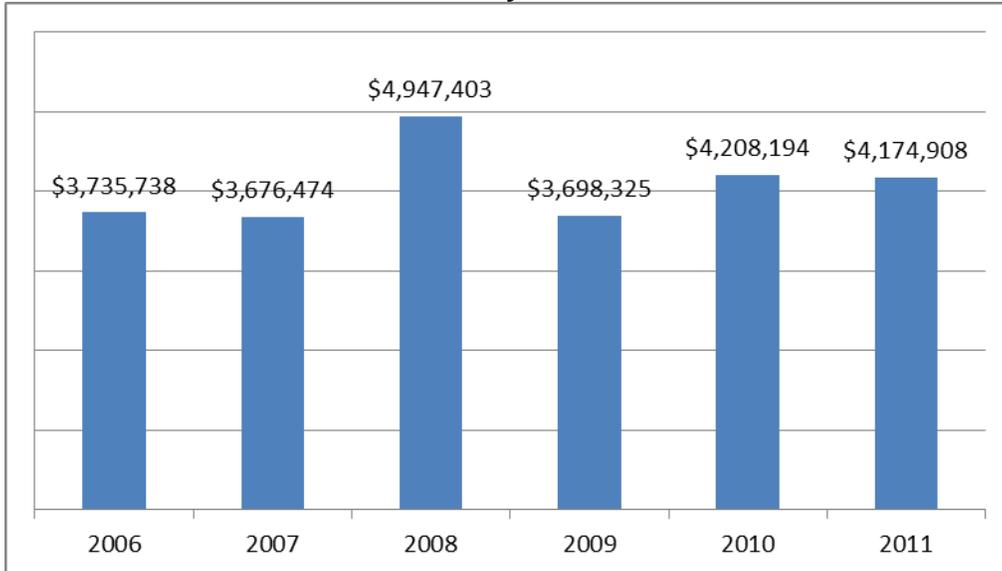
Source: Advantage 3 Budget vs. Actual reports (as of December 2011)

**An Audit Report on –
Security Alarm Permits and Fees**

Security Alarm Permit and Fee collections have not achieved FY 2008 collection levels (see Chart II below). In FY 2009, the City experienced a decrease in security alarm permit and fee revenue due to the problems that accompanied the City’s conversion to SAP.

Chart II

Six-Year Trend of Actual Security Alarm Permit and Fee Revenue



Source: Advantage 3 General Ledger System

Statutory Authority to Collect Security Alarm Fees

Texas Local Government Code, Title 7. *Regulation of Land Use, Structures, Businesses, and Related Activities, Subtitle A. Municipal Regulatory Authority, Chapter 214: Municipal Regulation of Housing and Other Structures, Subchapter F: Burglar Alarm Systems* provides regulations for devices that transmit signals intended to summon police of a municipality in response to a burglary and allows the municipality to require burglar alarm permits. Subchapter F also prescribes the maximum fees a municipality can assess a permit holder, the duration of a permit, etc. In accordance with the Texas Local Government Code and Dallas City Code, Chapter 15C, *Emergency Reporting Equipment and Procedures, Article I. Alarms Responded to by the Police Department* requires all security alarm owners to obtain and annually renew a security alarm permit.

**An Audit Report on –
Security Alarm Permits and Fees**

Security Alarm Permits

As of March 2012, SAP showed a total of 104,805 security alarm permits, of which 58 percent were in compliance with City Code Section 15C-2, *Permit Required; Application; Fees; Transferability; False Statements* (Section 15C-2) (a), which requires a valid permit for each alarm system. On the other hand, 42 percent of security alarm permits either expired or were revoked for excessive number of false alarms (see Table III below).

Table III

Security Alarm Permit Status

Status Description	Count	Percent
Security alarm systems with valid permits	61,056	58.26
Expired	43,568	41.57
Revoked	181	0.17
Total	104,805	100.00

Source: SAP data as of March 2012

Residential burglar alarm systems that automatically transmit an alarm signal in response to a burglary comprise the majority of alarm systems registered in the City. Panic/hold-up alarm systems that initiate an alarm signal by pressing a “panic” button are not as widespread (see Table IV below).

Table IV

Security Alarm Systems by Type

Alarm Type	Burglar	Combination	Panic/ Hold-Up	Not Assigned	Grand Total
Residential Alarm – Single Family Residence	38,457	23,569	123	19,902	82,051
Commercial Alarm	12,665	4,034	124	2,545	19,368
Apartment Complex – Residential Unit	1,655	998	10		2,663
Apartment Complex – Nonresidential Areas	373	86	4		463
Apartment Master Permit	227	31	2		260
Grand Total	53,377	28,718	263	22,447	104,805

Source: SAP data as of March 2012

**An Audit Report on –
Security Alarm Permits and Fees**

Security Alarm Calls

In FY 2010 and FY 2011, DPD recorded a total of 113,340 security alarm calls, of which 19,331 were cancelled prior to the arrival of DPD response teams. Of the remaining 94,009 alarms, 93,364 were false alarms, and only 645, or 0.69 percent, were true alarms (see Table V below).

Table V

Security Alarms by Alarm Type and Status				
Alarm Type	False	True	Cancelled	Total
Residential Burglar Alarm	41,930	250	11,266	53,446
Commercial Burglar Alarm	36,948	348	7,051	44,347
Burglar Alarm Unknown	2,249	17	334	2,600
Residential Panic Alarm	6,273	17	256	6,546
Commercial Hold-Up Alarm	5,964	13	424	6,401
Total	93,364	645	19,331	113,340

Source: DPD CAD data as of March 2012

To minimize the number of false alarms, the City Code provides for false alarm fees to be charged to the owners of security alarm systems (see Table VI below).

Table VI

False Alarm Fees by Type			
Alarm Type	Number of False Alarms (preceding 12-month period)	Residential False Alarm Fee	Commercial False Alarm Fee
Burglar Alarm	1 to 3	No fee	No fee
	4 to 6	\$ 50	\$ 50
	7 to 8	75	75
	9 or more	100	100
Panic/Hold-Up Alarm	1	100	100
	2	100	200
	3	100	300
	4 or more	100	400

Source: City Code Section 15C-12 *Service Fees; Payment Plan*

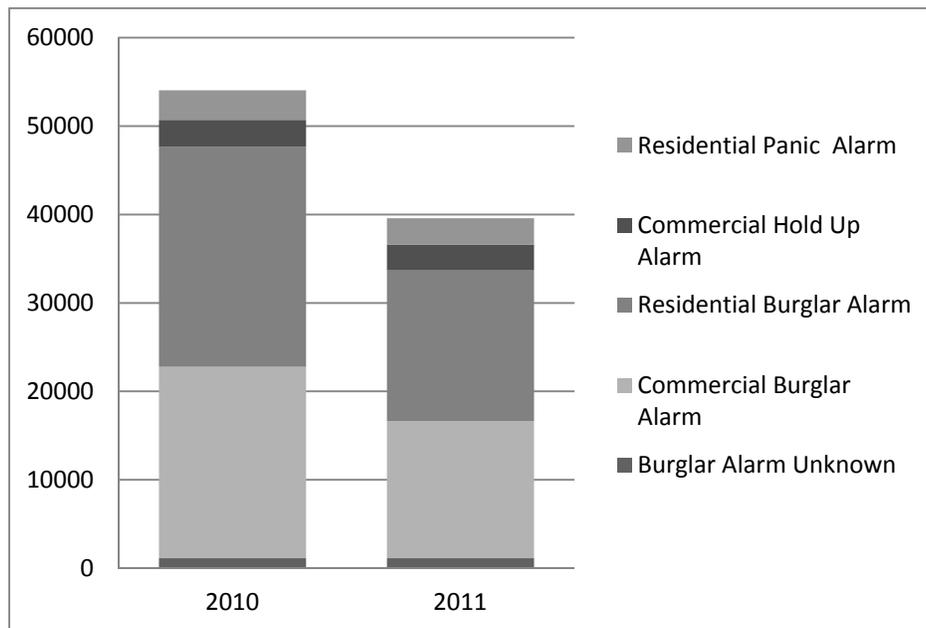
**An Audit Report on –
Security Alarm Permits and Fees**

In addition, City Code provides for the revocation of security alarm permits when a security alarm system has accumulated eight or more false alarms in the preceding 12-month period.

In FY 2011, DPD responded to 27 percent fewer security alarm calls than in FY 2010 after resuming in August 2010 the policy of refusing to respond to non-permitted burglar alarm locations.

Chart III

False Alarm Calls by Type in FY 2010 and FY 2011



Source: CAD

City Code Chapter 15C, Section 15C-2 states: (a) a person commits an offense if he operates or causes to be operated an alarm system at a commercial or residential alarm site without a valid alarm permit issued under this article. A separate permit is required for each alarm site; and, (b) The chief shall refuse police response to any alarm notification from a commercial or residential alarm site that does not have a valid alarm permit, unless the alarm notification was: (1) a duress alarm; (2) a hold-up alarm; (3) a panic alarm; or, (4) reported to a 9-1-1 emergency telephone number or to the police department by a person other than an alarm company.

City Code Chapter 15C, Section 15C-16. *Violations; Penalty; Corporations, Partnerships and Associations* includes a penalty for operating an alarm without a valid permit in the amount of “not more than \$500 and not less than \$200 for the first conviction and \$250 for the second and each subsequent conviction.”

Objective, Scope and Methodology

This audit was conducted under authority of the City Charter, Chapter IX, Section 3 and in accordance with the Fiscal Year 2011 Audit Plan approved by the City Council. This performance audit was conducted 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 findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The objective of the audit was to evaluate the controls over the City's Security Alarm Program to determine whether the controls are sufficient to ensure data accuracy and compliance with Chapter 15C. The audit scope covered security alarm related transactions occurring from October 1, 2009 through September 30, 2011. We also reviewed certain related transactions and records before and after that period.

To achieve the audit objective, we performed the following procedures:

- Reviewed and analyzed Texas Local Government Code, Chapter 214: *Municipal Regulation of Housing and Other Structures, Subchapter F: Burglar Alarm Systems*
- Reviewed and analyzed Chapter 15C
- Reviewed and analyzed DWU and DPD policies and procedures related to security alarms
- Performed data mining and other related analysis of SAP and CAD data related to security alarms
- Interviewed personnel from DPD, DWU, and CIS
- Analyzed AMS Advantage 3 General Ledger System data

Major Contributors to This Report

Carol A. Smith, CPA, CIA, CFE, CFF – First Assistant City Auditor
Anatoli Douditski, CIA, Project Manager
Theresa Hampden, CPA - Quality Control Manager

Management's Response

Memorandum

RECEIVED

MAY 17 2013

City Auditor's Office



DATE: May 17, 2013

TO: Craig D. Kinton, City Auditor

SUBJECT: Response to Audit Report: Audit of Security Alarm Permits and Fees

The most significant issues identified in the audit were remediated three (3) years ago. These issues included implementing a new Information Technology control framework to ensure that new software and/or systems provide the intended functionality before being placed into operation, making corrections to account alarm data, and resumption of DPD's process of verifying valid alarm permits prior to responding to security alarms called in by alarm companies. Because of SAP data conversion issues experienced in late 2008 and, more importantly, in the interest of public safety, DPD chose to respond to all burglar alarms. City management made a business decision to not issue potentially inaccurate false alarm call invoices to customers.

While management recognizes there may have been a revenue loss from false alarm fees, the auditor's use of certain historical data to project an estimated revenue loss may not be an accurate reflection of citizen payment behavior and payment patterns during the audit period. As an interesting note, during the period of August 2009 to April 2010, when false alarm fees were not billed, combined revenue from false alarm call fees and alarm permit fees actually increased (i.e. FY 08-09 revenue was \$3,698,124 and FY 09-10 revenue was \$4,208,194).

History of Events:

- November 2008 - The City transitioned alarm permit and fee billing from a mainframe system to SAP Enterprise Resource Planning. After the transition, data issues in SAP were identified such that DPD was unable to reliably determine if a valid alarm permit existed for some addresses.
- March 2009 - In the interest of public safety, DPD began responding to all security alarms.
- August 2009 - The City discontinued billing for false alarm calls because there was concern that inaccurate invoices could be issued.
- April 2010 - The SAP system was corrected and the City resumed billing for false alarm calls.
- May 2010 - DPD resumed verifying that an address held a valid alarm permit prior to responding to security alarms called in by alarm companies.

Management welcomes the recommendations in this audit to further enhance future operations.

Our responses to the individual audit report recommendations are as follows:

Recommendation I

We recommend the Director of the Department of Communication and Information Services (CIS) strengthen SDLC controls to ensure that new software and/or systems provide the intended functionality before being placed into operation.

Management Response / Corrective Action Plan

Agree Disagree

Beginning in 2010, CIS took steps to strengthen the controls for deploying new systems by developing Release and Deployment standards and procedures based on Information Technology Infrastructure Library (ITIL) V3. The standards are defined in the CIS document entitled, "Standard for Release and Deployment Management". The procedures are defined in the CIS document entitled, "Procedures for Release and Deployment Management". These standards and procedures provide the specific controls for implementing and/or transitioning to a new system.

Implementation Date
Implemented in FY 2010

Responsible Manager
Tony Aguilar, Assistant Director (CIS)

Recommendation II

We recommend the Chief of Police, in conjunction with the Directors of CIS and the Department of Dallas Water Utilities (DWU), develop information technology related contingency operation plans for the Program which includes:

- Issuing permits and billing for false alarm calls
- Documenting escalation procedures which include input from executive City management, regarding business impact analysis and recovery priorities and requirements for formal documentation of decisions

Management Response / Corrective Action Plan

Agree Disagree

In March 2013, the City engaged a vendor to do Application Managed Services and Hosted Infrastructure for the entire SAP billing system. This contract includes a full and robust disaster recovery plan and service level agreements that direct business continuity efforts. The service level agreements include proper escalation procedures and formal documentation of decision making at different management levels of the organization including executives, business impact analysis and recovery priorities. The City has established manual processes to continue payment collection, service order creation and dispatch, material management, etc. during disruptions, as well as penalties to the vendor for different levels of system disruption.

Implementation Date

March 27, 2013

Responsible Manager

Justine Tran, Assistant Director (CIS)
Denise Wallace (DWU)
Lt. Bryan Comish (DPD)

Recommendation III

We recommend the Director of DWU evaluate current SCD and DPD data authorizations within SAP and ensure that authorizations are appropriate for each user's responsibilities.

Management Response / Corrective Action Plan

Agree Disagree

DPD currently has the ability to edit dispositions, status of permits, and add comments in SAP. DWU will work with DPD to evaluate whether current data authorizations are appropriate within SAP and implement necessary changes to ensure that authorizations are appropriate for each user's responsibilities.

Implementation Date

Evaluation will be completed by December 31, 2013.

Responsible Manager

Denise Wallace (DWU)
Lt. Bryan Cornish (DPD)

Recommendation IV

We recommend the Chief of Police, the Director of DWU, and the Director of CIS:

- Introduce additional CAD data validation rules for the security alarm permit numbers to enforce the correct permit number format recording by DPD Police Report Representatives
- Introduce additional data validation checks in SAP to ensure proper permit classification

Management Response / Corrective Action Plan

Agree Disagree

DPD will work with DWU and CIS to evaluate and determine what additional data validation rules can be implemented in CAD and SAP for security alarm permit numbers and permit classification.

Implementation Date

Evaluation of feasibility will be completed by December 31, 2013.

Responsible Manager

Cornell Perry (CIS)
Deputy Chief Scott Walton (DPD)
Denise Wallace (DWU)

Recommendation V

We recommend the Chief of Police:

- Enforce Dallas City Code Section 15C-2 by ensuring that DPD does not respond to alarms from locations without valid burglar alarm permits
- Document in CAD, DPD decisions to disregard the permit status when responding to burglaries of a targeted location or type

Management Response / Corrective Action Plan

Agree Disagree

DPD disagrees with the first bullet point. DPD's primary objective is to provide the highest level of public safety. In order to achieve this objective, DPD may, under limited circumstances, dispatch alarm calls where there is no valid permit. As an example, an un-permitted alarm could be dispatched when a burglar is breaking into houses in a particular residential neighborhood. A burglar breaking into homes in an area causes fear throughout the entire neighborhood, not just the burglary victims. An un-permitted alarm in the neighborhood would still be dispatched so police officers could apprehend the suspect. Also, Dallas City Code Section 15C-2 requires a police response to un-permitted alarms under certain circumstances, such as alarms reported through the 911 system or reported by a person other than the alarm company.

DPD agrees with the second bullet point. Police Report Representatives work the service desk in the Dallas Police Communications Section and are responsible for taking calls from alarm companies regarding alarm activations. The alarm information is entered into CAD in order for police officers to be dispatched. Notes will be added in CAD for alarm calls received by the Police Report Representatives that are dispatched for public safety reasons without a valid alarm permit.

Implementation Date

Second bullet point will be implemented by June 30, 2013

Responsible Manager

Deputy Chief Scott Walton (DPD)

Recommendation VI

We recommend the Chief of Police, in cooperation with the Directors of DWU and CIS, develop data validation procedures to ensure that daily security alarm data transfer from CAD to SAP is complete and accurate.

Management Response / Corrective Action Plan

Agree Disagree

DPD worked with DWU and CIS to develop data validation procedures to ensure that daily security alarm data transfer from CAD to SAP is complete and accurate.

Implementation Date

This recommendation was implemented as of April 30, 2013

Responsible Manager

Cornell Perry (CIS)
Lt. Bryan Cornish (DPD)
Denise Wallace (DWU)

Recommendation VII

We recommend the Director of DWU:

- Ensure security alarm permits are processed accurately and completely, and the associated fees are collected by routinely monitoring SAP data accuracy and completeness
- Improve data reliability by working with CIS to determine if permits can be cancelled in SAP without first activating the permits

Management Response / Corrective Action Plan

Agree Disagree

Currently, SAP has validation rules for required fields that will not allow processing of incomplete applications. DWU will evaluate the need for additional monitoring processes and staffing to ensure security alarm permits are processed accurately and completely and the associated fees are collected.

DWU will work with CIS to determine if permits can be cancelled in SAP without first activating the permits and will evaluate the cost effectiveness of changing configuration parameters in SAP.

Implementation Date

Evaluation will be completed by December 31, 2013.

Responsible Manager

Sindhu Menon (CIS)
Denise Wallace (DWU)

Recommendation VIII

We recommend the Director of DWU and the Chief of Police improve SAP data monitoring procedures to ensure that required revocation letters are sent for all security alarm revocations.

Management Response / Corrective Action Plan

Agree Disagree

Currently, DPD reviews daily revocation reports and notifies DWU to proceed with the mailing of revocation letters. DWU mails the letters by certified mail the same day notification is received from DPD and keeps copies of the letters and the certified mail numbers. An electronic record of the revocation letter is automatically generated in SAP upon printing of the revocation letter. DWU will work with DPD to evaluate any additional data monitoring procedures.

Implementation Date

Evaluation will be completed by October 31, 2013.

Responsible Manager

Denise Wallace (DWU)
Lt. Bryan Cornish (DPD)

Recommendation IX

We recommend the Chief of Police ensure DPD Alarm Unit internal controls are sufficient for recording and verifying the accuracy of notifications from alarm companies to identify and pursue all alarm companies that have not complied with the Dallas City Code Section 15C-7.1.

Management Response / Corrective Action Plan

Agree Disagree

DPD believes the internal controls, as described below, are sufficient to comply with Section 15C-7.1. The Alarm Unit is the component of DPD responsible for enforcing Chapter 15-C of Dallas City Code. Section 15C-7.1 of the ordinance outlines requirements for alarm companies.

An Audit Report on – Security Alarm Permits and Fees

The Alarm Unit has several practices to obtain compliance of alarm companies. These practices are as follows:

- When an alarm company registers with the City, an information packet is sent to the alarm company. The packet contains information regarding their obligations to meet the requirements outlined in the City Ordinance. It also contains a sample alarm permit and a City of Dallas Alarm Installation Notification. The Alarm Installation Notification is part of the requirements outlined in Section 15C-7.1.
- Officers from the Alarm Unit routinely meet with the owners of alarm systems regarding false alarms. Some of the owners have valid permits while others have invalid or no permit. During the interview with the alarm owner, officers discuss the requirements of the ordinance. Depending on the responses of the alarm owner, the officer may inquire about the alarm company confirming the alarm owner had a valid alarm permit before performing an alarm system conversion or activating an installed alarm. Based on the initial investigation with the alarm owner, officers may contact the alarm company to follow-up on any identified issues of compliance.
- The Alarm Unit holds 80 to 100 system performance reviews, also known as alarm conferences, each month to review locations that have a significant number of false alarms during a defined period. The meeting includes the alarm owner, an alarm company representative and an Alarm Unit officer. The conference includes discussion of the false alarm case, the ramification of future false alarms and the fees that can be expected. The discussion includes actions that will be expected for the owner and the alarm company to bring the location into compliance. Based on the information found before and during the alarm conference, officers may continue to investigate compliance by the alarm company. This investigation may include why the alarm company did not comply with the City Ordinance prior to activation of the alarm. In addition, Section 15C-7.1(c) requires an alarm company representative to attend alarm conferences. The ordinance allows for citations to be issued to the alarm company representative if they do not attend. Alarm Unit officers have issued citations when representatives refused to attend these required conferences.

DPD considers these practices sufficient to comply with Section 15C-7.1.

Implementation Date

N/A

Responsible Manager

N/A

Recommendation X

We recommend that the Chief of Police require DPD Police Report Representatives to:

- Keep a record of all non-9-1-1 security alarm monitoring company calls from locations without valid permits and use this information to pursue violators of the security alarm permit requirements
- Record the permit number for panic/hold-up alarms received from non-9-1-1 security alarm monitoring company calls to DPD service desk

Management Response / Corrective Action Plan

Agree Disagree

DPD agrees with the first bullet point. DPD requested CIS create a non-dispatched security alarm code within CAD to capture un-permitted alarm calls. The code is undergoing testing which will be completed by July 31, 2013. Once the code is implemented, the Alarm Unit will be able to identify calls received from alarm companies that do not have a valid permit and follow-up with the alarm holder.

DPD disagrees with the second bullet point. While DPD agrees with the need for capturing permit numbers, DPD does not agree with the proposed process. The proposed process seeks to utilize call takers (Police Report Representatives) to record the permit numbers when they are most needed for responding to calls, particularly panic alarms. Currently, the Alarm Unit captures the permit numbers.

Implementation Date

July 31, 2013

Responsible Manager

Deputy Chief Scott Walton (DPD)

Recommendation XI

We recommend the Director of DWU ensure SCD permit processing procedures include SAP validation of the:

- Residential or commercial status of permit applicants
- Security alarm system location within the Dallas City limits

Management Response / Corrective Action Plan

Agree Disagree

DWU will evaluate current permit processing procedures and staffing to ensure proper processing of applications.

Implementation Date

Evaluation will be completed by October 31, 2013

Responsible Manager

Denise Wallace (DWU)

Recommendation XII

We recommend the Director of DWU direct SCD to cancel security alarm permits issued to locations outside of the City limits and refund the associated permit fees.

Management Response / Corrective Action Plan

Agree Disagree

DWU will cancel the security alarm permits issued to locations outside the City limits and refund the associated permit fees.

Implementation Date

July 31, 2013

Responsible Manager

Denise Wallace (DWU)

Recommendation XIII

We recommend that the Director of DWU work with the City Attorney to ensure fees charged for false alarms are in accordance with City Code Section 15C-12.

Management Response / Corrective Action Plan

Agree Disagree

DWU will pursue a legal opinion from the City Attorney's Office.

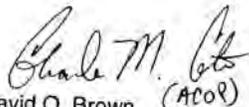
Implementation Date

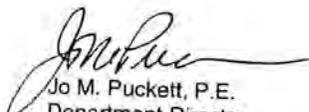
A legal opinion will be requested by July 31, 2013

Responsible Manager

Denise Wallace (DWU)

Sincerely,

for 
David O. Brown (ACOR)
Chief of Police
Dallas Police Department


Jo M. Puckett, P.E.
Department Director
Water Utilities


William Finch
Chief Information Officer
Communication and Information Services