

Office of the City Auditor

Fiscal Year 2021 Quarter 3 Update:
April 1, 2021 – July 31, 2021

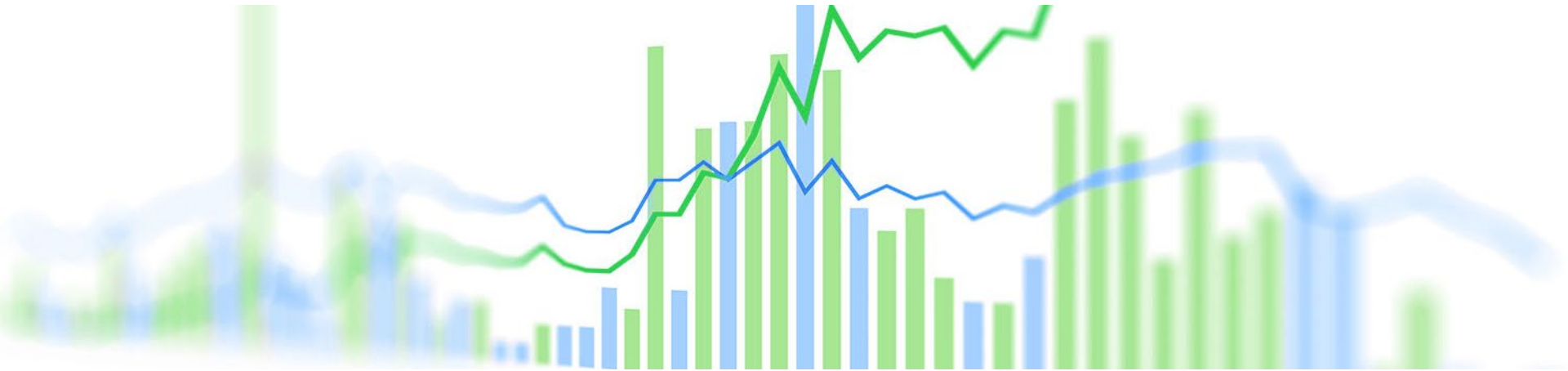


August 23, 2021
Mark S. Swann, City Auditor

Government Performance & Financial Management Committee



Overview



4

Reports Issued

69%

Management
Agreement to
Recommendations

19

Projects in Progress

Reports Issued – Quarter 3

Audit of Fuel Services Planning, Procurement, Deployment, and Delivery

Objective and Scope:

The audit objective was to determine if the Department of Equipment and Fleet Management has adequate controls over fuel services. The scope of the audit primarily focused on compliance with fuel storage tank inspection requirements, fuel purchases, fuel deliveries, and inventory control. The audit period covered transactions and management activities from October 1, 2018, to September 30, 2020.

What We Found:

The Department of Equipment and Fleet Management has adequate controls over fuel operations. In particular, the Department:

- Maintains a perpetual inventory system and performs month-end reconciliation between the fuel tank readings and the Fleet Focus M5 software system.
- Performs delivery reconciliations when receiving fuel at fuel stations.

In addition, the Department's staff:

- Reviews invoices for properly billed amounts and appropriately approves payments.
- Inspects the underground fuel storage tanks annually to comply with the State's inspection requirements.

What We Recommend

No recommendations were identified.

Reports Issued – Quarter 3

Audit of the Interlocal Agreement for Public Health Services

Objectives and Scope:

The objectives of this audit were to determine if:

- The Interlocal Agreement is administered and monitored by the City to ensure compliance with the agreement requirements.
- The City wrote the Interlocal Agreement in the best interests of the City.

The scope of the audit included management operations during the term of the Interlocal Agreement, specifically from October 1, 2019, through March 31, 2021.

What We Found:

Focusing on the use of the Interlocal Agreement in response to the novel Coronavirus public health emergency, the Interlocal Agreement and specifically the Standard Operating Procedure, *Health Emergencies Unified Command*, the City administered and monitored the Interlocal Agreement to ensure compliance with the agreement requirements.

The Interlocal Agreement was written in the best interests of the City.

What We Recommend

No reportable recommendations were identified.

Reports Issued – Quarter 3

Audit of Mobile Devices – Smartphones (Part 1 of 2)

Objectives and Scope:

The objectives of this audit were to determine if:

- Directives and guidance address smartphone usage and risk.
- Smartphones are:
 - Justified for use and formally approved prior to issuance.
 - Physically secured on-site and when held by individuals.
 - Configured to mitigate common threats and vulnerabilities.
 - Monitored through a centralized mobile device management system.
- Smartphone charges are verified and reviewed for reasonableness.

The scope of the audit was smartphone usage from June 2020 to March 2021.

What We Found:

Opportunities exist to improve smartphone governance, security, and user management.

(See next page)

Reports Issued – Quarter 3

Audit of Mobile Devices – Smartphones (Part 2 of 2)

What We Found (continued...)

Specifically,

- Improvements are needed to monitor management's expectations for smartphone usage and limiting potential privacy and data breach vulnerabilities.
- Approval and justification processes are dependent upon each department's procedure, and each department's phone coordinator executes based on their understanding.
- Smartphones are generally issued out of the box with no modifications or restrictions on applications installed, hardware usage installation of anti-virus or anti-malware agents, disabling Bluetooth services, or remote disabling features.
- Billing accuracy reasonableness is difficult to determine because the billing process is separate from the activation/ordering process.

What We Recommend

- Update management directives and governance to reflect emerging risks with the use of smartphones.
- Establish minimum default configuration requirements for smartphones.
- Implement a mobile device management system to validate smartphone configurations.
- Develop easy-to-do monitoring and inventory procedures.

Reports Issued – Quarter 3

Audit of Census 2020 Interlocal Agreement with Dallas County

Objectives and Scope:

The objectives of this audit were to determine if:

- The outside consultant was selected on a competitive basis.
- The outside consultant's performance and costs complied with the contract terms.

The scope of this audit included management operations for the period of the City/County Interlocal Agreement for Census Complete Count Campaign, specifically from October 15, 2019, through September 30, 2020.

What We Found:

The outside consultant selection was competitive and complied with the interlocal agreement. The outside consultant's costs complied with the contract, except for the lack of documentation of the reallocation of the costs from in-person, door-to-door outreach to other activities. The interlocal agreement did not have performance metrics. However, the City was actively involved in monitoring and directing the outside consultant's activities.

What We Recommend

We recommend City management:

- Incorporate performance metrics into interlocal agreements.
- Document the agreed-upon reallocation of costs for changes in activities identified in the interlocal agreement.

Reports Issued – Quarter 4 (to date)

Audit of City Boards and Commissions (Part 1 of 2)

Objectives and Scope:

The objectives of this audit were to determine if:

- 1) Boards and commissions are in compliance with the City's Charter and Code – specifically (a) membership and vacancy; (b) meetings; (c) racial and ethnic diversity; (d) annual reports; (e) conflict of interest and financial disclosure; and, (f) protecting confidential information.
- 2) The City is monitoring the costs to operate boards and commissions.
- 3) All boards and commissions have members' roles and responsibilities defined in bylaws or another authoritative document.

The scope of the audit included management operations in Fiscal Years 2019 and 2020.

What We Found:

Responsibility for ensuring compliance with City requirements is fragmented and shared among multiple offices, departments, and positions.

Processes are in place for the review of board and commission member qualifications, financial and conflict of interest disclosures, and the protection of confidential information.

(see next page)

Reports Issued – Quarter 4 (to date)

Audit of City Boards and Commissions (Part 2 of 2)

What We Found: (continued...)

Processes could be improved to ensure:

- Compliance with City requirements.
- Transparent documentation and communication of board and commission operations.
- Monitoring of the costs to operate boards and commissions.

What We Recommend

We recommend City management:

- Establish a single authority that ensures compliance with City requirements.
- Improve procedures to ensure compliance with City requirements and capture all costs to operate the boards and commissions.

Reports Issued – Quarter 4 (to date)

Audit of City Investment Pool Management

Objectives and Scope:

The objective of this audit was to determine if recorded investment income is complete and accurate, allocation of investment income to fund balances is complete and accurate, and expenses to manage the City of Dallas Investment Pool are supported and reasonable when compared to investment returns. We also determined if investment activities complied with the requirements of the *Texas Public Funds Investment Act*.

The scope of this audit included management operations from Fiscal Year 2018 through 2020.

What We Found:

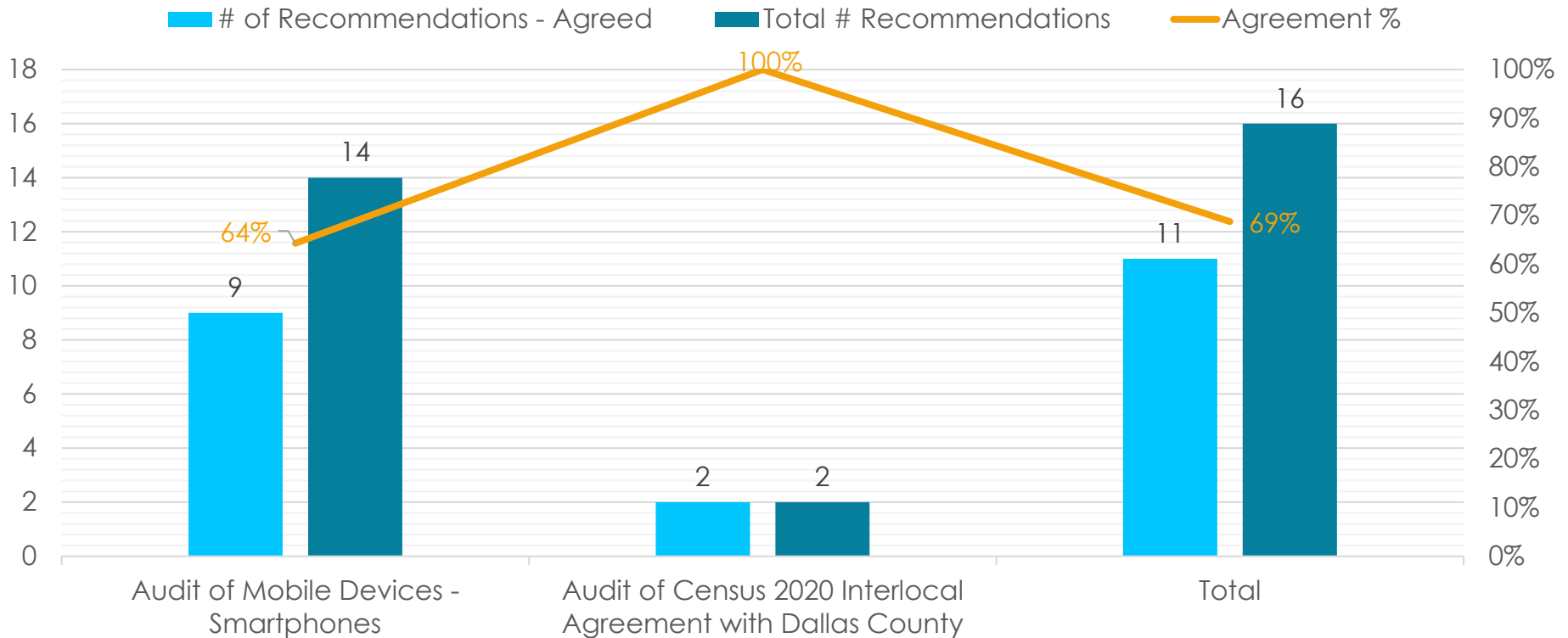
The City's Controller's Office generally records and allocates investment income to fund balances accurately and completely. Consistent with the objectives of the City's investment policy, expenses to manage the investment pool are supported and reasonable when compared to investment returns. In addition, investment activities complied with the *Texas Public Funds Investment Act*.

What We Recommend

No recommendations were identified.

Management Agreement – Quarter 3

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



Management Agreement – Quarter 3

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

- Audit of Fuel Services Planning, Procurement, Deployment, and Delivery
- Audit of Interlocal Health Agreement for Public Health Services

Investigative Services – Quarter 3

Fraud, Waste, and Abuse Hotline Alerts			
Quarter	Received	Closed	Outstanding
1	25	25	--
2	39	28	--
3	40	46	41
Total:	104	99	41*

In Quarter 3 Investigative Services closed 46 complaints. Of those closed, one was substantiated which resulted in letters of counseling as a disciplinary response.

***Note:** 41 total cases were outstanding as of August 5, 2021. This number can fluctuate from day to day.

Projects in Progress

Number of Projects in Progress:

✓ 19 projects are in progress.

Audits already released or on the horizon for release in Quarter 4 include:

- [Audit of City Boards and Commissions](#)
- [Audit of the City Investment Pool Management](#)
- Audit of Senior Services
- Audit of Homeless Solutions
- Audit of Road Paving
- Audit of Police Overtime
- Audit of Budget Revenues Included in the Fiscal Year 2021-22 Proposed Annual Budget for the City of Dallas
- Audit of Coronavirus Aid, Relief, and Economic Security (CARES) Act - Interim Report 02
- Agreed-Upon Procedures for Department of Water Utilities– Elm Fork Water Treatment Plant Filter Complex Procurement Project



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 3:

1. [Audit of Fuel Services Planning, Procurement, Deployment, and Delivery](#)
2. [Audit of the Interlocal Agreement for Public Health Services](#)
3. [Audit of Mobile Devices – Smartphones](#)
4. [Audit of Census 2020 Interlocal Agreement with Dallas County](#)

Quarter 4 to Date:

1. [Audit of City Boards and Commissions](#)
2. [Audit of the City Investment Pool Management](#)

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