

Memorandum



CITY OF DALLAS

DATE: January 28, 2005

TO: Honorable Mayor and Members of the City Council

SUBJECT: Follow-up report of the August 8, 2003, *Audit of the Efficiency and Effectiveness of the Street Cut Repair Process*- Report #390

We conducted this follow-up audit of the Efficiency and Effectiveness of the Street Cut Repair Process 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 audit's original recommendations or had taken other acceptable actions to remedy the control weaknesses identified in the original audit report.

The original audit report contained eight findings with 16 related recommendations. Management has implemented eight of the recommendations, partially implemented three of them, and has not implemented five of them.

The following details the original audit findings and recommendations and shows the status of implementation.

1. City Code requirements pertaining to permanent street repairs and street cut permits are not consistently met.

We recommended that the Director of Public Works and Transportation (PWT), in consultation with the City Attorney:

- A. Submit a plan to assess monetary penalties for not making required permanent repairs within required time frames. Any permanent repair by City forces should be billed to the responsible contractor/permittee at cost plus a penalty and administrative percentage (e.g., an additional 100%). No new permits should be approved for a violator until all outstanding fees are paid.

Management has submitted amendments to the City Code for assessing such monetary penalties and permit restrictions. (Implemented).

- B. Continue to pursue imposing penalties for making street cuts without a permit. Consideration should be given to escalating penalty amounts for each successive violation.

Management continues to pursue imposing penalties for street cutting without a permit. (Implemented).

2. The identification of street cuts is sometimes difficult due to inadequate identification techniques.

We recommended that the Director of PWT:

Require street cut and repair providers to place identification medallions on street cut repairs. Establish procedures to administer and monitor the use of identification medallions. For example, City records should have a centralized street cut and repair report that lists repairs in medallion number sequence identifying repair specifics. Providers should be required to give the City a listing of medallions utilized and related required information in a timely manner (e.g., by the 15th of the month following the date of the repair). All medallion costs should be passed to the users. Significant penalties should be determined and assessed to providers for making repairs and not putting a medallion on the repaired area.

Management disagrees, asserting that identifying cuts has not been a problem, so medallions are not necessary; and they have their own shortcomings. PWT is monitoring the development of new technologies in order to find the most cost-effective means of physically marking street cut repairs. (Not implemented).

3. Some street repair permit applicants are not required to submit bonding as a condition for obtaining a permit.

We recommended that the Director of PWT, in consultation with the City Manager and the City Attorney, establish revised guidelines that require applicants to submit acceptable and adequate bonding with their permit applications. All bonds should be verified for acceptability (i.e., ability to collect from the bonding agency) before issuing a permit to the applicant.

Management wrote bonding guidelines into the amendments to the City Code. (Implemented).

4. Various street cut repair providers did not carry sufficient insurance coverage or comply with City Code insurance requirements.

We recommended that the Director of PWT develop and implement a procedure to train PWT personnel, and/or request Risk Management personnel, to review all future Certificate of Insurance forms for compliance with registration requirements.

Management trained its own personnel to review Certificate of Insurance forms for compliance with registration requirements. (Implemented).

5. The SEPS does not adequately meet administrative/oversight needs.

We recommended that the Director of PWT, in consultation with the Communications and Information Services Department, perform the following needed enhancements to the system:

- A. Integrate and centralize all needed street cut information on the SEPS to include the capability to retrieve key statistics.

CIS is working to integrate and centralize cut information, with a target completion date of February 2005. (Partially implemented).

- B. Use appropriately placed prompts/security safeguards/reasonableness checks to provide effective checks and balances.

Management has not connected the SEPS to the Geographic Information System (GIS). Consequently, information must be manually checked against GIS data. The ability to enter address locations that do not match the GIS file is limited to only the PWT administrator. (Partially implemented).

- C. Address other identified system needs as shown above and:

- Develop an exception report to identify permits that have been in a processing stage in excess of a predetermined allowable time frame.

Management asserts that there has been no problem with approving permits timely and that employees have no difficulty determining where permits are in the approval process; therefore, there is no need for an exception report. However, PWT will ask CIS to review the matter. (Not implemented).

- Generate reports that identify external provider street repairs that are nearing their 5-year anniversary (e.g., 90-120 days prior to their 5-year anniversary).

CIS estimates this will be finished by March 1, 2005 (part of phase II). (Partially implemented).

- Ensure all SEPS administrators receive user manuals.

*CIS estimates this will be done by June 1, 2005 (part of phase III).
(Not implemented).*

- Ensure that SEPS enhancements are reviewed by City Auditor's Office before implementation.

Management has not reviewed planned enhancements with the Auditor's office IT group. (Not implemented).

6. The City does not assess fees for permit application processing.

We recommended that the Director of PWT, in consultation with the City Attorney's Office, review the current street cut fee structure and revise and implement a fee structure that allows the City to recoup its administrative costs for providing the street cut control service, as well as degradation costs resulting from street cuts.

Management consulted with the City Attorney who determined that state law does not permit directly assessing administrative fees to telecommunication companies. PWT asserts that some administrative costs are included within the current fee structure for development activities. PWT has revised the cut control manual to include stricter requirements to minimize degradation. Subsequently the City will not charge a degradation fee. (Not implemented).

7. Inspectors need a procedure manual and established performance measures.

We recommended that the Director of PWT:

- A. Develop (for inspectors) a comprehensive procedure manual that is reviewed at frequent periodic intervals (no less often than annually).

*Management has developed a procedure manual for its inspectors.
(Implemented).*

- B. Develop a:

- Set of performance measures for the inspection section that includes all relevant aspects of the inspectors' responsibilities. Such measures should aid in the development of meaningful performance criteria and evaluate individual job related knowledge, skills, and abilities.

*Management has developed relevant performance measures.
(Implemented).*

- Cumulative productivity report to identify trends and comparisons for significant job evaluation components. The assessed components

should be reviewed no less often than annually to ensure that all needed evaluation components are included.

Management has developed daily and monthly productivity reports, which are reviewed. (Implemented).

8. DWU permits do not require PWT approval to work in the public right-of-way.

We recommended that the Director of PWT, in consultation with DWU as considered appropriate, develop a permit review process that reasonably ensures adequate, objective review of the individual permit applications and reasonably ensures regulations, restrictions, and other provisions are adhered to. This procedure should provide for adequate PWT oversight of the review process.

Management has developed a review process for DWU permits. (Implemented).

We commend management for their work in addressing issues related to the 16 original audit recommendations.

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C: David Dybala, Director of Public Works and Transportation