

Memorandum



CITY OF DALLAS

DATE: April 14, 2006

TO: Honorable Mayor and Members of the City Council

SUBJECT: Follow-up report of the August 6, 2004, *Performance Audit of the Administrative Directive Process*

We conducted this follow-up under the authority of Chapter IX of the City Charter, and according to applicable government auditing standards. We included tests of records and reviews of program guidelines and procedures that we considered necessary in the circumstances. Our objective was to determine whether management had implemented the original audit's recommendations or had taken other acceptable actions to remedy the control weaknesses identified in the original audit report.

The original audit contained three findings with eleven recommendations. Management has implemented one, partially implemented seven, and did not implement three of the recommendations.

1. ADs are not approved and published in a timely manner.

We recommended the Director of OFS:

- Develop policy and procedures to effectively manage the AD process and carry out its responsibilities as specified in AD 2-1. These department procedures should include, as a minimum, a tracking mechanism with benchmarks/milestones to monitor, assess, and communicate the status of ADs undergoing draft review or issued as interim guidance.

We found that OFS is developing procedures to manage the process of tracking ADs in process by means of a database, by which they will monitor the status of ADs and contact departments to ensure progress (Partially implemented).

- Coordinate with the City Attorney to confirm the types of ADs that must be routed for legal review and approval and establish an appropriate timeframe.

We found that there has been no change in OFS's position that all ADs should be reviewed by the City Attorneys. OFS considered this option but chose not to delete the requirement that all ADs must be reviewed and approved by the City Attorneys (Not implemented).

- Identify and remediate impediments that preclude issuance of ADs.

We found that the new procedures will remediate some of the impediments that preclude AD issuance (Partially implemented).

- Initiate action to ensure that ADs are revised as management stated in response to audit reports.

We found that four of the six delayed ADs identified in audits have been finalized and issued (Partially implemented).

2. ADs are not reviewed annually and updated as may be needed.

We recommended the Director of OFS:

- Ensure that the current revision of AD 2-1 adequately addresses what is required and allowable for the annual review process.

We found that OFS has completed revising AD 2-1 but addressed only some of what is required and allowable for the annual review process (Partially implemented).

- Ensure that updates are communicated promptly to all City departments.

We found that the new procedures, if implemented and enforced, will ensure that updates are communicated promptly to City departments (Partially implemented).

- Develop procedures to facilitate the timely review and update of ADs.

We found that the new procedures, if implemented and enforced, will facilitate timely review of ADs (Partially implemented).

- Require that ADs, as a minimum, be reviewed upon:

- Assignment of a new department director.
- Reorganization.
- Acquisition planning for new systems and technology.

We found that the revision of AD 2-1 does not require review upon significant changes in the issuing department (Not implemented).

- Require departments to re-issue ADs prior to their fifth year anniversary dates to ensure that ADs are current.

We found that the revision of AD 2-1 does not require departments to re-issue ADs prior to the fifth year anniversary dates (Not implemented).

3. OFS deleted ADs without proper review and approval.

We recommended the Director of OFS:

- Ensure that the pending revision of AD 2-1 adequately addresses the deletion of ADs by including, as a minimum, a review and approval process.

*We found that the revision of AD 2-1 addresses the issue by including review and approval by the City Manager and City Attorney before deletion of any AD **(Implemented)**.*

- Ensure that the AD index is kept current and accurate.

*We found that the new procedures, if implemented and enforced, will ensure that the AD index is kept current and accurate **(Partially implemented)**.*

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c: Mary K. Suhm, City Manager
David K. Cook, Chief Financial Officer
Maria Alicia Garcia, Director of the Office of Financial Services