Audit of Human Capital Management

March 26, 2026

Mamatha Sparks

Interim City Auditor

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Executive Summary

In response to City Council's concern with the City's ability to obtain and retain quality employees a series of personnel audits have been included in the Office of the City Auditor fiscal year audit plans.

The Fiscal Year 2025 Audit Plan and this report addressed employee talent retention. The objective of this audit was to assess whether City-wide talent retention and development practices align with best practices in the following areas:

- Classification and compensation structure and philosophy.

- Benefits offered compared to surrounding communities.

- Employee and manager technical and soft skill training.

- Career development and coaching (including performance evaluations).

- Employee engagement and satisfaction.

- Off-boarding information, such as exit interview data or former employee outreach.

- Human resources workforce strategy and communication.

The scope of this audit covers calendar years 2023 and 2024, as well as the first six months of 2025.

To obtain the needed human capital audit expertise, Baker Tilly Advisory Group, LP was retained to perform this audit. See Appendix A for their report.

Previous Audits

Audits of Talent Acquisition report, issued February 16, 2024, addressed talent acquisition for the City, Dallas Fire-Rescue uniform personnel recruitment and selection and Dallas Police Department personnel recruitment and selection.

Audit of Personnel Complaints Resolution, issued August 14, 2024, addressed Civil Service employees' personnel appeals governed by the City Charter, Chapter XVI, Civil Service and Personnel and Personnel Rules and non-civil service employees' requests to review disputed personnel actions

Objectives and Conclusions

1. Do the City-wide talent retention and development practices align with recognized best practices for:

   a. Classification and compensation structure and philosophy**.**

   Generally, yes. To ensure positions are appropriately titled and graded, Human Resources conducts market analyses, surveys, and collaborates with external organizations, all of which aligns with best practices. Testing was conducted to confirm the accuracy of employee compensation by verifying adherence to established pay codes. During testing, a few exceptions were noted among uniformed personnel related to education pay and patrol rate resulting in $731.96 in overpayment to employees. See Appendix A, Observation 1.

   b. Benefits offered compared to surrounding communities.

   Yes. The City's benefit packages offer competitive plans that include health, vision, and dental insurance, as well as a five-year vested pension plan. The health plans compare favorably to comparable cities. A representative sample of uniformed and non-uniformed personnel was selected to examine benefit deductions. Based on the results of testing, employee benefit rate deductions were found to be accurate, aligned with the appropriate coverage levels, and consistent with the elections made by employees.

   c. Employee and manager technical and soft skill training.

   Yes. The City provides comprehensive leadership development training, including courses for newly hired or promoted managers, as well as separate courses for tenured managers. These programs also encompass soft skills development. The training programs include topics that align to best practice training offerings for other cities.

   d. Career development and coaching (including performance evaluations).

   Generally, yes. Although controls evaluated were deemed effective, the career development process is being refined with the use of the Workday system and has elements of best practices, such as probationary period check-in frequency.

   e. Employee engagement and satisfaction.

   Generally, yes. Human Resources Partner & Employee Relations Center of Excellence Administrator manages all Human Resources partners to ensure that employee relations and compliance issues are addressed appropriately. During testing of relations cases, exceptions around the timeliness of remediating investigations were noted. See Appendix A, Observation 2.

   f. Off-boarding information, such as exit interview data or former employee outreach.

   Yes. The City's employee relations activities include an exit interview process that utilizes a new electronic form and a dashboard to capture and analyze data from departing employees. The exit interview questions asked align with best practices. The City does not

have a formal process for conducting outreach to former employees after they have left the City.

g.   Human resources workforce strategy and communication.

Generally, yes. Maintaining open communication and regularly updating Human Resources Personnel Rules and administrative directives is essential for strengthening workforce strategy, enhancing data quality and operational efficiency, and ensuring compliance. Assessment of administrative directives indicated they have not been updated in the last year. See Appendix A, Observation 3.

Recommendations

Management should:

- Implement an action plan that includes verifying education pay documentation, reconciling Human Resource records, integrating automation, and training.

- Implement a tracking and escalation process with alerts for delayed investigations and consistent documentation by internal & external agencies.

- Perform annual review and update plan for administrative directives.

Risk Summary

Risk classification is based on criteria outlined in the *Standards for Internal Control In the Federal Government*—Compliance, Operational, Financial and 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	No.	Management's Response
🔴 High		
🟠 Moderate	3	Agree to all recommendations
🟢 Low		

Methodology

Baker Tilly Advisory Group, LP was retained to perform this audit. See Appendix A for Baker Tilly Advisory Group, LP's methodology. In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

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 – Baker Tilly Advisory Group, LP Report

Audit of Human Capital Management

Baker Tilly Advisory Group, LP report begins on the following page.

City of Dallas, Texas

AUDIT REPORT: Human Capital Management

March 26, 2026

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Executive Summary

Overview

On behalf of the City of Dallas (the "City") City Council, the Office of the City Auditor engaged Baker Tilly Advisory Group, LP (Baker Tilly) to perform the audit of Human Capital Management.

The objective of the audit was to assess whether City-wide talent retention and development practices align with best practices for the areas listed below. For each area we have documented our overall conclusion on the process and related internal controls based on the rating criteria listed in Appendix A.

Objective	Conclusion of processes and internal controls
Classification and compensation structure and philosophy	Some improvement needed
Benefit offerings compared to surrounding communities	Effective
Employee and manager technical and soft skill training	Effective
Career development and coaching	Effective
Employee engagement and satisfaction	Some improvement needed
Off-boarding information	Effective
Human resources (HR) workforce strategy and communication	Some improvement needed

The detailed report provides additional information regarding the audit scope and approach, risk ratings, and detailed observations, enhancement opportunities, and recommendations identified during this engagement.

Summary observations, enhancement opportunities, and recommendations

Process area	Summarized observation or enhancement opportunity	Summarized recommendation	Risk rating	Report reference
Classification and compensation structure and philosophy	Testing of City employees' compensation found 3 exceptions among uniformed personnel, two related to education pay and one to patrol duty assignment pay	An action plan that includes verifying education pay documentation, reconciling HR records, integrating automation, and training	**Medium**	Observation #1
Employee engagement and satisfaction	Testing of employee relations cases found 5 exceptions around the timeliness of remediating investigations	Implement a tracking and escalation process with alerts for delayed investigations and consistent documentation by internal & external agencies	**Medium**	Observation #2
HR Communication	21 of 22 Administrative Directives have not been updated in the last year	An annual plan to update the Administrative Directives	**Medium**	Observation #3
Off-boarding information	The City currently lacks a formalized process for conducting outreach to former employees after their departure	A formal offboarding outreach program that includes a follow-up survey conducted after a departure	**N/A**	Enhancement Opportunity #1

Conclusion

Overall, we concluded that the current Human Capital Management processes and internal controls are effective with **some improvement needed**.[1]

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[1] See Appendix A for the rating system used to conclude on the overall control rating.

Detailed report

Background and objectives

The purpose of the audit was to evaluate whether talent retention and development practices across the City are aligned with recognized best practices in the following areas:
- Classification and compensation structure and philosophy
- Benefit offerings compared to surrounding communities
- Employee and manager technical and soft skill training
- Career development and coaching (inclusive of performance evaluations)
- Employee engagement and satisfaction
- Off-boarding information, such as exit interview data or former employee outreach
- Human resources workforce strategy and communication

The scope of this audit covers calendar years 2023 and 2024, as well as the first six months of 2025.

As part of this audit, staff from the Office of the City Auditor assisted Baker Tilly in the performance of some control tests involving sensitive employee data.

The conclusions were gathered through stakeholder interviews, control and compliance testing, best practice research, and an analysis of relevant City documents.

Classification and compensation structure and philosophy
In 2019, the City conducted a classification and compensation study for civilian positions that established a new structure for job titles and positions. This initiative helped the HR Department address challenges related to employee recruitment and retention. HR's Compensation Unit oversees compensation, benefits, and wellness for 13,000 employees across 45 departments. This includes overseeing civil and non-civil service HR functions, merit increases, special pays, and salary surveys. HR handles compensation configurations in Workday, which helps automate salary reviews and adjustments, benefit integration, and provides real-time compensation analytics. To ensure positions are appropriately titled and graded, HR conducts market analyses, surveys, and collaborates with external organizations, all of which aligns with best practices.

In January 2025, the City implemented a market adjustment for 5,000 uniformed positions to maintain competitive pay. Beyond compensation, the City also emphasizes non-monetary factors, such as opportunities for growth, development, and retention.

The HR Compensation Unit, which includes analysts and operations staff, is responsible for processing compensation transactions and managing the City's classification and compensation structure, including salary surveys and merit increases.

Testing was conducted to confirm the accuracy of employee compensation by verifying adherence to established pay codes. This involved a comprehensive comparison of employee pay classifications against both civilian and uniformed pay schedules to confirm correct classification and appropriate compensation. During testing, a few exceptions were noted among uniformed personnel related to education pay and patrol duty assignment pay. See **Observation #1**.

Benefit offerings compared to surrounding communities
The City's benefit packages offer competitive plans that include health, vision, and dental insurance, as well as a five-year vested pension plan. Employees can also access supplemental insurance for life, cancer, and short-term disability. The City has performed benefit benchmarking (every other year) with the help of their broker, Holmes Murphy, showing that the current benefit plans compare favorably to 8 comparable cities for Preferred Provider Organization (PPO), 13 cities for Exclusive Provider Organization / Health Maintenance Organization (EPO/HMO), and 10 cities for Health Savings Account (HAS). Based on a comparison with similar sized municipalities in the State of Texas, such as Austin, Houston, and San Antonio, it was determined that the City's health benefits are among the most favorable overall.

A representative sample of uniformed and civilian personnel was selected to examine benefit deductions. A comprehensive cross-referencing was then performed between the pay stubs, benefit enrollment documentation, and carrier file records to verify that benefit elections, whether made during open enrollment or due to qualifying life events, were accurately reflected and properly processed. Based on the results of testing, employee benefit rate deductions were found to be accurate, aligned with the appropriate coverage levels, and consistent with the elections made by employees.

Employee and manager technical and soft skill training

The City provides comprehensive leadership development training, including courses for newly hired or promoted managers, as well as separate courses for tenured managers. These programs also encompass soft skills development. Currently, an Admin Learning Management System is used, but efforts are underway to consolidate information into Workday.

HR is preparing to offer a new leadership training course, which currently spans five full days. The curriculum includes foundations of leadership, administrative processes, onboarding and recruiting, workers' compensation, payroll, Workday, civility, and performance management.

The Emerging Leaders Program is designed to be tiered based on the number of years an individual has served as a manager. To develop the curriculum, HR surveyed managers to gather input on desired topics, ensuring the program addresses their needs effectively.

As of December 2024, the City has offered the following training opportunities, which are highlighted in the "Catalog of Training" by Training & Development within HR, to help develop employee and manager technical and soft skills:

#	Training or Course	Focus	Audience	Training Type
1	City of Dallas Leadership Development Program	The leadership development program progresses through four levels, starting with foundational skills and mindset, then building core leadership capabilities, refining advanced strategies for team performance, and culminating in strategic leadership focused on vision-setting and high-level influence.	All Levels	In-Person and eLearning
2	Peer Today, Boss Tomorrow	Designed to help participants make a successful transition from "coworker" to "supervisor," Peer Today, Boss Tomorrow™ presents four proven strategies to help new supervisors navigate changing relationships and prepare for the most difficult situations they're likely to encounter in their new role.	Newly Promoted People Managers	In-Person
3	Blanchard SLII® Leadership Framework	The SLII® Training by Blanchard is a globally recognized leadership program that teaches managers to adapt their leadership style to meet the evolving needs of their team members, emphasizing flexibility, communication, and collaboration to enhance performance and engagement.	All Levels of People Managers	In-Person or Virtual
4	DiSC® Assessment	The DiSC® Assessment is a valuable tool that enhances team collaboration and communication by helping individuals understand their own and others' behavioral styles to build stronger working relationships.	All Staff	eLearning
5	The Five Dysfunctions of a Team	This training provides practical guidance for building cohesive teams by identifying and addressing the root causes of dysfunction and politics, emphasizing that while these issues are curable, overcoming them requires courage, discipline, and sustained effort.	All Staff	In-house
6	The Speed of Trust	This training helps individual contributors and leaders build trust by improving communication, collaboration, and accountability, ultimately enabling them to manage cross-functional relationships and lead agile, innovative, and high-performing teams.	All Staff	eLearning

#	Training or Course	Focus	Audience	Training Type
7	Radical Candor	This training provides a framework for giving and receiving feedback, equipping managers with tools to build strong employee relationships and work environment where innovative ideas thrive and individuals reach their full potential.	Senior Management	eLearning
8	Switch	Participants learn a three-part framework for accelerating change. The framework comes from the book Switch: How to Change Things When Change Is Hard.	All Staff	eLearning
9	The First 90 Days in Government: Critical Success Strategies for New Public Managers at All Levels	This practical book provides a roadmap that will help new government leaders at all levels accelerate their transitions by overcoming nine transition challenges, ranging from clarifying expectations to defining goals to building a team to managing personal stress. The authors also offer detailed strategies for avoiding major "transition traps."	New Gov't Leaders	Book Study
10	SERVE Leadership Development Program	A program based on best practices and research-based content, designed to expand the capacity of leaders at the City to effectively perform in their current roles and prepare for future opportunities.	Assistant Directors and Above	In-Person
11	Effective Business Writing	Learn how to communicate information in a succinct, clear, convincing, and organized manner. Review the fundamentals of correct grammar, punctuation, and spelling. Discover how to produce written information that is appropriate for the intended audience.	All Staff	eLearning
12	Civility & Respect in the Workplace	The goal of the training is to promote a strong culture of Civility and Respect within the City. A culture that is committed to ethical leadership and conducting business with integrity and respect to ensure public trust.	All Staff	eLearning
13	Communicating with Emotional Intelligence	This course helps individuals develop emotional intelligence by teaching them to manage their emotions, understand others' perspectives, and improve communication through empathy, listening, and appropriate responses, leading to more productive and satisfying interactions at work and home.	All Staff	eLearning; In-house
14	Conflict Resolution Strategies	This course equips learners with practical tools to recognize and resolve conflict, teaching de-escalation techniques and communication strategies.	All Staff	eLearning; In-house
15	Leading with Emotional Intelligence	This course teaches techniques for raising emotional intelligence in the workplace by helping individuals manage their emotions, understand triggers, and develop empathy to foster stronger relationships and boost team productivity.	All Staff	eLearning; In-house
16	Teamwork: How Team Dynamics Impact the Workplace	In this course, you will explore team dynamics, common roles within a team, tips on how to improve teamwork, and managing a multigenerational workplace.	All Staff	eLearning
17	The Art of Effective Communication	Communication is the process by which people create and share information and ideas with one another in order to reach mutual understanding. Effective workplace communication is therefore the foundation of positive and cooperative working relationships.	All Staff	eLearning; In-house

The City also has an employee training & development hub, which can be accessed by all employees on the City's SharePoint.

After assessing the training programs, the training programs include topics that align to best practice training offerings for other cities.

Career development and coaching (including performance evaluations)

The City implemented Workday for the first half of performance evaluations, with plans for goal setting to be fully integrated in FY26. HR provides a framework for these evaluations, and Workday serves as the system of record for performance evaluations and ratings. Some departments have their own performance evaluation processes and therefore were not evaluated.

Probationary Employees and 6-Month Evaluations:

Classified Civil Service employees serve a 6-month probationary period during which probationary employees and their supervisors develop goals using a PDF document, managed outside of Workday. This PDF is available on SharePoint along with guidelines. During the probationary period, the supervisor and the new employee have three check-ins. At the end of the probationary period, the supervisor recommends whether the employee has successfully completed probation. The probationary period check-in frequency aligns with best practices.

Formal Notices of Disciplinary Action:

Formal notices of disciplinary action are documented in a memorandum or letter, which is then submitted to HR Records and filed in the employee's personnel file. However, the final decision rests with the respective Departments.

Employee engagement and satisfaction

Employee engagement and satisfaction are measured through a city-wide engagement survey conducted every two years, including a "progress check" performed in off years. Surveys are used to understand the employee experience and to identify areas of concern. As a result of feedback received from these surveys, the City was able to add new voluntary benefits such as pet insurance and legal aid. Additionally, a new buddy system is being piloted as part of the onboarding process to improve the new-hire experience and retention.

Based on the two most recent survey results, FY22 and FY24 reports categorized high-performance organizations based on four primary factors:

- Culture of Engagement
- Strategic Alignment
- Motivating and Relating
- Managing Execution

The survey used a 1-5 scale for responses, where 1 is "strongly disagree" and 5 is "strongly agree". Scores were also presented as percentiles, comparing the organization's results to a broad range of other organizations, with the 50th percentile being average. Key areas assessed in FY22 and FY24 can be found here:

Category	2022 Result[2]	2024 Result[3]	Change
Strengths (% of Employees)	19%	18%	-1%
Contributors (% of Employees)	18%	20%	+2%
Opportunities (% of Employees)	16%	17%	+1%
Weaknesses (% of Employees)	14%	13%	-1%
Threats (% of Employees)	23%	22%	-1%
Culture of Engagement (Percentile)	19th	28th	+9
Strategic Alignment (Percentile)	26th	32nd	+6
Motivating and Relating (Percentile)	28th	41st	+13
Managing Execution (Percentile)	33rd	49th	+16
Fairness: Everybody is treated fairly (Percentile)	16th	22nd	+6
Respect for Management (Percentile)	13th	19th	+6
Accountability: People are held accountable (Percentile)	12th	16th	+4
Communication: Senior leaders communicate well (Percentile)	35th	42nd	+7

[2] Custom Insight, *Organization Survey Results* (City of Dallas, Texas, Focal Org, 2022)
[3] Custom Insight, *Organization Survey Results* (City of Dallas, Texas, Focal Org, 2024)

Category	2022 Result[2]	2024 Result[3]	Change
Respect for Employees: Receive praise (Percentile)	24th	32nd	+8
Values: Clear understanding of values (Percentile)	11th	19th	+8
Communication: Clear understanding of strategic goals (Percentile)	22nd	29th	+7
Opportunities for Growth: Manager active in development (Percentile)	38th	57th	+19
Communication: Manager informs about decisions (Percentile)	34th	50th	+16
Purpose and Direction: Manager defines goals (Percentile)	34th	52nd	+18
Accountability: Manager consistently holds people accountable (Percentile)	27th	47th	+20
Stress and Workload: Job does not cause stress (Percentile)	34th	39th	+5
Stress and Workload: Pace enables good job (Percentile)	34th	44th	+10
Workplace and Resources: Have resources needed (Percentile)	22nd	23rd	+1
Overall Engagement: Recommend to friends/family (Percentile)	18th	25th	+7
Compensation: Benefits comparable to others (Percentile)	17th	23rd	+6
Supervisor displays ethical behavior (Avg Score)	4	4.1	+0.1
Organization communicates expectations on ethics (Avg Score)	3.7	3.9	+0.2
Feel comfortable speaking up about misconduct (Avg Score)	3.5	3.7	+0.2

The City has made substantial improvements in the "Motivating and Relating" and "Managing Execution" factors. These improvements suggest a positive shift in how employees perceive their direct management and the clarity of their roles and expectations.

The improvements in managerial effectiveness, particularly in defining goals, ensuring accountability, and supporting professional development, can significantly boost employee retention. When employees feel valued, clearly understand their roles, and perceive opportunities for growth, their job satisfaction increases. This, in turn, reduces frustration and the likelihood of seeking employment elsewhere. This enhanced sense of support within the City leads to stronger commitment and loyalty and contributes to a more stable workforce and improved retention rates.

HR Partner & Employee Relations Center of Excellence manages all HR Partners to ensure that employee relations and compliance issues are addressed appropriately. During testing of relations cases, exceptions around the timeliness of remediating investigations were noted. See **Observation #2**.

Off-boarding information, such as exit interview data or former employee outreach
The City's employee relations activities include an exit interview process that utilizes a new electronic form and a dashboard to capture and analyze data from departing employees. The link for the exit interview is made available to staff as they leave the City, and participation is voluntary. The dashboard, which was activated in late 2023, provides insights into the high-level reasons for employee departures. As of late 2023, approximately 150 people had responded to the survey over about a two-year period since its implementation. The data collected from these interviews is intended to be used for analyzing reasons for employee turnover and developing strategies to improve retention, such as evaluating compensation and addressing departmental culture.

After assessing the 27 questions asked in the exit interview, it was determined that the questions asked align with best practices.

Currently, the City does not have a formal process for conducting outreach to former employees after they have left the City. See **Enhancement Opportunity #1**.

Human resources workforce strategy and communication
HR is responsible for citywide data presentations and the management of Workday report data. In February 2024, two new modules were implemented in Workday—one for performance evaluations (talent module) and another for recruitment and onboarding. HR collaborates with the City's Data Analytics and Business Intelligence group to conduct data analysis, prepare reports for City Council briefings, and ensure reporting tools are properly configured and automated for leadership use. These reports support HR Partners in identifying workforce solutions.

To support strategic workforce planning, a panel was formed with representation from various organizational pillars across the City. Each Assistant City Manager nominated a member to participate. The panel is currently in the initial phase, conducting listening sessions with department Directors to identify barriers to effective workforce planning. Input is currently being gathered from department leadership, employees, the budget process, and HR to inform the development of a strategic framework. A pilot program is scheduled to launch within the year, with a phased roll-out planned based on the pilot's success.

Workday serves as the primary data source for this initiative, with selected data integrated into Tableau dashboards. The design-thinking approach will help refine the systems and processes involved. The goal is for all departments to complete strategic workforce planning within a two-year timeframe. The City typically experiences lower turnover (total of 10.31% in 2024) than the private sector (~18% turnover rate in 2024[4]), and standardized data will be visualized in Tableau dashboards aligned with each department's strategic objectives.

Maintaining open communication and regularly updating HR Personnel Rules and Administrative Directives is essential for strengthening workforce strategy, enhancing data quality and operational efficiency, and ensuring compliance. During our assessment of Administrative Directives, we noted that they have not been formally updated in over a year. Best practice recommends updating on an annual basis. See Observation #3.

Scope and approach

The scope of this audit included:

An assessment was conducted of talent retention and development practices and associated documentation covering the 2023 and 2024 calendar years, as well as the first six months of 2025.

Baker Tilly's audit approach consisted of the following phases:

Phase I: Planning
- Establish the desired working relationships.
- Identify communication channels and reporting relationships of project staff.
- Confirm the project's objectives, work plan, and timeline.
- Confirm deliverables including expectations regarding the form and level of detail.

Phase II: Information Gathering
- Develop and distribute information requests related to HR activities including recent internal and external studies, HR tools and templates, and governing policies and laws. Also include data related to onboarding, performance evaluations, professional development, training records, benefits, turnover trends, and exit interviews, along with information on the classification and compensation structure.
- Analyze established policies and procedures related to various HR processes.
- Conduct interviews with HR staff and relevant stakeholders.

Phase III: Analysis
- Evaluate the design of controls to determine whether they adequately mitigate relevant risks and raise concerns to management in areas where they do not.
- Ensure controls are aligned with applicable regulations, internal/external policies and industry-leading practices.
- Complete process-level risk assessments covering key risks and operational areas.
- Assess whether controls are operating effectively and whether the design of controls is sufficient.

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[4] https://high5test.com/employee-turnover-statistics/#

Phase IV: Reporting

- Develop a report that summarizes the methodology and highlights key risks and observations.
- Discuss any observations and process improvement recommendations with Management.

Observations and recommendations

During this audit, observations were identified below. Risk level, classified as high, medium, or low, represents the impact and likelihood ranking of the risk associated with each observation.[5]

Observation #1	Classification and compensation structure and philosophy
Observation(s)	A sample of 40 active City employees was selected from the full roster with an emphasis on proportional representation of both civilian and uniformed personnel. For each employee in the sample, their pay rate and classification were verified against the 2025 pay schedules and employee master data. This included an assessment of assigned pay grades for civilian employees and the class/grade/step designations applicable to uniformed personnel. Compensation elements were evaluated for compliance with established pay codes and contractual obligations, specifically referencing Article 7 (Wages) of the most recent Meet and Confer Agreement (the "Agreement"), for uniformed personnel that fall under the Agreement. Additional pay categories such as Temporary Assignment Pay, Certification Pay, Education Pay, Longevity Pay, Language Pay, Shift Differential, and Overtime Pay were recalculated and verified against the Agreement and Council Resolution 24-1352. Exceptions were identified in the education pay support for two uniformed employees, representing 17% (2 out of 12) of the uniformed sample. • Education pay exception #1: the audit-calculated rate was $0.4846 per hour, while the pay slip showed a rate of $0.5538 per hour. Documentation revealed fewer credit hours than required to support the higher rate. The difference results in an estimated overpayment of $5.54 per pay period and $143.94 per year. • Education pay exception #2: the audit-calculated rate was $0.6923 per hour, while the pay slip showed a rate of $0.8308 per hour. Insufficient education credit documentation obtained. The difference results in an estimated overpayment of $11.08 per pay period and $288.08 per year. Additionally, one exception, 8% (1 out of 12) of the uniformed employee sample, was identified in relation to calculated patrol duty assignment pay for service years. • Service years patrol duty assignment pay exception: a miscalculated patrol duty assignment pay due to incorrect service years being used, resulting in a pay slip rate of $0.7212 per hour instead of the corrected $0.8654 per hour. The difference results in an estimated underpayment of $11.54 per pay period and $299.94 per year. All other pay elements across the sample were verified without exception and found to be compliant with applicable policies and the Agreement.
Risk: Medium	Overpayments and misclassifications occur when employees receive compensation they are not actually eligible for, often due to outdated qualifications or incorrect role classifications used to justify education pay or patrol duty assignment pay. Underpayments can occur when eligible employees do not receive the compensation they qualify for, creating potential employee relations issues and compliance concerns. As a consequence, financial losses, compliance risks, and challenges in maintaining consistent compensation practices across the workforce exist.

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[5] See Appendix A for the rating system used to assign the risk level.

Observation #1	Classification and compensation structure and philosophy
Recommendation(s)	To address the identified compensation discrepancies and prevent recurrence, we recommend that the City implement a corrective and preventive action plan. First, a targeted review of education pay documentation should be conducted to ensure all uniformed personnel receiving education-based compensation have current and complete records that align with the pay schedule criteria. As part of this effort, the Dallas Police Department should develop and implement a standardized checklist for verifying education credits prior to payroll processing. Checklist items should consider Dallas Police Department's General Order 206.18 Education Incentive Pay such as verification of institution accreditation, acceptable credit hour type (e.g., semester vs. quarter), transcript documentation, completion dates, and alignment with the approved pay schedule. Second, the employee master data—particularly service years—should be reconciled with HR records to correct any inaccuracies that may affect patrol duty assignment pay calculations to ensure the previous conversion to Workday was accurate. To strengthen ongoing compliance, the City should consider integrating validation checks between HR and payroll systems to flag inconsistencies in pay rates, service years (for patrol duty assignment pay), and eligibility criteria. Additionally, periodic training for payroll and HR staff on contractual pay provisions and documentation standards will help reinforce accountability and reduce manual errors. These measures can enhance data integrity, improve process reliability, and ensure compensation remains compliant with contractual and policy requirements. While the recommendation focuses on strengthening process controls, the root cause of the observation is most likely attributed to data entry errors rather than a systemic process failure. Nonetheless, considering the implementation of the recommended measures will help mitigate the risk of future discrepancies and enhance the integrity of education pay compensation practices.
Management Response(s)	**Action Plan(s):** The Dallas Police Department (DPD) believes implementing the recommendation as written will require significant staff time. However, DPD believes it can significantly reduce the risk associated with the recommendation via alternative methods and agrees to: 1a) Make a digital comparison of uniformed employee enhancement pays (e.g., education) in Workday to IWM entries. Discrepancies will be identified and researched on a sample basis to identify trends (e.g., employee responsible for data entry). 1b) The trends identified by the sample will be used to identify populations most likely to contain errors. These populations will be recalculated based on available supporting documentation and corrected as necessary. In addition, DPD will: 2) Revise its current process for entering enhancement pays in Workday, to ensure future revisions are reviewed prior to being finalized. 3) Periodically test recently finalized enhancement pay entries in Workday on a sample basis to ensure accuracy. **Estimated Implementation Date:** September 30, 2026 **Estimated Maturity / Follow Up Date:** March 31, 2027 **Owners:** 1a Planning and Crime Analysis Unit – Lt. Corkery, 1b & 2 Personnel Service Unit – Manager Alvarez, 3 Personnel Special Projects Unit – Lt. Blanchard

Observation #2	Employee engagement and satisfaction
Observation(s)	Employee relations cases and investigations were tested to assess the effectiveness and compliance of case handling procedures for concerns and complaints. This involved obtaining a population of cases and selecting a sample of ten for detailed testing. The objective was to verify that each case was addressed by the appropriate HR Partner, properly documented in the case management system (Navex), and resolved in a timely manner, ensuring adherence to internal protocols and standards.

5 out of 10 were not completed within the defined timeframe, 1 of which has been open for over 517 days and lacks supporting documentation from the assigned HR Partner. Per HR, a case is considered timely when the investigation summary is drafted and returned from the City Attorney's Office within 25 working days. The City Attorney's Office is generally allotted five days to return the investigation.

Several cases in our sample involved Equal Employment Opportunity Commission matters, which extended the City's case timelines that were beyond the City's control and further extended the duration of case resolution. When City staff provided Equal Employment Opportunity Commission case numbers, it was acknowledged that additional time was justified, as the review process was outside the City's control.

HR staff identified five cases that had been open for an excessive number of days. Lastly, three cases under review remained open for more than 200 days. |
| Risk: Medium | Addressing employee relations cases and investigations in a timely manner is essential to maintaining trust, accountability, and a respectful workplace culture. Delays can lead to unresolved conflicts, decreased employee morale, and potential legal risks. Prompt resolution ensures fairness, supports organizational integrity, and helps prevent issues from escalating. |
| Recommendation(s) | To improve the timeliness and accountability of employee relations case handling, HR should implement a formal tracking and escalation process for investigations that exceed defined timeframes. This could include automated alerts within Navex, if possible, for cases approaching or exceeding 25 working days, and a mechanism to escalate delays. Additionally, HR should ensure all cases are consistently documented by assigned HR Partners and consider developing a separate protocol for cases involving external agencies like the Equal Employment Opportunity Commission to account for extended timelines while maintaining transparency and oversight. |
| Management Response(s) | **Action Plan(s):** City management appreciates the audit's focus on investigation timeliness and welcomes the opportunity to provide additional context.

The Navex system is used across multiple departments to track various concern types, and it is recommended that future samples differentiate between case types to ensure accurate measurement. Notably, Equal Employment Opportunity Commission cases were included in the sample; however, they are distinct from Human Resources investigations and are not subject to the 25-day goal. Of the five cases referenced, two involved processes outside of Human Resources' control. One case was managed entirely by another department, and one case met Human Resources' submission timeline goal, with the delay due to additional processing time required by another department.

The City has established an ambitious timeline goal to complete Human Resources investigations, promoting accountability while ensuring each investigation is conducted with the thoroughness and fairness each case requires. In accordance with best practices, |

Observation #2	Employee engagement and satisfaction
	complexity, scope, and cross-departmental coordination may, in certain cases, result in extended timelines.
	A formal monitoring process is in place to track progress and document delays as they arise. To further strengthen accountability, these practices will be codified in a written procedure, and staff are evaluating a revised metric that captures only the portion of the process within Human Resources' direct control, enabling a more precise and meaningful performance measure.
	Estimated Implementation Date: 6/30/2026
	Estimated Maturity Date: 12/31/2027
	Owners: Elaine Chandler, Sr. Human Resource Manager, Employee Experience

Observation #3	HR Communication
Observation(s)	An evaluation of the City's HR Administrative Directives revealed that many are outdated. This raises concerns about their continued accuracy, legal compliance, and operational effectiveness.
	Of the 22 HR-related Administrative Directives, only one has been revised within the last two years, and one has never been revised. It has been noted that the Administrative Directives go through a documented review process, however, the Administrative Directives have not been updated with necessary changes.
	The Administrative Directives do not include a documented review history, only the date of the most recent revision is noted.
Risk: Medium	Failure to regularly update Administrative Directives can result in outdated procedures, increased legal and operational risks, and diminished employee trust and morale. It also limits the City's ability to respond effectively to emerging workforce challenges.
Recommendation(s)	We recommend establishing a structured review process, a process to make necessary updates or changes, and include a documented history of Administrative Directive reviews and updates which could enhance transparency, accountability, and audit readiness. It would ensure that HR procedures remain current, effective, and aligned with the City's strategic and operational needs.
Management Response(s)	**Action Plan(s):** As noted in the audit, all of HR's administrative directive (AD)s have been recently reviewed. HR agrees that the AD review and revision process can be enhanced. A revision to AD 2-01, *Administrative Directives,* has been drafted and is being reviewed. HR will comply with AD 2-01's revised process, which will require a biennial review of ADs.
	Estimated Implementation Date: 12/31/2026
	Estimated Maturity Date: 6/30/2027.
	Owners: Hilda Sallack, Manager - Policy, Records, and Process Improvement.

Enhancement opportunities and recommendations

An internal audit enhancement opportunity and accompanying recommendations are intended to support operational effectiveness, efficiency, or alignment with industry practices, and are at management's discretion to address.

Enhancement Opportunity #1	Off-boarding information
Observation(s)	The City currently lacks a formalized process for conducting outreach to former employees, excluding involuntary terminations, after their departure. Establishing such a process could help maintain positive relationships, gather feedback, and support future workforce planning. This initiative is distinct from exit interviews, which are typically conducted at the time of separation and often focus on immediate feedback regarding the employee's experience. Instead, this outreach would be geared toward maintaining connections with former employees, particularly those who left voluntarily and on good terms.
Recommendation(s)	We recommend establishing a formal offboarding outreach program for voluntary terminations that include a follow-up survey or interview conducted 30–60 days after an employee's departure. This initiative could gather feedback on their experience, identify opportunities for organizational improvement, and maintain positive relationships that could support future rehires, referrals, or public advocacy. It is important to ensure consistent tracking and reporting of insights gained.

Appendices

Appendix A: Audit opinion and risk rating systems

Conclusion rating standards

Our conclusion is based on the rating system described below:

Control Rating	Rating Description
Effective	Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and business objectives should be met.
Some Improvement Needed	A few specific control weaknesses were noted; however, controls evaluated are generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Major Improvement Needed	Numerous control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met
Unsatisfactory	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and business objectives should be met.

Risk rating standards

The observations in this report were rated based on the specific standards described below:

Rating	Rating description
High	This is a high priority issue. Immediate management attention is required. This is a serious internal control or risk management issue that if not mitigated, may, with a higher degree of certainty, lead to: • Substantial losses, possibly in conjunction with other weaknesses in the control framework or the organizational entity or process being audited. • Serious violation of the organization's strategies, policies, or values. • Serious reputation damage, such as negative publicity in national or international media. • Significant adverse regulatory or compliance impact, such as loss of operating licenses or material fines.
Medium	This is a medium-priority issue. Timely management attention is warranted. This is an internal control or risk management issue that could lead to: • Financial losses (stipulate levels). • Loss of control within the organizational entity or process being audited. • Reputation damage, such as negative publicity in local or regional media. • Adverse regulatory or compliance impact, such as public sanctions or immaterial fines.
Low	This is a low priority issue. Routine management attention is warranted. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and/or efficiency of the organizational entity or process being audited. Risks are limited.

Appendix B: Personnel involved

In addition to several staff and management from the Office of the City Auditor, the following personnel participated in facilitated sessions, individual interviews, or provided related content:

- Nina Arias, Human Resources Director
- Carmel Fritz, Total Rewards Assistant Director
- Sonya Batts, Sr. Human Resources Manager Talent Engagement & Development
- Dana Douglas, Talent Review Performance Manager
- Heather Wood, Training and Development Manager
- Reginald Jackson, Change Management & Engagement Manager
- Erika Guerrero, Talent Acquisition Center of Excellence Manager
- Stephen Tusken, Senior Program Manager
- Hilda Sallack, Policy and Records Manager
- Megan Adams, Sr. Workforce Analyst
- Elaine Chandler, Sr. HR Partner & Employee Relations Center of Excellence Manager
- Sandra Ovalles, Benefits Administrator

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Appendix B – Acknowledgement Letter

Audit of Human Capital Management

Management Acknowledgement Letter begins on the next page

Memorandum

CITY OF DALLAS

DATE: March 26, 2026

TO: Mamatha Sparks – Interim City Auditor

SUBJECT: Audit of Human Capital Management

This letter acknowledges the City Manager's Office received the *Audit of Human Capital Management* and submitted responses to the recommendations in consultation with the Department of Human Resources and the Dallas Police Department.

City management appreciates the auditor's detailed comparison of the City's talent retention and development practices against industry best practices. We are pleased that the audit concluded the City has effective processes and controls for the majority of objectives tested.

The auditors made three observations, including:

- Developing an action plan that includes verifying education pay documentation, reconciling HR records, integrating automation, and training;

- Implementing a formal tracking and escalation process for investigations that exceed defined timeframes and ensuring all cases are consistently documented by assigned HR Partners; and

- Developing an annual plan for Administrative Directives.

City management agrees to implement additional controls to significantly mitigate the risks associated with each observation shown above.

Please let me know if you need additional information.

Service First, Now!

Kimberly Bizor Tolbert
City Manager

C: Jack Ireland, Chief Financial Officer
  Dominique Artis, Chief of Public Safety
  Nina Arias, Director, Department of Human Resources
  Daniel Comeaux, Police Chief, Dallas Police Department