

Memorandum



CITY OF DALLAS
(Report # A11-008)

DATE: April 8, 2011

TO: Honorable Mayor and Members of the City Council

SUBJECT: Audit Follow-Up of Prior Year Audit Recommendations –
Fiscal Years 2007 to 2009

City management improved accountability and operations by implementing 34 of 59, or 58 percent, of the prior audit recommendations (recommendations) tested during this follow-up audit¹; however, financial, operational, and compliance risks continue where recommendations were not adequately addressed.

The bank reconciliation process improved; however, it is still not a fully effective control for the timely detection and correction of bank and accounting system errors or potential fraudulent activity. Management also did not make sufficient progress formally documenting policies and procedures; a control activity designed to communicate employees' job responsibilities and help ensure operational consistency. The importance of formally documented policies and procedures is magnified when budgetary constraints require staff reductions and realignments.

**Prior Audit Recommendations
Status Reported by Management of
Eleven City Departments**

1. Aviation (AVI)
2. Business Development and Procurement Services (BDPS)
3. Communication and Information Services (CIS)
4. Court and Detention Services (CTS)
5. Dallas Water Utilities (DWU)
6. Human Resources (HR)
7. Office of Financial Services (OFS)/Budget Management Services (BMS)
8. Park and Recreation (PKR)
9. Public Works and Transportation (PWT)
10. Sanitation Services (SAN)
11. Sustainable Development and Construction (SDC)

¹ The audit scope was limited to 97 Fiscal Year (FY) 2007 to 2009 recommendations where City departments' agreed to take some implementation action and audit follow-ups had not yet been conducted. The 59 recommendations tested were judgmentally selected from the 85 recommendations reported by management in October 2010 as Implemented, Partially Implemented, No Longer Applicable, or as the Responsibility of Another Department. (See Table I in Attachment I.)

Accountability and Operations Improved

Accountability and operational improvements were accomplished through the implementation of recommendations. The extent to which City management agrees to and timely implements audit recommendations improves accountability through stronger control procedures and more efficient and effective service delivery. Examples of these improvements include:

- The CIS implemented procedures and increased contractor interactions which improved performance monitoring and contract oversight for the seven-year, \$59 million AT&T Managed Services Agreement for the management and monitoring of the City's voice and data networks
- The OFS/BMS improved closing procedures for encumbrances which reduce the amount of unused budget authority remaining from prior fiscal years
- The OFS/BMS and SAN collected additional revenues owed to the City including:
 - \$118,945 of unpaid franchise fees and interest
 - \$333,885 in shared revenue owed by the City of Irving
 - \$263,561 of solid waste franchisee fees (collection efforts initiated for another \$176,095)
- The CTS reported delinquent traffic citations to the Texas Department of Transportation (TXDOT) to block Dallas County vehicle registrations for defendants with unpaid fines which should result in improved collection rates
- The HR implemented procedures to validate and timely resolve identified Social Security Number (SSN) mismatches for all new hires which help to ensure that City employees have valid SSNs

Financial, Operational, and Compliance Risks Continue

Accountability and operational improvements were not accomplished and risks were not reduced where recommendations were not adequately implemented. Examples include:

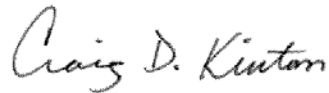
- The CCO made bank reconciliation process improvements; however, reconciling items are still not researched and resolved timely. Specifically:
 - Deposit discrepancies between the bank and the accounting system are not resolved within 45 to 60 days increasing the risk that errors or potential fraud will not be detected and resolved timely
 - 1,478 payroll checks, totaling \$917,335, issued and voided in October 2009 continue to be carried as reconciling items resulting in unreliable general ledger balances (an understatement of cash and available fund balance and an overstatement of payroll and related expenses)
 - Outstanding checks dating back to FY 2005 continue to be carried as reconciling items placing the City in potential violation of the State escheatment laws for at least 1,900 checks totaling \$190,121
- The City's bank reconciliation process is still not as automated or as efficient as it could be with fully implemented and up-to-date bank reconciliation software. The CCO obtained a more up-to-date version of the bank reconciliation software and purchased additional software licenses in February 2010; however, this version of the software has not yet been implemented.
- Policies and procedures are still not formally documented for a number of areas management agreed to address. Examples include:
 - The BDPS did not develop uniform contract monitoring guidelines. As a result, City departments still do not have the guidance needed to properly monitor contracts to ensure that the contractors are performing all duties in accordance with the contracts.
 - The BDPS also did not develop policies and procedures for a fundamental budgetary control that helps ensure that departments cannot process and pay for goods or services without first establishing an encumbrance within the appropriate fiscal year
 - The HR did not issue an Administrative Directive that sets forth the responsibilities, procedures, and requisite training standards to ensure

City departments comply with the Health Insurance Portability and Accountability Act (HIPAA). The City or individuals within the City may be subject to potential civil and criminal penalties of up to \$250,000 and possible imprisonment of up to 10 years for violation of the HIPAA statute and regulations.

Management has communicated that although many recommendations remain outstanding, efforts to implement recommendations are in process. Management has accepted the risks associated with not implementing the 23 recommendations shown in Table I in Attachment I. The Office of the City Auditor will not conduct further audit follow-up for these recommendations, but will consider the risks in determining future audit coverage as part of the annual audit plan.

The Office would like to thank City management for their assistance. If you have any questions or need additional information, please contact me at 214-670-3222 or Carol Smith, Assistant City Auditor, at 214-670-4517.

Sincerely,



Craig D. Kinton
City Auditor

C: Mary K. Suhm, City Manager
Tom Perkins, City Attorney
Mark Duebner, Interim Director – Aviation
Mike Frosch, Interim Director – Business Development and Procurement Services
Worris Levine, Director – Communication and Information Services
Gloria Lopez Carter, Director – Court and Detention Services
Jo M (Jody) Puckett, P.E., Director – Dallas Water Utilities
David O. Brown, Chief of Police – Dallas Police Department
Molly McCall, Interim Director – Human Resources
Jeanne Chipperfield, Chief Financial Officer
Jack Ireland, Director – Office of Financial Services
Paul D. Dyer, Director – Park and Recreation
Ricardo Galceran, P.E., Director – Public Works and Transportation
Mary Nix, P.E., Director – Sanitation Services
Theresa O'Donnell, Director, Sustainable Development and Construction
Edward Scott, City Controller

Attachment I

Objectives, Scope and Methodology

We conducted this audit under the authority of the City Charter, Chapter IX, Section 3, and in accordance with the Fiscal Year (FY) 2010 Audit Plan approved by the City Council. This performance audit was conducted 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 findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of the audit were to evaluate whether audit recommendations management agreed to implement were substantially addressed for audit reports issued during FY 2007 to 2009. The audit scope was limited to 97 FY 2007 to 2009 recommendations where City departments' agreed to take some implementation action and follow-up audits had not yet been conducted. Seven reports containing 57 recommendations issued during this same time period were excluded from the scope of this audit because follow-up audits had been previously conducted (see Table III in Attachment II).

Our methodology included requesting management of eleven City departments to report on the implementation status of 97 recommendations as of October 2010. We also conducted interviews, reviewed documentation, and performed other tests as deemed necessary.

We selected a judgmental sample of 59 of 85, or 69 percent, of the recommendations management identified as Implemented, Partially Implemented, the Responsibility of Another Department, or No Longer Applicable. The following are the categories used by the Office of the City Auditor to conclude on the implementation status of recommendations:

- **Implemented** – City management provided sufficient and appropriate evidence to support all elements of the recommendation(s)
- **Implemented with Qualifications** – City management provided sufficient and appropriate evidence to support the majority, but not all elements, of the recommendation(s)
- **Not Implemented** – Evidence did not support meaningful progress towards implementation or where no evidence was provided

- **No Longer Applicable** – Circumstances changed to make a recommendation no longer applicable.

Table I below summarizes the overall status of the recommendations.

Attachments III to XIII show by department more detail of the audit results for the 59 recommendations tested.

Table I

Summary of Overall Status of Recommendations for FY 2007 to 2009 Audits

Recommendation Implementation Status Per Management (October 2010)	
Implemented	68
Partially Implemented	9
No Longer Applicable	1
Responsibility of Another Department	7
Total Included in Audit Scope for Testing	<u>85</u>
Not Implemented	12
Number of Audit Recommendations Management Agreed to Implement	<u>97</u>
Recommendation Status Per Audit (January 2011)	
Implemented	20
Implemented with Qualifications	14
No Longer Applicable	2
Not Implemented	23
Judgmental Sample*	<u>59</u>

* The 59 recommendations tested were judgmentally selected from the 85 recommendations reported by management as Implemented, Partially Implemented, No Longer Applicable, and the Responsibility of Another Department.

Table II on the next page summarizes the results of the recommendations tested by department.

Table II

**Summary Results of Recommendations Tested for FY 2007 to 2009 Audits
– By Department**

Department	Tested	Implemented	Recommendations		
			Implemented With Qualifications	Not Implemented	Dropped
Aviation	2	2			
Business Development and Procurement Services	3			3	
Communication and Information Services	7	3		4	
Court and Detention Services	8	2	3	3	
Dallas Water Utilities	0				
Human Resources	10	3	3	4	
Office of Financial Services /Budget Management Services	16	5	4	6	1
Park and Recreation	5	2	1	2	
Public Works and Transportation	6	3	2	1	
Sanitation Services	1		1		
Sustainable Development and Construction	1				1
Totals	59	20	14	23	2

Attachment II

City management implemented 27 and partially implemented 14 of 57 of the prior audit recommendations tested during the seven follow-up audits noted in Table III below.

Table III

Summary of Follow-Up Audit Results for FY 2007 to 2009 Audits Excluded from the Current Audit Scope

Report	Number	Recommendations		
		Implemented	Partially Implemented	Not Implemented
Final Report – Follow-up of Audit Recommendations, Department of Code Compliance Multi-Occupancy Structure Program MOST), Fiscal Years 2006 to 2007 (October 2, 2009)	4	2		2
Follow-up of Audit Recommendations, Dallas Police Department Property Room (August 28, 2009)	14	7	7	
Final Report - Follow-up of Audit Recommendations, Department of Communication and Information Services, Fiscal Year 2007 (February 27, 2009)	13	5	4	4
Follow-up of Audit Recommendations – Department of Business Development and Procurement Services, Fiscal Years 2006 to 2007 (December 8, 2008)	7	4	2	1
Audit of South Dallas Fair Park Trust Fund October 1, 2006 to May 31, 2008 (November 21, 2008)	8	5	1	2
Final Report – Follow-up of Audit Recommendations, Office of Cultural Affairs (September 26, 2008)	9	2		7
Final Report – Follow-up of Audit Recommendations, Equipment and Building Services (August 29, 2008)	2	2		
Totals	57	27	14	16

Audit Verification Results

Recommendations Management Agreed to Implement	Per Management (October 2010)	Per Audit (January 2011)
9	Implemented 8 Partially Implemented 0 Not Implemented 1 No Longer Applicable 0 Responsibility of Another Department 0	Tested 2 Implemented 2 Implemented with Qualifications 0 Not Implemented 0 No Longer Applicable 0

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A09-018 <i>Review of Internal Controls Over Certain Financial Processes at the Department of Aviation</i> (September 18, 2009)	Review and comply with Administrative Directive 4-10, <i>Delinquent and Uncollectable Accounts Receivable</i> , and formally document Toll Tag processing procedures. These procedures should address Toll Tag non-payments and the recognition of bad debt expense related to Toll Tag processing in the City's financial system. The Toll Tag Coordinator and accounting personnel should establish the receivables, the allowance for uncollectible amount, and the write-off amount for the bad debt for Fiscal Year (FY) 2009 and subsequent fiscal years.	9/30/2009	I	✓				

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Aviation (AVI)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A09-018 <i>Review of Internal Controls Over Certain Financial Processes at the Department of Aviation</i> (September 18, 2009)	Ensure 100 percent of the fixed assets are included in the annual physical inventory.	9/30/2009	I	✓				

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Verification Results

Recommendations Management Agreed to Implement	Per Management (October 2010)		Per Audit (January 2011)	
2	Implemented *	1	Tested *	3
	Partially Implemented	1		
	Not Implemented	0	Implemented	0
	No Longer Applicable	0	Implemented with Qualifications	0
	Responsibility of Another Department	0	Not Implemented	3
			No Longer Applicable	0

* Implementation status for one recommendation was reported by Budget Management Services (BMS) in Attachment IX; however, the test results for this recommendation are shown here.

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-026 <i>Audit of Service Contract Monitoring Controls</i> (September 26, 2008)	Improve contract monitoring procedures by: - Working with the City Attorney's Office and City management to develop uniform contract monitoring guidelines - Documenting formal contract monitoring procedures and following those procedures to ensure that revenues are periodically reconciled to deposits, that the review of contractor support for revenue and expense eligibility is thorough and timely, and that extended contracts are properly documented	12/20/2008	PI		✓			Condition: The BDPS does not have formal documented monitoring procedures. The BDPS revised Administrative Directive (AD) 4-5, <i>Contracting Policy</i> ; however, the revisions did not address the audit recommendations. The revised AD has not been formally approved. Effect: Without formal contract monitoring procedures, City departments cannot ensure that contractor(s) are performing in accordance with the contract.

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Report Information		Implementation Status				Qualifications/Comments
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)		
				I	IQ	

A08-026
Audit of Service Contract Monitoring Controls
 (September 26, 2008)

Work with:
 - Lone Star Auction (LSA) and the Dallas Police Department (DPD) Auto Pound to properly account for and reconcile all auction inventory items before and after each auction

 - Work with DPD Auto Pound and require all manual changes to the auction "Line-up" list be made only by authorized personnel. In addition, manual changes should include the name of the person making the change and the date of the change

10/1/2008

I

✓

Condition: Inventory controls do not ensure accountability over all auction items. The LSA and Auto Pound have some processes in place to account for and reconcile auction inventory items before and after each auction; however, these processes do not ensure that inventory changes are only made and documented by authorized personnel, the inventory after auction is accurate, and that the inventory additions, deletions, and sales are properly reconciled.

Effect: Without proper inventory controls, the City cannot guarantee that it receives the appropriate amount of revenue from each auction and that unsold items are returned to inventory and are available for sale at subsequent auctions.

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Report Information		Implementation Status				Qualifications/Comments
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)		
				I	IQ	
A09-011 <i>Audit of Certain Components of Fund Balance</i> (June 19, 2009)	Work with the departments to develop policies and procedures that help ensure that departments cannot process and pay for goods or services without first establishing an encumbrance within the appropriate fiscal year.	Not Stated	I		✓	<p>Condition: The BDPS did not work with the departments to develop policies and procedures that help ensure that departments cannot process and pay for goods or services without first establishing an encumbrance within the appropriate fiscal year.</p> <p>Effect: Formal policies and procedures for encumbrances help to ensure that a fundamental budgetary control is performed correctly and consistently.</p>

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Verification Results

Recommendations Management Agreed to Implement	Per Management (October 2010)		Per Audit (January 2011)	
12	Implemented	6	Tested	7
	Partially Implemented	4		
	Not Implemented	2	Implemented	3
	No Longer Applicable	0	Implemented with Qualifications	0
	Responsibility of Another Department	0	Not Implemented	4
			No Longer Applicable	0

Audit Report Information		Implementation Status		Qualifications/Comments
Report	Recommendation	Management Implementation Date(s)	Audit Verification (January 2011)	
			I IQ NI NA	
A07-008 <i>Audit of the Service Level Agreement of the SBC DataComm Managed Services Agreement</i> (March 16, 2007)	Ensure that AT&T implements policies and procedures designed to provide sufficient data, including identifying all contract deliverable requirements, defining and implementing a Service Level Agreement (SLA) compliance methodology, and defining records to be retained and record retention periods.	Not Stated	I ✓	
A07-019 <i>Audit of the Service Level Agreement of the AT&T Managed Services Agreement</i> (September 28, 2007)	Ensure that AT&T implements policies and procedures designed to fulfill all contract deliverables, especially those related to security, and provide sufficient data for the Department of Communication and Information Services (CIS) to monitor and determine contract compliance.	Not Stated	I ✓	

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Communication and Information Services (CIS)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA

<p>A07-019 <i>Audit of the Service Level Agreement of the AT&T Managed Services Agreement</i> (September 28, 2007)</p>	<p>Designate specific personnel to continually monitor and test for compliance with the terms and conditions of the AT&T contract. These personnel should:</p> <ul style="list-style-type: none"> - Maintain documentation of the test performed - Evaluate test results - Compare test results against contract requirements 	<p>Not Stated</p>
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I	✓
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I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Report Information		Implementation Status				Qualifications/Comments
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)		
				I	IQ	

<p>A09-016 <i>Audit of Communication and Information Services Cost Allocation</i> (September 18, 2009)</p>	<p>Evaluate whether simplifying the model would better meet the customer's needs for cost control, transparency, and fairness.</p> <p>Evaluate whether a simplified model is more sustainable.</p>	<p>10/1/2009</p>	<p>PI</p>	<p>✓</p>	<p>Condition: The CIS concluded that simplifying the model would better meet the customer's needs for cost control and transparency and that a simplified model would be more sustainable; however, CIS did not provide an evaluation or supporting documentation to show how this conclusion was reached. Additionally, CIS's conclusion did not address the fairness of the model.</p> <p>Effect: Without performing and documenting the evaluation of the model, CIS cannot determine whether a more simplified chargeback model may make the model easier for CIS to manage, maintain, and communicate the CIS cost allocation methodology to the user departments. The CIS also cannot evaluate whether a more simplified model would better meet the customer's needs for cost control, transparency, and fairness.</p>
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I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA

A09-016
Audit of Communication and Information Services Cost Allocation
 (September 18, 2009)

Analyze why actual CIS costs have been lower than budget estimates for at least the past three fiscal years (FY 2006 - FY 2008) to determine if steps can be taken to improve the accuracy of the budget estimates.

FY 2008-2009 12th Period

I

✓

Develop and institute a formal process to resolve over-collections when they occur.

Condition: The CIS did not determine if steps can be taken to improve the accuracy of the budget estimates. The CIS did note areas that impact the accuracy of CIS's budget estimates, such as hiring freezes and other concentrated efforts to reduce costs citywide. According to CIS, CIS continues to analyze the cost of doing business during the development of the annual budget to ensure that the best estimates are made. The CIS also did not institute a formal process to resolve over-collections when they occur. According to CIS, CIS submits monthly financial reports and conducts meetings with Budget Management Services (BMS) quarterly (or as needed) to determine if over-collections will occur and if customer rebates are needed during the fiscal year (FY). **(Note:** The CIS did process rebates during FY 2009; however, the rebates for the General Fund departments were not returned to the departments; instead, the rebates were returned to the General Fund).

Effect: Without improving the accuracy of the budget estimates, future over-collections of department funds may occur.

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Communication and Information Services (CIS)

Audit Report Information		Implementation Status				Qualifications/Comments
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)		
			I	IQ	NI	
<p>A09-016 <i>Audit of Communication and Information Services Cost Allocation</i> (September 18, 2009)</p>	<p>Expand CIS communication efforts by providing documentation which explains the basis of the CIS cost allocation model to all user departments.</p> <p>Ensure that each user department receives the department's cost allocation estimate early in the budget process. This estimate should document and explain CIS's basis for the department's cost estimate, what portion of costs are controllable by the user department, and what process the user department must follow to verify, discuss, or reduce their portion of the IT service costs.</p>	<p>9/1/2009</p>	<p>PI</p>	<p>✓</p>		<p>Condition: The CIS did not expand communication efforts by providing documentation which explains the basis of the CIS cost allocation model to all user departments. The CIS also did not ensure that each user department received the department's cost allocation estimate early in the budget process. (Note: The CIS provided each department an invoice dated November 19, 2010 which was after the FY 2011 budget was finalized). According to CIS, CIS developed a more detailed customer invoice with exact inventory counts by type, costs by application, and further explanation of category billing components. The CIS also provided preliminary budget estimates to those customers forecasted to show significant changes in their budgets. Four departments received the additional detailed information. According to CIS, CIS plans to use the feedback from these departments to improve communication with all departments.</p> <p>Effect: The departments do not receive a cost allocation estimate early in the budgeting process that fully explains the basis for the department's cost estimate and identifies what portion of costs are controllable by the user department.</p>

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Report Information		Implementation Status				Qualifications/Comments
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)		
				I	IQ	

A09-016
Audit of Communication and Information Services Cost Allocation
 (September 18, 2009)

Implement mechanisms to ensure that the cost components in the FY 2009 model and future models are adequately documented and matched between the adopted budget and the Form As. If the cost components between the adopted budget and the Form As do not match, we recommend that CIS prepare a reconciliation between the model and the Form As to show that the CIS IT costs charged to the user departments align with the CIS budget.

9/1/2010

PI

✓

Condition: The CIS did not implement mechanisms to ensure that the cost components in the FY 2009 model and future models are adequately documented and matched between the adopted budget and the Budget Bid Entry Forms (Form As). The CIS did establish direct links to the Form As in the FY 2011 model, where applicable. The CIS also created new business units to help facilitate the linkage between the Form As and the model.

Effect: Without adequate documentation and matching between the adopted budget and the Form As, the model's completeness cannot be validated and the allocation of costs cannot be easily confirmed.

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Court and Detention Services (CTS)

Audit Verification Results

Recommendations Management Agreed to Implement	Per Management (October 2010)		Per Audit (January 2011)	
9	Implemented	7	Tested	8
	Partially Implemented	1		
	Not Implemented	1	Implemented	2
	No Longer Applicable	0	Implemented with Qualifications	3
	Responsibility of Another Department	0	Not Implemented	3
			No Longer Applicable	0

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-006 Audit of the Court Management System and the Technology Fund (February 8, 2008)	Develop procedures to review the State Statute for changes after each legislative session and to request the City Attorney to update the Fund ordinance as necessary to comply with State Statute. Request the City Attorney to determine the appropriate disposition of the fees collected since September 2, 2005 until the date of the new ordinance.	Not Stated	I	✓				

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Court and Detention Services (CTS)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-026 Audit of Service Contract Monitoring Controls (September 26, 2008)	Work with the City Attorney's Office to ensure that revised contracts include performance levels so that the department can appropriately monitor the contractors' performance.	10/1/2008	I	✓				
A08-026 Audit of Service Contract Monitoring Controls (September 26, 2008)	Improve contract monitoring procedures by: - Working with the City Attorney's Office and City management to develop uniform contract monitoring guidelines - Documenting formal contract monitoring procedures and following those procedures to ensure that revenues are periodically reconciled to deposits, that the review of contractor support for revenue and expense eligibility is thorough and timely, and that extended contracts are properly documented	10/1/2008	I	✓			Condition: The CTS did not work with the City Attorney's Office and City management to develop uniform contract monitoring guidelines; however, CTS did develop formal documented contract monitoring procedures for the collection contract. In addition, CTS tracks and reconciles collection contract placements and revenues. Effect: Without formal contract monitoring procedures, the City cannot ensure that contractor(s) are performing in accordance with the contract.	

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Court and Detention Services (CTS)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A09-007 Audit of Municipal Court Fines and Fees Collection Processes (March 20, 2009)	<ul style="list-style-type: none"> - Implement reporting of delinquent traffic citations to Texas Department of Transportation (TXDOT) to block vehicle registrations by defendants with unpaid fines - Coordinate with DPD to develop a procedure for impound lot employees to check for outstanding traffic citations and require their resolution before releasing vehicles to individuals with unpaid fines - Coordinate with the City Attorney's Office and the Administrative Judge the implementation of a program that would allow defendants to pay a reduced fine within the first 21 days of ticket issuance - Change the format of the citation to enable the printing of the amount of the fine 	10/31/2009	PI	✓				<p>Condition: The CTS implemented reporting of delinquent traffic citations to the Texas Department of Transportation (TXDOT) to block Dallas County vehicle registrations by defendants with unpaid fines. In addition, a software re-configuration is scheduled by the Department of Communication and Information Services (CIS) to enable blocking of registrations in other Texas counties. The City Attorney's Office advised against implementing a procedure for impound lot employees to check for outstanding traffic citations and require their resolution before releasing vehicles to individuals with unpaid fines. The CTS decided not to implement a program that would allow defendants to pay a reduced fine within the first 21 days of ticket issuance. The CTS also decided not to change the format of the citation.</p> <p>Effect: The steps taken by CTS should improve the City's collection rate; however, other improvements are still needed to ensure delinquent citations are collected.</p>

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Court and Detention Services (CTS)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-006 Audit of the Court Management System and the Technology Fund (February 8, 2008)	<ul style="list-style-type: none"> - Develop a process whereby citations charged the Fee are reconciled on a timely basis. A period of one to a maximum of three months should be the interval between reconciliations - Develop policies and procedures to conduct and perform periodic inventories of items procured by the Fund - Review the security of assets in public access locations and take appropriate steps to mitigate the risk of loss - Ensure that justification for each procurement using Fund revenues is documented and meets the requirements of the State Statute 	2/29/2008	I	✓				<p>Condition: The CTS tracks Technology Fund revenue on a monthly basis and annually calculates expenditures for a budget report; however, they do not prepare periodic reconciliations showing the Technology Fund revenue received, expenditures, and the current balance. The CTS developed an inventory procedure; however, CTS has not created and used a Technology Fund Inventory Log that includes the purchase date, cost, custodial department, physical location, useful life, and disposition. The CTS did take steps to secure assets in public locations and to document the procurement justification for the use of Technology Funds as required by State Statute.</p> <p>Effect: Without periodic reconciliations, CTS cannot ensure that they are accurately accounting for Technology Fund revenues and expenditures. Without more complete inventory procedures, CTS cannot ensure that equipment purchased with Technology Funds have not been lost or stolen.</p>

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Court and Detention Services (CTS)

Audit Report Information		Implementation Status		Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)		Audit Verification (January 2011)
			I		IQ NI NA
A08-006 Audit of the Court Management System and the Technology Fund (February 8, 2008)	Define the application controls necessary (input, processing, and output) and ensure that these controls are in place in the design, development, and implementation of the new Court Management System. Once the system is deployed, CTS should test the controls to ensure that the controls are functioning as expected.	Not Stated	I	✓	<p>Condition: The Court Management System does not have the capability to produce routine reports to control Technology Fund citations and fees. The CTS has not implemented or tested a new Court Management System; however, specifications for the new Court Management System have been written.</p> <p>Effect: The City cannot ensure that proper controls are in place for the collection and accounting for the Technology Fund assets until the new Court Management System is implemented and controls are tested.</p>
A09-007 Audit of Municipal Court Fines and Fees Collection Processes (March 20, 2009)	Track and periodically report to the City Council the effectiveness of collection efforts using the performance measures customary in the collections industry, such as aging schedules of delinquent citations and collection rate.	7/1/2009	I	✓	<p>Condition: The CTS does not track and periodically report to the City Council the effectiveness of collection efforts using performance measures.</p> <p>Effect: The City cannot evaluate whether CTS has improved its collection efforts for the delinquent accounts and whether delinquencies are trending up or down.</p>

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Court and Detention Services (CTS)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
<p>A09-008 Audit of City of Dallas and County of Dallas Criminal Justice Center Memorandum of Agreement (April 3, 2009)</p>	<p>Ensure the Assistant City Manager over Public Safety consult with the City Attorney's Office and coordinate the City departments, such as Dallas Police Department, Court and Detention Services, and Dallas County, to review and update the County jail Agreement. An Agreement revision is needed to outline the new jail cost calculation methodology, address jail operation issues, and clearly define level of service.</p>	<p>4/1/2010</p>	<p>I</p>	<p>✓</p>				<p>Condition: The City of Dallas and the County of Dallas Criminal Justice Center Memorandum of Agreement (Agreement) has not been revised for over 11 years. The fourth and last addendum, made in 1997, requires the City of Dallas (City) and the County of Dallas (County) to review the jail cost calculation methodology every three years. Although discussions between the City and County administrative staff took place, the contract was not updated. The County requested that the contract not be revised until the current contract term has ended. The current jail cost calculation methodology is not based on actual jail operating expenditures or accurate prisoner counts.</p> <p>Effect: The City may overpay the County because neither the Agreement nor the jail cost calculation methodology is revised to reflect actual costs. In addition, the Agreement does not include "true-up" provisions that would allow the City and the County to adjust payments to reflect actual costs.</p>

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Dallas Water Utilities (DWU)

Audit Verification Results

Recommendations Management Agreed to Implement	Per Management (October 2010)		Per Audit (January 2011)	
3	Implemented	2	Tested	0
	Partially Implemented	0		
	Not Implemented	0	Implemented	0
	No Longer Applicable	0	Implemented with Qualifications	0
	Responsibility of Another Department	1*	Not Implemented	0
			No Longer Applicable	0

* The Department of Communication and Information Services (CIS) had primary responsibility for implementing one recommendation which was not tested. Significant operational changes have taken place since the *Audit of Cash Receipts at the DWU Customer Service Lobby and the Martin Luther King (MLK), Jr. Utility Pay Station* was issued. For example, the MLK, Jr. Utility Pay Station was closed and the City implemented a new water billing system. As a result, the two recommendations included in this audit report were not tested.

Audit Report Information			Implementation Status				Qualifications/Comments
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)			
				I	IQ	NI	
A08-005 <i>Audit of Cash Receipts at the DWU Customer Service Lobby and the MLK, Jr. Utility Pay Station</i> (January 4, 2008)	Comply with Administrative Directive (AD) 4-9, Internal Control, by: - Timely recording cash receipts transactions to AMS Advantage - Clearing all outstanding reconciling items promptly	Not Provided	I				

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Dallas Water Utilities (DWU)

Audit Report Information		Implementation Status		Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Audit Verification (January 2011)		
			Management (October 2010)		I IQ NI D

<p>A08-005 Audit of Cash Receipts at the DWU Customer Service Lobby and the MLK, Jr. Utility Pay Station (January 4, 2008)</p>	<p>Improve cash verification controls by ensuring that:</p> <ul style="list-style-type: none"> - The DWU Customer Service Lobby supervisor verifies each cashier's \$250 change fund at the beginning and close of each business day - The Audit Report Checklist forms include the signature of the supervisor who performed the review, the opening cash drawer balance, the amount of cash receipts collected that day, and the cashier's signature verifying that they agree with the results of the unscheduled cash / check counts - Ensure that security cameras are operational and monitored 	<p>Not Provided</p>	<p>I</p>	
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I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Verification Results

Recommendations Management Agreed to Implement	Per Management (October 2010)		Per Audit (January 2011)	
13	Implemented	9	Tested	10 *
	Partially Implemented	3	Implemented	3
	Not Implemented	1	Implemented with Qualifications	3
	No Longer Applicable	0	Not Implemented	4
	Responsibility of Another Department	0	No Longer Applicable	0

* One recommendation was issued to HR and the Office of Financial Services (OFS). The OFS had primary responsibility for the implementation so the implementation status results are reported in Attachment IX.

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A07-016 <i>Audit of Payroll and Payroll Related Activities</i> (August 3, 2007)	Verify that all current employees hired after January 1, 2006 have been properly reported to the Office of the Attorney General.	2/1/2008	I	✓				
A07-016 <i>Audit of Payroll and Payroll Related Activities</i> (August 3, 2007)	Establish written policies and procedures to ensure the effective and timely resolution of Social Security Number (SSN) mismatches and include a requirement that all City employees must timely resolve any SSN issues as a condition of continued employment.	1/1/2008	I	✓				

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Human Resources (HR)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A07-016 <i>Audit of Payroll and Payroll Related Activities</i> (August 3, 2007)	Establish a new process to check SSNs of all new hires and any SSN mismatches against the Social Security Administration (SSA) Death Master File.	1/1/2008	I	✓				
A07-016 <i>Audit of Payroll and Payroll Related Activities</i> (August 3, 2007)	Establish written policies and procedures to ensure all employment eligibility documents are timely and properly completed for all employees, all non-citizen employees have valid working authorizations, an audit trail is maintained to show compliance with the law, and an annual report on compliance with this law is provided to the Assistant City Managers.	1/1/2008	I	✓	<p>Condition: The HR has not developed written policies and procedures to specifically address the recommendation; however, HR uses an internet-based system called E-Verify to verify employment eligibility. An annual report on compliance with Federal and State employment laws regarding new hire reporting requirements is not provided to Assistant City Managers.</p> <p>Effect: Without written policies and procedures, the City cannot ensure that fundamental organizational processes are performed or performed consistently. Without an annual report on compliance with Federal and State new hire employment laws, the Assistant City Managers cannot efficiently monitor the City's compliance with these employment laws.</p>			

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Human Resources (HR)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
<p>A07-016 <i>Audit of Payroll and Payroll Related Activities</i> (August 3, 2007)</p>	<p>Establish City policies and procedures that require managements' approval of employees' time and attendance in the automated system before the payroll is processed and periodically provide reports of departmental non-compliance to both Department Directors and Assistant City Managers.</p>	<p>1/1/2008</p>	<p style="text-align: center;">I</p>	<p style="text-align: center;">✓</p>				<p>Condition: The HR does not provide Time and Attendance Reports to Department Directors and Assistant City Managers that show noncompliant departments. The HR did write policies and procedures by revising Administrative Directive (AD) 3-56, <i>Payroll Processing Procedures</i>, which requires management to approve employee time before payroll is processed and establishes criteria to monitor compliance.</p> <p>Effect: Without Time and Attendance Reports that identify departmental noncompliance, Department Directors and Assistant City Managers do not have the monitoring controls necessary to identify departments that do not review and approve employee time and attendance before payroll is processed.</p>

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Human Resources (HR)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A07-016 <i>Audit of Payroll and Payroll Related Activities</i> (August 3, 2007)	Establish written policies and procedures to ensure information is timely submitted to the State, an audit trail is maintained to show compliance with the new hire reporting requirement, and an annual report on compliance with this law is provided to the Assistant City Managers.	10/1/2007	I	✓	<p>Condition: The HR did not establish written policies and procedures that specifically address the recommendation; however, HR did implement a new hire reporting process that provides an audit trail of submissions to the State that HR maintains. An annual report on new hire compliance is not provided to Assistant City Managers.</p> <p>Effect: Without written policies and procedures, the City cannot ensure that fundamental organizational processes are performed or performed consistently. Without an annual report on new hire reporting compliance, Assistant City Managers do not have an important monitoring control to evaluate instances of noncompliance and take corrective actions.</p>			

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Human Resources (HR)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA

A07-014
Audit of the City's Compliance with the Health Insurance Portability and Accountability Act (HIPAA)
 (July 27, 2007)

Consolidate HIPAA oversight and authority into a central operating unit with a designated privacy official empowered to effect ongoing compliance for all departments subject to HIPAA.

8/1/2007

PI

✓

Condition: The City did not consolidate HIPAA oversight and authority into a central operating unit to address the recommendation. The HR designated a Privacy Officer as required by federal law and Department of Communication and Information Services (CIS) designated a staff member to assist other departments with data security issues. The HR, CIS, and the City Attorney's Office (CAO) function in an advisory role to the other departments. Instead of receiving HIPAA guidance and training from a central operating unit, the other departments must take an active role in determining HIPAA requirements and seek guidance from HR, CIS and CAO as needed.

Effect: The City cannot be assured that internal department policies and procedures are sufficient to satisfy the HIPAA requirements. As a result, the City or individuals within the City may be subject to potential civil and criminal penalties of up to \$250,000 and possible imprisonment of up to 10 years for violation of the HIPAA statute and regulations.

- I - Implemented
- IQ - Implemented with Qualifications
- NI - Not Implemented
- NA - No Longer Applicable
- PI - Partially Implemented

Department of Human Resources (HR)

Audit Report Information			Implementation Status				Qualifications/Comments
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)			
				I	IQ	NI	
A07-014 <i>Audit of the City's Compliance with the Health Insurance Portability and Accountability Act (HIPAA)</i> (July 27, 2007)	Issue an Administrative Directive that sets forth the responsibilities, procedures, and requisite training standards that departments are to follow in implementing HIPAA.	11/30/2007	PI	✓	<p>Condition: There is no city-wide coordinated implementation strategy for HIPAA. The recommendation to issue a HIPAA specific Administrative Directive is still under consideration by HR.</p> <p>Effect: The City cannot be assured that internal department policies and procedures are sufficient to satisfy the HIPAA requirements. As a result, the City or individuals within the City may be subject to potential civil and criminal penalties of up to \$250,000 and possible imprisonment of up to 10 years for violation of the HIPAA statute and regulations.</p>		

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Human Resources (HR)

Audit Report Information			Implementation Status				Qualifications/Comments
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)			
			I	IQ	NI	NA	
<p>A07-014 <i>Audit of the City's Compliance with the Health Insurance Portability and Accountability Act (HIPAA)</i> (July 27, 2007)</p>	<p>Require each department to consult with the City Attorney and the designated privacy official to ensure their departmental policies and procedures comply with the obligations and requirements of HIPAA.</p>	<p>Ongoing</p>	<p>PI</p>	<p>✓</p>			<p>Condition: There is no city-wide coordinated implementation strategy for HIPAA. The HIPAA oversight and authority was never consolidated within HR; therefore, there is no authority to mandate departments meet with the City Attorney or HR Privacy Official to ensure departmental policies and procedures comply with HIPAA obligations and requirements.</p> <p>Effect: The City cannot be assured that internal department policies and procedures are sufficient to satisfy the HIPAA requirements. As a result, the City or individuals within the City may be subject to potential civil and criminal penalties of up to \$250,000 and possible imprisonment of up to 10 years for violation of the HIPAA statute and regulations.</p>

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Human Resources (HR)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A07-016 <i>Audit of Payroll and Payroll Related Activities</i> (August 3, 2007)	Update the processes and procedures to ensure the pay authorizations are properly processed, received, and filed in the employees' official personnel files.	1/1/2008	I	✓	<p>Condition: Processes and procedures have not been updated to ensure pay authorizations are properly processed, received, and filed in the employees' official personnel files. A judgmental sample of 50 employee personnel files showed 13 of 50 employee personnel files, or 26 percent, did not have a payroll authorization on file to support the employee's pay rate. The HR has a "Payroll Procedures and Activity Checklist"; however, there are no written policies and procedures to document HR processes and to provide the basis for ensuring consistent and timely processing of pay authorizations. (Note: In February 2011, HR located the 13 payroll authorizations to support the employees' pay rates).</p> <p>Effect: Without written policies and procedures, HR cannot ensure employee pay rates are authorized, properly processed, received, and filed timely in the employee's official personnel file.</p>			

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Verification Results

Recommendations Management Agreed to Implement	Per Management (October 2010)		Per Audit (January 2011)	
29	Implemented	21	Tested	16*
	Partially Implemented	0		
	Not Implemented	4	Implemented	5
	No Longer Applicable	1	Implemented with Qualifications	4
	Responsibility of Another Department	3	Not Implemented	6
			No Longer Applicable	1

* Two recommendations were issued to Human Resources (HR) and OFS. The HR had primary responsibility for the implementation so the implementation status results are reported in Attachment VIII. One recommendation was issued to BMS; however, Business Development and Procurement Services (BDPS) had the primary responsibility for implementation so the implementation status results are reported in Attachment IV.

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A07-010 <i>Audit of Comcast Cable Franchise Fees 2002 through 2005 (April 27, 2007)</i>	Collect the \$118,944.55, which represents \$92,151.20 in underpaid franchise fees and interest of \$26,793.35 through April 2007.	Not Stated	I	✓				
A09-011 <i>Audit of Certain Components of Fund Balance (June 19, 2009)</i>	Require department directors to certify the validity of encumbrances annually or otherwise ensure that the encumbrances are closed timely.	Not Stated	I	✓				

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Office of Financial Services (OFS)/ Budget Management Services (BMS)

Audit Report Information		Implementation Status		Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)		Audit Verification (January 2011)
			I		IQ NI NA
A08-012 <i>Audit of Petty Cash Funds in Selected Civilian Departments</i> (May 16, 2008)	Verify that requests were received from department directors to reduce the authorized amounts for the selected nine petty cash funds, ensure the reductions were properly recorded in the city's accounting system, and request all departments with petty cash funds, that were not included in this audit, to review the fund usage and inform the City Controller of any changes needed to the authorized petty cash fund amounts.	05/23/08	I	✓	
A09-003 <i>Audit Report on Revenue Sharing Agreement with the City of Irving</i> (November 21, 2008)	Initiate actions to collect the actual additional shared revenue of \$165,915 and the estimated shared revenue of \$253,700 from the City of Irving.	11/30/2008	I	✓	Note: The City negotiated with the City of Irving and agreed to accept a reduced amount of \$333,885 which was received in October 2010.
A08-014 <i>Audit of Monthly Bank Reconciliations</i> (May 16, 2008)	Analyze the current monthly bank reconciliation process and decide to: Centralize the monthly bank reconciliation process within the City Controller's Office (CCO), and/or Establish policies and procedures to ensure that both the CCO and the departments are accountable for accurate and timely monthly bank reconciliations.	To be determined, based on vendor implementation plan	I	✓	

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A09-011 <i>Audit of Certain Components of Fund Balance</i> (June 19, 2009)	Develop formal policies and procedures for encumbrances. These policies and procedures should include, at a minimum, monitoring requirements, guidance on how to close encumbrances, and year-end procedures for both BMS and City departments.	Not stated	I	✓			<p>Condition: The BMS did not develop formal policies and procedures for encumbrances; however, BMS did improve the closing process for the encumbrances. The BMS sent a memo to the departments with instructions and requirements for closing encumbrances timely. In addition, the memo stated the departments are responsible for reviewing encumbrances during the preparation of the Monthly Financial Target Analysis and ensuring encumbrances are closed timely.</p> <p>Effect: Formal policies and procedures for encumbrances help to ensure that a fundamental budgetary control is performed correctly and consistently. This budgetary control helps to ensure that previously granted budget authority does not remain in effect and reduce the fund balance that would otherwise be available for future appropriation.</p>	

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-015 <i>Audit of Capital Improvement Program Funds Monitoring</i> (June 20, 2008)	Establish written policies and procedures on the construction-in-progress account to address: how the reconciliation process is conducted; develop computerized routine management analysis and reports to assist in the reconciliation; define the criteria for the project status that should be transferred from construction-in-progress to capital assets; the frequency of reconciliations; management responsibilities and approval; and, a reporting mechanism that documents the reconciliation results.	12/1/2008	I	✓			<p>Condition: The OFS developed policies and procedures that defined the criteria for moving a project from construction-in-progress to capital assets and specified: (1) Reconciliation frequency; (2) Management’s responsibilities; and, (3) Approval. The OFS, however, did not specifically address the following elements of the recommendation: (1) How the reconciliation process is conducted: (2) Develop computerized routine management analysis and reports to assist in the reconciliation; and, (3) A reporting mechanism that documents the reconciliation results.</p> <p>Effect: Without documenting how the reconciliation process is conducted, new employees or employees that temporarily assume reconciliation responsibilities for the primary reconciliation employee due to leave of absences, e.g. vacation, sick leave, OFS cannot ensure that the reconciliation is properly completed. Without computerized routine management analysis and reports the reconciliation process is less efficient.</p>	

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA

A08-012
Audit of Petty Cash Funds in Selected Civilian Departments
 (May 16, 2008)

Issue a memorandum to all departments with petty cash funds to emphasize the need to comply with the current reconciliation and audit requirements and ensure that petty cash procedures are provided to the petty cash fund custodians.

5/23/2008

I

✓

Condition: The City Controller issued a memorandum to all departments with Petty Cash Funds to emphasize the need to comply with the current reconciliation and audit requirements and ensure that petty cash procedures are provided to the Petty Cash Fund custodians; however, the City is still using the Resource Information Guide (RIG) for Petty Cash Fund procedures. Although the RIG still includes relevant information, it was not updated when the City implemented the AMS Advantage accounting system in 2005.

Effect: Petty Cash Fund custodians do not have current guidance that aligns with the City's AMS Advantage accounting system.

- I - Implemented
- IQ - Implemented with Qualifications
- NI - Not Implemented
- NA - No Longer Applicable
- PI - Partially Implemented

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA

A07-015
Audit of the Interlocal Cooperative Contract with Dallas County for Property Tax Assessment and Collection Services
 (July 27, 2007)

Develop procedures to effectively monitor the Interlocal Cooperative Contract to identify areas in the contract that need to be revised to meet the City's needs and areas of non-compliance.

11/01/07

I

✓

Condition: The BMS did not update the policies and procedures to effectively monitor the Interlocal Cooperative Contract to identify areas in the contract that need to be revised to meet the City's needs and areas of non-compliance. The BMS did implement procedures to help ensure Dallas County's compliance with the contract terms related to fees for services and remittances. According to BMS personnel, BMS is in the process of updating the policies and procedures.

Effect: Without formal monitoring guidelines, BMS will not have the formal direction to ensure Dallas County fully complies with the Interlocal Cooperative Contract. Formal monitoring guidelines also provide the documentation needed to ensure the Interlocal Cooperative Contract is monitored appropriately and consistently when BMS personnel changes occur.

- I - Implemented
- IQ - Implemented with Qualifications
- NI - Not Implemented
- NA - No Longer Applicable
- PI - Partially Implemented

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA

<p>A07-006 <i>Audit of the Dallas Central Appraisal District Homestead Exemptions and Commercial Property Records</i> (March 16, 2007)</p>	<p>- Request an opinion of the City Attorney to determine if the City is entitled to retain such payments</p> <p>- Establish a process to identify and track PILOT payments due to the City, if such payments are permissible</p>	<p>Not Stated</p>	<p>I</p>	<p>✓</p>	<p>Condition: The OFS requested an opinion from the City Attorney's Office (CAO) on February 16, 2007; however, OFS and CAO could not locate an opinion regarding the City's authority to accept a payment-in-lieu-of-taxes (PILOT) from the American Housing Foundation Community Development, LLC (AHF). The payment totaling \$40,789 was made pursuant to an agreement between the Texas State Affordable Housing Corporation (TSAHC) and AHF. The AHF is a not for profit organization and is designated as Community Development Housing Organization (CDHO), which is exempted from Ad Valorem Taxes. Due to the lack of the CAO's formal interpretation, the authority for the City to accept PILOT payment is not clear.</p> <p>Effect: The City's entitlement to the refund remains unresolved.</p>
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I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Office of Financial Services (OFS)/ Budget Management Services (BMS)

Audit Report Information			Implementation Status				Qualifications/Comments
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)			
				I	IQ	NI	

AO8-014
Audit of Monthly Bank Reconciliations
 (May 16, 2008)

Ensure that financial transactions are recorded in the general ledger accurately and timely and outstanding reconciling items are resolved within the 45 to 60 days stated in the CCO's monthly bank reconciliation procedures and by addressing the additional recommendations discussed in this report.

Process review: June 30, 2008;
 Software review: to be determined, based on vendor implementation plan

I

✓

Condition: Monthly bank reconciliations contain outstanding reconciling items because departments do not consistently record financial transactions timely and accurately as required by Administrative Directive (AD) 4-9, *Internal Control*. Departments also do not routinely review the general ledger and the bank statements to identify and clear outstanding reconciling items, and timely communicate the resolution to the CCO.

Effect: The City's general ledger cash balances may not be reliable and the City may be at a greater risk for fraud and abuse.

- I - Implemented
- IQ - Implemented with Qualifications
- NI - Not Implemented
- NA - No Longer Applicable
- PI - Partially Implemented

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA

AO8-014
Audit of Monthly Bank Reconciliations
 (May 16, 2008)

Work with the department directors to ensure that the CCO and departments consistently comply with AD 4-9 and AD 4-13.

09/30/08

I

✓

Condition: AD 4-9, *Internal Control*, which requires financial transactions to be classified properly and recorded timely and AD 4-13, *Cash and Debt Management Policies and Procedures*, Section 5.1, which requires cash collections to be deposited within one business day of receipt, were not revised as management stated in its response to the *Audit of Monthly Bank Reconciliations*.

Effect: Without clear and up-to-date policies and procedures, such as revised ADs, the City cannot ensure that the monthly bank reconciliation, a significant accounting control, is functioning as intended.

- I - Implemented
- IQ - Implemented with Qualifications
- NI - Not Implemented
- NA - No Longer Applicable
- PI - Partially Implemented

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
<p>AO8-014 <i>Audit of Monthly Bank Reconciliations</i> (May 16, 2008)</p>	<ul style="list-style-type: none"> - Ensure that the bank reconciliation software is properly configured to efficiently use the integrated automatic reconciliation feature of the software - Work with the bank reconciliation software vendor to develop a bank-to-book report - Work with the third-party Worker's Compensation Administrator to obtain, on a regular basis, an automated file that contains detailed transactional data - Evaluate the purchase of additional software licenses 	<p>To be determined, based on vendor implementation plan</p>	I		✓		<p>Condition: A more up-to-date version of the bank reconciliation software was obtained and additional software licenses purchased; however, this version of the software has not yet been implemented. The City does not have an automated reconciliation and a bank-to-book report to facilitate a more efficient bank reconciliation process. The recommendation related to the third-party Worker's Compensation Administrator (Administrator) is no longer applicable because the Administrator now reconciles their account and provides a copy of the bank reconciliation to CCO for their review and inclusion in the City's overall bank reconciliation.</p> <p>Effect: The City's bank reconciliation process is not fully automated or as efficient as it could be with fully implemented and up-to-date bank reconciliation software.</p>	

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Audit Report Information		Implementation Status				Qualifications/Comments		
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ		NI	NA
<p>A07-016 <i>Audit of Payroll and Payroll Related Activities</i> (August 3, 2007)</p>	<p>- Correct the amount of federal income tax wages, Medicare wages, and Medicare tax for the employees with errors and discrepancies, file accurate payroll reports and Form W-2 with the Internal Revenue Service (IRS), Social Security Administration (SSA), and employees and obtain advice from the City Attorney on how or whether to collect tax owed from employees</p> <p>- Implement an effective quality review and control system over the manual payroll process, train the staff on Medicare issues, implement an effective reconciliation process, identify and fix system anomalies that cause payroll calculation processing errors and deficiencies, and implement basic information technology controls to ensure data completeness</p>	01/01/08	I		✓		<p>Condition: The OFS calculated the correct amount of federal income tax wages, Medicare wages, and Medicare tax for the errors identified in the <i>Audit of Payroll and Payroll Related Activities</i>; however, collection from some of the employees is still unresolved. In addition, OFS implemented a quarterly and annual reconciliation process for Medicare Tax payments. The OFS did not implement an effective quality review and control system over the manual payroll process or provide formal training on Medicare wage and tax issues. The OFS did not fix payroll system anomalies that caused payroll calculation processing errors and deficiencies, and implement basic information technology controls to ensure data completeness.</p> <p>The OFS and CIS are currently implementing a payroll system upgrade that may address the system anomalies and data completeness issues.</p> <p>Effect: The City cannot ensure that it complies with federal payroll requirements and payroll discrepancies may not be detected during normal processes and procedures.</p>	

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 PI - Partially Implemented

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-015 <i>Audit of Capital Improvement Program Funds Monitoring</i> (June 20, 2008)	Reconcile construction-in-progress general ledger accounts to the other departments' subsidiary records more frequently than the current annual reconciliation. At a minimum, we recommend quarterly reconciliations.	Not stated	I			✓	<p>Condition: Reconciliation of construction-in-progress general ledger accounts to the other departments' subsidiary records is only performed once a year. During October 2010, OFS began implementing certain quarterly Construction-in-Progress monitoring procedures. The OFS implemented these monitoring procedures to help OFS more timely identify when projects are substantially complete so that the projects can be recorded as fixed assets and properly depreciated in the general ledger at fiscal year end.</p> <p>Effect: Management does not have timely, accurate, and reliable information on construction project activities and the related general ledger accounts are not accurate throughout the fiscal year.</p>	

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 IQ - Implemented with Qualifications
 NI - Not Implemented
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Audit Report Information		Implementation Status				Qualifications/Comments
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)		
				I	IQ	
A09-011 <i>Audit of Certain Components of Fund Balance</i> (June 19, 2009)	Develop a formal policy for fund balance designations that outlines the processes to demonstrate the basis for the designations, the estimation processes, and the timing, content, and frequency of briefings to City Council.	Not Stated	NA			<p>✓ Condition: The Governmental Accounting Standards Board (GASB) issued GASB 54, <i>Fund Balance Reporting and Governmental Fund Type Definitions</i>, which changes Fund Balance reporting and financial statement note disclosures. The GASB 54 requires the City to disclose the City's policy regarding the order of spending: (1) Non-spendable Fund Balance; (2) Restricted Fund Balance; (3) Unrestricted Fund Balance (Committed, Assigned, and Unassigned); (4) Encumbrances, if significant; (5) Stabilization arrangements, including the authority for the arrangement, requirements for additions, and the conditions for use; and, (6) Minimum Fund Balance policies. The BMS has provided briefings to the Budget, Finance and Audit Committee (BF&A) for two consecutive years.</p> <p>Effect: The City's Implementation of GASB No. 54 for the Fiscal Year 2011 Comprehensive Annual Financial Report combined with the briefings to BF&A should address the recommendation.</p>

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Park and Recreation (PKR)

Audit Verification Results

Recommendations Management Agreed to Implement	Per Management (October 2010)		Per Audit (January 2011)	
6	Implemented	5	Tested	5
	Partially Implemented	0		
	Not Implemented	0	Implemented	2
	No Longer Applicable	0	Implemented with Qualifications	1
	Responsibility of Another Department	1*	Not Implemented	2
			No Longer Applicable	0

* The Department of Communication and Information Services (CIS) had primary responsibility for implementing one recommendation which was not tested.

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-009 Audit of <i>Fair Park Administration's Monitoring Controls Over Parking Contract Revenue</i> (April 4, 2008)	Update the Fair Park Paid Parking Policy and the Fair Park Standard Operating Procedures to include formal written estimation procedures and a requirement to retain the documentation to support Fair Park Administration 's (FPA) designation of an event as a paid parking or free parking event.	3/1/2008	I	✓				
A08-009 Audit of <i>Fair Park Administration's Monitoring Controls Over Parking Contract Revenue</i> (April 4, 2008)	Develop and use a ticket inventory log to control the receipt, issuance, return, and disposition of parking contract tickets.	3/1/2008	I	✓				

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Park and Recreation (PKR)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-009 Audit of <i>Fair Park Administration's Monitoring Controls Over Parking Contract Revenue</i> (April 4, 2008)	Develop a formal written revenue estimation methodology for parking contract revenue and ensure that any deviation from the estimated revenue is justified and documented.	5/1/2008	I	✓				<p>Condition: The FPA documented the parking revenue estimation methodology and variance analysis in Standard Operating Procedure (SOP) No. 6; however, the SOP only provides a framework for revenue estimation and does not adequately address the basis for the revenue estimation components used, such as historical information and demographic factors.</p> <p>Effect: Without documenting the basis for the revenue estimation components used, FPA cannot ensure the revenue estimation process is supportable.</p>

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Park and Recreation (PKR)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-009 <i>Fair Park Administration's Monitoring Controls Over Parking Contract Revenue</i> (April 4, 2008)	Establish and implement procedures to ensure that the FPA observation audits are conducted more frequently. We also recommend the Director of PKR identify and document the specific criteria upon which to base the need for observation audits, such as the number of estimated attendees, when large paid and free parking events are held simultaneously, or some other reasonable basis.	3/1/2008	I	✓				<p>Condition: The FPA did not establish procedures to ensure that observation audits are conducted more frequently. Nor did FPA identify and document the specific criteria upon which to base the need for observation audits. The FPA completed two Fiscal Year (FY) 2010 observation audits and established a FY 2011 audit plan.</p> <p>Effect: Without establishing and implementing these procedures, PKR's Fair Park Administration cannot ensure that the criteria used and the frequency of observation audits is sufficient to ensure the City receives the appropriate parking revenue and that the risk of fraud is minimized.</p>

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Park and Recreation (PKR)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA

A08-009 <i>Audit of Fair Park Administration's Monitoring Controls Over Parking Contract Revenue</i> (April 4, 2008)	Establish proper internal controls over parking by creating a method to determine the number of cars entering Fair Park during a paid parking event and how many cars qualify for and receive free parking.	5/1/2008	I	✓	<p>Condition: During a paid park event, FPA cannot determine whether individuals who state that they are visiting a museum or cultural facility (for which parking is free) are actually attending an event where parking fees should be charged. According to FPA, although they agree with the recommendation, proper internal controls over parking cannot be implemented unless all cars entering Fair Park are assessed a parking fee or the proper parking infrastructure is in place to ensure a car's destination can be verified and parking fees properly assessed.</p> <p>Effect: The FPA cannot determine if the parking contract revenue received is accurate and complete.</p>
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I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Public Works and Transportation (PWT)

Audit Verification Results

Recommendations Management Agreed to Implement	Per Management (October 2010)		Per Audit (January 2011)	
6	Implemented	4	Tested	6
	Partially Implemented	0		
	Not Implemented	0	Implemented	3
	No Longer Applicable	0	Implemented with Qualifications	2
	Responsibility of Another Department	2*	Not Implemented	1
			No Longer Applicable	0

* Two recommendations from the *Audit of Service Contract Monitoring Controls* were related to the Red Light Camera and Parking Enforcement functions. These functions were transferred to the Dallas Police Department (DPD) on October 1, 2009.

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-015 <i>Audit of Capital Improvement Program Funds Monitoring</i> (June 20, 2008)	Work with Office of Financial Services (OFS) and the Department of Communication and Information Services (CIS) to determine if an automated process can be developed to more efficiently and effectively monitor and report Capital Improvement Program (CIP) Fund activities or coordinate with OFS to develop other mechanisms to verify the accuracy and reliability of CIP information provided by PWT and other departments.	Not Stated	I	✓				

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Public Works and Transportation (PWT)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-015 <i>Audit of Capital Improvement Program Funds Monitoring</i> (June 20, 2008)	Ensure all CIP projects are reviewed and any transfer of available funds to the “contingency” category is completed and identified in the Capital Budget.	12/1/2008	I	✓				
A08-015 <i>Audit of Capital Improvement Program Funds Monitoring</i> (June 20, 2008)	Establish written policies and procedures for a “contingency” fund category for each bond program proposition. These procedures should include: the purpose of the fund; describe how the funds are transferred to “contingency” category; management responsibilities and approval of transfers; and, a reporting mechanism that documents the monitoring results and actions taken.	12/1/2008	"This was done by OFS"	✓				
A08-015 <i>Audit of Capital Improvement Program Funds Monitoring</i> (June 20, 2008)	Establish written policies and procedures for CIP funds monitoring to address how fund monitoring is conducted, frequency of monitoring, management responsibilities and approval, and a reporting mechanism that documents the monitoring results and actions taken.	12/1/2008	I	✓			Condition: The PWT did not establish written policies and procedures for CIP Funds monitoring until the Follow-up of Audit Recommendations began; however, PWT management did provide written policies and procedures for CIP funds in December 2010. Effect: This recommendation was not implemented timely.	

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Department of Public Works and Transportation (PWT)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA

A08-026
Audit of Service Contract Monitoring Controls
 (September 26, 2008)

Develop and document contract monitoring procedures to oversee the revenue, contractor's performance, and other contractual provisions required in the Red Light Camera Enforcement Program Contract.

6/30/2009

"No longer with PWT"

✓

Condition: The PWT developed and documented contract monitoring procedures for the Red Light Camera Enforcement Program Contract (Contract); however, these procedures are still in draft form. The Red Light Camera functions, including monitoring the Contract, were transferred to DPD on October 1, 2009. The DPD uses the draft procedures to monitor the Contract.

Effect: Without formal contract monitoring procedures, City departments cannot ensure that contractor(s) are performing in accordance with the contract and that the City is receiving the appropriate revenue as specified in the contract.

- I - Implemented
- IQ - Implemented with Qualifications
- NI - Not Implemented
- NA - No Longer Applicable
- PI - Partially Implemented

Department of Public Works and Transportation (PWT)

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-026 <i>Audit of Service Contract Monitoring Controls</i> (September 26, 2008)	Improve contract monitoring procedures by: - Working with the City Attorney's Office and City management to develop uniform contract monitoring guidelines - Documenting formal contract monitoring procedures and following those procedures to ensure that revenues are periodically reconciled to deposits, that the review of contractor support for revenue and expense eligibility is thorough and timely, and that extended contracts are properly documented	6/30/2009	I	✓				Condition: The PWT did not work with the City Attorney's Office and City management to develop uniform contract monitoring guidelines. The PWT did prepare draft contract monitoring procedures for the Red Light Camera Enforcement Contract; however, PWT did not document formal contract monitoring procedures for the Parking Enforcement Program. Effect: Without formal contract monitoring procedures, City departments cannot ensure that contractor(s) are performing in accordance with the contract and that the City is receiving the appropriate revenue as specified in the contract.

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Verification Results

Recommendations Management Agreed to Implement	Per Management (October 2010)		Per Audit (January 2011)	
4	Implemented	3	Tested	1
	Partially Implemented	0		
	Not Implemented	1	Implemented	0
	No Longer Applicable	0	Implemented with Qualifications	1
	Responsibility of Another Department	0	Not Implemented	0
			No Longer Applicable	0

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
(A09-021) <i>Compliance with Solid Waste Collection and Hauling Franchise Fee Ordinances</i> (September 25, 2009)	Invoice and collect the approximately \$543,000 in franchise fees and accrued interest owed to the City of Dallas from the franchisees included in the audit.	9/25/2009	I	✓				<p>Condition: After receiving the Office of the City Auditor’s audit results that showed eight franchisees owed the City \$439,656, SAN invoiced and collected \$263,561. Of the eight franchisees invoiced, five were timely invoiced, two were invoiced one month late, and one was invoiced five months late and the invoice was sent to the wrong address. The SAN initiated collection efforts on the remaining \$176,095 with the City Attorney’s Office in January 2011 in response to audit inquiries regarding collection.</p> <p>Effect: Without timely and accurate invoicing and timely follow-up on uncollected accounts, the City risks not being able to collect franchise fees owed to the City.</p>

I - Implemented
 IQ - Implemented with Qualifications
 NI - Not Implemented
 NA - No Longer Applicable
 PI - Partially Implemented

Audit Verification Results

Recommendations Management Agreed to Implement	Per Management (October 2010)		Per Audit (January 2011)	
4	Implemented	2	Tested	1
	Partially Implemented	0		
	Not Implemented	2	Implemented	0
	No Longer Applicable	0	Implemented with Qualifications	0
	Responsibility of Another Department	0	Not Implemented	0
			No Longer Applicable	1

Audit Report Information			Implementation Status				Qualifications/Comments	
Report	Recommendation	Management Implementation Date(s)	Management (October 2010)	Audit Verification (January 2011)				
				I	IQ	NI		NA
A08-026 <i>Audit of Service Contract Monitoring Controls</i> (September 26, 2008)	Implement a process to require CBS Outdoor, Inc. to notify DEV when kiosk installations are completed.	9/22/2008	I	✓	Condition: The SDC considers the CBS contract for kiosk installation complete with the installation of 149 kiosks; therefore, a kiosk tracking system that includes the kiosk installation dates and the current status of approved kiosks is no longer needed. (Note: Per the contract, the Primary Term begins when 150 kiosks are installed. The City's Minimum Annual Guarantee (MAG) of \$21,325,000 in revenue for the twenty-year contract is based upon the installation of 300 advertising faces (150) kiosks). Effect: No longer applicable.			

I - Implemented
 IQ - Implemented with Qualifications
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