

Office of the City Auditor

Fiscal Year 2021 Quarter 2 Update:
January 1, 2021 – March 31, 2021

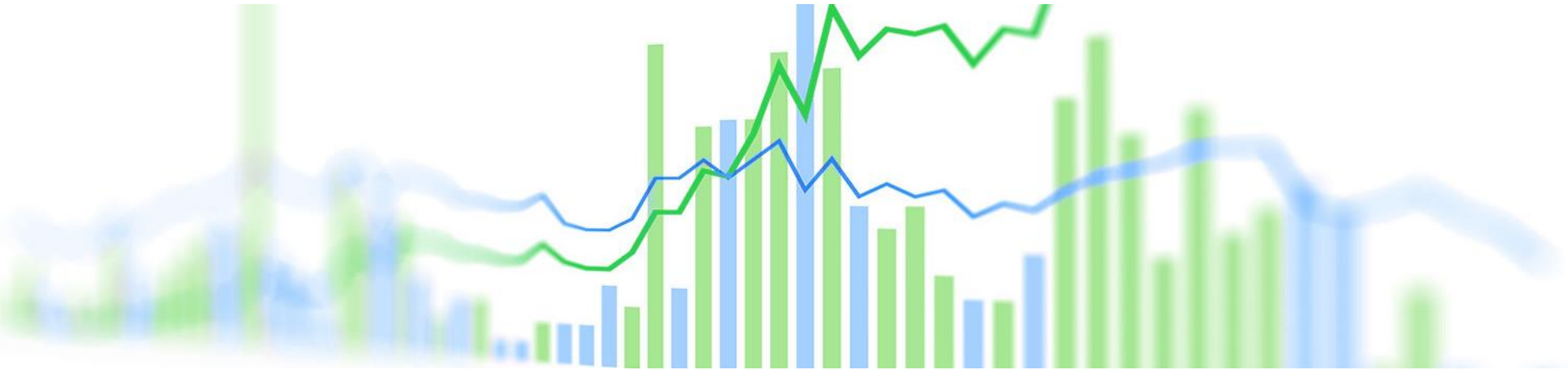


June 8, 2021
Mark S. Swann, City Auditor

Government Performance & Financial Management Committee



Overview



6

Reports Issued

88%

Management Agreement to Recommendations

19

Projects in Progress

Reports Issued

Audit of TexasCityServices, LLC Contract

Objective:

The audit objective was to determine whether the fees associated with TexasCityServices, LLC's identification of incorrectly remitted sales/use tax for Fiscal Year 2020 are accurate and supported by the Texas State Comptroller of Public Accounts.

What We Found:

For the Fiscal Year 2020 service periods, the Office of the City Auditor verified \$2,049,080 in sales/use tax receipts collections that TexasCityServices, LLC identified as owed to the City of Dallas from businesses operating in the City.

The Office of the City Auditor also verified that \$491,780 of contingent fees from TexasCityServices, LLC invoices received were accurate.

Audit of Department of Information and Technology Services' AT&T Datacomm LLC Contract Monitoring Process

Objective:

The objective of this audit was to determine if the AT&T Datacomm LLC managed services contract performance and billings to contract pricing terms were monitored and if contracting with a third party is efficient for this service

What We Found:

Between 2012 and 2020 the contract value was \$147 million. Over the course of the managed services contract's life, several changes to industry, internal management, and service needs contributed to:

- Inconsistent contract management for cost allocation and expenditure, contract service changes, and contract relevancy.
- Inability to verify accuracy of monthly invoice billings to contract terms.
- Ineffective validation of multiple performance measures.

Reports Issued

[Audit of the Department of Aviation's Noise Abatement Program](#)

Objective:

The objective of this audit was to determine whether the Department of Aviation has minimized the noise impact from Dallas Love Field operations.

What We Found:

Several program components have had a positive impact on noise reduction. However, opportunities exist for the Department of Aviation to improve or design controls to effectively monitor and document program participation and performance.

Specifically,

- The land area and population exposed to excessive noise have been increasing and can soon exceed the projections, but the City of Dallas does not have a plan of action aimed at reversing, slowing down, or holding steady the growing land area and population exposed to excessive noise.
- Documentation to support program monitoring and program performance is either incomplete or absent.

[Audit of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act - Interim Report 01](#)

Objective:

The audit objectives were to determine if: (1) expenditures claimed for CARES Act funding comply with the Act's expense eligibility requirements; (2) documentary evidence support expenditures claimed for CARES Act funding; and, (3) CARES Act periodic reports are accurate.

What We Found:

The expenditures tested comply with the CARES Act's eligibility requirements, and there is documentary evidence to support these expenditures. The Airport Grants periodic reports were materially correct and filed timely. The Airport Grants in scope are approximately \$53.8 million.

Reports Issued

Audit of Police Property and Evidence

Objective:

The objective of this audit was to evaluate the adequacy and effectiveness of internal controls over the Dallas Police Department's property and evidence, including policies and procedures, physical security and access controls, inventory management, and storage controls.

What We Found:

As of July 27, 2020, there were 2,099,222 items of stored property and evidence. The Dallas Police Department's Property Unit data elements stored in the Evidence Manager inventory management system regarding location, tag, and invoice number are reliable. However, the Property Unit does not have an effective and efficient review process for property and evidence item disposition or release.

In addition, the Property Unit: (1) does not always dispose of items authorized for disposal or release to the owner; (2) has outdated and incomplete Standard Operating Procedures regarding disposition activities; and, (3) stores property and evidence items at locations not suitable for that purpose.

Audit of Landfill Closure and Post-Closure Liability and Monitoring Expense

Objective:

The objective of this audit was to evaluate the City of Dallas' landfill closure and post-closure liability* and monitoring expenses to ensure: (1) contractors are selected on a competitive basis; (2) contractor charges align with the contract, purchase agreements, or other terms; and, (3) recorded financial liability is determined by a methodology consistent with industry practices.

*Estimated \$4.7 million liability over 17 years.

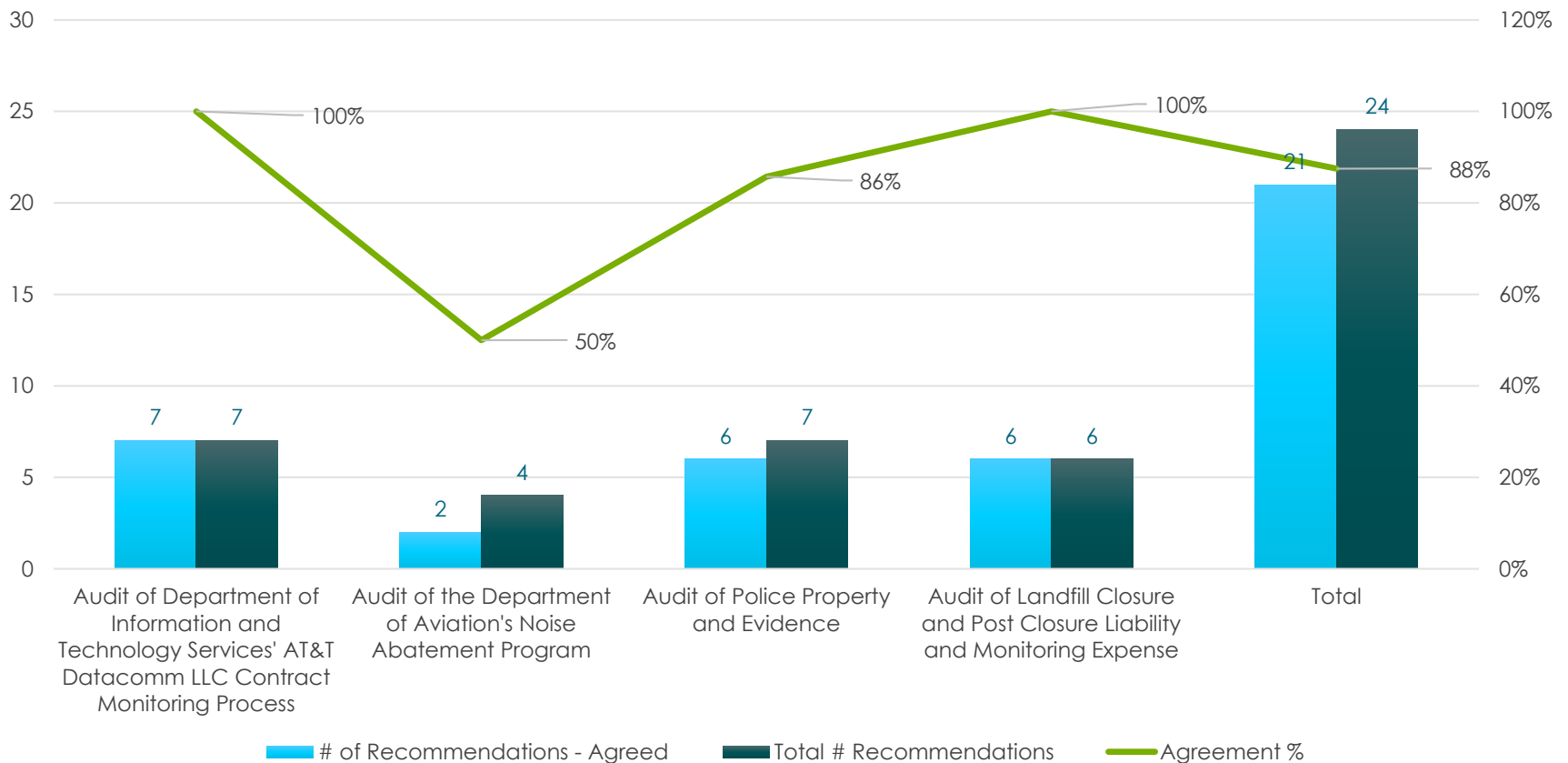
What We Found:

Opportunities exist to improve:

- Review of variances between actual and estimated costs.
- Monitoring vendor performance for consistency and internal reviews for accountability

Management Agreement

Summary of the percentage of recommendations management agreed to Implement per audit.



Management Agreement

Two of six reports were not included in the Management Agreement reported percentages as there were no recommendations associated with these reports:

- Audit of the TexasCityServices, LLC Contract
- Audit of the Coronavirus Aid, Relief, and Economic Security (CARES) Act – Interim Report 01

Investigative Services

Fraud, Waste, and Abuse Hotline Alerts			
Quarter	Received	Closed	Outstanding
1	25	25	35
2	39	28	43
Total:	64	53	43*

In Quarter 2, Investigative Services closed 28 complaints. Of those closed, one was substantiated.

***Note:** Not all previously outstanding cases remain outstanding. 43 total cases were outstanding as of March 31, 2021.

Projects in Progress

Number of Projects in Progress:

✓ 19 projects are in progress.

Audits already released or on the horizon for release in Quarter 3 include:

- [Audit of Fuel Services Planning, Procurement, Deployment, and Delivery](#)
- [Audit of Mobile Devices - Smartphones](#)
- [Audit of the Interlocal Agreement for Public Health Services](#)
- Audit of Census 2020 Interlocal Agreement with Dallas County
- Audit of City Boards and Commissions



Links to Reports

Although reports are linked throughout the presentation, here is a list of all reports linked in one place for your convenience.

Quarter 2:

1. [Audit of TexasCityServices, LLC Contract](#)
2. [Audit of Department of Information and Technology Services' AT&T Datacomm LLC Contract Monitoring Process](#)
3. [Audit of the Department of Aviation's Noise Abatement Program](#)
4. [Audit of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act - Interim Report 01](#)
5. [Audit of Police Property and Evidence](#)
6. [Audit of Landfill Closure and Post Closure Liability and Monitoring Expense](#)

Quarter 3 to Date:

1. [Audit of Fuel Services Planning, Procurement, Deployment, and Delivery](#)
2. [Audit of Mobile Devices – Smartphones](#)
3. [Audit of the Interlocal Agreement for Public Health Services](#)

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