

# Memorandum



CITY OF DALLAS  
(Report No. A18-005)

DATE: January 26, 2018

TO: Honorable Mayor and Members of the City Council

SUBJECT: Special Audit of the Accounts of Four Former City Council Members<sup>1</sup>

The Office of the City Auditor (Office) completed the *Special Audit of the Accounts of Four Former City Council Members* (Special Audit) regarding the former City of Dallas (City) Council Members whose terms expired on June 19, 2017. This Special Audit verified whether the City and / or former City Council Members Monica R. Alonzo, Carolyn King Arnold, Erik Wilson, and Tiffinni A. Young properly:

- Controlled and accounted for any City assets assigned to and / or purchased with City funds by the former City Council Members
- Removed the former City Council Members as authorized agents of the City
- Ensured the former City Council Members did not have any outstanding debts owed to the City

### Special Audit

Upon the death, resignation, removal, or expiration of the term of any officer of the city, other than the city auditor, the city auditor shall cause an audit and investigation of the accounts of such officer to be made and shall report to the city manager and the Council. If, as a result of any such audit, an officer is found to be indebted to the city, the city auditor, or other person making such audit, shall immediately give notice of such indebtedness to the Council, the city manager, and the city attorney, and the city attorney shall, as directed by the city Council, proceed to collect such indebtedness.

Source: City Charter Chapter IX, Section 4

In addition, we evaluated the adequacy of employee processing controls related to the termination of the former City officials.

<sup>1</sup> This audit was conducted under the authority of the City Charter, Chapter IX, Sections 3 and 4 and in accordance with the Fiscal Year 2017 Audit Plan approved by the Dallas City Council. The audit objectives are in the bullets and statement listed above. The audit scope included Fiscal Year (FY) 2016 and FY 2017; however, certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period. 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. To achieve our objectives, we interviewed Mayor and City Council staff and performed additional audit procedures to verify: (1) items assigned to and / or purchased with City funds, were properly controlled and accounted for; (2) the former City Council Members' information technology system and City building access were revoked; and, (3) final payments to the former City Council Members were accurate and that no debts were owed.

The Office found that the City continues to have difficulties consistently following appropriate procedures to meet these objectives. As a result, certain City policies and procedures were not always followed, an outstanding debt was owed to the City, and compliance exceptions reported in prior Special Audits still exist (see Attachment I). **Note:** The outstanding debt owed to the City was subsequently paid as of January 16, 2018.

This Special Audit also determined nine of eleven recommendations included in the *Special Audit of the Accounts of Six Former City Council Members*, Report Number A16-005, issued January 22, 2016, were implemented.

We recommend the City Manager improves compliance with City policies and procedures by implementing the recommendations shown in Attachment I of this report.

Please see Attachment II for Management's Response.

We appreciate the cooperation we received from City management 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

#### Attachments

C: T.C. Broadnax, City Manager  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Larry E. Casto, City Attorney  
Biliera Johnson, Interim City Secretary  
M. Elizabeth Reich, Chief Financial Officer  
Molly Carroll, Director – Department of Human Resources  
William Finch, Director – Department of Communication and Information Services  
Michael Frosch, Director – Office of Procurement Services  
Terry Lowery, Interim Director – Department of Dallas Water Utilities  
Edward Scott, City Controller  
Errick Thompson, P.E., Director – Department of Equipment and Building Services  
Carrie Rogers Prysock, Managing Director – Mayor and City Council Office

### Compliance Requirements

The information below shows the specific compliance requirements evaluated by the Office of the City Auditor (Office), a summary of the compliance exceptions, whether the same exception was noted in a prior Special Audit, and the Office's recommendations.

Compliance Requirements Evaluated	Evaluation Results	Prior Special Audit Exception	Recommendation
<p>1. Verified the four former City Council Members complied with the City of Dallas (City) policies and procedures related to the "off-boarding" process for an individual leaving City employment.</p>	<p><b>No exceptions noted</b></p>	<p>Yes</p>	<p>Not Applicable</p>
<p>2. Verified the City and / or the four former City Council Members controlled and accounted for any City assets assigned to and / or purchased with City funds.</p>	<p><b>No exceptions noted</b></p>	<p>Yes</p>	<p>Not Applicable</p>

**Special Audit of the Accounts of Four Former City Council Members**

Compliance Requirements Evaluated	Evaluation Results	Prior Special Audit Exception	Recommendation
<p>3. Verified the City and / or the four former City Council Members complied with Administrative Directive 4-15 <i>Purchasing Card Policy and Procedures</i> (AD 4-15) and the City's policy and procedures related to use of City-funds.</p>	<p><b>Compliance exceptions noted</b></p> <p>The four former City Council Members' staff used Purchasing Cards (P-Card) and Internal Transfers to purchase group admission tickets, skate party packages, and meals without appropriate documentation to show: (1) the purchases were for City-sponsored City Council events; (2) the business purpose for the events; (3) who received the tickets and meals; and, (4) the date of each event. In addition, one former City Council member used a P-Card to purchase computer flash drives from a local retail store instead of using the City's Master Services Agreement (price agreement) as required by AD 4-15. As a result, the City might have missed the advantages of discounts through the price agreement. Without supporting documentation for the P-Card purchases and Internal Transfers, the auditor could not validate the purchases were appropriate. Specifically, the P-Cards and Internal Transfers were used by the following former City Council member's staff to purchase:</p> <ul style="list-style-type: none"> <li>• <b>Carolyn King Arnold's staff –</b> <ul style="list-style-type: none"> <li>○ Ninety group rate tickets to the State Fair of Texas in the amount of \$990</li> <li>○ An unknown quantity of tickets to the UniverSoul Circus in the amount of \$470</li> </ul> </li> </ul>	<p>Yes</p>	<p>I. We recommend the City Manager ensures the Mayor and City Council (MCC) staff consistently follow City Code, Vol. 1, Chapter 15A, Article I-b <i>City-Funded Officeholder Accounts</i>, (Effective July 1, 2017) to ensure that city-funded officeholder accounts are not used as a gift or transfer of public funds to individuals or entities.</p> <p>II. We recommend the City Manager ensures the MCC staff consistently follow AD 4-15.</p>

**Special Audit of the Accounts of Four Former City Council Members**

	<ul style="list-style-type: none"> <li>• <b>Monica R. Alonzo's staff –</b> <ul style="list-style-type: none"> <li>○ Meals from Corner Bakery in the amount of \$849</li> <li>○ Two hundred seventy admission tickets to Bahama Beach Waterpark in the amount of \$2,430</li> <li>○ Ceremonial gifts from the World Affairs Council DFW in the amount of \$547.50</li> <li>○ Meals from Pollo Regio in the amount of \$521</li> <li>○ Two computer flash drives from a local retail store in the amount of \$75.98 (<b>Note:</b> Former City Council Member Monica R. Alonzo, reimbursed the City for the flash drives on October 18, 2017)</li> </ul> </li> <li>• <b>Tiffinni A. Young's staff –</b> <ul style="list-style-type: none"> <li>○ Three skate party packages to the Southern Skates Roller Rink in the amount of \$2,070</li> <li>○ One hundred forty-two group rate tickets to the Dallas Zoo in the amount of \$1,260</li> <li>○ Ninety group admission tickets to the Bahama Beach Waterpark in the amount of \$810</li> <li>○ One hundred forty group rate tickets to the Children's Aquarium at Fair Park in the amount of \$700</li> </ul> </li> </ul>		
	<ul style="list-style-type: none"> <li>• <b>Erik Wilson's staff –</b> <ul style="list-style-type: none"> <li>○ Meals from Alonti Catering in the amount of \$401.50</li> </ul> </li> </ul>		

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Compliance Requirements Evaluated	Evaluation Results	Prior Special Audit Exception	Recommendation
	<ul style="list-style-type: none"> <li>○ One hundred eighty meals from Soulman’s Bar-B-Que in the amount of \$1,978.20</li> <li>○ Two hundred fifty group admission tickets to the Bahama Beach Waterpark in the amount of \$2,250</li> </ul>		
<p>4. Verified the City complied with the City’s AD 6-01, <i>Control of City Property</i>, and with the Office of Procurement Services’ (OPS), formerly known as the Department of Business Development and Procurement Services (BDPS), procedure BDPS-PRO-501.</p>	<p><b>No exceptions noted</b></p>	<p>Yes</p>	<p>Not Applicable</p>
<p>5. Verified the four former City Council Members did not have any outstanding debts owed to the City.</p>	<p><b>Compliance exception noted</b></p> <p>Upon departing from service on June 19, 2017, former City Council Member Tiffinni A. Young had a past due parking ticket. The parking ticket was issued on September 12, 2012. As a result, the former City Council Member took office and left office indebted to the City for \$123.50. <b>(Note:</b> The outstanding debt owed to the City was subsequently paid as of January 16, 2018)</p> <p>City Charter Chapter IX, Section 4 states: “<i>If, as a result of any such audit, an officer is found to be indebted to the city, the city auditor, or other person making such audit, shall immediately give notice of such indebtedness to the Council, the city manager, and the city attorney and the city attorney shall, as directed by the city council, proceed to collect such indebtedness.</i>”</p>	<p>Yes</p>	<p>III. We recommend the City Manager continues to identify and formally inform City Council Members prior to their departure of any indebtedness to the City.</p>

**Special Audit of the Accounts of Four Former City Council Members**

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<b>Compliance Requirements Evaluated</b>	<b>Evaluation Results</b>	<b>Prior Special Audit Exception</b>	<b>Recommendation</b>
6. Verified the four former City Council Members complied with the City Charter requirement to attend no less than 90 percent of City Council Committee and City Council Meetings.	<b>No exceptions noted</b>	No	Not Applicable
7. Verified the four former City Council Members complied with AD 2-51, <i>Records Management</i> .	<b>No exceptions noted</b>	No	Not Applicable
8. Verified timely termination, accurate compensation and final payroll payment was completed.	<b>No exceptions noted</b>	Yes	Not Applicable
9. Verified the return of City issued Identification Badges (ID) and Parking Decals as required by AD 2-04, <i>Identification and Access Badge and Restricted Areas Policy</i> .	<b>No exceptions noted</b>	Yes	Not Applicable
10. Verified the deactivation of access codes to all Information Systems.	<b>No exceptions noted</b>	No	Not Applicable
11. Verified MCC's compliance with AD 4-09, <i>Internal Control</i> .	<b>No exceptions noted</b>	Yes	Not Applicable

Management's Response

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City Auditor's  
Office



Memorandum

DATE: January 16, 2018  
TO: Craig D. Kinton, City Auditor  
SUBJECT: Response to Audit Report:  
Special Audit of the Accounts of Four Former City Council Members

The Mayor and City Council Office responses to the Audit Report recommendations are as follows:

**Recommendation I**

We recommend the City Manager ensures the Mayor and City Council (MCC) staff consistently follow City Code, Vol. 1, Chapter 15A, Article I-b City-Funded Officeholder Accounts, (Effective July 1, 2017) to ensure that city-funded officeholder accounts are not used as a gift or transfer of public funds to individuals or entities.

**Management Response / Corrective Action Plan**

Agree  Disagree

Since July 2017, MCC Staff has received extensive, required training and reference materials to ensure understanding and compliance with City Code, Vol. 1, Chapter 15A, Article I-b City-Funded Officeholder Accounts. Enhanced oversight of purchasing transactions is in place, including the addition of more frequent audits beginning in 2018 by Purchasing. MCC Staff is now required to provide documentation to support that purchases are for City-sponsored events with a specified business purpose to indicated recipients. Additionally, staff understands their responsibility to the citizens they serve, and will continue to use the master agreement first.

**Implementation Date**  
July 1, 2018

**Responsible Manager**  
Carrie Prysock

**Recommendation II**

We recommend the City Manager ensures the MCC staff consistently follow AD 4-15.

**Management Response / Corrective Action Plan**  
Agree  Disagree

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**Special Audit of the Accounts of Four Former City Council Members**

Since July 2017, MCC Staff has received extensive, required training and reference materials to ensure understanding and compliance with Administrative Director 4-15. Additionally, MCC Staff understands their responsibility to the citizens they serve, and will continue to access the master agreement first for needed services.

As a matter of department practice, MCC Staff is required to provide supporting documentation for procurement card transactions. Non-compliance will result in freezing or termination of the procurement card. MCC Staff also requested routine audits of procurement card transactions by Procurement Services.

**Implementation Date**  
July 1, 2018

**Responsible Manager**  
Carrie Prysock

**Recommendation III**

We recommend the City Manager continues to identify and formally inform City Council Members prior to their departure of any indebtedness to the City.

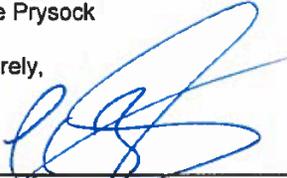
**Management Response / Corrective Action Plan**  
Agree  Disagree

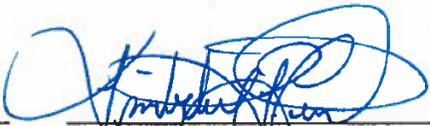
Prior to departure of the City Council Member, the Mayor and City Council staff will request a report from the Office of Financial Services for any outstanding debt the City Council Member may owe the City. This report will be sent to any City Council Members who are indebted to the City to ensure that they pay their debt before their departure. Additionally, each Council Member will receive a report at the end of each fiscal year detailing their individual district expenditures.

**Implementation Date**  
July 1, 2018

**Responsible Manager**  
Carrie Prysock

Sincerely,

  
\_\_\_\_\_  
T. C. Broadnax  
City Manager

  
\_\_\_\_\_  
Kimberly Tolbert  
Chief of Staff to the City Manager

c: Carrie Rogers, Managing Director, Mayor and City Council  
Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Billerae Johnson, City Secretary (Interim)  
Daniel F. Solis, Administrative Judge  
Kimberly Bizar Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager

Jo M. (Jody) Puckett, Assistant City Manager (Interim)  
Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
M. Elizabeth Reich, Chief Financial Officer  
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

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