City of Dallas

Audit of Personal Property – Park and Recreation and Aviation

August 4, 2026

Mamatha Sparks
Interim City Auditor

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Executive Summary

Park and Recreation is one of the largest municipal park systems in the nation. Park and Recreation maintains centralized oversight of personal property and fixed assets through its fixed asset coordinator.

Aviation operates Dallas Love Field, the Dallas Executive Airport, and Vertiport. Aviation's Operations Technology division handles its technology inventory to ensure accountability, accuracy, and compliance with City of Dallas policies.

PERSONAL PROPERTY DEFINITION
Personal property–specific items of property (except for land or buildings) that are tangible in nature which the City owns. Personal property may also meet the criteria defining fixed assets. Examples in this audit include computers, phones, landscape and maintenance tools, and exercise equipment. **Fixed assets**–specific items of property that are tangible in nature, have a useful life of one year or more and have significant value which the City has defined as $10,000 or more. **Source:** Administrative Directive–6-1, Control of City Property, Section 5, Definitions and Annual Comprehensive Financial Report for Fiscal Year 2025.

The City is responsible for maintaining adequate accounting and comprehensive accounts of all real and personal property as required in accordance with Dallas City Code, Section 2-135.1. The departments' responsibilities are defined through City Administrative Directive 6-1, Control of City Property.

Each department director is responsible for establishing and maintaining adequate internal controls and security for all personal property charged to Park and Recreation and Aviation. This includes, but not limited to, monthly reconciliations, verifying actual existence of personal property and conducting inventory of personal property. The following internal controls were identified during the audit:

- Both departments are moving toward a new centralized inventory management system for consistent tracking.
- Park and Recreation: Currently tracking assets valued at $500 and above. The threshold was raised from $100 in 2022 and is designed to ensure mid-value assets are subject to internal tracking and accountability.
- Aviation: Improving barcode labeling for traceability of each asset and adding an audit trail that documents and retains all inventory transactions for further review.

The objectives of this audit were to determine if the Departments of Park and Recreation and Aviation are: (1) conducting annual physical inventories of personal property; and, (2) maintaining adequate internal controls and security for all personal property. The scope of the audit is October 1, 2023, through September 30, 2025.

Objectives and Conclusions

1. Have the departments conducted annual inventories of personal property equipment assigned to their department?

   Park and Recreation**: Generally, No.** Park and Recreation performed self-audits which were inconsistent and incomplete (see Observation A).

   Aviation: **No.** Aviation began a comprehensive inventory in 2025 but had not completed a physical inventory prior to March 2026 (see Observation A).

   Both Departments: Annual inventory requirements are not clarified in the City's administrative directive, as it is outdated and is not being followed as written. (see Observation B).

2. Do the departments have adequate internal controls and physical security for all personal property assigned to their department?

   Generally, yes. Both departments are monitoring inventory and have procedures in place. The current inventories are not complete and accurate, in part due to the lack of a complete physical inventory noted in Objective 1**.** (See Observation C).

Recommendations

Management should:

- Perform annual inventory counts to ensure equipment is where it should be.
- Update the administrative directive for city property.
- Improve inventory controls, including inventory management systems and physical security oversight of divisions and facilities.

Risk Summary

Risk classification is based on criteria outlined in the *Standards for Internal Control In the Federal Government*—Compliance, Operational, Financial—and *Government Auditing Standards* of citizen focused criteria of Public Image. Each program is evaluated against these criteria, and the resulting risk classification reflects the program's alignment with departmental goals as well as its overall significance to the community.

Classification	*Recommendation(s)*	Management's Response
● High	3	*Management agreed to 3 of 3 recommendations*
● Moderate	5	*Management agreed to 5 of 5 recommendations*
● Low		

Audit Results

Both City Council Resolution 88-3428 and Administrative Directive 4-09, Internal Control, prescribe policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Annual Physical Inventory

Risk Rating: ● High

Departments of Park and Recreation and Aviation did not perform annual citywide inventory counts as required per Administrative Directive 6-1, Control of City Property. As such management cannot ensure accountability over City property or verify that equipment is assigned to the correct location, division, or user, increasing the risk of loss or theft.

Department of Park and Recreation

The Department of Park and Recreation practices require a citywide inventory count every two years, which was performed in 2023, but not during the audit scope. While some Park and Recreation locations performed self-audits in 2024 and 2025, not all 53 locations completed and documented their counts:

- For Fiscal Year 2024, three of 53 locations (6 percent) submitted annual self-audit reports, and one was a complete assessment.
- For Fiscal Year 2025, 29 of 53 locations (55 percent) submitted annual self-audit reports, and six were complete assessments.

Department of Aviation

The Department of Aviation developed a policy in September 2025 to require annual inventory counts. These counts were not performed during the audit scope.

A contributing factor for both departments was that annual department wide counts were not required by department policies and procedures during the audit scope.

Criteria

- Administrative Directive 6-1, Control of City Property.
- Department of Aviation Inventory Application Workflow Work Instruction.
- *Standards for Internal Control in the Federal Government*: Principle 10–Implement Control Activities; Principle 16–Perform Monitoring Activities.

Recommendations

We recommend the **Director of Park and Recreation:**

A.1: Conduct annual physical inventory self-audits at all locations.

We recommend the **Director of Aviation:**

A.2: Conduct annual physical inventory counts.

Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
A.1	Agree	During the scope period of this audit, the Park and Recreation Department (PKR) experienced staffing and competing-priority issues that resulted in the completion of special projects, including the transition to the new PKR inventory system, Cartegraph, and internal audits that fell outside the scope of this audit; however, this came at the expense of not completing all self-audits. PKR will prioritize physical inventories and annual self-audits and ensure they are performed consistently, in accordance with department procedures and Citywide guidance.	9/30/2027 / 3/31/2028
A.2	Agree	The Department of Aviation (AVI) is committed to improving controls around its capital and other attractive assets. Recently, AVI created a position to track fixed assets. That position is in the process of creating policies and procedures that will establish the responsibilities and processes that will, among other things, guide periodic physical inventories. Additionally, AVI is working to acquire a robust system to better track assets across the department. While some divisions, such as AVI's technology division, have more mature, sophisticated processes for tracking items, it will take time to establish a consistent process across all AVI divisions.	9/30/2027 / 3/31/2028

Observation B: City Administrative Directive

Risk Rating: ● High

City Administrative Directive 6-1, Control of City Property, is outdated, and some aspects are no longer being followed.

The City Controller is responsible for the Administrative Directive, which requires each department to perform annual inventory counts. Department practices now require less frequent inventory counts, directly limiting compliance.

The Administrative Directive contains definitions for fixed assets as assets valued greater than $1,000, which is not as applicable today. The threshold was increased to $5,000 before the audit scope but not updated in the Administrative Directive. On October 1, 2024, the City updated its threshold to $10,000, which is reflected in the 2025 Annual Comprehensive Financial Report.

The Administrative Directive also requires departments to use an old information system that is no longer active and references portions of City Code that have since been revised. City activities have changed since the Administrative Directive was last revised in January 2000. When inventory requirements are outdated, it can impact the effectiveness of inventory management.

Criteria

- Administrative Directive 6-1, Control of City Property.
- *Standards for Internal Control in the Federal Government*: Principle 10–Implement Control Activities; Principle 16–Perform Monitoring Activities.

Recommendation

We recommend the **City Controller**:

B.1: Update Administrative Directive 6-1, Control of City Property, to reflect the current threshold for fixed assets, and to make other updates as needed, such as the name of the information system and references to City Code.

Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
B.1	Agree	The City Controller's Office (CCO) has drafted a revised AD 6-01, Control and Accounting for City Capital Assets, which is currently in the review and approval phase.	3/31/2027 / 6/30/2027

Observation C: Physical Security of Personal Property

Risk Rating: ● Moderate

Physical security controls over personal property were insufficient. Inaccurate and incomplete records increase the risk that lost, stolen, or misused assets will not be detected in a timely manner.

Testing of personal property items from inventory lists to physical verification and physical verification to inventory lists resulted in gaps in inventory management.

Department of Park and Recreation

Park and Recreation personal property equipment included items such as trailers, trimmers, and other equipment with a cost replacement value of $607. Exercise equipment, such as treadmills and elliptical machines were tracked from recreation center sites to the inventory lists.

- 12 of 52 (23 percent) personal property items were not physically available. Three items had documentation that they were no longer department property.
- 5 of 43 (12 percent) personal property items were not listed in inventory database.

These conditions exist because of Park and Recreation:

- Raised the threshold for monitoring items from $100 to $500. Existing items below $500 were not removed from the inventory management system, Micro Main, when the threshold changed.
- Locations experience high turnover in the positions responsible for conducting annual self-audits.
- Written procedures do not clearly establish the required frequency for audits to be performed by the Fixed Asset Coordinator, or how soon newly acquired items must be tagged and inventoried.

Department of Aviation

Department of Aviation personal property equipment included information system items such as docking stations, phones, and computers with an estimated average price of $444.

- 17 of 60 (28 percent) personal property items were not physically available and of the items located 12 (28 percent) were in the location recorded in the database.
- 25 of 38 (66 percent) personal property items were not listed in inventory database.
- Maintenance divisions did not keep inventory records or documentation.

These issues persist because Aviation did not have complete inventory control procedures prior to September 2025 and had not transitioned inventory spreadsheets into the new system of record, Aviation Operations Technology Inventory System. Aviation used multiple systems to track inventory during the audit period and the audit focused only on the current system of record.

Criteria

- Administrative Directive 6-1, Control of City Property.
- Department of Aviation Inventory Application Workflow Work Instruction.
- *Standards for Internal Control in the Federal Government:* Principle 10–Implement Control Activities; Principle 16–Perform Monitoring Activities.

Recommendations

We recommend the **Director of Dallas Park and Recreation**:

C.1: Update system of record with complete and accurate inventory details including tagging inventory.

C.2: Supplement existing training with periodic reminders and oversight to ensure staff consistently adheres to established annual facility self-audit procedures.

C.3: Update procedures to establish required frequency for audits to be performed by the Fixed Asset Coordinator on a risk basis in alignment with the City Administrative Directive 6-1, Control of City Property.

We recommend the **Director of Aviation**:

C.4: Update system of record with complete and accurate inventory details.

C.5: Require consistent tagging practices for tracked equipment across all Aviation divisions. Reconcile existing items that are missing inventory barcodes or are not recorded in the inventory database.

Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
C.1	Agree	PKR will ensure that the system of record reflects the updated inventory details following physical audits and self-audits, including ensuring inventory items are tagged in accordance with department procedures.	9/30/2027 / 3/31/2028
C.2	Agree	PKR will provide quarterly reminders and oversight in addition to existing annual training to ensure that staff consistently adheres to the established annual self-audit procedures.	9/30/2027 / 3/31/2028
C.3	Agree	PKR will amend established procedures to update requirements for inventory counts and risk-based frequency for audits performed by the Fixed Asset Coordinator.	9/30/2027 / 3/31/2028

No	Concurrence	Action Plan	Implementation / Follow-Up Date
C.4	Agree	AVI's technology division has implemented a robust system for documenting the acquisition, disposition, and adjustment of inventory. Currently, AVI's technology division is vetting the accuracy of technology assets before migrating them to the new system, which will serve as the sole system of record. Additionally, AVI's technology division has standardized technology asset control procedures and has a dedicated inventory control specialist to oversee the process.	9/30/2027 / 3/31/2028
C.5	Agree	As previously discussed, AVI is in the process of acquiring a system, which will serve as the system of record, for most divisions' assets. AVI's technology division has implemented standardized procedures for technology asset control to ensure consistent use of inventory barcodes. In addition, AVI is establishing department-wide procedures that will establish thresholds for tagging assets and assign responsibility for ensuring that all assets meeting the thresholds are appropriately tagged.	9/30/2027 / 3/31/2028

Background

Dallas City Code Section 2-135.1 provides that the City Controller shall maintain comprehensive accounts of all real, personal, and mixed property of the City.

Administrative Directive 6-1, Control of City Property, requires department directors to establish and maintain adequate internal controls and security for personal property assigned to their departments, verify the existence of assets, and conduct an annual inventory. The Administrative Directive also requires departments to maintain records necessary for proper internal control of personal property, including items that do not meet the City's fixed asset criteria.

Park and Recreation Procedures and Tracking Threshold

Park and Recreation established department procedures for auditing and managing equipment. Park and Recreation Department used Micro Main database to track department-controlled equipment during the scope of the audit.

Fixed asset audit procedures require the Fixed Asset Coordinator to export inventory lists from the Micro Main database for audit purposes and require location managers to perform an annual physical self-audit and submit supporting documentation, including the inventory list and records for disposals, transfers, and new purchases. In addition, the Fixed Asset Coordinator is required to perform a bi-annual inventory audit. Park and Recreation began to transition from Micro Main to a more advanced Cartegraph system in 2025 and that work is still underway.

Personnel identified commonly tracked items as including mowers, sprayers, weed-eaters, gaming systems, pool vacuums, and other equipment used in park maintenance and recreation operations.

Personnel also described control activities such as locked storage, check-out and return documentation, asset tagging, and use of serial numbers when asset tags are unavailable.

On April 18, 2022, Park and Recreation increased its department-level tracking threshold from $100 to $500 per item. The memorandum states this change was intended to improve management of assets tracked below the City's standard capitalization threshold. During the audit scope, the City's capitalization standard for fixed assets was raised from $5,000 to $10,000.

Aviation Procedures and Tracking Threshold

Aviation's Operations Technology division manages all technology assets through its inventory management system, Aviation Operations Technology, a centralized platform for tracking the full lifecycle of technology assets. As of November 24, 2025, the Aviation Operations Technology system had a total of 2,869 entries.

A September 2025 revision of the Aviation Operations Technology Application Workflow Work Instruction requires the division to conduct a comprehensive physical inventory audit of all technology assets annually, beginning in the first quarter of each calendar year. Such an audit is intended to verify asset existence, confirm location and assignment, validate asset tags and serial numbers, and reconcile any discrepancies identified during the review.

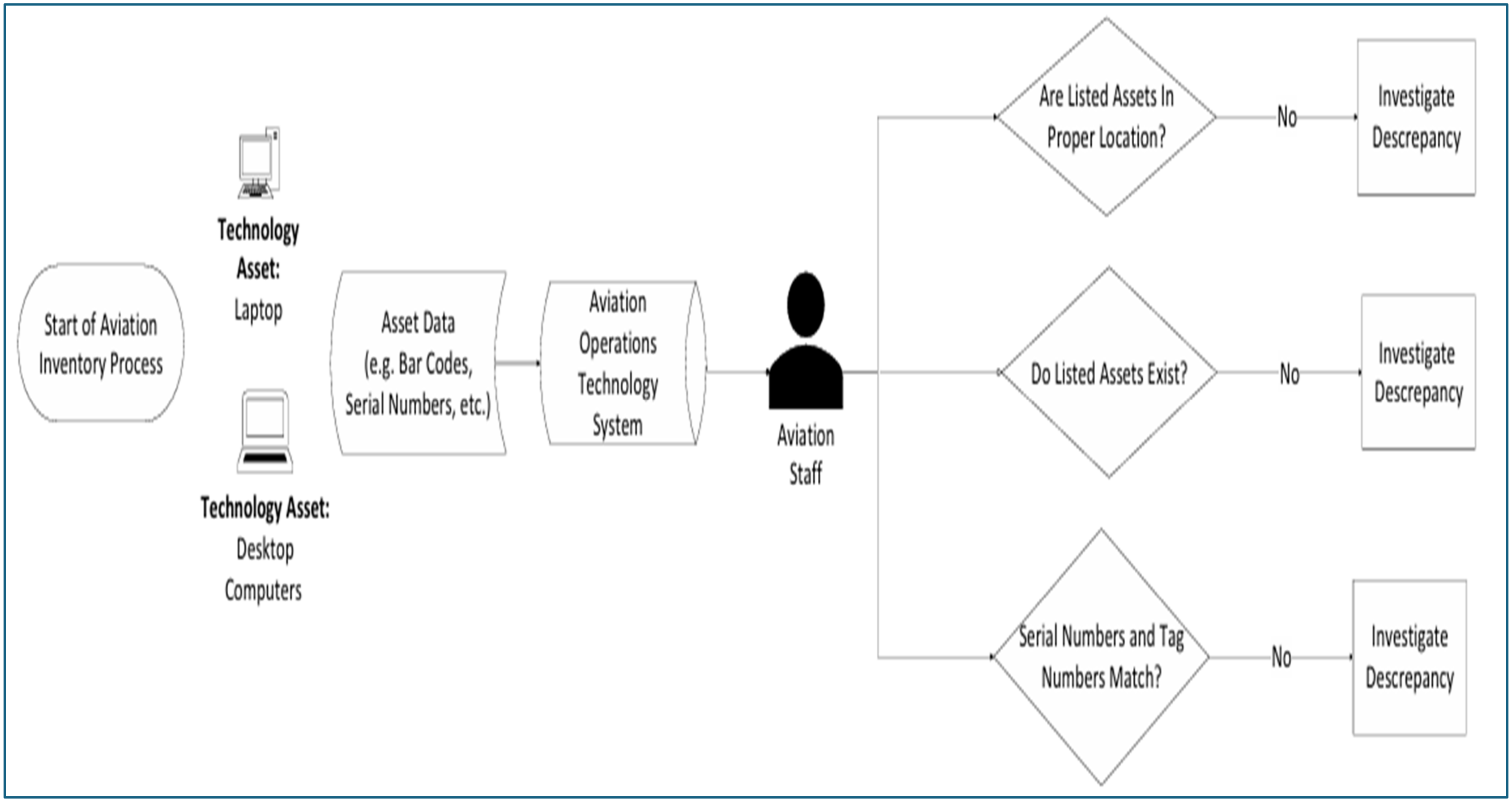
According to management, procedures for performing inventories, managing inventory, and tracking new received inventory, including the use of barcode labels, are in the draft review stage. A departmentwide inventory is being conducted to review all equipment and to populate the Aviation Operations Technology system.

Data Flowchart

See **Exhibits I and II**.

Exhibit I: Aviation Inventory Process

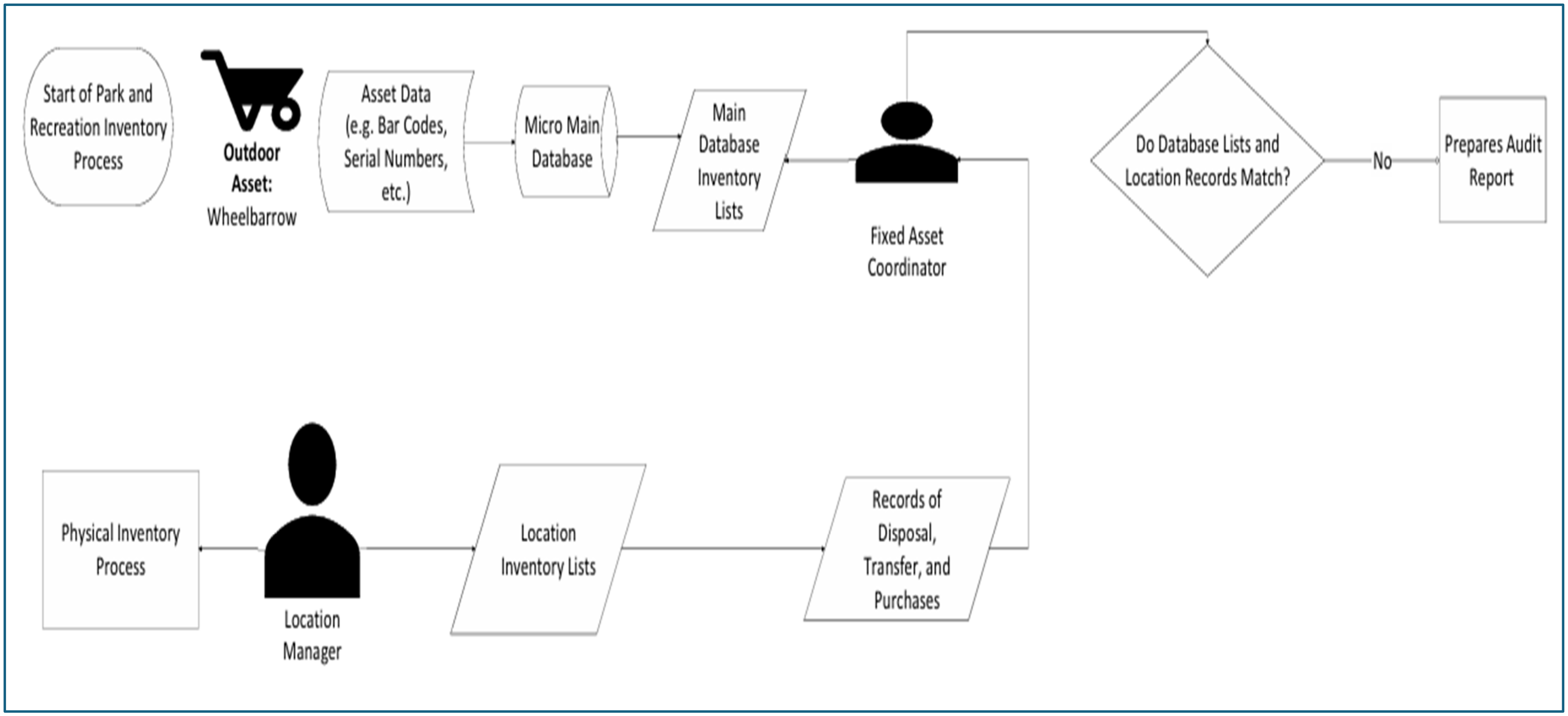
Aviation uses an Aviation Operations Technology System to track the full life cycle of technology assets. The system will use asset tags and serial numbers to track fixed assets. Discrepancies identified by staff is investigated.



Source: Office of the City Auditor using information gathered for the audit.

Exhibit II: Park and Recreation Inventory Process

Park and Recreation uses Micro Main database to track department-controlled equipment. The Fixed Asset Coordinator to exports inventory lists from the Micro Main database for audit purposes and requires location managers to perform an annual physical self-audit and submit supporting documentation (e.g. location inventory lists, records for disposals, transfers, and new purchases). If discrepancies exist the Fixed Asset Coordinator prepares audit report and includes recommendations for corrective action.



Source: Office of the City Auditor using information gathered for the audit.

Methodology

The audit methodology included: (1) interviewing personnel from the Department of Park and Recreation, Department of Aviation and other City departments; (2) reviewing procedures, applicable Administrative Directives, and best practices; and (3) performing various analyses, including considering risk of fraud, waste, and abuse. In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

For Department of Park and Recreation, two sampling methodologies were used. A random representative sample of 60 inventory items was used to determine the accuracy and completeness of the database. Random representative samples of 38 computers and 9 cell phones were also used. Judgmental samples were used to identify if items at the locations were incorporated into the database.

For Department of Aviation, two sampling methodologies were used. A random representative sample of 60 inventory items was used to determine the accuracy and completeness of the database. Random representative samples of 30 computers, 38 personal property items, and 10 cell phones were also used. Judgmental samples were used to identify if items at the locations were incorporated into the database.

Government Auditing Standards Statement

We conducted this performance audit 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 observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Report Classification

Final Report–For Public Use.

This report is a product of the Office of the City Auditor and is issued in accordance with the Texas Public Information Act (Texas Government Code, Chapter 552).

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Appendix A – Acknowledgement Letter

Audit of Personal Property – Park and Recreation and Aviation

Management Audit Acknowledgement Letter begins on the next page.

Memorandum

CITY OF DALLAS

DATE: July 31, 2026

TO: Mamatha Sparks – Interim City Auditor

SUBJECT: Response to Audit of Personal Property - Park and Recreation and Aviation

This letter acknowledges the City Manager's Office received the *Audit of Personal Property - Park and Recreation and Aviation* and submitted responses to the recommendations in consultation with the Departments of Park and Recreation (PKR), Aviation (AVI), and the City Controller's Office (CCO).

PKR, AVI, and CCO appreciate the auditors' work and recommendations to enhance inventory practices in PKR and AVI and to update guidance on the Control of City Property (i.e., Administrative Directive 6-01). PKR and AVI are pleased that the auditors concluded that their departments generally have adequate internal controls and physical security for all personal property.

The timing of this audit coincided with AVI's and PKR's transition to new systems of record, contributing to several of the observations identified during audit testing.

Specifically, to ensure that unverified legacy records are not carried into the new system of record, technology inventory from the previous system is vetted by AVI before being entered into the new system. Whereas AVI's technology division is effectively using multiple sources as its system of record in this transition phase, the audit focused on the new system of record used by the technology division. Thus, the high percentage of items not accounted for in the auditors' testing is not indicative of a lack of records for these items, but rather that AVI has not yet fully vetted the items and transitioned those records to the new system of record. Further, AVI would like to emphasize that the recommendations issued to the department primarily concern technology assets managed by the Aviation Operational Technology (AOT) division.

Similarly, during the scope period of the audit, PKR experienced staffing and competing-priority issues that resulted in the completion of special projects, including the transition to the new PKR inventory system, "Cartegraph," and internal audits that fell outside the scope of this audit; however, this came at the expense of not completing all self-audits.

However, AVI, PKR, and CCO find value in the audit and agree to implement the recommendations, specifically:

- PKR will prioritize physical inventories and annual self-audits and ensure they are performed consistently, in accordance with department procedures and Citywide guidance, and in full;

- AVI will continue to develop a department-wide process for managing assets, including requiring periodic inventories to be performed;
- CCO has drafted a revised AD 6-01, Control and Accounting for City Capital Assets, which is currently in the review and approval phase;
- PKR will ensure that the system of record reflects the updated inventory details following physical audits and self-audits, including ensuring inventory items are tagged in accordance with department procedures;
- PKR will provide quarterly reminders and oversight in addition to existing annual training to ensure that staff consistently adhere to the established annual self-audit procedures;
- PKR will amend established procedures to update requirements for inventory counts and risk-based frequency for audits performed by the Fixed Asset Coordinator;
- AVI will continue transitioning to a sole system of record for technology inventory and expand the inventory process to include all AVI divisions; and
- AVI has implemented standardized procedures for technology asset control to ensure consistent use of inventory barcodes. Further, AVI is in the process of developing department-wide procedures that will establish thresholds for tagging assets and assign responsibility for ensuring that all assets meeting the thresholds are appropriately tagged.

Sincerely,

Kimberly Bizor Tolbert
City Manager

John D. Jenkins
Director, Dallas Park and Recreation

C: Jack Ireland, Chief Financial Officer
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