

# Memorandum



CITY OF DALLAS

**DATE:** January 28, 2016

**TO:** Honorable Members of the Budget, Finance & Audit Committee –  
Jennifer S. Gates (Chair); Philip T. Kingston (Vice Chair);  
Deputy Mayor Pro Tem Erik Wilson; Rickey D. Callahan;  
Scott Griggs; Lee M. Kleinman

**SUBJECT:** Presentation to the Budget, Finance & Audit Committee:  
Office of the City Auditor Fiscal Year 2016 – Second Quarter Update

I will provide a briefing to the members of the Budget, Finance & Audit Committee on Monday, February 1, 2016 regarding:

- Office of the City Auditor Fiscal Year 2016 – Second Quarter Update

Sincerely,

A handwritten signature in black ink that reads "Craig D. Kinton".

Craig D. Kinton  
City Auditor

# Budget, Finance & Audit Committee

## Office of the City Auditor Fiscal Year 2016 - Second Quarter Update



City of Dallas  
Office of the City Auditor  
February 1, 2016

# Audit and Attestation Services Reports Issued

through January 29, 2016

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## ▶ Performance Audits

- ▶ MuniServices, LLC Contract Related to the Verification of Sales/Use Tax Receipts and Associated Fees
- ▶ Department of Dallas Fire Rescue's Fleet Maintenance Management
- ▶ Department of Dallas Water Utilities' Maintenance of Infrastructure
- ▶ Access Controls for the Courts' Information Systems
- ▶ Special Audit of the Accounts of Six Former City Council Members

# Investigative Services Reports Issued

through January 29, 2016

- ▶ Theft - Department of Dallas Water Utilities
  - DWU Technician provided parts to a non-City employee who was illegally connecting DWU water service to non-paying DWU customers
  - Senior Crew Leader sold DWU parts to a non-City employee who was illegally connecting DWU water service for non-paying DWU customers
  
- ▶ Policy Issues - Department of Code Compliance
  - Dallas Animal Services Supervisor asserted that prescription medications and pet supplies sold on Facebook were from a previously owned pet grooming business. Evidence revealed pet medications and pet supplies labels were dated years after business closed.

# Audit and Attestation Services Anticipated Report Releases

Second Quarter, Fiscal Year 2016

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- ▶ Building Permits - Customer Service/Satisfaction
- ▶ Contract Monitoring - Housing
- ▶ Performance Measurement Process - Dallas Police Department

# Audit and Attestation Services Projects In-Progress

Second Quarter, Fiscal Year 2016

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- ▶ Business Partners Oversight - Fair Park Related Contracts
- ▶ Construction Related Procurements
- ▶ Contract Monitoring - Public Works
- ▶ Customer Service / 311 Non-Emergency Services
- ▶ Leasing, Concessions, and Other Activities - Aviation
- ▶ Neighborhood Code Enforcement Services - Code Compliance
- ▶ Police Personnel and Training Services - Dallas Police Department
- ▶ Prior Audit Recommendations Follow-Up (Fiscal Year 2014)

# Audit and Attestation Services Projects In-Progress *(continued)*

Second Quarter, Fiscal Year 2016

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- ▶ Regulatory, Safety, and Maintenance - Park and Recreation (Aquatics)
- ▶ Animal Services - Code Compliance
- ▶ Courts Information System - Cash Management/Collections Processes
- ▶ Records Management System - Dallas Police Department
- ▶ Prior Audit Recommendations Follow-Up (Fiscal Year 2015)
- ▶ Franchise Fees Review through MuniServices *(Ongoing)*
- ▶ Sales/Use Tax Compliance Review through MuniServices *(Ongoing)*

# Audit and Attestation Services Anticipated Project Starts

Second Quarter, Fiscal Year 2016

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- ▶ Performance Measurement Process
- ▶ Compliance with Administrative Directive 4-9, *Internal Control*
- ▶ Regulatory Safety and Maintenance - Park and Recreation (Land Use)
- ▶ Street Cut Repair and Inspection Process
- ▶ Trinity Watershed Management



## **MuniServices, LLC Contract Related to the Verification of Sales/Use Tax Receipts and Associated Fees**

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- ▶ In FY 2014-2015, verified \$742,451 in sales/use tax receipts collections that MuniServices identified as owed to the City of Dallas from businesses operating in the City
- ▶ Verified the accuracy of \$205,141 in consultant invoices for the period
- ▶ Original three-year Contract began September 2010
- ▶ Total Collections equal \$4,221,173 (net \$3,139,567)

# Department of Dallas Fire-Rescue Fleet Maintenance Management Recommendations

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## Maintenance Division Operations

- ▶ Ensure preventive maintenance services are performed timely and in accordance with National Fire Protection Association's and manufactures' recommended schedules for all DFR emergency vehicles
- ▶ Work with the Director of BDPS to establish an efficient procurement method, such as a master agreement, to readily obtain emergency vehicles' parts
- ▶ Ensure Division mechanic supervisors consistently perform quality control procedures for all PM services by preparing, signing, and retaining the Division's checklists
- ▶ Address segregation of duties and user access updates for software application (M5)

# Department of Dallas Fire-Rescue Fleet Maintenance Management Recommendations *(continued)*

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## Mechanics' Staffing and Training Plans

- ▶ Develop mechanics' staffing plans
- ▶ Create incentives for mechanic certifications and implement a compensation structure that rewards performance, years of experience, and certifications
- ▶ Develop formal training plans with minimum mechanic training requirements and retain training records

## Department of Dallas Water Utilities Maintenance of Infrastructure Recommendations

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- ▶ Review water pipeline replacement needs and develop and regularly report on one water pipeline target replacement rate
- ▶ Further develop precise and clear performance measures to evaluate water pipeline replacement efforts
- ▶ Improve controls over data completeness and accuracy, secure access to database and software applications, continue developing an integrated work order system
- ▶ Identify and document elements of the Business Plan relevant for water pipeline replacement; develop a timeline for and a process to monitor implementation progress of the Business Plan
- ▶ Review, develop, and/or update the procedures for water pipeline replacement prioritization

## Department of Courts and Detention Services Access Controls for Courts' Information Systems Recommendations

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- ▶ Establish, conduct, and retain evidence of monitoring activities to show contractor is complying with remaining implementation activities
- ▶ Establish standard user profiles and modify if business process changes result in inadequate segregation of duties
- ▶ Develop a mapping and/or reference document to assist in reviews of users' access and periodically review activity logs to monitor for known or other potential security risks

## Special Audit Accounts of Six Former City Council Members Recommendations

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- ▶ Follow procedures for completing and submitting Electronic Termination Notification Forms
- ▶ Develop “chain of custody” form to document City property issued to and returned by City Council Members
- ▶ Maintain records for purchases of personal property considered high-risk for loss or theft
- ▶ Ensure compliance with Administrative Directive 4-15, *Purchasing Card Policy and Procedures*, for P-Card purchases
- ▶ Consider amendments to City Council’s rules to clarify circumstances under which former City Council Members may purchase items assigned to them
- ▶ Ensure electronic devices are returned or use e-cycle buy-back program to establish cost to purchase

## **Special Audit**

### **Accounts of Six Former City Council Members**

#### **Recommendations *(continued)***

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- ▶ Continue to identify and formally inform City Council Members prior to their departure of any debts owed to the City
- ▶ Attempt to collect outstanding debt owed by former City Council Members
- ▶ Establish policy to specify work week for Mayor and City Council Members for consistent use in case of future payroll deductions
- ▶ Determine whether former City Council Members should receive an additional 3.2 hours of final pay
- ▶ Timely collect City-issued ID badges and parking decals prior to departure of former City Council Members

# QUESTIONS?



City of Dallas  
Office of the City Auditor  
February 1, 2016