

Memorandum



CITY OF DALLAS
(Report No. A14-011)

DATE: May 2, 2014

TO: Honorable Mayor and Members of the City Council

SUBJECT: Special Audit of the Accounts of Former City Manager, Mary K. Suhm¹

The Office of the City Auditor (Office) completed the *Special Audit of the Accounts of Former City Manager, Mary K. Suhm* (Special Audit) and determined the accounts of the former City Manager were in order except for the following payroll software application calculation errors:

- The employee's contribution amount to the Employees' Retirement Fund (ERF) (13.06 percent of the employee's final regular payroll and applicable lump sum payment) was incorrectly calculated. As a result, Ms. Suhm's ERF contribution was \$4,823.90 less than required.
- The City of Dallas' (City) ERF contribution amount (12.94 percent of the employee's final regular payroll and applicable lump sum payment) was also incorrectly calculated. As a result, the City's ERF contribution was \$1,516.83 more than required.

The Office communicated these calculation errors to the City Controller and the contribution amounts were corrected.

The former City Manager, who resigned on January 7, 2014, was timely removed from access to City systems and all City items assigned to the former City Manager were substantiated.

¹ We conducted this audit under the authority of and in accordance with the City Charter, Chapter IX, Sections 3 and 4 and the Fiscal Year 2014 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The objectives of the audit were to ensure that the City had properly controlled and accounted for any City assets assigned to the former City Manager, removed the former City Manager as an authorized agent of the City, and ensured the former City Manager did not have any outstanding debts owed to the City; however, certain other matters, procedures, and transactions may have been reviewed to understand and verify information.

To achieve our objectives, we verified that: (1) items identified, on the City's Termination Check List as assigned to the former City Manager, were returned; (2) the former City Manager's information technology system access was revoked; and, (3) final payment to the former City Manager was accurate and that no debts were owed.

Recommendation

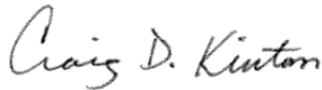
We recommend the City Controller investigate the cause of the payroll software application calculation errors and ensure the payroll software application is correctly calculating ERF contributions for terminating employees.

Please see Attachment I for Management's Response.

The Office issued a Management Letter that included an issue noted during the Special Audit that related to compliance with an Administrative Directive. Although no formal response to the compliance issue was requested of management, the Office will follow-up during subsequent audits to determine whether corrective actions were taken.

We appreciate the cooperation we received from City management and the City Manager's Office staff during the conduct of this audit. If you have any questions or need additional information, please contact me at 214-670-3222 or Carol Smith, First Assistant City Auditor, at 214-670-4517.

Sincerely,



Craig D. Kinton
City Auditor

Attachment

- C: A.C. Gonzalez, City Manager
- Jeanne Chipperfield, Chief Financial Officer
- Warren M.S. Ernst, City Attorney
- William Finch, Director – Department of Communication and Information Services
- Michael Frosch, Director – Department of Business Development and Procurement Services
- Molly McCall, Director – Department of Human Resources
- Jo M. (Jody) Puckett, P.E., Director – Department of Dallas Water Utilities
- Rosa Rios, City Secretary
- Edward Scott, City Controller
- Errick Thompson, Director – Department of Equipment and Building Services

Management's Response

Memorandum

RECEIVED

APR 22 2014

City Auditor's Office



CITY OF DALLAS

DATE: April 22, 2014
TO: Craig D. Kinton, City Auditor
SUBJECT: Response to Audit Report: Special Audit of the Accounts of Former City Manager, Mary Suhm

The response to the audit report recommendation is as follows:

Recommendation

We recommend the City Controller investigate the cause of the payroll software application calculation errors and ensure the payroll software application is correctly calculating ERF contributions for terminating employees.

Management Response / Corrective Action Plan

The City contacted Ms. Suhm to inform her of the error. Ms. Suhm promptly reimbursed the City, and the contribution to the Employee Retirement Fund was corrected.

The error noted on Ms. Suhm's termination check was an isolated incident from a business process routine in the Lawson Payroll system. The Payroll Division has changed its payroll processing routine for termination checks to prevent this from reoccurring. Additionally, the Controller's Office and Communication and Information Services departments will work with the Lawson vendor to determine if a configuration change can be identified which will improve the business process.

Responsible Manager

Payroll Manager

Edward R. Scott, City Controller

Jeanne Chipperfield, Chief Financial Officer

C: A.C. Gonzalez, City Manager
William Finch, CIS Director

"Dallas: the City that Works: Diverse, Vibrant, and Progressive."

"Dallas, the City that Works: Diverse, Vibrant, and Progressive."