

Memorandum



CITY OF DALLAS

DATE: May 17, 2018

TO: Honorable Members of the Government Performance & Financial Management Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson, Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT: Office of the City Auditor Preliminary Fiscal Year 2019 Budget Proposal

I will provide a briefing to the members of the Government Performance & Financial Management Committee on Monday, May 21, 2018 regarding:

- Office of the City Auditor Preliminary Fiscal Year 2019 Budget Proposal

Respectfully,

A handwritten signature in black ink that reads "Craig D. Kinton".

Craig D. Kinton
City Auditor

C: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
M. Elizabeth Reich, Chief Financial Officer
Biliera Johnson, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Jo M. (Jody) Puckett, Assistant City Manager (Interim)
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

**Office of the City Auditor
Preliminary Fiscal Year 2019
Budget Proposal**

**Government Performance & Financial
Management Committee
May 21, 2018**

**Craig D. Kinton, City Auditor
Office of the City Auditor
City of Dallas**



Preliminary Budget Proposal – City Charter

- The Office of the City Auditor (Office) is established by the City of Dallas (City) Charter, Chapter IX as an independent audit function with the primary responsibility of serving at the direction of the City Council.
- **Proposition 5 (11-04-2014) Amended Ch. XI, Sec 2**
The city auditor shall furnish a detailed budget estimate of the needs and requirements of the city auditor's office for the coming year directly to the city council, to be approved by the city council, and then consolidated with the city manager's annual budget estimate. (Amend. of 11-8-05, Prop. No. 13; Amend. of 11-4-14, Prop. No. 5)

Preliminary Budget Proposal – Mission and Purpose

Mission

To promote public trust and advance accountability through independent, objective, and useful professional services

Purpose

To assist the City Council with oversight responsibilities and management with operational responsibilities

Objective assessments provide information regarding:

- ❑ Accountability for City resources
- ❑ Adequacy of internal controls
- ❑ Accuracy of information
- ❑ Efficiency and effectiveness of City programs, projects, and departments

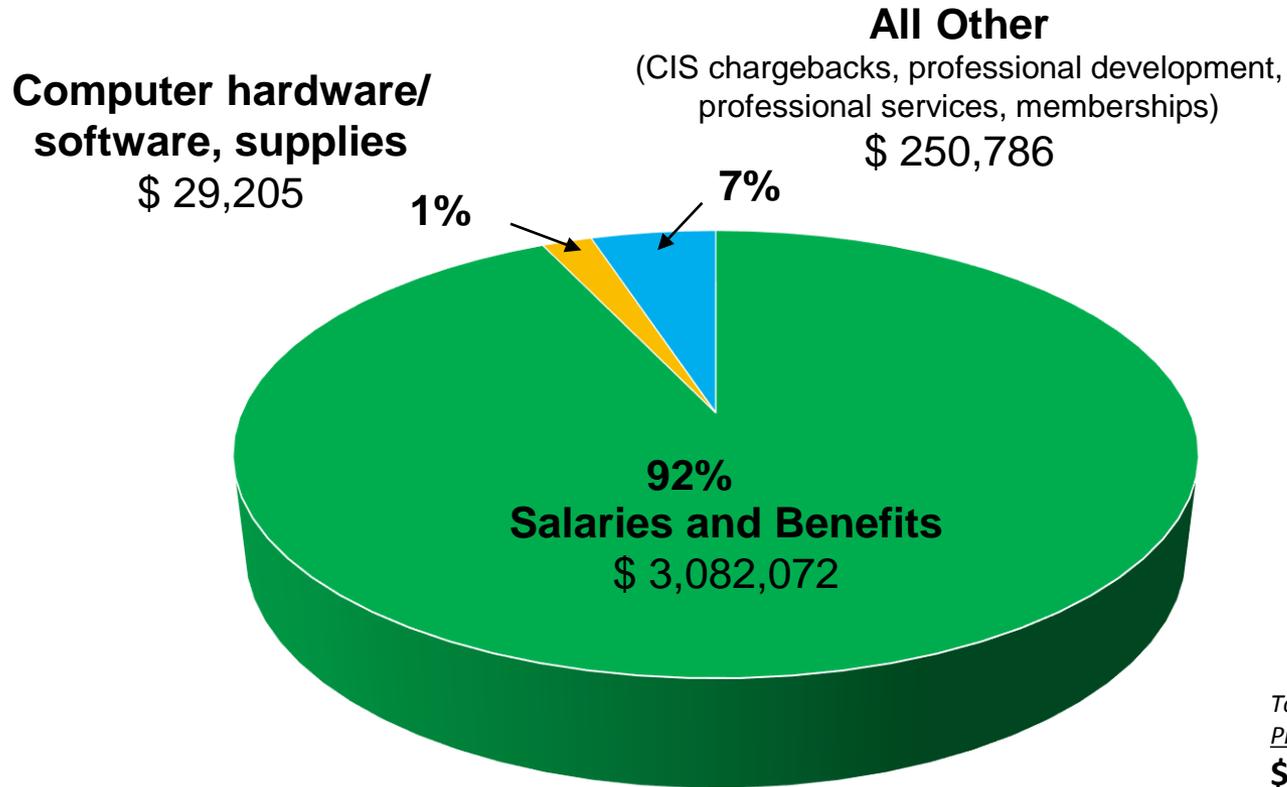
Preliminary Budget Proposal - Overview

	FY 2017-2018 Budget	FY 2017-2018 Estimate (as of 03/31/2018)	FY 2018-2019 Total Proposed
Total Expenditures	\$ 3,360,043	\$ 3,143,878	\$ 3,362,063
Total FTEs	26.0	25.2	26.0

Preliminary Budget Proposal – Notable Items

- Full-year funding of FY 2018 merit increases that were effective January 2018
- Peer Review – Required by Government Audit Standards every three years

Preliminary Budget Proposal – Breakdown



Total FY2018-2019
Proposed Budget
\$3,362,063

Preliminary Budget Proposal – Final Adjustments Needed

- Decision on:
 - Merit increases
 - Pension costs
 - Healthcare costs
 - Worker's Compensation rates
 - Property, casualty, and public liability insurance
 - CIS chargebacks

Preliminary Budget Proposal – Revenue Impact

- Audits provide oversight of controls supporting operational responsibilities for revenue collections
- Office administers sales/use tax compliance contract
- Office administers outsourced audit of utility franchise fees

Preliminary Budget Proposal – FY 2017 Results

	FY 2017 Target	FY 2017 Actual	FY 2018 Target	FY 2018 YTD Actual
Outputs				
Performance Audits	17	12	16	9
Attestations	0	0	0	1
Investigative Reports	8	6	18	0
Nonaudit Services	6	21	16	8
Efficiency				
Percentage of Hours on Direct Projects	73%	78%	75%	77%
Hourly Billable Rate	\$80.94	\$83.13	\$86.63	\$80.98

Preliminary Budget Proposal

Outcomes

City management's implementation of Office recommendations improves City operations and delivery of City services

	FY 2017 Target	FY 2017 Actual	FY 2018 Target	FY 2018 YTD Actual
Outcome Measures Include:				
Percentage of Recommendations Management Agrees to Implement	93%	86%	94%	100%
Percentage of Recommendations Implemented by Management	90%	40%	90%	---
Percentage of Substantiated Fraud/Waste/Abuse Complaints Resulting in Accountability Actions	100%	100%	100%	100%

Next Steps

- Seeking recommendation to the full City Council from the Government Performance & Financial Management Committee for approval of the Office's proposed preliminary budget estimate of \$3,362,063 (subject to final citywide adjustments, such as staff benefits, insurance, CIS chargebacks, and other items that may affect all City departmental budgets) to be included in the City Manager's annual budget estimate for FY 2018-19
- Item will be on the City Council Agenda for Wednesday, June 13, 2018

**Office of the City Auditor
Preliminary Fiscal Year 2019
Budget Proposal**

**Government Performance & Financial
Management Committee
May 21, 2018**

**Craig D. Kinton, City Auditor
Office of the City Auditor
City of Dallas**

