

Memorandum



DATE: May 21, 2026

TO: Honorable Members of the Finance Committee: Chad West (Chair), Kathy Stewart (Vice Chair), Zarin Gracey, Maxie Johnson, Jesse Moreno, Jaime Resendez, Gay Donnell Willis

SUBJECT: Audit Insight Report - April 21, 2026, to May 21, 2026

Attached for your review is the Office of the City Auditor audit reports released from April 21, 2026 through May 21, 2026. See following pages for the full reports. **Exhibit 1**, summarizes the number of report recommendations accepted by city management.

Exhibit 1: Summary of Audit Report Recommendations Accepted

Audit Report Title	Report Recommendations		
	Accepted	Total	Percentage
Audit of Convention Center Construction Monitoring Controls (May 15, 2026)	3	3	100
Audit of Human Capital Management (March 26, 2026)*	3	3	100
Audit of Passed-through Texas Parks and Wildlife Department COVID-19 Coronavirus State and Local Fiscal Recovery Funds Grants (March 26, 2026) *	0	0	N/A

** The two reports shown above were published in March but were inadvertently omitted from the prior update. This inclusion of these reports does not change the number of reports issued, as they were already included in April update.*

The Office of the City Auditor continues to make progress on the fiscal year audit plan. **Thirteen (13)** reports have been issued to date, with additional projects currently in planning, fieldwork, and reporting stages. **Exhibit 2** summarizes the status of ongoing audit work. The Office of the City Auditor remains on track to complete the fiscal year audit plan.

Exhibit 2: Fiscal Year Audit Plan Status Update

Fiscal Year Audit Plan Progress	Status	Examples of Audits Currently in Progress
Total Planned Reports	20	– Park and Recreation Revenue Management (Pending Management Response)
Reports Issued	13	– Internal Controls for Transportation and Public Works (Pending Management Response)
Audits in Planning	10	– Permitting Process (Reporting)
Audits in Fieldwork	5	– Women & Infant Care Cost Benefit Analysis
Audits in Reporting	2	
Reports Pending Management Response	2	

The Office of the City Auditor appreciates the continued support of the Finance Committee and looks forward to continuing to provide independent oversight to assist the Council in its governance responsibilities.

If you have any questions, please contact me at (214) 670-4911 or mamatha.sparks@dallas.gov.

Sincerely,

Mamatha Sparks

Mamatha Sparks
 Interim City Auditor

c:

Kimberly Bizer Tolbert, City Manager
 Bert Vandenberg, City Attorney (I)
 Bilierae Johnson, City Secretary
 Preston Robinson, Administrative Judge
 Baron Eliason, Inspector General (I)
 Dominique Artis, Chief of Public Safety
 Robin Bentley, Assistant City Manager

Alina Ciocan, Assistant City Manager
 Jack Ireland, Chief Financial Officer
 M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
 Dev Rastogi, Assistant City Manager
 Ahmad Goree, Chief of Staff
 Directors and Assistant Directors



Audit of Convention Center Construction Monitoring Controls

May 15, 2026

Mamatha Sparks
Interim City Auditor

Mayor

Eric L. Johnson

Mayor Pro Tem

Jesse Moreno

Deputy Mayor Pro Tem

Gay Donnell Willis

Council Members

Adam Bazaldua

Lorie Blair

Paula Blackmon

Laura Cadena

Zarin D. Gracey

Maxie Johnson

Cara Mendelsohn

Jaime Resendez

Paul E. Ridley

William Roth

Kathy Stewart

Chad West

Table of Contents

EXECUTIVE SUMMARY	3
OBJECTIVES AND CONCLUSIONS	4
RECOMMENDATIONS.....	4
RISK SUMMARY	5
AUDIT RESULTS	6
OBSERVATION A: PROJECT RISK AND COST MONITORING.....	6
OBSERVATION B: PROJECT INTEGRATION AND CONFLICT RESOLUTION	11
BACKGROUND.....	13
METHODOLOGY	14
GOVERNMENT AUDITING STANDARDS STATEMENT	15
REPORT CLASSIFICATION	15
MAJOR CONTRIBUTORS	15
APPENDIX A – AUDIT ACKNOWLEDGEMENT LETTER	16

Executive Summary

The City of Dallas broke ground on the expansion of the Kay Bailey Hutchison Convention Center Dallas in June 2024 with opening of the new convention center planned for 2029. The project consists of seven components that together are designed to modernize and expand convention center facilities, enhance the public realm, create new jobs, and create a connection between Downtown and South Dallas. The seven components are as follows:

- Component 1: Convention Center Demolition and Expansion and Green Space over Interstate 30
- Component 2: Transportation-Related Alternatives
- Component 3: Dallas Memorial Arena Renovations
- Component 4: The Black Academy of Arts and Letters (TBAAL) Renovation
- Component 5: Pioneer Plaza Park and Cemetery
- Component 6: Eddie Bernice Johnson Union Station
- Component 7: Land Use and Development on City of Dallas-Owned Property

As of January 2026, the total cost for all components under way – Component 1, Component 3, Component 4, and Component 5 – was estimated at \$3.6 billion to \$3.8 billion. Component 1 is the largest of the seven components of the project with an estimated cost of \$3.1 billion to \$3.3 billion. Convention and Event Services is responsible for overseeing this expansion and has hired owner-representatives to assist with oversight of the four components in progress.

This is the first of a series of audits of the convention center construction project. The objectives were to determine: (1) if processes and controls were in place as they relate to procurement, financial reporting, invoice payment processing, and overall project management; (2) if owner-representatives were performing their contract requirements; and (3) if additional construction risks were monitored by the owner-representatives or Convention and Events Services.

The scope for this audit included construction monitoring activities related to the Kay Bailey Hutchison Convention Center Dallas expansion through contracting with architectural and engineering firms, owner-representative firms, and construction managers at risk. The scope period was from July 1, 2024, through June 30, 2025, with consideration to expand through December 31, 2025. The intended scope of the audit primarily focused on Component 1.

Objectives and Conclusions

1. Were processes and controls in place as they related to procurement, financial reporting, invoice payment processing, and overall project management?

Generally, Yes. Processes and controls related to procurement, financial reporting, invoice payment processing, and overall project management were in place. However, costs to expand the Kay Bailey Hutchison Convention Center Dallas could increase and a regular cost reporting schedule has not been established. See [Observation A](#).

A project integration and conflict resolution process are needed because of the tight and overlapping construction timelines for each component and the dual goals of operating the current convention center while constructing the new convention center.

See [Observation B](#).

2. Was the owner-representative performing its contract requirements?

Yes. The owner-representative firm for Component 1 was fulfilling its contract requirements, and its work was being reviewed by Convention and Event Services. Examples include developing program management and program execution plans, reviewing invoices, assessing program risks, and coordinating the project by hosting multiple weekly stakeholder meetings.

3. Were there additional construction risks being monitored by the owner-representatives or Convention and Event Services?

Yes. The owner-representatives and Convention and Event Services monitor additional risks they have identified. The high-risk items identified suggest that risks are being considered. However, the number and significance of risks identified means risk assessment, identification, and resolution needs to continue as the project progresses. See [Observation A](#).

Recommendations

Management should:

- Continue to monitor risks and consistently update the risk profile of each component of the master plan with each owner-representative firm
- Create a cost reporting schedule for all components of the Master Plan as designs are finalized
- Develop a formal project integration plan and a conflict resolution strategy for potential coordination issues or conflict among the component teams

Risk Summary

Risk classification is based on criteria outlined in the Standards for Internal Control In the Federal Government—Compliance, Operational, Financial—and Government Auditing Standards citizen focused criteria of Public Image. Each program is evaluated against these criteria, and the resulting risk classification reflects the program’s alignment with departmental goals as well as its overall significance to the community.

Classification	Recommendations	Management’s Response
● High	3	Management agreed to 3 of 3 recommendations.
● Moderate		
● Low		

Audit Results

Both City Council Resolution 88-3428 and Administrative Directive 4-09, Internal Control prescribe policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Project Risk and Cost Monitoring

Risk Rating: ● High

Convention and Event Services identified high risks during their risk monitoring processes. Due to the complexity of this construction project, the costs of expanding the Kay Bailey Hutchison Convention Center could increase if risks are not identified and addressed and if a cost reporting schedule is not established and followed.

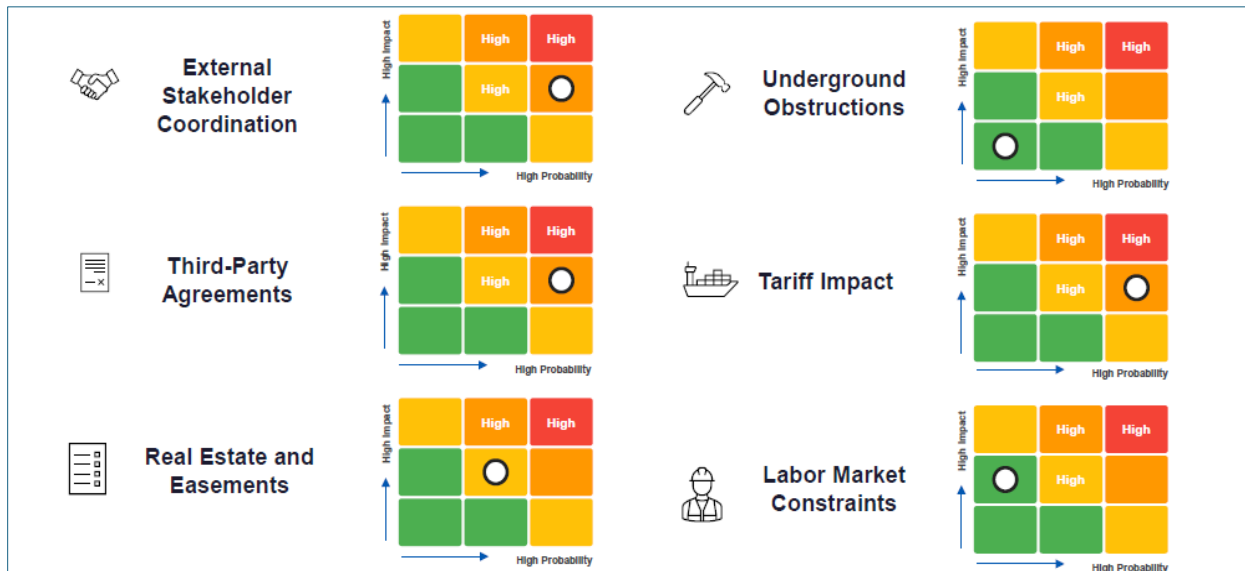
Convention and Event Services has documented and implemented various risk monitoring processes through review of documents, prioritization of tasks, and identification of solutions to risks. Risks are regularly discussed and action items are developed to assign responsibility as evidenced by meeting documentation and interviews with project leadership.

Exhibit 1 shows documented risk analyses prepared by Convention and Event Services and owner representatives between July 2025, and January 2026. The risk analyses displayed at least three high priority risk items on each update. High-risk items included coordination with a variety of site partners, tight and overlapping construction timelines for each component, market conditions including tariffs, and the dual goals of operating sections of the current convention center while constructing the newly expanded convention center. Risk analyses and task priorities were also presented to Dallas City Council in January 2026, in **Exhibit 2**.

Exhibit 1: Component 1 Risk Identification July 2025-January 2026

Date	Number of Risk Subjects	High Risks	Medium & Low Risks
July 17, 2025	3	3	0
July 25, 2025	16	8	8
August 1, 2025	16	8	8
August 14 & 28, 2025	14	6	8
September 26, 2025	12	6	6
November 4, 2025	10	3	7
January 21, 2026	6	4	2

Source: Provided by Convention and Event Services or its owner-representatives.

Exhibit 2: Convention Center Timeline Risk Analysis

Source: Presentation by Convention and Event Services to Dallas City Council in January 2026.

The construction project is being delivered using the Construction Manager at Risk model, with Guaranteed Maximum Price contracts approved by City Council, as each scope of work is bid and finalized. Under the Construction Manager at Risk model, detailed cost estimates are not fully developed at the outset. Instead, costs are established progressively as components are scoped and procured. This delivery model also inherently makes identifying cost increases in real time or assessing variances against initial comprehensive cost estimates more challenging.

Convention and Event Services and other stakeholders are working to monitor the total project costs over time. As of January 2026, Convention and Event Services is developing an updated cost estimate for all components, according to drafts provided by management, which is expected to improve visibility into overall costs and changes in costs.

Convention and Event Services has developed a monthly financial target analysis procedure to compare actual revenues and expenditures with internal records, since set budgets are not created during the design phase for the overall project and each component under the Construction Manager at Risk model.

Overall, estimated amounts associated with the construction project have adjusted as construction planning and development have progressed. In 2021, prior to the Master Plan approval in February 2022, the construction cost for the initial design of the new convention center was estimated at \$1.98 billion and the total available revenue was estimated at \$4.4 billion. Later 2021 documents also noted that estimated costs would be finalized once the designs were developed.

Since 2022, the building designs and site orientations have changed due to several factors. One such change included a modification of the site orientation because of the Texas Department of Transportation's need for land originally planned for the project.

In November 2024, Component 1 construction manager at risk costs were estimated between \$1.9 billion to \$2.5 billion based on advanced renderings. In May 2025, Convention and Event Services generated the first cost estimate for Component 1 based on schematic designs and early design development, which was \$3.3 billion to \$3.5 billion.

Exhibit 3: Component 1 Cost Estimates by Date

Date of Estimate	Component 1 Estimate in Dollars
December 2021	\$1.98 billion
November 2024	\$1.9 to 2.5 billion
May 2025	\$3.3 to 3.5 billion
January 2026	\$3.1 to 3.3 billion

Sources: Cost estimates included in presentations to the Transportation and Infrastructure Committee and City Council.

As of January 2026, Convention and Event Services reduced the cost estimate of Component 1 to \$3.1 billion to \$3.3 billion, because of continued changes. Also, the authorized contracts and construction estimate for Components 3, 4, and 5 total around \$477 million. The combined estimated costs of Components 1, 3, 4, and 5 are about \$3.6 billion to \$3.8 billion, which does not include all costs for Component 5¹. Components 2, 6, and 7 of the Master Plan are not yet fully developed and may carry additional cost. See **Exhibit 4** for anticipated project costs by component.

While the estimated costs have increased since 2021, the estimated costs have remained below the estimated revenues of \$4.4 billion. As of August 2025, approximately \$700 million has been approved for all components and up to \$1.288 billion has been authorized in borrowing to pay for these capital improvements.

¹ According to management, Component 5 is long-term deferred project that is funded from a combination of Convention and Event Services construction funding, Park and Recreation and private partnerships. The project was deferred to align with the delivery of the Master Plan and the project's demolition schedule. This component will not use revenue bond funding for delivery.

Exhibit 4: Anticipated Project Costs by Component

Component	Construction Price (as of January 2026)
Component 1 – Demolition and Expansion	\$3.1 billion to \$3.3 billion
Component 3 – Memorial Arena	\$241,246,088
Component 4 – The Black Academy of Arts and Letters	\$232,282,201
Component 5 – Pioneer Plaza Park and Cemetery	\$3,766,575

Source: Cost estimates included in City Council action items. (NOTE: Construction costs are not yet estimated for Component 5.)

In summary, estimated costs to construct Component 1 have risen from \$1.98 billion to between \$3.1 billion and \$3.3 billion, and cost estimates of the current components have reached \$3.6 billion to \$3.8 billion. Construction costs could continue to increase if risks are not consistently identified and appropriately addressed. Continuously tracking financial performance and reviewing and revising estimated costs at least annually could decrease the likelihood of sudden cost increases.

Criteria

- ◆ Administrative Directive 4-09, Principle 12–Implement Control Activities through Policies
- ◆ *Standards for Internal Control in the Federal Government*: Principle 7–Identify, Analyze, and Respond to Risk, Principle 16—Perform Monitoring Activities
- ◆ Government Finance Officers Association–Best Practices & Resources–Capital Asset Management

Recommendations

We recommend the **Director of Convention and Event Services**:

- A.1.** Perform ongoing documented risk monitoring and consistently update the risk profile of each component of the Master Plan with each owner-representative firm with a focus on the potential for cost increases
- A.2:** Develop and report at least twice annually on the anticipated cost estimates for each component and of the construction project

Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
A.1	Agree	Convention and Event Services (CES) will memorialize a process to track cost variation (increases and decreases) over the life of each component. Additionally, CES will host weekly meetings, in addition to those already hosted each Thursday and Friday, to focus solely on cost variation, and provide an update to City leadership, and where appropriate City Council, via memo and in-person discussion to ensure that critical value engineering steps and programming alternations can be decided without impacting project delivery.	9/30/2026 / 3/31/2027
A.2	Agree	CES will brief City leadership and City Council twice annually. Specifically, CES anticipates briefing either the Economic Development Committee or Finance Committee and where requested the full City Council.	9/30/2026 / 3/31/2027

Observation B: Project Integration and Conflict Resolution

Risk Rating: ● High

Convention and Event Services has not developed a formal project integration process and conflict resolution strategy. An integration process and strategy should be developed to prevent breakdowns in communications, which can create conflicts that may negatively impact other components' progress, increase costs, or delay construction schedules.

Leadership and management of the Master Plan is divided into seven separate components. This requires coordination and conflict resolution across multiple distinct project teams, each responsible for completing a component of the project. This decentralization approach requires complex coordination between the teams working to complete each component.

Convention and Event Services has developed an informal process for addressing this need that is based on multiple weekly coordination meetings. A governance committee consisting of the Convention and Event Services Director, two Assistant City Managers, and the Chief Financial Officer meets weekly with owner-representatives from each component and the project's financial advisors to discuss project progress and identify concerns. Additionally, owner-representatives from each component meet with various City departments to discuss their progress and to coordinate next steps with the component project teams. As the project continues, this informal process may not be sufficient to identify and resolve team conflicts, potential cost increases, and/or schedule delays.

Criteria

- ◆ Administrative Directive 4-09, Principle 12–Implement Control Activities through Policies
- ◆ *Standards for Internal Control in the Federal Government*: Principle 12–Implement Control Activities

Recommendation

We recommend the **Director of Convention and Event Services**:

- B.1.** Develop a formal project integration process and conflict resolution strategy that includes current practices, such as the governance committee's meetings, and steps for resolving potential conflicts

Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
B.1	Agree	CES currently has a non-memorialized process for project integration that has served the project well to-date. However, as the project has moved into implementation and construction, CES agrees it could be beneficial to enhance that process. Enhancements will include coordinating with City leadership, the City Attorney's Office, and other departments to assign a single project management team as the lead integrator for day-to-day project management, engagement, and outreach. CES will formalize this process and document project move-forward on a monthly basis.	9/30/2026 / 3/31/2027

Background

In 2019, Convention and Event Services conducted tours of various convention centers across an eight-day period to note practices that could be adopted to develop a new convention center after noting the Kay Bailey Hutchison Convention Center Dallas was losing potential conventions and revenue.

In February 2022, the Dallas City Council adopted Phase 1 of the Master Plan to expand the Kay Bailey Hutchison Convention Center Dallas. The Master Plan consists of seven components, which together are designed to modernize and expand convention center facilities, enhance the public realm, create new jobs, and create a connection between Downtown and South Dallas.

- Component 1: Convention Center Demolition and Expansion and Green Space over Interstate 30
- Component 2: Transportation-Related Alternatives
- Component 3: Dallas Memorial Arena Renovations
- Component 4: The Black Academy of Arts and Letters (TBAAL) Renovation
- Component 5: Pioneer Plaza Park and Cemetery
- Component 6: Eddie Bernice Johnson Union Station
- Component 7: Land Use and Development on City of Dallas-Owned Property

Convention and Event Services is responsible for overseeing this expansion and has hired owner-representatives to assist with oversight of the four components that are underway – Component 1, Component 3, Component 4, and Component 5.

The largest component of the Master Plan is Component 1. Dallas City Council authorized several contracts with firms to design, review, and perform the work. Convention and Event Services hired an owner-representative firm (Inspire Dallas, LLC), an insurance consultant (Marsh, LLC), architect and engineering team (Amplify Dallas, which is led by Perkins & Will and Populous), and the construction manager at risk firm (Trinity Alliance) to oversee the development and construction of Component 1 at an estimated cost of \$3.1 to \$3.3 billion. Construction of Component 1 is expected to be completed by 2029.

Inspire Dallas worked with Convention and Event Services to create a program management plan to establish technical and administrative guidelines necessary to ensure that each project within Component 1 is designed and constructed in a coordinated and cohesive manner. The program management plan establishes responsibility and procedures for operations. The plan shows that Component 1 consists of three major projects: the convention center project, the demolition project, and the deck park project.

Additionally, Inspire Dallas and Convention and Event Services created a program execution plan to carry out the program, focusing on the actions and deliverables of the project and program teams. The program execution plan includes guidance for processes such as procurement, quality management, program and document controls, cost and budget administration controls, change management, invoicing, and contract closeout.

Convention and Event Services has implemented policies for invoice processing, job order contract invoicing, and monthly financial target analysis reporting to provide guidance for each process. On a monthly basis, Trinity Alliance issues a report covering the achievements of the prior month, the meetings held between Trinity Alliance, Inspire Dallas, Convention and Event Services, other City departments, and affected entities, procurement schedules, logistics and transportation, and risk matrices. In December 2025, the City of Dallas issued a report called the Convention Center Master Plan Year-End Review which summarized the milestones, awards given, agreements reached with outside parties, and active coordination efforts that will continue into 2026.

This engagement is the first of a series of audits the Office of the City Auditor plans to complete throughout the construction project. The Office of the City Auditor included one engagement in its Fiscal Year 2026 Audit Plan to address ongoing challenges inherent with a large-scale construction project.

Methodology

The audit methodology included:

- (1) Interviewing personnel from Convention and Events Services and Inspire Dallas, the owner-representative firm for Component 1
- (2) Reviewing policies and procedures, the Texas Local Government Code, applicable administrative directives, and best practices
- (3) Performing various analyses, including reviewing invoices, job order contract invoices, financial target analysis reports, procurement invoices, and monthly progress reports issued by the construction manager at risk firm
- (4) Assessing program management and execution plans, feasibility studies, convention center tour notes, and risk assessments

In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

Government Auditing Standards Statement

We conducted this performance audit 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 observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Report Classification

Final Report – For Public Use

This report is a product of the Office of the City Auditor and is issued in accordance with the Texas Public Information Act (Texas Government Code, Chapter 552).

Major Contributors

Dan Genz CIA, CISA, CFE–Engagement Manager

Jonathan Goonan CPA, CIA–In-Charge Auditor

Appendix A – Audit Acknowledgement Letter

Audit of Convention Center Construction Monitoring Controls

Audit Acknowledgement Letter begins on next page

Memorandum



CITY OF DALLAS

DATE: May 12, 2026

TO: Mamatha Sparks – Interim City Auditor

SUBJECT: Response to Audit of Convention Center Construction Monitoring Controls

This letter acknowledges the City Manager's Office received the [Audit of Convention Center Construction Monitoring Controls](#) and submitted responses to the recommendations in consultation with the Department of Convention and Event Services.

We appreciate the auditor's work in evaluating the Convention and Event Services Department's (hereinafter "CES") controls for monitoring construction and are pleased the auditor can conclude that:

- Processes and controls related to procurement, financial reporting, invoice payment processing, and overall project management were in place;
- Owner representatives performed their contract requirements; and
- Owner representatives and CES monitored additional risks they identified.

CES recognizes there are opportunities to enhance our existing processes and appreciates the auditors' recommendations. Convention and Event Services agrees to:

- Continue monitoring risks and consistently update the risk profile of each component of the master plan;
- Continue to update a master budget, at least twice annually, on the anticipated budget and costs with a focus on the potential for cost increases; and
- Develop a formal project integration plan and a conflict resolution strategy for potential coordination issues or conflicts among the component teams.

Please let me know if you require additional information.

Service First, Now!

Kimberly Bizer Tolbert
City Manager

C: Jack Ireland, Chief Financial Officer
Robin Bentley, Assistant City Manager
Rosa Fleming, Director, Convention and Event Services



Audit of Human Capital Management

March 26, 2026

Mamatha Sparks
Interim City Auditor

MAYOR

Eric L. Johnson

MAYOR PRO TEM

Jesse Moreno

DEPUTY MAYOR PRO TEM

Gay Donnell Willis

COUNCIL MEMBERS

Adam Bazaldua

Lorie Blair

Paula Blackmon

Laura Cadena

Zarin D. Gracey

Maxie Johnson

Cara Mendelsohn

Jaime Resendez

Paul E. Ridley

William Roth

Kathy Stewart

Chad West

Table of Contents

EXECUTIVE SUMMARY3

OBJECTIVES AND CONCLUSIONS4

RECOMMENDATIONS5

RISK SUMMARY5

METHODOLOGY6

GOVERNMENT AUDITING STANDARDS STATEMENT6

REPORT CLASSIFICATION6

MAJOR CONTRIBUTORS.....6

APPENDIX A – BAKER TILLY ADVISORY GROUP, LP REPORT7

APPENDIX B – ACKNOWLEDGEMENT LETTER25

Executive Summary

In response to City Council's concern with the City's ability to obtain and retain quality employees a series of personnel audits have been included in the Office of the City Auditor fiscal year audit plans.

The Fiscal Year 2025 Audit Plan and this report addressed employee talent retention. The objective of this audit was to assess whether City-wide talent retention and development practices align with best practices in the following areas:

- Classification and compensation structure and philosophy.
- Benefits offered compared to surrounding communities.
- Employee and manager technical and soft skill training.
- Career development and coaching (including performance evaluations).
- Employee engagement and satisfaction.
- Off-boarding information, such as exit interview data or former employee outreach.
- Human resources workforce strategy and communication.

The scope of this audit covers calendar years 2023 and 2024, as well as the first six months of 2025.

To obtain the needed human capital audit expertise, Baker Tilly Advisory Group, LP was retained to perform this audit. See [Appendix A](#) for their report.

Previous Audits

Audits of Talent Acquisition report, issued February 16, 2024, addressed talent acquisition for the City, Dallas Fire-Rescue uniform personnel recruitment and selection and Dallas Police Department personnel recruitment and selection.

Audit of Personnel Complaints Resolution, issued August 14, 2024, addressed Civil Service employees' personnel appeals governed by the City Charter, Chapter XVI, Civil Service and Personnel and Personnel Rules and non-civil service employees' requests to review disputed personnel actions

Objectives and Conclusions

1. Do the City-wide talent retention and development practices align with recognized best practices for:

- a. Classification and compensation structure and philosophy.

Generally, yes. To ensure positions are appropriately titled and graded, Human Resources conducts market analyses, surveys, and collaborates with external organizations, all of which aligns with best practices. Testing was conducted to confirm the accuracy of employee compensation by verifying adherence to established pay codes. During testing, a few exceptions were noted among uniformed personnel related to education pay and patrol rate resulting in \$731.96 in overpayment to employees. See [Appendix A, Observation 1](#).

- b. Benefits offered compared to surrounding communities.

Yes. The City's benefit packages offer competitive plans that include health, vision, and dental insurance, as well as a five-year vested pension plan. The health plans compare favorably to comparable cities. A representative sample of uniformed and non-uniformed personnel was selected to examine benefit deductions. Based on the results of testing, employee benefit rate deductions were found to be accurate, aligned with the appropriate coverage levels, and consistent with the elections made by employees.

- c. Employee and manager technical and soft skill training.

Yes. The City provides comprehensive leadership development training, including courses for newly hired or promoted managers, as well as separate courses for tenured managers. These programs also encompass soft skills development. The training programs include topics that align to best practice training offerings for other cities.

- d. Career development and coaching (including performance evaluations).

Generally, yes. Although controls evaluated were deemed effective, the career development process is being refined with the use of the Workday system and has elements of best practices, such as probationary period check-in frequency.

- e. Employee engagement and satisfaction.

Generally, yes. Human Resources Partner & Employee Relations Center of Excellence Administrator manages all Human Resources partners to ensure that employee relations and compliance issues are addressed appropriately. During testing of relations cases, exceptions around the timeliness of remediating investigations were noted. See [Appendix A, Observation 2](#).

- f. Off-boarding information, such as exit interview data or former employee outreach.

Yes. The City's employee relations activities include an exit interview process that utilizes a new electronic form and a dashboard to capture and analyze data from departing employees. The exit interview questions asked align with best practices. The City does not

have a formal process for conducting outreach to former employees after they have left the City.

- g. Human resources workforce strategy and communication.

Generally, yes. Maintaining open communication and regularly updating Human Resources Personnel Rules and administrative directives is essential for strengthening workforce strategy, enhancing data quality and operational efficiency, and ensuring compliance. Assessment of administrative directives indicated they have not been updated in the last year. See [Appendix A, Observation 3](#).

Recommendations

Management should:

- Implement an action plan that includes verifying education pay documentation, reconciling Human Resource records, integrating automation, and training.
- Implement a tracking and escalation process with alerts for delayed investigations and consistent documentation by internal & external agencies.
- Perform annual review and update plan for administrative directives.

Risk Summary

Risk classification is based on criteria outlined in the *Standards for Internal Control In the Federal Government*—Compliance, Operational, Financial and citizen focused criteria of Public Image. Each program is evaluated against these criteria, and the resulting risk classification reflects the program’s alignment with departmental goals as well as its overall significance to the community.

Classification	No.	Management’s Response
● High		
● Moderate	3	Agree to all recommendations
● Low		

Methodology

Baker Tilly Advisory Group, LP was retained to perform this audit. See [Appendix A](#) for Baker Tilly Advisory Group, LP’s methodology. In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

Government Auditing Standards Statement

We conducted this performance audit 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 observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives

Report Classification

Final Report – For Public Use.

This report is a product of the Office of the City Auditor and is issued in accordance with the Texas Public Information Act (Texas Government Code, Chapter 552).

Major Contributors

Rory Galter, CPA, Engagement Liaison—Office of the City Auditor
Chris Kalafatis, Principal—Baker Tilly Advisory Group, LP
Mike Chimera, Manager—Baker Tilly Advisory Group, LP
Nick Martinez, Senior Consultant—Baker Tilly Advisory Group, LP
Yevgen Pavlyk, Senior Consultant—Baker Tilly Advisory Group, LP

Appendix A – Baker Tilly Advisory Group, LP Report

Audit of Human Capital Management

Baker Tilly Advisory Group, LP report begins on the following page.

City of Dallas, Texas

AUDIT REPORT: Human Capital Management

March 26, 2026



Table of Contents

Executive Summary	3
Overview.....	3
Summary observations, enhancement opportunities, and recommendations	3
Conclusion.....	3
Detailed report.....	4
Background and objectives	4
Scope and approach	9
Observations and recommendations.....	10
Enhancement opportunities and recommendations.....	14
Appendices.....	15
Appendix A: Audit opinion and risk rating systems	15
Appendix B: Personnel involved.....	16
Contact information	17

Executive Summary

Overview

On behalf of the City of Dallas (the “City”) City Council, the Office of the City Auditor engaged Baker Tilly Advisory Group, LP (Baker Tilly) to perform the audit of Human Capital Management.

The objective of the audit was to assess whether City-wide talent retention and development practices align with best practices for the areas listed below. For each area we have documented our overall conclusion on the process and related internal controls based on the rating criteria listed in Appendix A.

Objective	Conclusion of processes and internal controls
Classification and compensation structure and philosophy	Some improvement needed
Benefit offerings compared to surrounding communities	Effective
Employee and manager technical and soft skill training	Effective
Career development and coaching	Effective
Employee engagement and satisfaction	Some improvement needed
Off-boarding information	Effective
Human resources (HR) workforce strategy and communication	Some improvement needed

The detailed report provides additional information regarding the audit scope and approach, risk ratings, and detailed observations, enhancement opportunities, and recommendations identified during this engagement.

Summary observations, enhancement opportunities, and recommendations

Process area	Summarized observation or enhancement opportunity	Summarized recommendation	Risk rating	Report reference
Classification and compensation structure and philosophy	Testing of City employees' compensation found 3 exceptions among uniformed personnel, two related to education pay and one to patrol duty assignment pay	An action plan that includes verifying education pay documentation, reconciling HR records, integrating automation, and training	Medium	Observation #1
Employee engagement and satisfaction	Testing of employee relations cases found 5 exceptions around the timeliness of remediating investigations	Implement a tracking and escalation process with alerts for delayed investigations and consistent documentation by internal & external agencies	Medium	Observation #2
HR Communication	21 of 22 Administrative Directives have not been updated in the last year	An annual plan to update the Administrative Directives	Medium	Observation #3
Off-boarding information	The City currently lacks a formalized process for conducting outreach to former employees after their departure	A formal offboarding outreach program that includes a follow-up survey conducted after a departure	N/A	Enhancement Opportunity #1

Conclusion

Overall, we concluded that the current Human Capital Management processes and internal controls are effective with **some improvement needed**.¹

¹ See Appendix A for the rating system used to conclude on the overall control rating.

Detailed report

Background and objectives

The purpose of the audit was to evaluate whether talent retention and development practices across the City are aligned with recognized best practices in the following areas:

- Classification and compensation structure and philosophy
- Benefit offerings compared to surrounding communities
- Employee and manager technical and soft skill training
- Career development and coaching (inclusive of performance evaluations)
- Employee engagement and satisfaction
- Off-boarding information, such as exit interview data or former employee outreach
- Human resources workforce strategy and communication

The scope of this audit covers calendar years 2023 and 2024, as well as the first six months of 2025.

As part of this audit, staff from the Office of the City Auditor assisted Baker Tilly in the performance of some control tests involving sensitive employee data.

The conclusions were gathered through stakeholder interviews, control and compliance testing, best practice research, and an analysis of relevant City documents.

Classification and compensation structure and philosophy

In 2019, the City conducted a classification and compensation study for civilian positions that established a new structure for job titles and positions. This initiative helped the HR Department address challenges related to employee recruitment and retention. HR's Compensation Unit oversees compensation, benefits, and wellness for 13,000 employees across 45 departments. This includes overseeing civil and non-civil service HR functions, merit increases, special pays, and salary surveys. HR handles compensation configurations in Workday, which helps automate salary reviews and adjustments, benefit integration, and provides real-time compensation analytics. To ensure positions are appropriately titled and graded, HR conducts market analyses, surveys, and collaborates with external organizations, all of which aligns with best practices.

In January 2025, the City implemented a market adjustment for 5,000 uniformed positions to maintain competitive pay. Beyond compensation, the City also emphasizes non-monetary factors, such as opportunities for growth, development, and retention.

The HR Compensation Unit, which includes analysts and operations staff, is responsible for processing compensation transactions and managing the City's classification and compensation structure, including salary surveys and merit increases.

Testing was conducted to confirm the accuracy of employee compensation by verifying adherence to established pay codes. This involved a comprehensive comparison of employee pay classifications against both civilian and uniformed pay schedules to confirm correct classification and appropriate compensation. During testing, a few exceptions were noted among uniformed personnel related to education pay and patrol duty assignment pay. See [Observation #1](#).

Benefit offerings compared to surrounding communities

The City's benefit packages offer competitive plans that include health, vision, and dental insurance, as well as a five-year vested pension plan. Employees can also access supplemental insurance for life, cancer, and short-term disability. The City has performed benefit benchmarking (every other year) with the help of their broker, Holmes Murphy, showing that the current benefit plans compare favorably to 8 comparable cities for Preferred Provider Organization (PPO), 13 cities for Exclusive Provider Organization / Health Maintenance Organization (EPO/HMO), and 10 cities for Health Savings Account (HAS). Based on a comparison with similar sized municipalities in the State of Texas, such as Austin, Houston, and San Antonio, it was determined that the City's health benefits are among the most favorable overall.

A representative sample of uniformed and civilian personnel was selected to examine benefit deductions. A comprehensive cross-referencing was then performed between the pay stubs, benefit enrollment documentation, and carrier file records to verify that benefit elections, whether made during open enrollment or due to qualifying life events, were accurately reflected and properly processed. Based on the results of testing, employee benefit rate deductions were found to be accurate, aligned with the appropriate coverage levels, and consistent with the elections made by employees.

Employee and manager technical and soft skill training

The City provides comprehensive leadership development training, including courses for newly hired or promoted managers, as well as separate courses for tenured managers. These programs also encompass soft skills development. Currently, an Admin Learning Management System is used, but efforts are underway to consolidate information into Workday.

HR is preparing to offer a new leadership training course, which currently spans five full days. The curriculum includes foundations of leadership, administrative processes, onboarding and recruiting, workers' compensation, payroll, Workday, civility, and performance management.

The Emerging Leaders Program is designed to be tiered based on the number of years an individual has served as a manager. To develop the curriculum, HR surveyed managers to gather input on desired topics, ensuring the program addresses their needs effectively.

As of December 2024, the City has offered the following training opportunities, which are highlighted in the “Catalog of Training” by Training & Development within HR, to help develop employee and manager technical and soft skills:

#	Training or Course	Focus	Audience	Training Type
1	City of Dallas Leadership Development Program	The leadership development program progresses through four levels, starting with foundational skills and mindset, then building core leadership capabilities, refining advanced strategies for team performance, and culminating in strategic leadership focused on vision-setting and high-level influence.	All Levels	In-Person and eLearning
2	Peer Today, Boss Tomorrow	Designed to help participants make a successful transition from “coworker” to “supervisor,” Peer Today, Boss Tomorrow™ presents four proven strategies to help new supervisors navigate changing relationships and prepare for the most difficult situations they’re likely to encounter in their new role.	Newly Promoted People Managers	In-Person
3	Blanchard SLII® Leadership Framework	The SLII® Training by Blanchard is a globally recognized leadership program that teaches managers to adapt their leadership style to meet the evolving needs of their team members, emphasizing flexibility, communication, and collaboration to enhance performance and engagement.	All Levels of People Managers	In-Person or Virtual
4	DiSC® Assessment	The DiSC® Assessment is a valuable tool that enhances team collaboration and communication by helping individuals understand their own and others' behavioral styles to build stronger working relationships.	All Staff	eLearning
5	The Five Dysfunctions of a Team	This training provides practical guidance for building cohesive teams by identifying and addressing the root causes of dysfunction and politics, emphasizing that while these issues are curable, overcoming them requires courage, discipline, and sustained effort.	All Staff	In-house
6	The Speed of Trust	This training helps individual contributors and leaders build trust by improving communication, collaboration, and accountability, ultimately enabling them to manage cross-functional relationships and lead agile, innovative, and high-performing teams.	All Staff	eLearning

#	Training or Course	Focus	Audience	Training Type
7	Radical Candor	This training provides a framework for giving and receiving feedback, equipping managers with tools to build strong employee relationships and work environment where innovative ideas thrive and individuals reach their full potential.	Senior Management	eLearning
8	Switch	Participants learn a three-part framework for accelerating change. The framework comes from the book Switch: How to Change Things When Change Is Hard.	All Staff	eLearning
9	The First 90 Days in Government: Critical Success Strategies for New Public Managers at All Levels	This practical book provides a roadmap that will help new government leaders at all levels accelerate their transitions by overcoming nine transition challenges, ranging from clarifying expectations to defining goals to building a team to managing personal stress. The authors also offer detailed strategies for avoiding major “transition traps.”	New Gov’t Leaders	Book Study
10	SERVE Leadership Development Program	A program based on best practices and research-based content, designed to expand the capacity of leaders at the City to effectively perform in their current roles and prepare for future opportunities.	Assistant Directors and Above	In-Person
11	Effective Business Writing	Learn how to communicate information in a succinct, clear, convincing, and organized manner. Review the fundamentals of correct grammar, punctuation, and spelling. Discover how to produce written information that is appropriate for the intended audience.	All Staff	eLearning
12	Civility & Respect in the Workplace	The goal of the training is to promote a strong culture of Civility and Respect within the City. A culture that is committed to ethical leadership and conducting business with integrity and respect to ensure public trust.	All Staff	eLearning
13	Communicating with Emotional Intelligence	This course helps individuals develop emotional intelligence by teaching them to manage their emotions, understand others’ perspectives, and improve communication through empathy, listening, and appropriate responses, leading to more productive and satisfying interactions at work and home.	All Staff	eLearning; In-house
14	Conflict Resolution Strategies	This course equips learners with practical tools to recognize and resolve conflict, teaching de-escalation techniques and communication strategies.	All Staff	eLearning; In-house
15	Leading with Emotional Intelligence	This course teaches techniques for raising emotional intelligence in the workplace by helping individuals manage their emotions, understand triggers, and develop empathy to foster stronger relationships and boost team productivity.	All Staff	eLearning; In-house
16	Teamwork: How Team Dynamics Impact the Workplace	In this course, you will explore team dynamics, common roles within a team, tips on how to improve teamwork, and managing a multigenerational workplace.	All Staff	eLearning
17	The Art of Effective Communication	Communication is the process by which people create and share information and ideas with one another in order to reach mutual understanding. Effective workplace communication is therefore the foundation of positive and cooperative working relationships.	All Staff	eLearning; In-house

The City also has an employee training & development hub, which can be accessed by all employees on the City’s SharePoint.

After assessing the training programs, the training programs include topics that align to best practice training offerings for other cities.

Career development and coaching (including performance evaluations)

The City implemented Workday for the first half of performance evaluations, with plans for goal setting to be fully integrated in FY26. HR provides a framework for these evaluations, and Workday serves as the system of record for performance evaluations and ratings. Some departments have their own performance evaluation processes and therefore were not evaluated.

Probationary Employees and 6-Month Evaluations:

Classified Civil Service employees serve a 6-month probationary period during which probationary employees and their supervisors develop goals using a PDF document, managed outside of Workday. This PDF is available on SharePoint along with guidelines. During the probationary period, the supervisor and the new employee have three check-ins. At the end of the probationary period, the supervisor recommends whether the employee has successfully completed probation. The probationary period check-in frequency aligns with best practices.

Formal Notices of Disciplinary Action:

Formal notices of disciplinary action are documented in a memorandum or letter, which is then submitted to HR Records and filed in the employee’s personnel file. However, the final decision rests with the respective Departments.

Employee engagement and satisfaction

Employee engagement and satisfaction are measured through a city-wide engagement survey conducted every two years, including a "progress check" performed in off years. Surveys are used to understand the employee experience and to identify areas of concern. As a result of feedback received from these surveys, the City was able to add new voluntary benefits such as pet insurance and legal aid. Additionally, a new buddy system is being piloted as part of the onboarding process to improve the new-hire experience and retention.

Based on the two most recent survey results, FY22 and FY24 reports categorized high-performance organizations based on four primary factors:

- Culture of Engagement
- Strategic Alignment
- Motivating and Relating
- Managing Execution

The survey used a 1-5 scale for responses, where 1 is "strongly disagree" and 5 is "strongly agree". Scores were also presented as percentiles, comparing the organization’s results to a broad range of other organizations, with the 50th percentile being average. Key areas assessed in FY22 and FY24 can be found here:

Category	2022 Result ²	2024 Result ³	Change
Strengths (% of Employees)	19%	18%	-1%
Contributors (% of Employees)	18%	20%	+2%
Opportunities (% of Employees)	16%	17%	+1%
Weaknesses (% of Employees)	14%	13%	-1%
Threats (% of Employees)	23%	22%	-1%
Culture of Engagement (Percentile)	19th	28th	+9
Strategic Alignment (Percentile)	26th	32nd	+6
Motivating and Relating (Percentile)	28th	41st	+13
Managing Execution (Percentile)	33rd	49th	+16
Fairness: Everybody is treated fairly (Percentile)	16th	22nd	+6
Respect for Management (Percentile)	13th	19th	+6
Accountability: People are held accountable (Percentile)	12th	16th	+4
Communication: Senior leaders communicate well (Percentile)	35th	42nd	+7

² Custom Insight, *Organization Survey Results* (City of Dallas, Texas, Focal Org, 2022)

³ Custom Insight, *Organization Survey Results* (City of Dallas, Texas, Focal Org, 2024)

Category	2022 Result ²	2024 Result ³	Change
Respect for Employees: Receive praise (Percentile)	24th	32nd	+8
Values: Clear understanding of values (Percentile)	11th	19th	+8
Communication: Clear understanding of strategic goals (Percentile)	22nd	29th	+7
Opportunities for Growth: Manager active in development (Percentile)	38th	57th	+19
Communication: Manager informs about decisions (Percentile)	34th	50th	+16
Purpose and Direction: Manager defines goals (Percentile)	34th	52nd	+18
Accountability: Manager consistently holds people accountable (Percentile)	27th	47th	+20
Stress and Workload: Job does not cause stress (Percentile)	34th	39th	+5
Stress and Workload: Pace enables good job (Percentile)	34th	44th	+10
Workplace and Resources: Have resources needed (Percentile)	22nd	23rd	+1
Overall Engagement: Recommend to friends/family (Percentile)	18th	25th	+7
Compensation: Benefits comparable to others (Percentile)	17th	23rd	+6
Supervisor displays ethical behavior (Avg Score)	4	4.1	+0.1
Organization communicates expectations on ethics (Avg Score)	3.7	3.9	+0.2
Feel comfortable speaking up about misconduct (Avg Score)	3.5	3.7	+0.2

The City has made substantial improvements in the "Motivating and Relating" and "Managing Execution" factors. These improvements suggest a positive shift in how employees perceive their direct management and the clarity of their roles and expectations.

The improvements in managerial effectiveness, particularly in defining goals, ensuring accountability, and supporting professional development, can significantly boost employee retention. When employees feel valued, clearly understand their roles, and perceive opportunities for growth, their job satisfaction increases. This, in turn, reduces frustration and the likelihood of seeking employment elsewhere. This enhanced sense of support within the City leads to stronger commitment and loyalty and contributes to a more stable workforce and improved retention rates.

HR Partner & Employee Relations Center of Excellence manages all HR Partners to ensure that employee relations and compliance issues are addressed appropriately. During testing of relations cases, exceptions around the timeliness of remediating investigations were noted. See [Observation #2](#).

Off-boarding information, such as exit interview data or former employee outreach

The City's employee relations activities include an exit interview process that utilizes a new electronic form and a dashboard to capture and analyze data from departing employees. The link for the exit interview is made available to staff as they leave the City, and participation is voluntary. The dashboard, which was activated in late 2023, provides insights into the high-level reasons for employee departures. As of late 2023, approximately 150 people had responded to the survey over about a two-year period since its implementation. The data collected from these interviews is intended to be used for analyzing reasons for employee turnover and developing strategies to improve retention, such as evaluating compensation and addressing departmental culture.

After assessing the 27 questions asked in the exit interview, it was determined that the questions asked align with best practices.

Currently, the City does not have a formal process for conducting outreach to former employees after they have left the City. See [Enhancement Opportunity #1](#).

Human resources workforce strategy and communication

HR is responsible for citywide data presentations and the management of Workday report data. In February 2024, two new modules were implemented in Workday—one for performance evaluations (talent module) and another for recruitment and onboarding. HR collaborates with the City's Data Analytics and Business Intelligence group to conduct data analysis, prepare reports for City Council briefings, and ensure reporting tools are properly configured and automated for leadership use. These reports support HR Partners in identifying workforce solutions.

To support strategic workforce planning, a panel was formed with representation from various organizational pillars across the City. Each Assistant City Manager nominated a member to participate. The panel is currently in the initial phase, conducting listening sessions with department Directors to identify barriers to effective workforce planning. Input is currently being gathered from department leadership, employees, the budget process, and HR to inform the development of a strategic framework. A pilot program is scheduled to launch within the year, with a phased roll-out planned based on the pilot's success.

Workday serves as the primary data source for this initiative, with selected data integrated into Tableau dashboards. The design-thinking approach will help refine the systems and processes involved. The goal is for all departments to complete strategic workforce planning within a two-year timeframe. The City typically experiences lower turnover (total of 10.31% in 2024) than the private sector (~18% turnover rate in 2024⁴), and standardized data will be visualized in Tableau dashboards aligned with each department's strategic objectives.

Maintaining open communication and regularly updating HR Personnel Rules and Administrative Directives is essential for strengthening workforce strategy, enhancing data quality and operational efficiency, and ensuring compliance. During our assessment of Administrative Directives, we noted that they have not been formally updated in over a year. Best practice recommends updating on an annual basis. See [Observation #3](#).

Scope and approach

The scope of this audit included:

An assessment was conducted of talent retention and development practices and associated documentation covering the 2023 and 2024 calendar years, as well as the first six months of 2025.

Baker Tilly's audit approach consisted of the following phases:

Phase I: Planning

- Establish the desired working relationships.
- Identify communication channels and reporting relationships of project staff.
- Confirm the project's objectives, work plan, and timeline.
- Confirm deliverables including expectations regarding the form and level of detail.

Phase II: Information Gathering

- Develop and distribute information requests related to HR activities including recent internal and external studies, HR tools and templates, and governing policies and laws. Also include data related to onboarding, performance evaluations, professional development, training records, benefits, turnover trends, and exit interviews, along with information on the classification and compensation structure.
- Analyze established policies and procedures related to various HR processes.
- Conduct interviews with HR staff and relevant stakeholders.

Phase III: Analysis

- Evaluate the design of controls to determine whether they adequately mitigate relevant risks and raise concerns to management in areas where they do not.
- Ensure controls are aligned with applicable regulations, internal/external policies and industry-leading practices.
- Complete process-level risk assessments covering key risks and operational areas.
- Assess whether controls are operating effectively and whether the design of controls is sufficient.

⁴ <https://high5test.com/employee-turnover-statistics/#>

Phase IV: Reporting

- Develop a report that summarizes the methodology and highlights key risks and observations.
- Discuss any observations and process improvement recommendations with Management.

Observations and recommendations

During this audit, observations were identified below. Risk level, classified as high, medium, or low, represents the impact and likelihood ranking of the risk associated with each observation⁵.

Observation #1	Classification and compensation structure and philosophy
<p>Observation(s)</p>	<p>A sample of 40 active City employees was selected from the full roster with an emphasis on proportional representation of both civilian and uniformed personnel. For each employee in the sample, their pay rate and classification were verified against the 2025 pay schedules and employee master data. This included an assessment of assigned pay grades for civilian employees and the class/grade/step designations applicable to uniformed personnel. Compensation elements were evaluated for compliance with established pay codes and contractual obligations, specifically referencing Article 7 (Wages) of the most recent Meet and Confer Agreement (the “Agreement”), for uniformed personnel that fall under the Agreement. Additional pay categories such as Temporary Assignment Pay, Certification Pay, Education Pay, Longevity Pay, Language Pay, Shift Differential, and Overtime Pay were recalculated and verified against the Agreement and Council Resolution 24-1352.</p> <p>Exceptions were identified in the education pay support for two uniformed employees, representing 17% (2 out of 12) of the uniformed sample.</p> <ul style="list-style-type: none"> • Education pay exception #1: the audit-calculated rate was \$0.4846 per hour, while the pay slip showed a rate of \$0.5538 per hour. Documentation revealed fewer credit hours than required to support the higher rate. The difference results in an estimated overpayment of \$5.54 per pay period and \$143.94 per year. • Education pay exception #2: the audit-calculated rate was \$0.6923 per hour, while the pay slip showed a rate of \$0.8308 per hour. Insufficient education credit documentation obtained. The difference results in an estimated overpayment of \$11.08 per pay period and \$288.08 per year. <p>Additionally, one exception, 8% (1 out of 12) of the uniformed employee sample, was identified in relation to calculated patrol duty assignment pay for service years.</p> <ul style="list-style-type: none"> • Service years patrol duty assignment pay exception: a miscalculated patrol duty assignment pay due to incorrect service years being used, resulting in a pay slip rate of \$0.7212 per hour instead of the corrected \$0.8654 per hour. The difference results in an estimated underpayment of \$11.54 per pay period and \$299.94 per year. <p>All other pay elements across the sample were verified without exception and found to be compliant with applicable policies and the Agreement.</p>
<p>Risk: Medium</p>	<p>Overpayments and misclassifications occur when employees receive compensation they are not actually eligible for, often due to outdated qualifications or incorrect role classifications used to justify education pay or patrol duty assignment pay. Underpayments can occur when eligible employees do not receive the compensation they qualify for, creating potential employee relations issues and compliance concerns. As a consequence, financial losses, compliance risks, and challenges in maintaining consistent compensation practices across the workforce exist.</p>

⁵ See Appendix A for the rating system used to assign the risk level.

Observation #1	Classification and compensation structure and philosophy
<p>Recommendation(s)</p>	<p>To address the identified compensation discrepancies and prevent recurrence, we recommend that the City implement a corrective and preventive action plan. First, a targeted review of education pay documentation should be conducted to ensure all uniformed personnel receiving education-based compensation have current and complete records that align with the pay schedule criteria. As part of this effort, the Dallas Police Department should develop and implement a standardized checklist for verifying education credits prior to payroll processing. Checklist items should consider Dallas Police Department's General Order 206.18 Education Incentive Pay such as verification of institution accreditation, acceptable credit hour type (e.g., semester vs. quarter), transcript documentation, completion dates, and alignment with the approved pay schedule.</p> <p>Second, the employee master data—particularly service years—should be reconciled with HR records to correct any inaccuracies that may affect patrol duty assignment pay calculations to ensure the previous conversion to Workday was accurate. To strengthen ongoing compliance, the City should consider integrating validation checks between HR and payroll systems to flag inconsistencies in pay rates, service years (for patrol duty assignment pay), and eligibility criteria. Additionally, periodic training for payroll and HR staff on contractual pay provisions and documentation standards will help reinforce accountability and reduce manual errors. These measures can enhance data integrity, improve process reliability, and ensure compensation remains compliant with contractual and policy requirements.</p> <p>While the recommendation focuses on strengthening process controls, the root cause of the observation is most likely attributed to data entry errors rather than a systemic process failure. Nonetheless, considering the implementation of the recommended measures will help mitigate the risk of future discrepancies and enhance the integrity of education pay compensation practices.</p>
<p>Management Response(s)</p>	<p>Action Plan(s): The Dallas Police Department (DPD) believes implementing the recommendation as written will require significant staff time. However, DPD believes it can significantly reduce the risk associated with the recommendation via alternative methods and agrees to:</p> <ol style="list-style-type: none"> 1a) Make a digital comparison of uniformed employee enhancement pays (e.g., education) in Workday to IWM entries. Discrepancies will be identified and researched on a sample basis to identify trends (e.g., employee responsible for data entry). 1b) The trends identified by the sample will be used to identify populations most likely to contain errors. These populations will be recalculated based on available supporting documentation and corrected as necessary. <p>In addition, DPD will:</p> <ol style="list-style-type: none"> 2) Revise its current process for entering enhancement pays in Workday, to ensure future revisions are reviewed prior to being finalized. 3) Periodically test recently finalized enhancement pay entries in Workday on a sample basis to ensure accuracy. <p>Estimated Implementation Date: September 30, 2026 Estimated Maturity / Follow Up Date: March 31, 2027</p> <p>Owners: 1a Planning and Crime Analysis Unit – Lt. Corkery, 1b & 2 Personnel Service Unit – Manager Alvarez, 3 Personnel Special Projects Unit – Lt. Blanchard</p>

Observation #2	Employee engagement and satisfaction
<p>Observation(s)</p>	<p>Employee relations cases and investigations were tested to assess the effectiveness and compliance of case handling procedures for concerns and complaints. This involved obtaining a population of cases and selecting a sample of ten for detailed testing. The objective was to verify that each case was addressed by the appropriate HR Partner, properly documented in the case management system (Navex), and resolved in a timely manner, ensuring adherence to internal protocols and standards.</p> <p>5 out of 10 were not completed within the defined timeframe, 1 of which has been open for over 517 days and lacks supporting documentation from the assigned HR Partner. Per HR, a case is considered timely when the investigation summary is drafted and returned from the City Attorney’s Office within 25 working days. The City Attorney’s Office is generally allotted five days to return the investigation.</p> <p>Several cases in our sample involved Equal Employment Opportunity Commission matters, which extended the City’s case timelines that were beyond the City’s control and further extended the duration of case resolution. When City staff provided Equal Employment Opportunity Commission case numbers, it was acknowledged that additional time was justified, as the review process was outside the City’s control.</p> <p>HR staff identified five cases that had been open for an excessive number of days. Lastly, three cases under review remained open for more than 200 days.</p>
<p>Risk: Medium</p>	<p>Addressing employee relations cases and investigations in a timely manner is essential to maintaining trust, accountability, and a respectful workplace culture. Delays can lead to unresolved conflicts, decreased employee morale, and potential legal risks. Prompt resolution ensures fairness, supports organizational integrity, and helps prevent issues from escalating.</p>
<p>Recommendation(s)</p>	<p>To improve the timeliness and accountability of employee relations case handling, HR should implement a formal tracking and escalation process for investigations that exceed defined timeframes. This could include automated alerts within Navex, if possible, for cases approaching or exceeding 25 working days, and a mechanism to escalate delays. Additionally, HR should ensure all cases are consistently documented by assigned HR Partners and consider developing a separate protocol for cases involving external agencies like the Equal Employment Opportunity Commission to account for extended timelines while maintaining transparency and oversight.</p>
<p>Management Response(s)</p>	<p>Action Plan(s): City management appreciates the audit's focus on investigation timeliness and welcomes the opportunity to provide additional context.</p> <p>The Navex system is used across multiple departments to track various concern types, and it is recommended that future samples differentiate between case types to ensure accurate measurement. Notably, Equal Employment Opportunity Commission cases were included in the sample; however, they are distinct from Human Resources investigations and are not subject to the 25-day goal. Of the five cases referenced, two involved processes outside of Human Resources' control. One case was managed entirely by another department, and one case met Human Resources' submission timeline goal, with the delay due to additional processing time required by another department.</p> <p>The City has established an ambitious timeline goal to complete Human Resources investigations, promoting accountability while ensuring each investigation is conducted with the thoroughness and fairness each case requires. In accordance with best practices,</p>

Observation #2	Employee engagement and satisfaction
	<p>complexity, scope, and cross-departmental coordination may, in certain cases, result in extended timelines.</p> <p>A formal monitoring process is in place to track progress and document delays as they arise. To further strengthen accountability, these practices will be codified in a written procedure, and staff are evaluating a revised metric that captures only the portion of the process within Human Resources' direct control, enabling a more precise and meaningful performance measure.</p> <p>Estimated Implementation Date: 6/30/2026</p> <p>Estimated Maturity Date: 12/31/2027</p> <p>Owners: Elaine Chandler, Sr. Human Resource Manager, Employee Experience</p>

Observation #3	HR Communication
<p>Observation(s)</p>	<p>An evaluation of the City's HR Administrative Directives revealed that many are outdated. This raises concerns about their continued accuracy, legal compliance, and operational effectiveness.</p> <p>Of the 22 HR-related Administrative Directives, only one has been revised within the last two years, and one has never been revised. It has been noted that the Administrative Directives go through a documented review process, however, the Administrative Directives have not been updated with necessary changes.</p> <p>The Administrative Directives do not include a documented review history, only the date of the most recent revision is noted.</p>
<p>Risk: Medium</p>	<p>Failure to regularly update Administrative Directives can result in outdated procedures, increased legal and operational risks, and diminished employee trust and morale. It also limits the City's ability to respond effectively to emerging workforce challenges.</p>
<p>Recommendation(s)</p>	<p>We recommend establishing a structured review process, a process to make necessary updates or changes, and include a documented history of Administrative Directive reviews and updates which could enhance transparency, accountability, and audit readiness. It would ensure that HR procedures remain current, effective, and aligned with the City's strategic and operational needs.</p>
<p>Management Response(s)</p>	<p>Action Plan(s): As noted in the audit, all of HR's administrative directive (AD)s have been recently reviewed. HR agrees that the AD review and revision process can be enhanced. A revision to AD 2-01, Administrative Directives, has been drafted and is being reviewed. HR will comply with AD 2-01's revised process, which will require a biennial review of ADs.</p> <p>Estimated Implementation Date: 12/31/2026</p> <p>Estimated Maturity Date: 6/30/2027.</p> <p>Owners: Hilda Sallack, Manager - Policy, Records, and Process Improvement.</p>

Enhancement opportunities and recommendations

An internal audit enhancement opportunity and accompanying recommendations are intended to support operational effectiveness, efficiency, or alignment with industry practices, and are at management's discretion to address.

Enhancement Opportunity #1	Off-boarding information
Observation(s)	<p>The City currently lacks a formalized process for conducting outreach to former employees, excluding involuntary terminations, after their departure. Establishing such a process could help maintain positive relationships, gather feedback, and support future workforce planning.</p> <p>This initiative is distinct from exit interviews, which are typically conducted at the time of separation and often focus on immediate feedback regarding the employee's experience. Instead, this outreach would be geared toward maintaining connections with former employees, particularly those who left voluntarily and on good terms.</p>
Recommendation(s)	<p>We recommend establishing a formal offboarding outreach program for voluntary terminations that include a follow-up survey or interview conducted 30–60 days after an employee's departure. This initiative could gather feedback on their experience, identify opportunities for organizational improvement, and maintain positive relationships that could support future rehires, referrals, or public advocacy. It is important to ensure consistent tracking and reporting of insights gained.</p>

Appendices

Appendix A: Audit opinion and risk rating systems

Conclusion rating standards

Our conclusion is based on the rating system described below:

Control Rating	Rating Description
Effective	Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and business objectives should be met.
Some Improvement Needed	A few specific control weaknesses were noted; however, controls evaluated are generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Major Improvement Needed	Numerous control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
Unsatisfactory	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and business objectives should be met.

Risk rating standards

The observations in this report were rated based on the specific standards described below:

Rating	Rating description
High	<p>This is a high priority issue. Immediate management attention is required. This is a serious internal control or risk management issue that if not mitigated, may, with a higher degree of certainty, lead to:</p> <ul style="list-style-type: none"> Substantial losses, possibly in conjunction with other weaknesses in the control framework or the organizational entity or process being audited. Serious violation of the organization’s strategies, policies, or values. Serious reputation damage, such as negative publicity in national or international media. Significant adverse regulatory or compliance impact, such as loss of operating licenses or material fines.
Medium	<p>This is a medium-priority issue. Timely management attention is warranted. This is an internal control or risk management issue that could lead to:</p> <ul style="list-style-type: none"> Financial losses (stipulate levels). Loss of control within the organizational entity or process being audited. Reputation damage, such as negative publicity in local or regional media. Adverse regulatory or compliance impact, such as public sanctions or immaterial fines.
Low	<p>This is a low priority issue. Routine management attention is warranted. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and/or efficiency of the organizational entity or process being audited. Risks are limited.</p>

Appendix B: Personnel involved

In addition to several staff and management from the Office of the City Auditor, the following personnel participated in facilitated sessions, individual interviews, or provided related content:

- Nina Arias, Human Resources Director
- Carmel Fritz, Total Rewards Assistant Director
- Sonya Batts, Sr. Human Resources Manager Talent Engagement & Development
- Dana Douglas, Talent Review Performance Manager
- Heather Wood, Training and Development Manager
- Reginald Jackson, Change Management & Engagement Manager
- Erika Guerrero, Talent Acquisition Center of Excellence Manager
- Stephen Tusken, Senior Program Manager
- Hilda Sallack, Policy and Records Manager
- Megan Adams, Sr. Workforce Analyst
- Elaine Chandler, Sr. HR Partner & Employee Relations Center of Excellence Manager
- Sandra Ovalles, Benefits Administrator

Contact information

If you have questions about this report, please contact:

Chris Kalafatis

Principal
Chris.Kalafatis@bakertilly.com
(703) 923 8007

Mike Chimera

Manager
Mike.Chimera@bakertilly.com
(630) 891 1029

Nick Martinez

Senior Consultant
Nick.Martinez@bakertilly.com
(512) 982 3378

Yevgen Pavlyk

Senior Consultant
Yevgen.Pavlyk@bakertilly.com
(630) 645 6283

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Appendix B – Acknowledgement Letter

Audit of Human Capital Management

Management Acknowledgement Letter begins on the next page

Memorandum



DATE: March 26, 2026
TO: Mamatha Sparks – Interim City Auditor
SUBJECT: Audit of Human Capital Management

This letter acknowledges the City Manager’s Office received the *Audit of Human Capital Management* and submitted responses to the recommendations in consultation with the Department of Human Resources and the Dallas Police Department.

City management appreciates the auditor’s detailed comparison of the City’s talent retention and development practices against industry best practices. We are pleased that the audit concluded the City has effective processes and controls for the majority of objectives tested.

The auditors made three observations, including:

- Developing an action plan that includes verifying education pay documentation, reconciling HR records, integrating automation, and training;
- Implementing a formal tracking and escalation process for investigations that exceed defined timeframes and ensuring all cases are consistently documented by assigned HR Partners; and
- Developing an annual plan for Administrative Directives.

City management agrees to implement additional controls to significantly mitigate the risks associated with each observation shown above.

Please let me know if you need additional information.

Service First, Now!



Kimberly Bizer Tolbert
City Manager

C: Jack Ireland, Chief Financial Officer
Dominique Artis, Chief of Public Safety
Nina Arias, Director, Department of Human Resources
Daniel Comeaux, Police Chief, Dallas Police Department



Audit of Passed-through Texas Parks and Wildlife Department COVID-19 Coronavirus State and Local Fiscal Recovery Funds Grant

March 26, 2026

Mamatha Sparks
Interim City Auditor

Mayor

Eric L. Johnson

Mayor Pro Tem

Jesse Moreno

Deputy Mayor Pro Tem

Gay Donnell Willis

Council Members

Adam Bazaldua

Lorie Blair

Paula Blackmon

Laura Cadena

Zarin D. Gracey

Maxie Johnson

Cara Mendelsohn

Jaime Resendez

Paul E. Ridley

William Roth

Kathy Stewart

Chad West

Table of Contents

EXECUTIVE SUMMARY	3
OBJECTIVES AND CONCLUSIONS	4
RECOMMENDATIONS.....	4
AUDIT RESULTS	5
OBJECTIVE I: COMPLIANCE WITH PROCUREMENT AND ADMINISTRATION REQUIREMENTS	5
OBJECTIVE II: CITY’S STEWARD OF GRANT FUNDS	10
GOVERNMENT AUDITING STANDARDS STATEMENT	11
REPORT CLASSIFICATION	11
MAJOR CONTRIBUTORS	11
APPENDIX A – ACKNOWLEDGEMENT LETTER.....	12

Executive Summary

The City of Dallas was awarded \$20 million in Coronavirus State and Local Fiscal Recovery Funds through a Texas Parks and Wildlife Department grant, authorized by the 87th Texas Legislature under the American Rescue Plan Act of 2021. The intent of the grant is to support projects for State House District 111 and the southern Dallas community.

On August 24, 2022, the grant funds were accepted by the Dallas City Council through Council Resolution No. 22-1240 and appropriated as follows:

- \$10 million to Park and Recreation for parks and trails in State House District 111, including athletic field improvements and facilities lighting projects.
- \$3.5 million for digital signage similar to that on display at the National Museum of African American History and Culture in Washington, D.C.; subsequently, appropriated to the Office of Arts and Culture for unidentified programs.
- \$6.5 million to City staff to identify additional projects in collaboration with Texas Parks and Wildlife Department and the State House District 111 representative; subsequently, appropriated to the Office of Housing and Community Empowerment (formerly Office of Community Care and Empowerment).

The scope of this audit included all City activities supporting the use of Passed-through Texas Parks and Wildlife Department COVID-19 -Coronavirus State and Local Fiscal Recovery Funds Grant for the period from November 8, 2021 to December 31, 2024.

As of October 31, 2025, \$20 million was appropriated as follows:

- Park and Recreation—\$9,514,976, with 88.14 percent unexpended.
- Office of Housing and Community Empowerment—\$6,549,500, with 48.8 percent unexpended.
- Office of Arts and Culture—\$3,500,000, with 100 percent unexpended.
- Office of Budget and Management Services—\$435,524, with 97.85 percent unexpended.

Objectives and Conclusions

1. Has the City complied with all City procurement and fund administration requirements as well as American Rescue Plan Act requirements?

Generally, yes. The procurement process for awarding the grant funds followed the City's procurement process and fund administration requirements, as well as American Rescue Plan Act, except for Park and Recreation's selection of landscape architectural firms for landscape design services.

In this one instance, Park and Recreation did not fully apply the evaluation criteria stated in the Request for Proposal when evaluating the submitted proposals. Also, when awarding the contracts to the three highest-rated firms, Park and Recreation moved Twin Falls Park from Group 3 to Group 1, as listed in the Request of Proposal, which was the basis of the proposals submitted. (See [Objective I.](#))

2. Has the City been a good steward in using the grant funds?

Generally, yes. Throughout the procurement process the City worked to advance shared interests and promote equitable delivery of government benefits and opportunities within State House District 111. However, plans to use the \$3.5 million originally appropriated for a digital sign were not finalized until August 4, 2025—approximately three years after the grant was accepted by City Council—when Amendment No. 2 to the grant agreement was executed. (See [Objective II.](#))

Recommendations

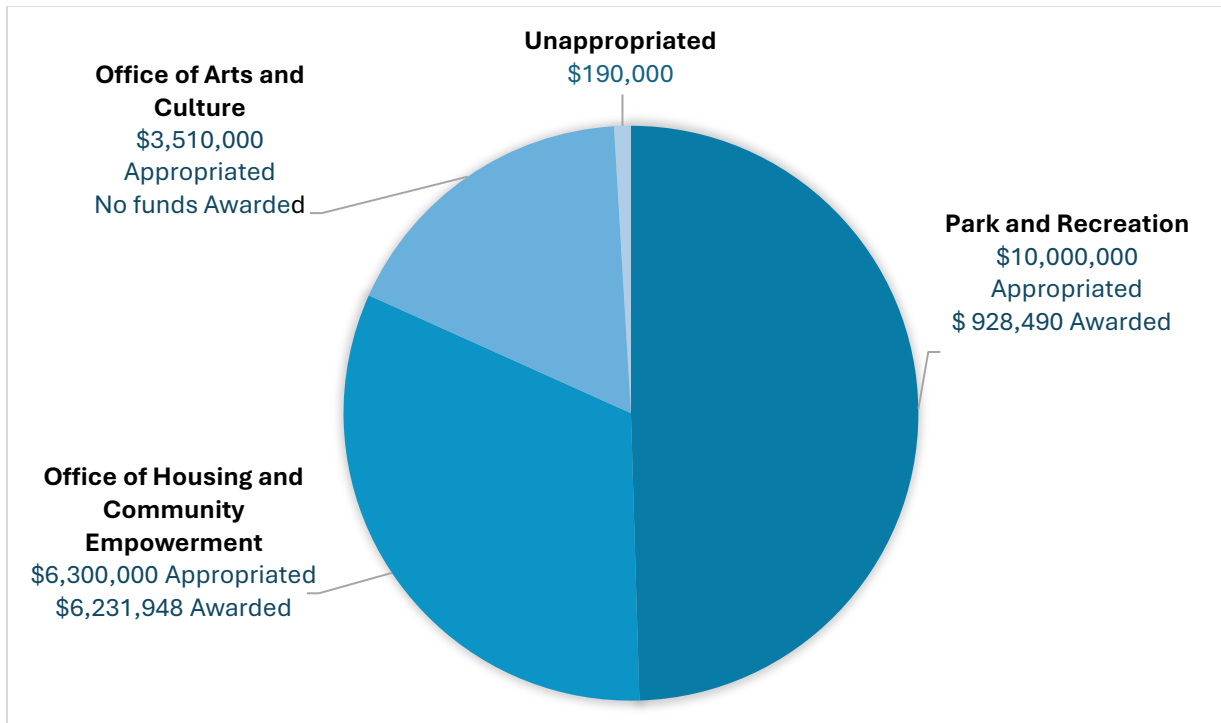
There were no reportable observations or recommendations.

Audit Results

Objective I: Compliance with Procurement and Administration Requirements

Exhibit 1 shows how the City has appropriated and awarded¹ the Texas Parks and Wildlife Department grant funds as of December 31, 2024.

Exhibit 1: Appropriations and Awards by Office and Department

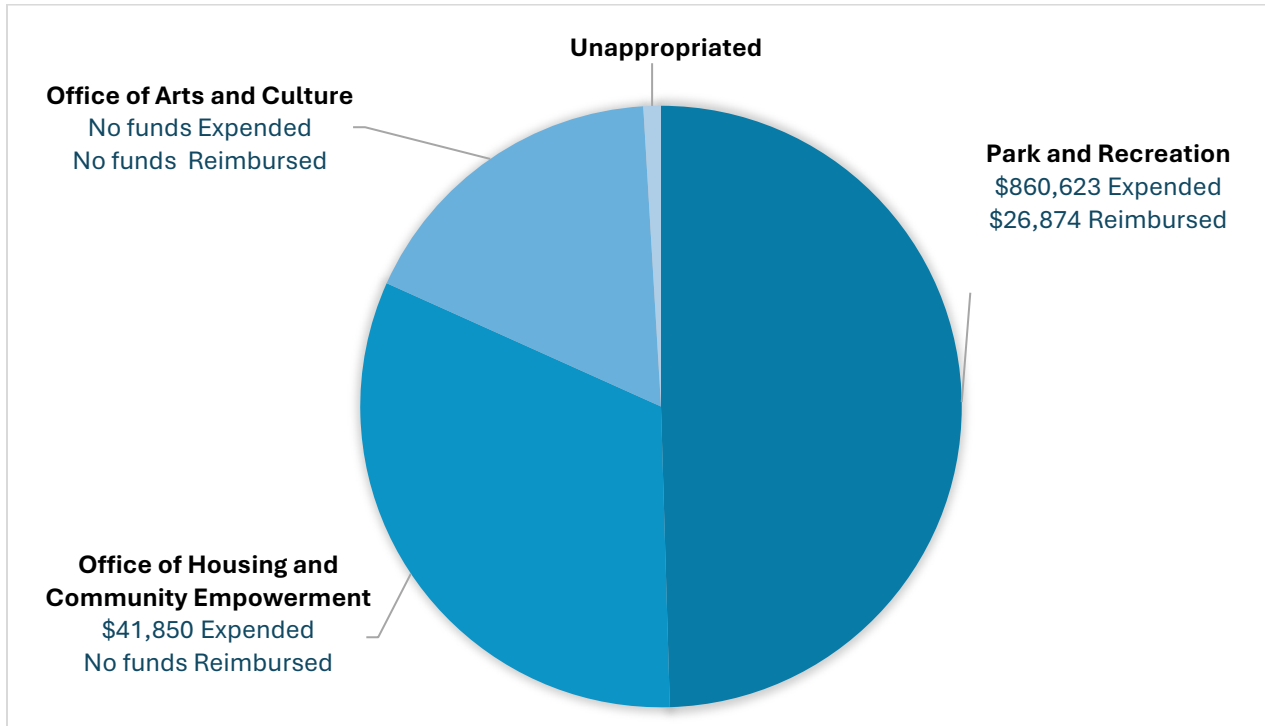


Source: Office of Budget and Management Services, Park and Recreation, Office of Housing and Community Empowerment, and Office of Arts and Culture.

¹ **Appropriation** means a grant of money made by the legislature for a purpose other than the payment of a judgment or a preexisting debt incurred by the state (Texas Local Government Code Title 3, Subtitle B, Chapter 317, Subchapter A). Federal **award** means the assistance that a recipient receives or administers in the form of grants, cooperative agreements, non-cash contributions, or other assistance. (C.F.R. § 200.1)

Exhibit 2 shows the Texas Parks and Wildlife Department grant funds expended and reimbursed by office and department as of December 31, 2024.

Exhibit 2: Expended and Reimbursed by Office and Department



Source: Office of Budget and Management Services, Park and Recreation, Office of Housing and Community Empowerment, and Office of Arts and Culture.

The selection procedures for the amount awarded by Park and Recreation and the Office of Housing and Community Empowerment as of December 31, 2024, were reviewed for compliance with Administrative Directive 4-05, Contracting Standards and Procedures, applicable federal and state laws, and departmental policies and procedures. See **Exhibit 3** for the results.

Exhibit 3: Compliance Procedure Audit Results

Compliance Procedure	Results
The scope of work/specifications/service provided were written in a manner that promotes competition and competitive pricing.	No Exception
The specification identifies the criteria to determine that a proposal is responsive and responsible.	No Exception
The specifications were posted for a reasonable period of time on the City's solicitation system.	No Exception
Nondisclosure and conflict-of-interest forms for subject matter experts were obtained, and policy language was included in the scope of work/specifications.	<p>Exception Noted</p> <p>No signed nondisclosure and conflict of interest forms were provided for the proposal evaluators for Park and Recreation.</p>
The review and evaluation process confirmed the highest ranked consultants and appropriately documented the determination.	<p>Exception Noted</p> <p>While Park and Recreation selected the three highest-ranked landscape architectural firms, the evaluation process did not fully follow the criteria identified in the Request for Proposal. The evaluation did not include the "ability to achieve sustainable development goals" criterion identified in the Request for Proposal. Therefore, the point value assigned to the "ability to achieve sustainable development goals" was redistributed to two other criteria to reach 100 points.</p> <p>Management's Response</p> <p>The Request for Proposal did not specifically request the landscape architectural firms to address the "ability to achieve sustainable goals." As a result, Park and Recreation adjusted the evaluator's sheet point values accordingly to reach the evaluator criteria scoring total points of 100.</p>

Compliance Procedure	Results
	<p>Exception Noted</p> <p>At the time contracts were awarded to the three highest-rated landscape architectural firms, Twin Falls Park was moved from Group 3 to Group 1. The Request for Proposal required a separate proposal for each group. The Request for Proposal had Twin Falls Park in Group 3. No documentation was provided to explain the reason for the change at the time of the award nor was documentation provided to demonstrate Director or City Council approval of the change.</p> <p>Management's Response</p> <p>Upon review of the group scopes, and to moderate the increase of design scope at Thurgood Marshall project, it was determined that design consistency and cost efficiency would be better addressed by moving Twin Falls project from Group 3 to Group 1. All four (4) parks in Group 1 have identical scopes of work, share a general physical similarity, and all are located within two (2) miles of each other, creating further synchronicity of budget, design, and construction feasibility.</p> <p>As an athletic field, Group 3 has a very different scope and budget from the Group 1 projects. It requires very different design and construction techniques. Repositioning the Twin Falls project to Group 1 allowed the City to minimize and focus design scope for Group 3, reducing the overall fee and optimizing the development schedule of that specific park project.</p>

Compliance Procedure	Results
	<p>Additionally, the Request for Proposal contains language that states:</p> <p>“After the issuance of this Request for Proposal, the Park and Recreation Department reserves the right to amend it, waive any requirement or irregularity, request modifications to proposals, provided that all firms are treated equally. The Park and Recreation Department further reserves the right to award the contract for this project as deemed in its best interest, and to request changes in the composition of any team.”</p> <p>As documented, Park and Recreation discussed and notified the consultant firms awarded Group1 and Group 3 of the change before fee proposals were obtained.</p>
The City’s Business Inclusion and Development policies outlined by City Council were followed by the Park and Recreation.	No Exception
Administrative actions process is properly followed to increase contract amounts previously awarded.	No Exception
As a grant subrecipient of the Texas Parks and Wildlife Department Coronavirus State and Local Fiscal Recovery Funds Program, the City’s reporting and regulations requirements are with the Texas Parks and Wildlife Department not the federal government. Quarterly reports are submitted to the Texas Parks and Wildlife Department and cover the progress made during the quarter, and expectations of meeting the project goals, using the complete grant amount and completion date.	No Exception

As of the end of the audit period December 31, 2024, the City complied with the City's procurement and grant fund administration requirements, and the Texas Parks and Wildlife quarterly reporting requirements, except as noted above.

Objective II: City's Steward of Grant Funds

To determine if the City has been a good steward of the grant funds the following procedures were performed.

- Interviewed City management and staff from the relevant departments and offices (Park and Recreation, Office of Housing and Community Empowerment, Office of Arts and Culture, and Office of Budget and Management Services) to understand:
 - Rationale for the procurement process used.
 - Interactions with the State House District 111 representative.
 - Causes of delays in the original estimated timelines for each stage of the funds appropriated to them.
 - The intended goals of the funds appropriated to their office or departments.
- Reviewed presentations made to City Council to assess project status, identify causes of any delays, evaluate accuracy of the information presented, and note feedback received.
- Requested and reviewed feedback received from the Texas Parks and Wildlife Department related to improper use of the grant funds and refund requests.

As of the end of the audit period December 31, 2024, the City has proceeded in a manner that indicates the City has been a good steward of the grant funds, except as follows:

- Plans to use the \$3.5 million originally appropriated for a digital sign were not finalized until August 4, 2025—approximately three years after the acceptance of the grant by City Council—when Amendment No. 2 to the grant agreement was signed. The funds are planned to be used at the African American Museum to:
 - Digitize, inventory, and rehouse archival and art collections.
 - Improve security systems.
 - Modernize the *Facing the Rising Sun* exhibition with digital and interactive elements to improve accessibility.
 - Expand educational programming, workshops and community engagement initiatives.

Methodology

The audit methodology included: (1) interviewing personnel from Park and Recreation, Office of Housing and Community Empowerment, Office of Arts and Culture, and Office of Budget and Management Services and other City departments; (2) reviewing policies and procedures, Texas Local Government Code, applicable Administrative Directives, City Resolutions, and (3) performing various analyses. In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

Government Auditing Standards Statement

We conducted this performance audit 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 observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Report Classification

Final Report – For Public Use.

This report is a product of the Office of the City Auditor and is issued in accordance with the Texas Public Information Act (Texas Government Code, Chapter 552).

Major Contributors

Rory Galter, CPA—Engagement Manager

Frank Mayhew, CIA, CISA, CFE—In-Charge Auditor

William King—Auditor

Appendix A – Acknowledgement Letter

Audit of Passed-through Texas Parks and Wildlife Department COVID 19 Coronavirus State and Local Fiscal Recovery Funds Grant

Management Acknowledgement Letter (see following pages)

Memorandum



DATE: March 26, 2026

TO: Mamatha Sparks – Interim City Auditor

SUBJECT: Response to Audit of Passed-through Texas Parks and Wildlife Department COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Grant

This letter acknowledges the City Manager's Office received the *Audit of Passed-through Texas Parks and Wildlife Department COVID-19 Coronavirus State and Local Fiscal Recovery Funds Grant* and submitted responses in consultation with Park and Recreation, the Office of Housing & Community Empowerment (formerly the Office of Community Care and Empowerment), the Office of Arts and Culture, the Office of Budget and Management Services, and other City departments.

We appreciate the auditor's work. Departments have noted the few exceptions identified by the auditors and are committed to improving the future administration of passed-through funding.

Please let me know if you need additional information.

Service First, Now!

Kimberly Bizer Tolbert
City Manager

John Jenkins
Director, Park and Recreation

C: Jack Ireland, Chief Financial Officer
Liz Cedillo-Pereira, Assistant City Manager
Janette Weedon, Director, Office of Budget and Management Services
Martine E. Philippe, Director, Office of Arts and Culture
Thor Erickson, Director, Office of Housing & Community Empowerment