

Memorandum



CITY OF DALLAS
Report No. A08-018

Date: August 8, 2008

To: Honorable Mayor and Members of the City Council

Subject: Final Report – Follow-Up of Audit Recommendations, Office of the City Secretary

The Office of the City Secretary (SEC) is commended for implementing effective corrective actions to recommendations resulting from the follow-up audit, “City Secretary’s Selected Processes for Conflict of Interest and Financial Disclosure Reporting, Ethics Complaint Filing, and City Official Candidate/Nominee Qualification Verification” dated June 23, 2006. *Attachment A* provides detailed information for the 15 recommendations included in this audit¹ report.

Summary of Follow-up Audit Results

Fiscal Year Audit Report Issued	Number of Report Recommendations	Recommendations Implemented	Recommendations Not Implemented
2006	15	13	2

Management implemented thirteen (87%) recommendations and did not implement two (13%) recommendations. The two recommendations not implemented relate to using Financial Disclosure Statements to identify potential conflicts of interest for City Council and Board / Commission members and providing conflict of interest disclosure forms in Council Member’s agenda / briefing packets.

Management has accepted the risks associated with not implementing these recommendations. The City Auditor’s Office will not conduct any further follow-up on

¹ This audit was conducted under the authority of the City Charter, Chapter IX, Section 3 and in accordance with generally accepted government auditing standards. The audit objective was to verify that management has taken corrective action(s), the corrective action(s) are achieving the desired results or management has assumed the risk of not taking corrective action(s). We interviewed Office of City Secretary personnel, reviewed policies and procedures, examined conflict of interest statements, and verified completion of the service agreement documents between City Manager’s Office and City Secretary’s Office.

these recommendations, but will consider the risks in determining future audit coverage as part of the annual audit plan.

We appreciate the Office of the City Secretary's cooperation. This report was discussed with SEC management, but a written response was not requested.

If you have any questions or need additional information, please contact me at 214-670-3222 or Gary Lewis, Audit Manager, at 214-670-5347.

Sincerely,

A handwritten signature in cursive script that reads "Craig D. Kinton".

Craig D. Kinton
City Auditor

Attachment A

C: Mary K. Suhm, City Manager
Deborah Watkins, City Secretary

Attachment A

Audit Report	Audit Issues	Audit Recommendations	Audit Follow-Up Results
<p>City Secretary’s Selected Processes for Conflict of Interest and Financial Disclosure Reporting, Ethics Complaint Filing, and City Official Candidate/Nominee Qualification Verification (June 23, 2006)</p>	<p>The process relied upon by the City Secretary’s Office (SEC) to ensure that no financial liabilities exist for City Council candidates did not identify all financial liabilities.</p>	<p>- Develop policies and procedures to ensure all outstanding obligations owed to the City by candidates and nominees are identified and resolved.</p> <p>- Consult with the City Attorney’s Office to determine whether Council or commission appointees are responsible for their family members liabilities owed to the City of Dallas.</p>	<p>Implemented. Candidate Background Check Procedure finalized 02/2007. Board and Commission Nominee Background Check Procedure finalized 09/2007.</p> <p>Implemented. City Attorney confidential memo dated July 2006 addresses the question of candidate responsibility for family member liabilities owed to the City.</p>
	<p>The SEC does not have adequate mechanisms for processing nominations and re-nominations for a board or commission member.</p>	<p>- Develop and implement service agreement with City Manager’s Office (CMO).</p>	<p>Implemented. The Service Agreement dated March 2008 between City Secretary’s Office and City Manager’s Office has been completed and signed.</p>
	<p>The City Secretary does not attend all City Council committee meetings, or track conflict of interest disclosure records relevant to the Council committee or board/commission meetings.</p>	<p>- Ensure that conflict of interest statements and other relevant information regarding the Council Member’s recusals during the Economic Development and Housing Council committee meeting on October 3, 2005, are obtained, and filed.</p>	<p>Implemented. Conflict of Interest Statements for Council Member’s recusals during Economic Development and Housing Committee meeting dated October 3, 2005 are on file #05-0833 with SEC.</p>

Audit Report	Audit Issues	Audit Recommendations	Audit Follow-Up Results
	<p>The SEC does not review the forwarded conflict of interest information, but files the documentation in applicable SEC files.</p>	<p>- Ensure that mechanisms are developed to ensure all conflict of interest disclosures relevant to City Council committee and board / commission meetings are accurately documented, reviewed, monitored, and properly filed.</p>	<p>Implemented. SEC procedures for processing Conflict of Interest Statement from Council Members finalized April 17, 2008.</p>
	<p>The SEC has not formalized the process and relevant staff responsibilities regarding making conflict of interest / Affidavit on Abstention from Voting forms available at each City Council meeting / briefing.</p>	<p>- Develop written policy / procedures to include relevant process and staff duties regarding making Affidavit of Abstention from Voting and Disclosure of Conflict Interest Statement forms available each Council meeting / briefing.</p>	<p>Implemented. SEC procedures for making Affidavit of Abstention from Voting and Disclosure of Conflict of Interest Statement form available at each Council meeting / briefing finalized April 17, 2008.</p>
	<p>The SEC does not have adequate written procedures regarding processing ethics complaints.</p>	<p>- Develop written policy / procedures to include the relevant process and staff responsibilities after an ethics complaint has been accepted by SEC staff.</p>	<p>Implemented. Procedures finalized on July 2, 2008.</p>
	<p>City officials and designated employees do not have clear instructions regarding which conflict disclosure form to file.</p>	<p>- Develop written policy and procedures, in consultation with the City Attorney's Office, to clearly address which conflict of interest form should be filed under the State law and the Dallas City Code of Ethics.</p> <p>- Develop written policy and procedures, in consultation with the City Attorney's Office, to address whether one conflict disclosure form could be developed to satisfy both the State and City requirements.</p>	<p>Implemented. The correct forms are being used by City Council Members and Board and Commission members. Procedures for making forms available at each Council meeting / briefing finalized April 17, 2008.</p> <p>Implemented. If Conflict of Interest by Councilmember pertains to property then both City and State forms should be used. If any other type of Conflict of Interest exists, then only the City form should be used.</p>

Audit Report	Audit Issues	Audit Recommendations	Audit Follow-Up Results
	<p>Information revealed in financial disclosure statements is not being used by the SEC to aid in identifying conflicts of interest for City Council and/or board / commission members.</p>	<p>- Develop mechanisms to ensure that financial disclosure statement information is fully used in identifying conflicts of interest for City Council, board / commission members, and the members are informed for possible conflicts of interest during City Council meetings, Council Committee meetings and Board / Commission meetings.</p>	<p>Not Implemented. State Law Local Government Code Chapter 176 Sections 176.006 (H) states that identifying conflicts of interest is the responsibility of the City Official. Identifying potential conflicts of interest from individual financial disclosure statements for every single item on every City Council meeting agenda would become an overwhelming task and a liability for the Secretary's Office. SEC has determined that this is not a viable option because the time and effort required does not make this responsibility practical.</p>
	<p>The SEC does not have written procedures to notify financial disclosure filers by certified mail that failure to file or to correct the filing within 15 days after the original deadline is a violation of the Code of Ethics, Section 12A-19.</p>	<p>- Develop written policy / procedures to include the Dallas Code of Ethics requirement regarding notifying the financial disclosure report filer by certified mail concerning failure to file or correct the filing within 15 days after deadline is a violation of the City Code.</p>	<p>Implemented. Procedures have been developed regarding failure to file Financial Disclosure Report.</p>

Audit Report	Audit Issues	Audit Recommendations	Audit Follow-Up Results
	<p>The SEC does not attend all City Council committee meetings, or track conflict of interest disclosure records relevant to the Council committee or board/commission meetings.</p>	<p>- Ensure that the City Attorney’s Office is consulted to obtain a legal opinion on the definition of “all meetings”. Should the opinion include committee and special meetings, consideration should be given to seek the authority to allow attendance at all meetings by City Secretary, or designee.</p>	<p>Implemented. City Attorney confidential memo dated July 2006 addresses the question of attendance of all meetings of the City Council by City Secretary.</p>
	<p>Forms for filing complaints to the ethics commission were not complete or kept to date.</p>	<p>- Consult with the City Attorney’s Office and Ethics Advisory Commission (EAC) to coordinate any necessary changes to the Dallas City Code of Ethics to ensure amended ethics complaints are addressed.</p>	<p>Implemented. The Amended Complaint Form dated July 2008 was developed and approved by the EAC and is addressed in the EAC Rules of Procedure.</p>
	<p>The SEC does not send conflict of interest disclosure forms to the CMO to include in Council Member’s agenda / briefing packets.</p>	<p>- Develop a methodology to send conflict of interest disclosure forms for the CMO to include in agenda/briefing packets for the City Council Members.</p>	<p>Not Implemented. The SEC has the processes in place to provide conflict of interest forms to Council Members at council meetings / briefings online at the SEC’s official website. As of April 2007, the majority of the City Council Members are receiving the agenda on compact disk or have been accessing it via the Internet. Including forms in Friday packets to Council is counterproductive to reducing the use / waste of paper.</p>

Audit Report	Audit Issues	Audit Recommendations	Audit Follow-Up Results
	The SEC has not instituted an adequate reporting system to periodically communicate, either internally or externally the activities and/or status relating to conflict and financial disclosures, or ethics complaints.	- Develop reporting mechanisms to ensure the filing activities and/or status regarding conflict and financial disclosures, and ethics complaints are reported and communicated internally and externally on a periodic basis.	Implemented. Receipt of financial disclosure reports, ethics complaints and conflict of interest filings are tracked and are available when needed.