

Office of the City Auditor

Fiscal Year 2020 Quarter 3 Update:
April 1, 2020 – June 30, 2020

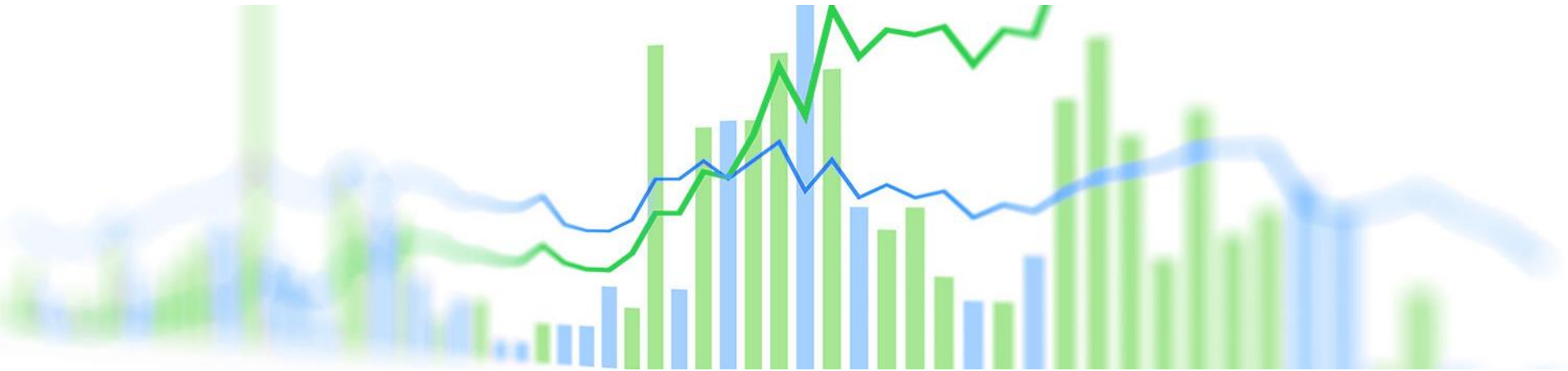
Fiscal Year 2021 Audit Work Plan

August 24, 2020
Mark S. Swann, City Auditor

Government Performance & Financial Management Committee



Overview



4

Reports Issued

92%

Management Agreement to Recommendations

20

Projects in Progress

Reports Issued

Special Audit of Former Mayor and City Council Members

Objective:

The objectives of this audit were to determine whether the former Mayor and six City Council Members whose terms expired in June 2019: (1) were indebted to the City upon expiration of their terms; (2) were removed as authorized agents of the City; and, (3) properly controlled and accounted for assigned City assets.

What We Found:

Auditors did not observe any indebtedness to the City on behalf of former Mayor Michael Rawlings and Councilmembers Scott Griggs, Rickey D. Callahan, Kevin Felder, Mark Clayton, Sandra Greyson, and Phillip T. Kingston.

Opportunities exist for the Mayor and City Council Office to improve internal controls over documentation of purchases, personal property, records retention, and tracking of memberships.

Reports Issued

[Independent Report on Agreed-Upon Procedures for the Department of Aviation Construction Project Procurement](#)

Objective:

The objective of this attestation was to perform agreed-upon procedures which were approved by the Department of Aviation and the Office of Procurement Services solely to assist City Council in evaluating compliance with Administrative Directive 4-05, *Contracting Standards and Procedures*, relevant State of Texas statutes, and City of Dallas contracting and delivery procedures.

What We Found:

No exceptions to agreed-upon procedures were noted.

Reports Issued

Audit of the Office of Community Care Community Centers

Objective:

The audit objective was to evaluate the financial, operational, and program performance of the community centers. The scope included the following dates:

- October 1, 2016, through June 30, 2019 – operational and program performance.
- October 1, 2014, through June 30, 2019 – financial performance.

Note: The scope was limited due to lack of documentation and precluded auditors from completing the following tests related to the propriety of:

- Trust funds' transactions based on trust funds' agreements.
- The 2018 Dr. Martin Luther King, Jr. Celebration Week transactions.

What We Found:

The Office of Community Care began to establish monitoring and program management protocols and procedures since assuming responsibility for the community centers in Fiscal Year 2018. Areas yet to be finalized or addressed include:

- Formal approval of protocol and procedures.
- The role and responsibilities of the Dr. Martin Luther King, Jr. Community Center Board.
- Planning and execution of the annual Dr. Martin Luther King, Jr. Celebration Events.
- Resolving funds with negative balances.
- Use of City Department budgets to purchase Dr. Martin Luther King, Jr. Celebration Week Gala tickets.
- Proper monitoring of utility assistance funds.

Reports Issued

Audit of Taxicab & Transportation Network

Objective:

The objective of this audit was to evaluate the City's processes to regulate and enforce taxicab and transportation network drivers and companies to ensure compliance with City Code, regulations and fees. The audit scope included Aviation Transportation Regulation and Ground Transportation Divisions' management and monitoring activities from October 1, 2018, through September 30, 2019.

What We Found:

The Aviation Transportation Regulation Division is not effectively monitoring for ongoing compliance:

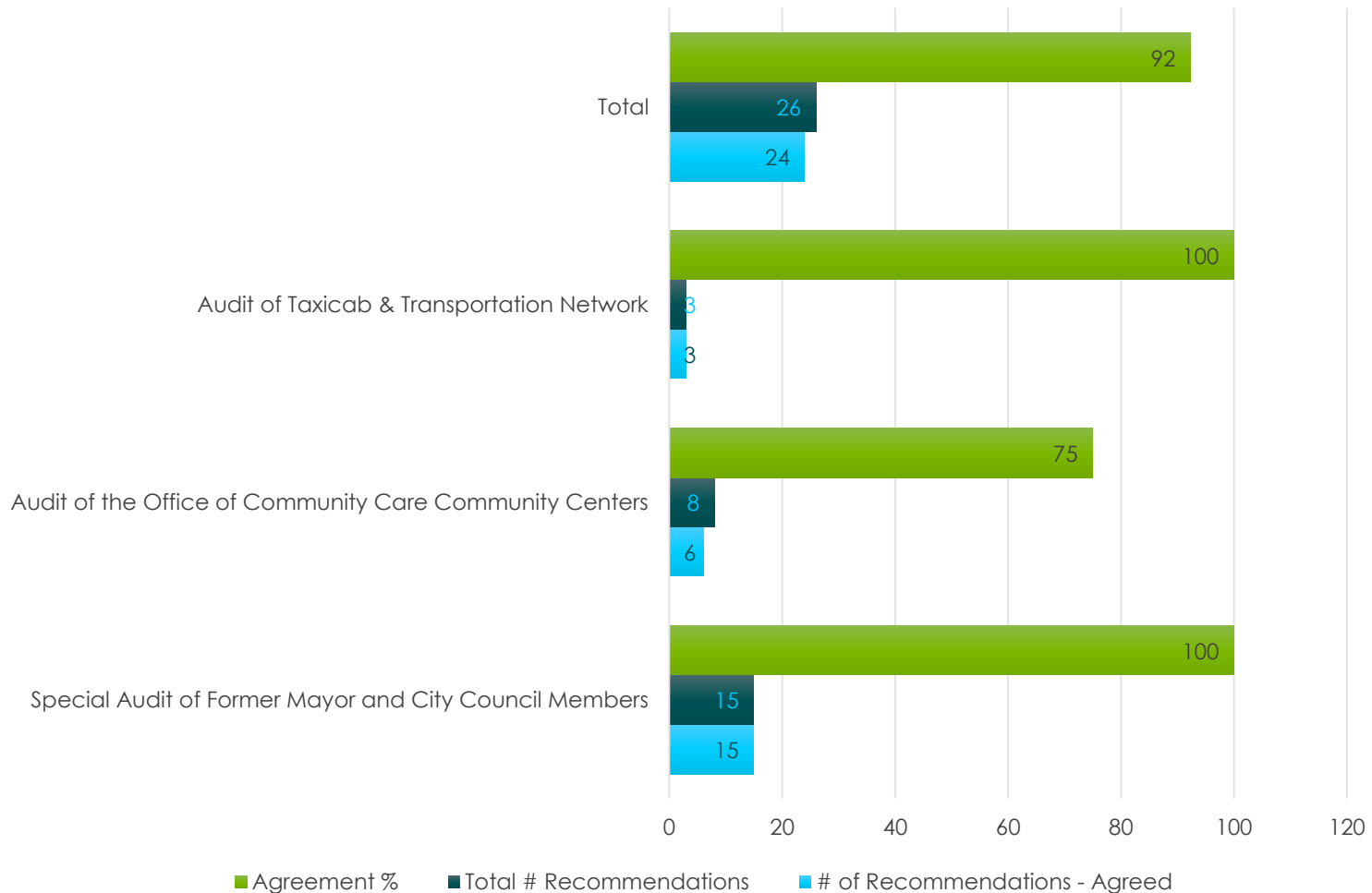
- Three transportation-for-hire companies did not maintain websites after permit approval.

The Aviation Ground Transportation Division is not effectively monitoring for revenue assurance:

- Revenue from transportation network companies could not be validated.

Management Agreement

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



Management Agreement

One of four reports was not included in the Management Agreement reported percentages as there were no recommendations associated with this report:

- Independent Report on Agreed-Upon Procedures for the Department of Aviation Construction Project Procurement...

One of the performance measures for the Office of the City Auditor is to add value by achieving over 90 percent agreement to audit recommendations. Management agreed to 92 percent of recommendations in Quarter 3. The agreement percentage for reports released to date is 88 percent.

Investigative Services

Fraud, Waste, and Abuse Hotline Alerts		
Quarter	Received	Closed
1	31	38*
2	34	25
3	17	32*

In Quarter 3, Investigative Services closed 32 complaints. Of those closed, four were substantiated. Of the substantiated complaints, one resulted in disciplinary action, consisting of termination of employment.

***Note:** Pending cases from prior fiscal year(s) were also closed during Quarters 1 and 3.

Projects in Progress

Projects in progress include:

- ✓ 1 carry-over audit from the Fiscal Year 2019 Audit Plan.
- ✓ 19 projects from the Fiscal Year 2020 Audit Plan.

Audits on the horizon for release in Quarter 4 include:

- Audit of City-Owned Buildings' Elevator Safety
- Audit of Department of Dallas Fire-Rescue's Hydrant Inspection, Flow-Testing, and Maintenance Process
- Audit of the Department of Aviation's Noise Management Program
- Audit Follow-Up of Prior Recommendations – Continuity of Operations Basic Plan
- Audit of Proposed Budget Revenues Included in the Fiscal Year 2020-21 Proposed Annual Budget for the City of Dallas



Links to Reports

Although reports are linked throughout the presentation, here is a list of all reports linked in one place for your convenience.

1. [Special Audit of Former Mayor and City Council Members](#)
2. [Independent Report on Agreed-Upon Procedures for the Department of Aviation Construction Project Procurement...](#)
3. [Audit of the Office of Community Care Community Centers](#)
4. [Audit of Taxicab & Transportation Network](#)

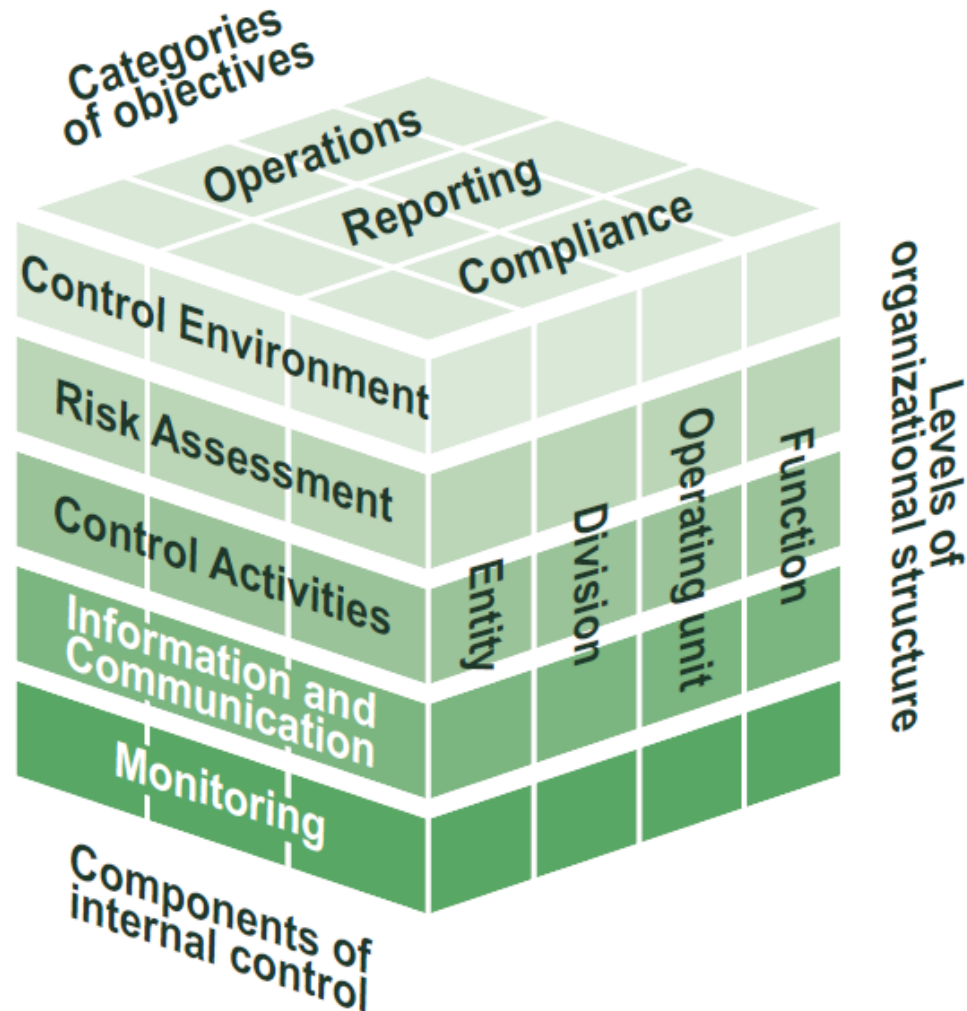
Fiscal Year 2021 Audit Work Plan



Audit Plan Explained

The Audit Plan attempts to identify the risks that matter and provide City-wide audit coverage by allocating 20,000 resource hours to complete 19 audit or attestation engagements. Also, 5,000 resource hours are required to support matters received on the City's Fraud, Waste, and Abuse Hotline.

Standards for Internal Control in the Federal Government (Green Book)



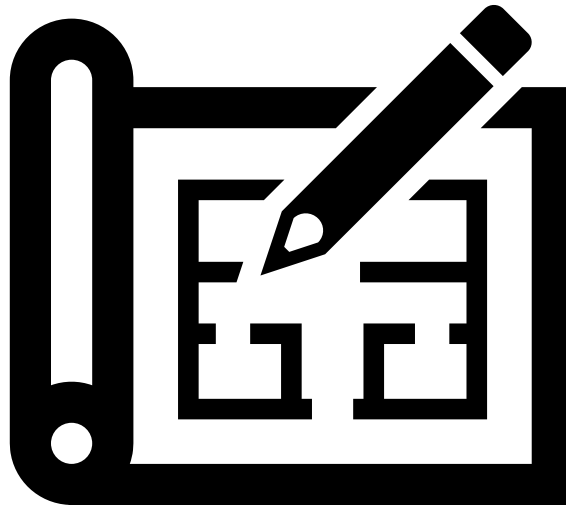
Fiscal Year 2021 Risk Assessment

No.	Department Abbreviation	Auditable Unit Description	FY2021 - Planned Budget	Risk Weight	Audit Plan	Last Audit or Other Review	City Management / Industry Input
1	DWU	Wastewater Collection & Treatment	75,824,922	1,245		Apr-14	0
2	CCO	Financial Reporting	2,582,905	1,240		External Audit	4
3	DWU	Water Utilities Customer Account Services	35,049,955	1,230		Aug-15	0
4	DPD	Police Investigations	93,688,167	1,230		KPMG 2019 Study	0
5	CCO	Financial Services	3,534,508	1,215	2021		3
6	MGT	3-1-1 Customer Service Center	5,382,427	1,200		Sep-16	5
7	DEBT	Debt Services	327,919,149	1,200			0
8	DPD	Police Field Patrol & Support	332,319,717	1,190	2021	KPMG 2019 Study	5
9	DFR	Emergency Management Service	16,136,039	1,190			4
10	OBM	Budget, Utility	2,272,070	1,185	2021		4
11	DWU	Water Production & Delivery	131,665,168	1,185		Mar-19	0
12	DFR	Fire Dispatch & Communications	20,831,532	1,175		KPMG 2020 Study	0
13	HR	HRIS & HR Payroll Services	1,759,088	1,160	2021		4
14	DPD	Police Operational Support (9-1-1)	32,513,653	1,135		KPMG 2020 Study	3
15	ITS	Telephone and Data Communication; Radio Communication	27,396,926	1,120	2020		6
16	ITS	9-1-1 Technology Services; Public Safety Support	20,994,858	1,075		KPMG 2020 Study	6
17	DFR	Fire-Rescue Response	236,894,357	1,065			5
18	MGT	Office of Emergency Management	956,380	1,035	2021		4
19	DWU	General Expense	96,425,542	1,025			5
20	DWU-SDM	Storm Water Services	63,678,995	980	2020		0
21	AVI	Dallas Love Field; Transportation Regulation	101,583,421	970	2020		1
22	ITS	Internal Desktop; Computer Support	16,382,128	965			3
23	SEC	Open Records & Records Management	1,716,344	940	2020		0
24	SAN	Citizen Sanitation Services	85,355,441	925			5
25	DWU	Water Capital Funding	372,828,026	895			0

Reminder

Council Resolution 904027 - *City Auditor Responsibilities and Administrative Procedures*

Last updated December 1990



Time to Refresh Responsibilities and Procedures to
Mirror Current Practice

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