

Office of the City Auditor

Fiscal Year 2020 Quarter 4 Update:
July 1, 2020 – September 30, 2020

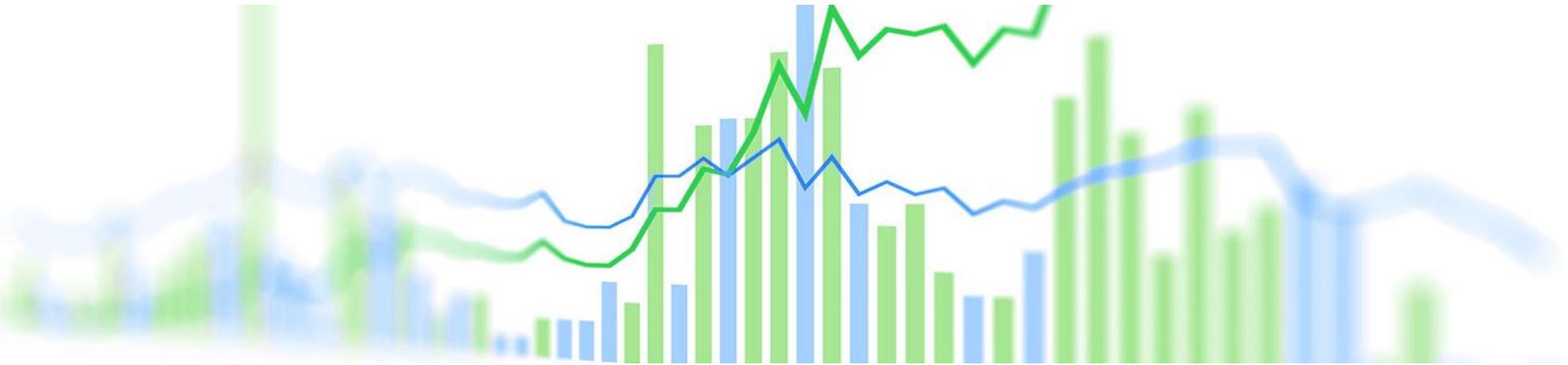
Administrative Procedures Update

October 26, 2020
Mark S. Swann, City Auditor

Government Performance & Financial Management Committee



Overview



5

Reports Issued

100%

Management Agreement to Recommendations

17

Projects in Progress

Reports Issued

Audit of Cash Handling at the Code Compliance Consumer Health Division

Background:

The Consumer Health Division performs approximately 14,200 inspections at 7,100 food selling facilities in Dallas. In Fiscal Year 2019, the Department of Code Compliance Consumer Health Division collected \$2.9 million in license and permit fees.

Objective:

The audit objective was to determine if consumer food safety inspection cash handling processes are working as management intended. The scope of the audit was limited to cash handling processes at the Department of Code Compliance Consumer Health Division between January 2019 and December 2019.

What We Found:

Cash handling processes at the Department of Code Compliance Consumer Health Division, during January – December 2019, worked as intended, and the cash collected by the Division was safe and accounted for.

Reports Issued

[Audit of Proposed Budget Revenues Included in the Fiscal Year 2020-21 Proposed Annual Budget for the City of Dallas](#)

Background:

The Office of the City Auditor reviewed major revenue sources totaling \$2.52 billion or 78 percent of the \$3.25 billion of the proposed budget revenues included in the City Manager's *Fiscal Year 2020-21 Proposed Annual Budget*.

Objective:

The audit objective was to determine whether the city of Dallas has effective processes to ensure reasonable proposed budget revenues are included in the City Manager's *Fiscal Year 2020-21 Proposed Annual Budget*.

What We Found:

The City of Dallas has effective processes to ensure reasonable proposed budget revenues are included in the *Fiscal Year 2020-21 Proposed Annual Budget*. Further, the revenue forecast methodologies and material assumptions used in developing the proposed budget revenues are reasonable and adequately supported.

Reports Issued

[Audit of City-Owned Buildings' Elevator Safety](#)

Background:

The responsibility for the safety of elevators, escalators, and moving sidewalks (herein identified as elevators) located in City-owned buildings is decentralized. The Departments of Aviation, Building Services and Dallas Water Utilities are the main departments responsible for the safety of the elevators.

Objective:

The audit objective was to determine if City-owned buildings' elevators are safe for public use. The scope included management operations for the period October 1, 2017, through September 30, 2019.

What We Found:

The documentation provided by the Departments of Aviation, Building Services, and Dallas Water Utilities was not sufficient to determine if all elevators in City owned buildings are safe for public use. There is a lack of monitoring of the inspection and maintenance service contracts to ensure that all elevators are inspected and maintained.

Reports Issued

Audit of Fire Hydrant Inspection, Flow-Testing, and Maintenance Process

Background:

There are more than 30,000 public fire hydrants ready to provide water during a fire emergency. Dallas Fire-Rescue performs the annual inspection, flow-testing and maintenance of public fire hydrants. Dallas Water Utilities owns the public fire hydrants and is responsible for repairs. Also, there are about 400 private fire hydrants in the City.

Objective:

The objectives of this audit were to evaluate the processes the Department of Dallas Fire-Rescue uses to:

- Ensure City-owned (public) fire hydrants are inspected annually.
- Monitor and maintain private fire hydrants according to standards/industry best practices.

The scope of the audit was fire hydrant program operations in Fiscal Years 2018 and 2019.

What We Found:

Dallas Fire-Rescue needed additional improvement in the following areas:

- Public fire hydrants: accurate counts, inspections, monitoring repair status, flow-testing, and documentation.
- Private fire hydrants: accurate counts, verifying compliance, and collection of revenues.
- Internal Document System: invalid access, limited data input and classification control.

Reports Issued

[Audit Follow-Up of Prior Recommendations - Continuity of Operations Basic Plan](#)

Background:

On June 15, 2018, the Office of the City Auditor released the *Audit Follow-Up of Prior Audit Recommendations – Audit of the Design of the City of Dallas’ Pandemic Influenza Continuity of Operations Basic Plan*. Despite measurable progress by the Office of Emergency Management and the Department of Information & Technology Services, three recommendations were not fully implemented. The follow-up audit report made eight new recommendations for improvement.

Objective:

The objective and scope of this audit was to evaluate management’s implementation of prior audit recommendations as of March 1, 2020.

What We Found:

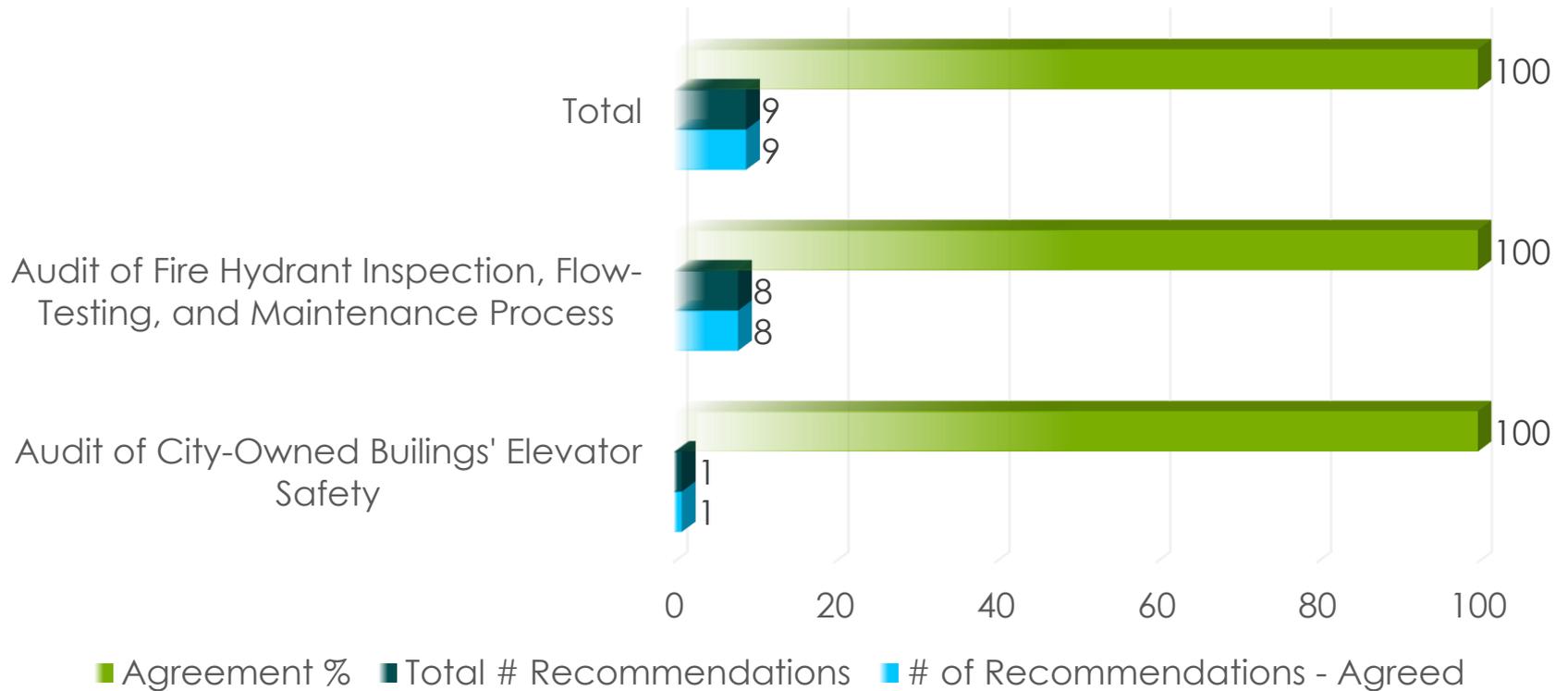
Four of the eight new recommendations were implemented. However, the City continues to lack an overall authoritative position that ensures:

- All departments complete their Continuity of Operations Annex, update them at least annually, and test them.
- Continuity of operations personnel have the appropriate authority and resources.
- A consensus among departments is achieved regarding the information technology systems that must be restored.

The Department of Information & Technology Services lacks a formal Disaster Recovery Plan with measurable interim milestones while it progresses toward its goal of developing 300 sub-disaster recovery plans by 2024.

Management Agreement

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



Management Agreement

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

- [Audit of Cash Handling at the Code Compliance Consumer Health Division](#)
- [Audit of Proposed Budget Revenues Included in the Fiscal Year 2020-21 Proposed Annual Budget for the City of Dallas](#)
- [Audit Follow-Up of Prior Recommendations – Continuity of Operations Basic Plan](#)

One of the performance measures for the Office of the City Auditor is to add value by achieving over 90 percent agreement to audit recommendations. Management agreed to 100 percent of recommendations in Quarter 4. The agreement percentage for reports released to date is 89 percent.

Investigative Services

Fraud, Waste, and Abuse Hotline Alerts		
Quarter	Received	Closed*
1	31	38
2	34	25
3	17	32
4	19	28
Total:	101	123

***Note:** Pending cases from prior quarters may also be closed in excess of complaints received.

In Quarter 4, Investigative Services closed 28 complaints. Of those closed, five were substantiated. Of the substantiated complaints, five resulted in corrective actions taken by management, including: termination of employment, verbal counsel of employee, notices of violation/citations, and abatement of violations.

In addition, although one complaint was not substantiated, a local business took additional steps to negate negative perceptions which may have led to future suspicion of fraud, waste, or abuse.

Investigative Services

Fraud, Waste, and Abuse Response Tracking			
Total Complaints	Response Required	Response Within 3 Days	Percent
101	90	90	100

Investigative Services is required, according to our performance measures, to post a response within three business days to those cases which require a response. Ninety of 101 cases required a response in FY 2020. Of those 90: 90, or 100 percent, received a response from the investigations team within three business days.

Projects in Progress

Projects in progress include:

- ✓ 1 carry-over audit from the Fiscal Year 2019 Audit Plan.
- ✓ 14 projects from the Fiscal Year 2020 Audit Plan.
- ✓ 2 projects from the Fiscal Year 2021 Audit Plan

Audits on the horizon for release in Quarter 1 of FY 2021 include:

- Audit of the Department of Aviation's Volunteer Noise Management Program
- Audit of the Dallas County Motor Vehicle Child Safety Fee



Links to Reports

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

- [Audit of Cash Handling at the Code Compliance Consumer Health Division](#)
- [Audit of Proposed Budget Revenues Included in the Fiscal Year 2020-21 Proposed Annual Budget for the City of Dallas](#)
- [Audit of City-Owned Buildings' Elevator Safety](#)
- [Audit of Fire Hydrant Inspection, Flow-Testing, and Maintenance](#)
- [Audit Follow-Up of Prior Recommendations – Continuity of Operations Basic Plan](#)



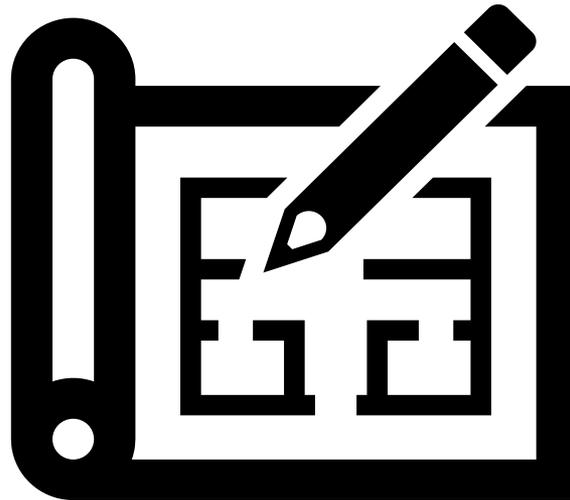
Council Resolution 904027

City Auditor Responsibilities and Administrative Procedures

Purpose

Council Resolution 904027 - *City Auditor Responsibilities and Administrative Procedures*

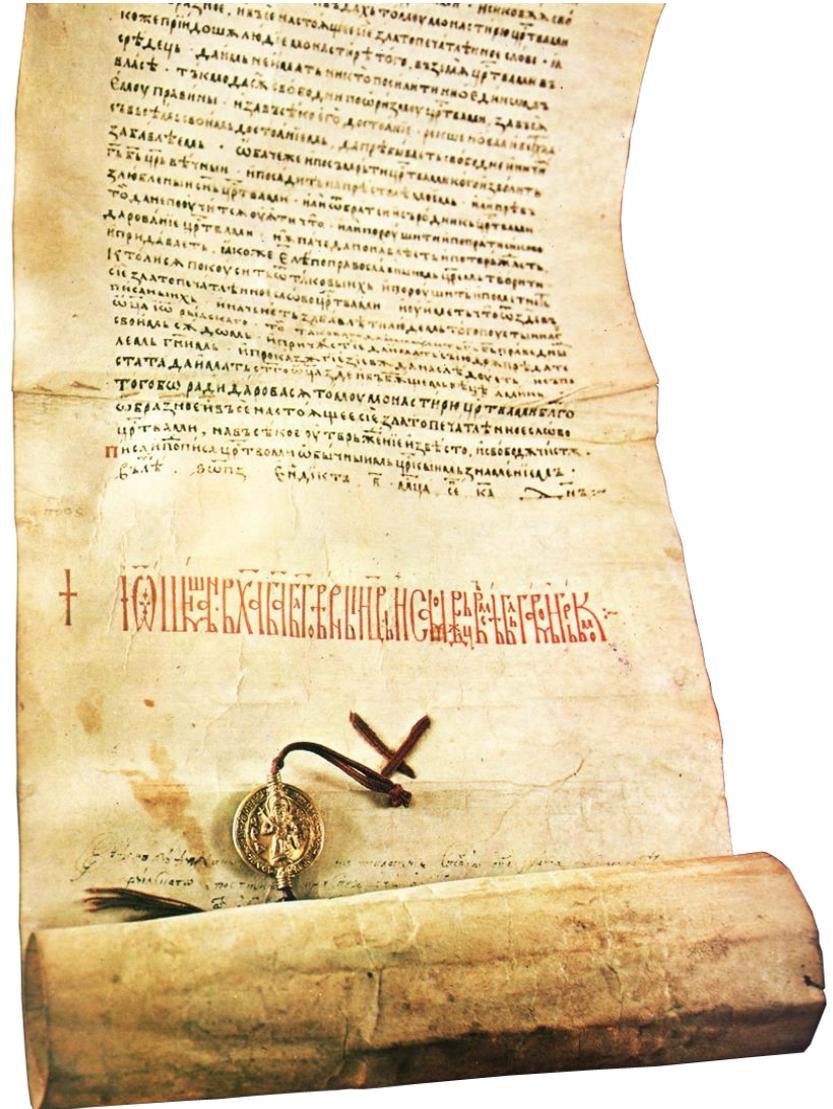
Last updated December 1990



Time to Refresh Responsibilities and Procedures to
Mirror Current Practices

City Charter Chapter IX City Auditor

1. Conduct audits and investigations
2. Any entity receiving funds
3. Ensuring quality and accuracy of information and improve processes and controls
4. Monitor and evaluate accounting and property records
5. Examine books city officers, city funds, and trust funds
6. Appraising financial records, statements, and reports follow generally accepted accounting principles
7. Evaluate adequacy of city's accounting system and controls
8. Reporting any irregularities or failures to maintain adequate and accurate records
9. City council requested studies on efficiency, economy, and effectiveness of city programs, projects or departments
10. Liaison to external audit agencies
11. Special audits city officer turnover



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Summary of Noteworthy Revisions

Section 2

- The scope of services was summarized into broad categories, less prescriptive.

Section 3

- Highlighted the objective and scope of work for investigation services.

Section 4

- Acknowledge City's external financial audit is managed by the Chief Financial Officer.

Summary of Noteworthy Revisions

Section 5

- Acknowledge responsibility for monitoring and evaluating the City's accounting and property records, funds, general accounting system and records will be accomplished by periodic reviews of City's continuous monitoring programs.

Section 7

- Responsibilities for strategic planning revised to be less prescriptive.

Section 8 (b)

- The requirement to verify the reasonableness of revenue estimates included in the proposed budget is revised from an annual requirement to City Council request review of revenue estimates.

Summary of Noteworthy Revisions

Section 9 (b)

- Requests the Office of the City Auditor is notified of all financial, performance, operational, and other audit activities or external consulting assessments conducted on behalf of the City.

Section 12 (b)

- City management response to the final draft report is revised from 30 calendar days to 15 business days.

Section 13 (a)

- Requires implementation follow-up requirement for only high-impact audit recommendations or a specific request by the City Council or a committee of the City Council.

Summary of Noteworthy Revisions

Section 14

- Provides more precise detail regarding the right to access employees, records, and properties. Instruction is directed to City Auditor personnel responsibility for maintaining the confidentiality of the information they receive.

Section 16

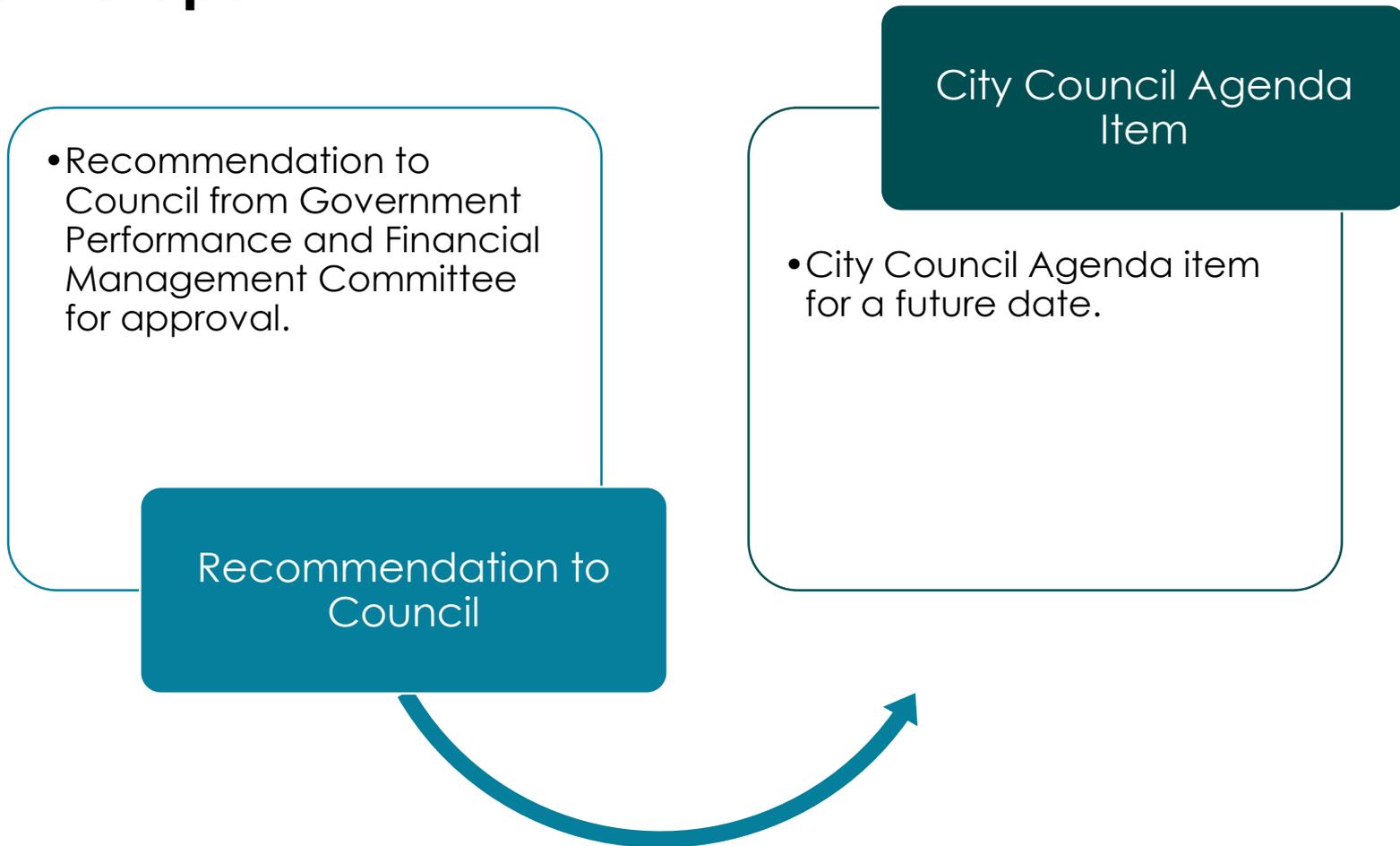
- Directs the Office of the City Auditor to provide an annual report in the first quarter of every fiscal year to report on the prior fiscal year's progress to Council and prescribes what the annual report should include.

Section 17

- Establishes alignment with Chapter XI, Section 2 of the City Charter for City Auditor's annual budget and describes protocol for submitting the annual budget.

Comment Period: July 13, 2020 to August 31, 2020

Next Steps





Appendix

Crosswalk/Background

City Charter Crosswalk

The sections listed in **black** refer to original Council Resolution 904027. Those listed in **blue** refer to the sections of the proposed *DRAFT City Auditor Responsibilities and Administrative Procedures*.

City Charter Chapter IX	
Section 3 – Duties of City Auditor	
<i>(1) Conducting financial audits, compliance audits, economy and efficiency audits, special audits, and investigations.</i>	Section 2 and Section 3 Section 2 and Section 6
<i>(2) Conducting, at the direction of the city council or the city council finance committee, an audit or investigation of any entity receiving funds from the city.</i>	Section 2 (c) and Section 3 (c) Section 2 (c) and Section 6 (b)
<i>(3) Ensuring the quality and accuracy of information received for business decision-making and for improvement of the processes and controls used to effectively manage city resources.</i>	Section 2 (c) (5) Section 2 (c) (5), (6)

City Charter Crosswalk

City Charter Chapter IX	
Section 3 – Duties of City Auditor	
<i>(4) Monitoring and evaluating the city's accounting and property records, funds, general accounting system, and records of city officers authorized to receive money or other property belonging to the city.</i>	Section 5 Section 8
<i>(5) Examining the books, accounts, reports, vouchers, and records of city officers, of funds of the city, and of funds for which the city is responsible as trustee.</i>	Section 2 (c) Section 2 (c)
<i>(6) Appraising and verifying the accounting accuracy of financial records, statements, and reports, and determining that generally accepted accounting procedures and principles are followed.</i>	Section 4 Section 7

City Charter Crosswalk

City Charter Chapter IX	
Section 3 – Duties of City Auditor	
<i>(7) Evaluating the adequacy of the city's accounting system and controls.</i>	Section 2 (c) (2), (3), (4); Section 4 Section 2 (c) (2), (3), (4); Section 7
<i>(8) Reporting to the city council, the city council finance committee, and the city manager any irregularities or failures to maintain adequate and accurate records.</i>	Section 10 Section 13
<i>(9) Making such studies and reports as the city council shall request or approve as to the efficiency, economy, and effectiveness of the programs, projects, or departments, and reporting such data to the city council, the city council finance committee, and the city manager.</i>	Section 2 (c) (6) Section 2 (c) (8)

City Charter Crosswalk

City Charter Chapter IX	
Section 3 – Duties of City Auditor	
<i>(10) Acting, on behalf of the city, as liaison to external auditing agencies that are reviewing or auditing city operations or city programs that may be federally or state funded.</i>	Section 9 Section 12
Section 4 – Special Audit	
<i>Making such studies and reports as the city council shall request or approve as to the efficiency, economy, and effectiveness of the programs, projects, or departments, and reporting such data to the city council, the city council finance committee, and the city manager.</i>	Section 8 Section 11

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