

Memorandum



**DATE:** January 26, 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:** Internal Audit Reports Released from December 1, 2025 to January 16, 2026

Attached for your review is the one Office of the City Auditor audit report released from December 1, 2025, through January 16, 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 Reports Recommendations Accepted

Audit Report Title	Report Recommendations		
	Accepted	Total	Percentage
Audit of Purchasing Card Usage (December 30, 2025)	5	5	100
Audit of Tax Increment Financing Districts (December 30, 2025)	N/A	N/A	N/A
Prior Audit Recommendation Follow-Up	N/A	N/A	N/A

If you have any questions, please contact me at (214) 670-3222 or [mark.swann@dallas.gov](mailto:mark.swann@dallas.gov).

Sincerely,

*Mark S. Swann*

Mark S. Swann  
City Auditor

C:

Kimberly Bizer Tolbert, City Manager  
Tammy Palomino, City Attorney  
Bilierae Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Baron Eliason, Inspector General (I)  
Dominique Artis, Chief of Public Safety  
Dev Rastogi, Assistant City Manager  
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City

Manager  
Alina Ciocan, Assistant City Manager  
Donzell Gipson, Assistant City Manager  
Robin Bentley, Assistant City Manager  
Jack Ireland, Chief Financial Officer  
Ahmand Goree, Chief of Staff  
Directors and Assistant Directors



# Audit of Purchasing Card Usage

**December 30, 2025**

**Mark S. Swann, 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

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## Executive Summary

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Through the State of Texas Cooperative Agreement with Citibank, the City of Dallas' (City) Purchasing and Travel Card Program provides employees with commercial credit cards to use for small dollar value purchases (\$3,000 or less) of goods and/or services, air travel, and hotel accommodations necessary for business purposes. Until October 1, 2024, the Office of Procurement Services administered the program. Since October 1, 2024, the City Controller's Office administers the program.

For the purposes of this report all commercial credit cards are identified as purchasing cards. Purchasing cards include travel cards, purchasing cards and one card.

The objective of this audit was to determine if departments are using purchasing cards for authorized public purposes.

The scope of the audit was all departmental purchase activity using purchasing cards from October 1, 2022, to December 31, 2024.

## Objective and Conclusion

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1. Are departments using purchasing cards (including travel cards and one card) for authorized public purposes?

**Generally, yes.** Of the 201 transactions reviewed across 26 departments, 173 (86 percent) were for an authorized public purpose. The remaining transactions were valid expenses for government goods or services. Limited administrative directive guidance and training on what constitutes a public purpose resulted in inconsistent documentation and uncertain use of the purchasing card for public purpose purchases. (See [Observation A](#).)

In addition, 98 transactions (49 percent) of the 201 transactions reviewed did not comply with one or more requirements of either Administrative Directive 4-07, Authorization and Reimbursement for Out-of-Town Travel and Travel-Related Expenses (October 1, 2013) or Administrative Directive 4-15, Purchasing Card Policy and Procedures (Interim) (September 7, 2022). More than one non-compliance attribute was found in nine departments (35 percent). (See [Observation B](#).)

## Recommendations

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Management should:

- Provide definitive public purpose guidance with consideration for employee morale and retention expenditures.
- Review and update all relevant administrative directives to reflect the current operating environment.
- Establish guidance governing the use of one card.
- Develop and implement refresher training modules on purchase card requirements.
- Establish a centralized, continuous monitoring program for all purchase card activity, with emphasis on public purpose compliance.

## Risk Summary

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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	5	Agreed to All
● 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.

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### Defining Public Purpose Usage

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For this audit the following definition was used when determining if the purchase transactions met a public purpose.

*Any good, service, facility, or event that benefits the public health, safety and/or welfare of the community as a whole. This good, service, facility, or event in return must also benefit the City of Dallas as a return on the public's investment<sup>1</sup>*

### Observation A: Public Purpose Guidance

**Risk Rating:** ● Moderate

The City's administrative directives and internal procedures do not provide a clear and specific definition of what a "public purpose" purchase is when using a purchasing card. As a result, there is an increased risk that purchases may not meet the intent of a purchase for a public purpose.

A review of the available purchase card transaction logs showed purchases were not clearly identifiable for a public purpose. Types of purchases not identifiable for a public purpose are described in **Exhibit 1**.

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<sup>1</sup> Auditor definition written using excerpts from: (1) *Black's Law Dictionary* (12th ed. 2024); (2) Henry Rottschaefer, *Handbook of American Constitutional Law*, 631–32 (1939); (3) Cornell Law School, Legal Information Institute, § 2740.0-5 Definitions; and (4) Kuruvilla (K.O.) Oommen, "Municipal Finance: The Public Purpose Doctrine and the Basics of Borrowing, Depositories, and Investments," presented at the Eighteenth Annual Riley Fletcher Basic Municipal Law Seminar, Dallas, Texas, February 9, 2018.

**Exhibit 1:** Transactions Not Identifiable as Public Purpose Usage

Purchase Description	Number of Departments	Percent	Approximate Dollar Value
City hosted reception for an outside organization	3	12	\$47,152
Employee appreciation/awards luncheons and events	6	23	44,017
Purchase of a table for a non-profit organization fundraiser	3	12	18,630
Covering the food and beverage minimum shortfall for an outside organization's summit hosted by the City	1	4	7,318
Supplies (plates, silverware, napkins) and equipment (coffee/ice makers/mini refrigerators) for breakrooms	4	15	4,532
Employee retirement/termination celebration	1	4	2,950
Snacks and drinks for breakrooms	1	4	1,372
Air travel upgrades and boarding priority	5	19	458
Holiday decorations	1	4	473
Thank you gift (cookies) delivered to another department employee	1	4	32

**Source:** Testing working papers

Based on the review, most of the above purchase card activities considered as public purpose by departments were generally employee related. As this audit used a judgmental sample selection, the error rates (percentages) referenced in this observation are not necessarily reflective of the entire population of purchase card transactions during the audit scope period.

## Criteria

- ◆ *Black's Law Dictionary* (12th ed. 2024).
- ◆ Henry Rottschaefer, *Handbook of American Constitutional Law*, 631–632 (1939).
- ◆ Cornell Law School, Legal Information Institute, 26 C.F.R. § 2740.0-5, Definitions.
- ◆ Kuruvilla (K.O.) Oommen, “Municipal Finance: The Public Purpose Doctrine and the Basics of Borrowing, Depositories, and Investments,” presented at the Eighteenth Annual Riley Fletcher Basic Municipal Law Seminar, Dallas, Texas, February 9, 2018.
- ◆ Administrative Directive 4-07, Authorization and Reimbursement for Out-of-Town Travel and Travel-Related Expenses (October 1, 2013).
- ◆ Administrative Directive 4-15, Purchasing Card Policy and Procedures (Interim) (September 7, 2022).
- ◆ *Standards for Internal Control in the Federal Government*: Principle 10—Design Control Activities.

## Recommendation

We recommend the **City Manager**:

**A.1:** Provide definitive public purpose guidance with consideration for employee morale and retention expenditures.

## Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
A.1	Agree	The City Controller's Office is in the process of revising Administrative Directive 4-15, Purchasing Card Policy and Procedures. The revised AD will provide comprehensive guidance for using City-issued credit cards and ensuring usage aligns with a public purpose.	9/30/2026 / 6/30/2027

## Observation B: Administrative Directive Non-Compliance Analysis

**Risk Rating:**  Moderate

Out of the 201 transactions reviewed, 98 transactions (49 percent) across 26 departments were not compliant with administrative directive requirements. More than one non-compliance attribute was found in nine departments (41 percent). Non-compliance with the existing administrative directive increases the risk that purchase card transactions are more expensive than need be or not for a public purpose.

The following are examples where an administrative directive requirement was not complied with and the number of departments that had the purchasing activity.

- Not using a master agreement; five departments, 19 percent.
- Performing a split transaction; five departments, 19 percent.
- No monthly transaction log; five departments, 19 percent.
- Lack of an approved travel request or reimbursement form; five departments, 19 percent.
- Purchase of flight insurance; four departments, 15 percent.
- Travel card taken on a trip; two departments, 8 percent.
- Using the wrong purchase card; two departments, 8 percent.
- Being charged sales tax; one department, 4 percent.
- Not using the City's procurement process; one department, 4 percent.

In addition, we observed:

- **Searching for a master agreement in the City is not always a simple task.** For instance, there are several sources to search for a master agreement. Knowing what name to use for an organization (e.g. Alias or doing business as (DBA) and, how to enter the name (e.g. use wildcards “\*” or exact name) are not intuitive. Even then, the result may not be accurate because an active master agreement is noted as inactive in search results.
- **Administrative Directive 4-07, Authorization and Reimbursement for Out-of-Town Travel and Travel-Related Expenses (October 1, 2013) needs to be updated.** Modern activities such as purchasing airline tickets, possible additional charges for bags and seats and the City's recent conversion to CGI Advantage for processing travel activities are not included.
- **There is no guidance governing one card usage.**

- **No policy on whether departments should check with Information and Technology Services for equipment and accessory needs.** Four departments (15 percent) purchased computer accessories such as keyboards, flash drives, and headphones for approximately \$1,751.

Non-compliance with existing administrative directives and the absence of updated or comprehensive guidance reduces the effectiveness of internal controls over purchase card usage.

Without improved compliance monitoring and updated administrative directives, the City faces increased risk of overspending, inefficient procurements, and expenditures that may not align with public purpose standards. As this audit used a judgmental sample selection, the error rates (percentages) referenced in this observation are not necessarily reflective of the entire population of purchase card transactions during the audit scope period.

## Criteria

- ◆ Administrative Directive 4-07, Authorization and Reimbursement for Out-of-Town Travel and Travel-Related Expenses (October 1, 2013).
- ◆ Administrative Directive 4-15, Purchasing Card Policy and Procedures (Interim) (September 7, 2022).
- ◆ *Standards for Internal Control in the Federal Government*: Principle 10—Design Control Activities.

## Recommendations

We recommended the **City Manager**:

**B.1:** Review and update all relevant administrative directives to reflect the current operating environment, including new City systems (e.g., CGI Advantage) and update external processes for booking travel and obtaining goods and services.

**B.2:** Establish guidance governing the use of one card.

**B.3:** Develop and implement refresher training modules on purchase card requirements. Training should be available on demand, mandatory for new cardholders, and required for periodic recertification.

**B.4:** Establish a centralized, continuous monitoring program for all purchase card activity, with emphasis on public purpose compliance. Monitoring procedures should:

- Flag and resolve transactions with a questionable public purpose.
- Verify use of master agreements and identify opportunities to create new agreements for commonly used products and services.
- Conform with the City's policy regarding Information and Technology Services approval before purchasing computer accessories.
- Detect and address split transactions.

## Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
<b>B.1</b>	<b>Agree</b>	The City Controller's Office is in the process of revising Administrative Directive 4-07, Travel on City Business, and Administrative Directive 4-15, Purchasing Card Policy and Procedures. The revised administrative directives will accurately reflect the current operating environment and expectations when booking travel.	9/30/2026 / 6/30/2027
<b>B.2</b>	<b>Agree</b>	The City Controller's Office is in the process of transitioning to a new credit card issuer and revising Administrative Directive 4-15, Purchasing Card Policy and Procedures. The revised AD will provide comprehensive guidance for using one cards, which will be used for purchases and/or travel using merchant category codes (MCCs).	9/30/2026 / 6/30/2027
<b>B.3</b>	<b>Agree</b>	The City Controller's Office will develop a new training program to align with the processes and systems of the new credit card issuer. Training will be offered on demand, required for new cardholders and on a periodic	9/30/2026 / 6/30/2027

No	Concurrence	Action Plan	Implementation / Follow-Up Date
		basis, such as biennially, and training records will be maintained electronically.	
B.4	<b>Agree</b>	The City Controller's Office will inquire with the new card issuer regarding reporting capabilities to identify questionable charges that may conflict with the new administrative directives. Additionally, the City Controller's Office will utilize a data analytics tool, such as Audit Command Language, to periodically identify and research questionable charges.	9/30/2026 / 6/30/2027

## Background

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Through the State of Texas Cooperative Agreement with Citibank, the City of Dallas (City)' Purchasing Card Program provides employees with commercial credit cards used for small-dollar purchases of goods and services (\$3,000 or less), as well as air travel and hotel accommodations necessary for official City business.

Until October 1, 2024, the Office of Procurement Services administered the program under Administrative Directive 4-15, Purchasing Card Policy and Procedures (Interim) and Administrative Directive 4-7, Authorization and Reimbursement for Out-of-Town Travel and Travel-Related Expenses. Since October 1, 2024, the City Controller's Office administers the program.

Each cardholder is required to document all purchases on a monthly transaction log and reconcile their monthly credit card statement against the log with supporting purchase receipts. The reconciled statement, with supporting receipts, is reviewed by the cardholder's supervisor and the designated department Purchasing Card Coordinator to ensure the transaction log is complete and accurate.

The department Purchasing Card Coordinator submits a copy of each cardholder's purchasing card or travel card transaction log to the Purchasing Card Administrator each month. The original transaction log and supporting receipts are retained by the cardholder's department. The Purchasing Card Administrator is responsible for managing adjustments to purchasing cards with Citibank, ensuring accurate payment to Citibank, and overseeing the overall program.

During the audit period of October 1, 2022, through December 31, 2024, the City made approximately 59,098 purchases totaling \$27.7 million. As of September 30, 2024, the City had 1,553 credit cards outstanding with a total credit exposure of approximately \$10.7 million.

## Methodology

The audit methodology included:

- Interviewing personnel from the selected departments and other City departments
- Reviewing policies and procedures, the Texas Local Government Code, applicable administrative directives, and best practices
- Performing various analyses using Audit Command Language (ACL) on the transactions, downloaded from the Citibank website to compare to Benford's Law and identify transactions potentially having a higher likelihood of the following attributes:
  - Split transactions
  - Duplicate transactions
  - Transactions ending in a whole dollar
  - Transactions without a clear description
  - Transactions exceeding the single transaction limit or monthly credit limit
  - Unusual airfares

The 201 transactions reviewed were judgmentally selected from the various datasets listed in the previous bullet points. **Exhibit 2** lists the number of transactions and purchase amount sampled by department.

**Exhibit 2:** Sample of Number of Transactions and Purchase Amount by Department

Department	Number of Sampled Transactions	Total Dollar Value of Sampled Transactions
<i>Dallas Police</i>	37	\$205,433
<i>Park and Recreation</i>	5	9,062
<i>Aviation</i>	15	13,690
<i>Convention and Event Services</i>	15	40,685
<i>Transportation and Public Works</i>	10	13,690
<i>Water Utilities</i>	11	21,875
<i>Office of Arts and Culture</i>	6	8,735
<i>Equipment and Fleet Maintenance</i>	33	52,885
<i>Sanitation Services</i>	15	21,178
<i>City Manager's Office</i>	2	5,500
<i>Office of Homeless Solutions</i>	5	6,000
<i>City Attorney</i>	5	1,978

Department	Number of Sampled Transactions	Total Dollar Value of Sampled Transactions
<i>Facilities and Real Estate Management</i>	5	685
<i>Dallas Fire-Rescue</i>	3	3,775
<i>Information &amp; Technology Services</i>	13	20,738
<i>Procurement Services</i>	2	220
<i>Code Compliance</i>	2	600
<i>Office of Equity and Inclusion</i>	6	194
<i>Office of Risk Management</i>	1	951
<i>Dallas Animal Services</i>	1	50
<i>Office of Bond &amp; Construction Management</i>	2	43
<i>Office of Community Care &amp; Empowerment</i>	3	65
<i>Office of Environmental Quality &amp; Sustainability</i>	1	3,000
<i>Mayor<sup>2</sup></i>	1	38
<i>Planning &amp; Development</i>	1	26
<i>Office of Economic Development</i>	1	55
<b>Total</b>	<b>201</b>	<b>\$431,151</b>

**Source:** Auditor Testing Working Papers

## 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).

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<sup>2</sup> Mayor's Office includes City Council.

## Major Contributors

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Zachary Goebel—In-Charge Auditor  
Rory Galter—Engagement Manager, CPA

## Appendix B—Acknowledgement Letter

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See next page(s)

# Memorandum



**DATE:** December 24, 2025

**TO:** Mark S. Swann – City Auditor

**SUBJECT:** Response to the Audit of Purchasing Card Usage

This letter acknowledges that the City Manager's Office received the *Audit of Purchasing Card Usage* and submitted responses to the recommendations in consultation with the City Controller's Office.

Since assuming responsibility for administering the City's purchase card program on October 1, 2024, the City Controller's Office has focused on improving the process and reducing risk. We appreciate the auditor's work and associated recommendations.

The City Controller's Office has already started implementing some of the auditor's recommendations and agrees to implement all of the auditor's recommendations.

Specifically, the City Controller's Office will:

- Provide guidance to ensure the usage of City-issued credit cards aligns with a public purpose;
- Review and update administrative directives 4-07, Travel on City Business, and 4-15, Purchasing Card Policy and Procedures to reflect the current operating environment;
- Provide guidance on using one cards;
- Develop on-demand refresher training and training for new cardholders; and
- Establish continuous monitoring for City-issued credit card transactions.

Please let me know if you need additional information.

Service First, Now!

A handwritten signature in black ink, appearing to read 'Kimberly B. Tolbert'.

Kimberly B. Tolbert  
City Manager

C: Jack Ireland, Chief Financial Officer  
Sheri Kowalski, City Controller



# Audit of Tax Increment Financing (TIF) Districts

December 30, 2025

Mark S. Swann, City Auditor

**Mayor**

Eric L. Johnson

**Mayor Pro Tem**

Jesse Moreno

**Deputy Mayor Pro Tem**

Gay Donnell Willis

**Council Members**

Adam Bazaldua

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## Executive Summary

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The City of Dallas (City) Tax Increment Financing program is an economic development incentive program utilized by the City to revitalize under-performing real estate throughout the city. The Office of Economic Development administers this program under the guidelines of the Texas Tax Code, Chapter 311, Tax Increment Financing Act and the City of Dallas Economic Development Incentive Policy.

To encourage private development participation in the tax increment financing districts, the City agrees to disburse a portion of the incremental property tax revenue created by a development back to developer at agreed-upon milestones and/or at project completion. Disbursement is contingent upon the availability of tax increment financing revenue collected from the corresponding tax increment financing district.

As of Fiscal Year 2024, the City has created 21 tax increment financing districts with 18 still active. Tax increment financing expenditures (or allocations) totaling \$1.4 billion have generated over \$27 billion in added or anticipated real property value.

The objectives for the audit were to determine if the City's tax increment financing districts: (1) were operating in compliance with State and City requirements; (2) performance measures are defined and evaluated; and (3) funding is increasing affordable and mixed-income housing.

The scope for this audit included the operations of both active and inactive tax increment financing districts during Fiscal Years 2023–2024.

## Objectives and Conclusions

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1. Are the City's tax increment financing districts operating in compliance with State and City requirements for their operations and transparency?

**Generally, Yes.** The City's tax increment financing districts are operated in compliance with State and City requirements. However, minor observations were noted and verbally communicated to the Office of Economic Development management.

2. Are performance measurements defined for tax increment financing districts (individually or collectively)? If so, are they periodically evaluated to determine the success of the reinvestment zone?

**Yes.** Individual performance measurements have been defined and customized for each tax increment financing district. Progress is annually evaluated and reported in the Tax Increment Financing Annual Report.

3. Is funding from the tax increment financing districts increasing affordable and mixed-income housing? If so, by how much?

**Yes.** As of Fiscal Year 2024, approximately 53,401 total residential units have been developed in the tax increment financing districts. Approximately 5,988 of those residential units have been developed with financial support from the City of Dallas tax increment financing district funds, of which 1,898 residential units have been designated as affordable residential units. The owners of residential properties developed with tax increment financing district funding support are also required to submit written documentation of compliance with City mixed-income housing policies throughout the affordability period (a minimum of 15 years) to ensure the completed residential units remain affordable.

## Recommendations

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No reportable observations or recommendations.

## Background

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Day to day administration of the tax increment financing districts is assigned to the Catalytic Development division of the Office of Economic Development. As of Fiscal Year 2024, the City of Dallas has created 21 tax increment financing districts and 18 are currently active. See **Exhibit 1**.

Each tax increment financing district has its own reinvestment zone board of directors (appointed by the participating jurisdictions), which makes recommendations to the City Council on decisions to create, expand, extend and terminate tax increment financing districts. Final approval by City Council ordinance or resolution is required. Tax increment financing districts cease operations at the established termination date (unless extended) or sooner if the approved budget has been expended.

Office of Economic Development staff prepare the tax increment financing revenue calculation on an annual basis using property tax data from the various tax appraisal districts and the county tax offices. The captured value for each tax increment financing district is calculated (difference between the base year and current year property tax values) and then multiplied by the participating jurisdiction's tax rate and participation rate.

The tax increment financing district billed amounts are submitted to the county tax offices for payment and are based on actual tax levies collected from property owners in the district. The levies collected represent current year taxes owed, and prior year taxes owed but not paid due to late protests or delinquent accounts. The county tax offices then remit the billed amounts to the City via check by the established due date.

In January 2023, the City approved the creation of the Infrastructure Investment Fund to further address deficient infrastructures in neighborhoods throughout the City. The program is funded annually by monies collected from expired tax increment financing districts. The monies are collected for 10 years (from each expired district) with an option to extend the collection for another 5 years upon City Council approval.

**Exhibit 1:** Fiscal Year 2023-2024 Tax Increment Financing Taxable Values

Tax Increment Financing District	Initial (Base) Taxable Value	2023 Final Taxable Value	2024 Certified Taxable Value	2023 vs. 2024 (% Change)	Initial vs. 2024 (% Change)
<b>Tax increment financing districts created between 1988-1998</b>					
State-Thomas <sup>1</sup>	\$47,506,802	\$906,747,283	\$965,952,689	6.5	1,933.3
Cityplace Area <sup>1</sup>	45,065,342	1,621,925,395	1,711,039,214	5.5	3,696.8
Oak Cliff Gateway (all sub-districts)	281,915,535	1,472,958,414	1,650,391,423	12.0	485.4
Cedars <sup>1</sup>	35,300,760	368,749,838	431,408,490	17.0	1,122.1
City Center (all sub-districts) <sup>2</sup>	674,751,494	1,984,502,749	2,308,858,750	16.3	242.2
Farmers Market (Zone A-C)	35,714,091	641,893,320	640,051,148	-0.3	1,692.2
Sports Arena (all sub-districts)	63,730,369	2,173,509,025	2,289,334,298	5.3	3,492.2
<b>Subtotal</b>	<b>1,183,984,393</b>	<b>9,170,286,024</b>	<b>9,997,036,012</b>	<b>9.0</b>	<b>744.4</b>
<b>Tax increment financing districts created after 2005</b>					
Design District (all subdistricts)	\$281,873,753	\$1,327,133,891	\$1,362,397,439	2.7	383.3
Vickery Meadow (Zone A-B)	164,779,090	650,917,404	662,146,342	1.7	301.8
Southwestern Medical (all subdistricts)	67,411,054	414,030,832	429,053,229	3.6	536.5
Downtown Connection (Zone A-B)	587,152,367	7,152,833,084	7,822,404,603	9.4	1,232.3
Deep Ellum (Zone A-C)	189,162,613	1,397,595,195	1,484,311,274	6.2	684.7
Grand Park South (Zone A-B)	79,064,576	165,068,817	187,811,558	13.8	137.5
Skillman Corridor	361,814,671	1,493,091,512	1,610,231,086	7.8	345.0
Fort Worth Avenue	558,406,007	1,313,715,704	1,491,858,425	13.6	167.2
Davis Garden (Zone A-B)	137,834,597	539,500,504	588,353,749	9.1	326.9
TOD (all subdistricts)	201,998,111	846,552,333	884,035,202	4.4	337.6
Maple-Mockingbird (Zone A-B)	184,005,009	982,211,506	1,110,253,603	13.0	503.4
Cypress Waters	71,317	1,135,287,638	1,219,813,623	7.4	1,710,310.7

Tax Increment Financing District	Initial (Base) Taxable Value	2023 Final Taxable Value	2024 Certified Taxable Value	2023 vs. 2024 (% Change)	Initial vs. 2024 (% Change)
Mall Area Redevelopment ( <i>all subdistricts</i> )	176,287,080	404,118,390	434,040,002	7.4	146.2
University ( <i>all subdistricts</i> )	49,774,442	420,394,567	463,625,272	10.3	831.5
<b>Subtotal</b>	<b>3,039,634,687</b>	<b>18,242,451,377</b>	<b>19,750,335,407</b>	<b>8.3</b>	<b>549.8</b>
<b>Total of all districts</b>	<b>\$4,223,619,080</b>	<b>\$27,412,737,401</b>	<b>\$29,747,371,419</b>	<b>8.5</b>	<b>604.3</b>

**Source:** Office of Economic Development, Fiscal Year 2023-2024 tax increment financing district annual reports <sup>1</sup>. All dollar values are rounded for ease of reading.

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<sup>1</sup> Notes: (1) State-Thomas, Cityplace area, and Cedars tax increment financing districts have expired and are no longer officially reporting. (2) The City Center sub-district of the City Center tax increment finance district expired in 2022; however, the Lamar Corridor/West End sub-district is still active. Tax increment financing districts with Zone A, B, C, etc. reflect original boundary (Zone A) plus accounts added with different base year (i.e. Zone B). Several tax increment financing districts have been amended to add sub-districts that may have different base years.

## Methodology

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The audit methodology included: (1) interviewing personnel from the Office of Economic Development; (2) reviewing policies and procedures, and state and local compliance requirements; 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

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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

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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

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Jonathan Goonan—Senior Auditor, CPA, CIA

Carron Perry—Engagement Manager, CIA

## Acknowledgement Letter(s)

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See next page(s)

# Memorandum



**DATE:** December 24, 2025

**TO:** Mark S. Swann – City Auditor

**SUBJECT:** Response to Audit of Tax Increment Financing (TIF) Districts

This letter acknowledges that the City Manager's Office received the *Audit of Tax Increment Financing Districts (TIFs)*.

The City's tax increment financing districts are a well-managed and effective development incentive program that has revitalized blighted areas of the City, provided approximately 1,898 affordable and mixed-income housing units, and expanded the property tax base that funds vital government services. Thus far, the City's tax increment financing districts have yielded an estimated return on investment exceeding 1,800%.

We appreciate the professionalism and hard work of the City Auditor and his staff, and are pleased the audit was able to conclude:

- The City's tax increment financing districts are operated in compliance with State and City requirements;
- Performance measurements are defined and customized for each district; and
- Funding from the tax increment financing districts has helped create approximately 5,988 residential units, of which 1,898 residential units have been designated as affordable units.

Please let me know if you need additional information.

Service First, Now!

Kimberly B. Tolbert  
City Manager

C: Jack Ireland, Chief Financial Officer  
Robin Bentley, Assistant City Manager  
Kevin Spath, Director, Office of Economic Development



# Prior Audit Recommendations Follow-Up

## Fiscal Year 2026

January 16, 2026

Mark S. Swann, 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

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## Executive Summary

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The Office of the City Auditor evaluates and reports on the adequacy of each department's internal controls at intervals determined by the City Auditor's annual audit plan to determine whether corrective actions for high impact risks were implemented as required by Administrative Directive 4-09, Internal Control and City Council Resolution 21-0432.

Management implemented 35 of 37 audit recommendations or 95 percent. 1 of 38 audit recommendations in scope, or 3 percent, was concluded as no longer relevant.

The scope of recommendations covered in this report includes all audit recommendations with implementation maturity dates before June 30, 2025. For a summary of the recommendations' implementation status, see **Exhibit 1**. For details about each recommendation's implementation status, see **Appendix A**.

## Definitions

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The Office of the City Auditor reviews each audit recommendation against the risk identified to determine whether the risk has been mitigated since the original observation was identified. Upon evaluation, the Office of the City Auditor determines whether the risk has been mitigated as follows:

Determining Follow-Up Status	
Implemented	There is sufficient and appropriate audit evidence to show that management has developed and implemented internal controls that are likely to mitigate the risk identified during the original audit.
Not Implemented	There is insufficient audit evidence to show that management has developed and implemented recommended internal control improvements. Most or all identified risk remains.
No Longer Relevant	Procedures related to original audit recommendation and its associated risk have changed and as such, recommendation is no longer relevant.

## Methodology

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Each recommendation's source report and associated management response were reviewed to understand the recommendations' requirements. Then, the status of the recommendations' implementation from department directors and the City Controller's Office were reviewed. The implementation evaluation methodology included:

- Discussions with management about their work implementing the recommendations.
- Assessing the sufficiency and appropriateness of evidence to validate the implementation of recommendations.

The audit examined all five components of the *Standards for Internal Control in Federal Government*.

## Government Auditing Standard Statement

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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

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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).

Confidential: Page 20 of this report is to remain confidential and is protected from disclosure under *Texas Public Information Act* pursuant to *Texas Government Code 552.139. Confidential Government Information Related to Security or Infrastructure Issues for Computers*.

## Major Contributors

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Mark Swann, CPA, CIA, CISA – Engagement Manager  
Shino Knowles, CPA – In-Charge Auditor  
Matthew Cheadle, CIA, CFE, CGAP – Senior Auditor  
Michael Warr, CIA – Auditor  
William King – Auditor  
Zachary Goebel – Auditor

## Audit Results

The Office of the City Auditor evaluates and reports on the adequacy of each department's internal controls at intervals determined by the City Auditor's annual work plan to determine whether corrective action has been implemented as required by Administrative Directive 4-09, Internal Control and City Council Resolution 21-0432.

The scope of recommendations covered in this report includes all high impact audit recommendations with implementation dates before June 30, 2025.

For a summary of the recommendations' implementation status, see **Exhibit 1**. For details about each recommendation's implementation status, see **Appendix A**.

**Exhibit 1:** Summary of Implementation Status

Audit Report Title – Release Date	Implemented	Not Implemented	No Longer Relevant	Percent Implemented (excluding the No Longer Relevant Recommendation)
Audit of Building Permits – March 18, 2016	2	0	0	100%
Audit of the Dallas Police Department's Off-Duty Employment Program – November 9, 2018	4	0	1	100%
Audit of the Management of the City's Surplus Real Properties – August 28, 2019	4	0	0	100%
Audit of Department of Information and Technology Services' AT&T Datacomm LLC Contract Monitoring Process – February 4, 2021	1	1	0	50%
Audit of Police Property and Evidence - March 11, 2021	2	0	0	100%
Audit of Road Paving Improvements and Maintenance - February 11, 2022	5	1	0	83%
Audit of Language Skills Assignment Pay and Court Leave – February 25, 2022	11	0	0	100%
Audit of the Stormwater Billing Calculations – September 26, 2022	2	0	0	100%
Audit of General Liability, Automotive, and Subrogation Claims Administration – September 22, 2023	1	0	0	100%
Audit of Personnel-Related Practices in the Department of Sanitation Services – July 23, 2024	1	0	0	100%
Audit of Firearms, Ammunition, and Equipment Tracking – Dallas Marshal's Office – February 7, 2025	1	0	0	100%

Audit Report Title – Release Date	Implemented	Not Implemented	No Longer Relevant	Percent Implemented (excluding the No Longer Relevant Recommendation)
Confidential Report: Audit of SAP Software Solutions – Deloitte Consulting - Information Security – May 3, 2023	1	0	0	100%
<b>Total: 12 audit reports</b>	<b>35</b>	<b>2</b>	<b>1</b>	<b>95%</b>

## Appendix A – Recommendation Evaluation Results

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### Audit of Building Permits

REPORT RELEASED - MARCH 18, 2016

No.	Recommendation	Results
3	We recommend the Director of Planning & Development properly categorizes rejected building permits and ensures that written notices are provided in accordance with the Texas Local Government Codes requirements.	Implemented
7	We recommend the Director of Planning & Development scans all building permit related documentation into an electronic format to preserve the legibility and availability of building permit records.	Implemented

## Audit of the Dallas Police Department's Off-Duty Employment Program

REPORT RELEASED - NOVEMBER 9, 2018

No.	Recommendation	Results
1.2	We recommend the Chief of Police implements additional internal controls over the Program to align with the International Association of Chiefs of Police Model Policy and the best practices of the majority of the 19 city police departments benchmarked by decreasing total work hours from 112 hours per week to an amount that minimizes the risks that the International Association of Chiefs of Police identified. Note: Total work hours consist of regular-duty hours (including overtime and court duties) and off-duty employment hours.	Implemented
1.3	We recommend the Chief of Police implements additional internal controls over the Program to align with the International Association of Chiefs of Police Model Policy and the best practices of the majority of the 19 city police departments benchmarked by consolidating guidelines for restrictions and prohibitions related to off-duty employment into one section of General Order 421.00.	Implemented
1.4	We recommend the Chief of Police implements additional internal controls over the Program to align with the International Association of Chiefs of Police Model Policy and the best practices of the majority of the 19 city police departments benchmarked by providing clear definitions for important terms in General Order 421.00, including aligning Dallas Police Department's terms with the International Association of Chiefs of Police Model Policy definitions for secondary employment.	Implemented
1.5	We recommend the Chief of Police implements additional internal controls over the Program to align with the International Association of Chiefs of Police Model Policy and the best practices of the majority of the 19 city police departments benchmarked by updating all areas of the General Order 421.00 to reflect current Dallas Police Department practices and procedures.	Implemented
1.6	We recommend the Chief of Police implement additional internal controls over the Program to align with the International Association of Chiefs of Police Model Policy and the best practices of the majority of the 19 city police departments benchmarked by giving Dallas Police Department supervisors authorizing off-duty requests direct oversight of the off-duty employment.	No Longer Relevant

No.	Recommendation	Results
	<p><b>Status:</b> The Dallas Police Department has established a new division to oversee and approve the off-duty employment program using the RollKall software. As a result, Dallas Police Department supervisors are no longer expected to provide recommended oversight of officers' off-duty employment.</p>	

## Audit of the Management of the City's Surplus Real Properties

REPORT RELEASED - AUGUST 28, 2019

No.	Recommendation	Results
A.1	We recommend the City Manager include the following elements into the city-wide process and new Administrative Directive: Maintain a descriptive roster of real property.	Implemented
A.4	We recommend the City Manager include the following elements into the city-wide process and new Administrative Directive: Designate roles and responsibilities for departments involved in the city-wide real property management process.	Implemented
A.5	We recommend the City Manager incorporate identified areas of improvement into the Land and Building Management System to ensure: Data input requirements include consistent, similar descriptive data fields that support categorization and cross-organization analysis of real property.	Implemented
C.1	We recommend the Director of Facilities and Real Estate Management update the procedure in accordance with State of Texas and City requirements.	Implemented

## Audit of Department of Information and Technology Services' AT&T Datacomm LLC Contract Monitoring Process

REPORT RELEASED - FEBRUARY 4, 2021

No.	Recommendation	Results
A.1	We recommend the Director of Information and Technology Services consider short-term agreements (3-5 years) with a specific focus for each service.	Implemented
C.2	We recommend the Director of Information and Technology Services identify key performance indicator(s)/service level agreement performance measure(s) for each managed service and ensure accountability through consistent reporting of these key performance indicator(s)/service level agreement performance measure(s).	Not Implemented

**Status:** The department has made meaningful progress toward implementing this recommendation by requiring AT&T to report on several performance indicators outlined in the Service Level Agreements dated June 29, 2012. However, these indicators do not yet encompass all Service Level Agreement elements. The department has identified the gaps and is actively working to incorporate the missing indicators into AT&T's performance reporting requirements.

## Audit of Police Property and Evidence

REPORT RELEASED - MARCH 11, 2021

No.	Recommendation	Results
A.1	We recommend the Chief of Police revise Standard Operating Procedures to schedule review dates for disposition of each category of property and evidence stored at the Property Unit.	Implemented
A.3	We recommend the Chief of Police revise Standard Operating Procedures to ensure management monitoring of personnel's compliance with revised Standard Operating Procedures related to review and disposition of property and evidence.	Implemented

## Audit of Road Paving Improvements and Maintenance

REPORT RELEASED - FEBRUARY 11, 2022

No.	Recommendation	Results
A.1	<p>We recommend the Director of Transportation and Public Works revise and implement department procedures to specify the frequency, timing, and location of quality control testing for all pavement maintenance and road resurfacing projects.</p> <p><b>Status:</b> The department revised its procedures to specify the frequency, timing, and location of quality control testing for all pavement maintenance and road resurfacing projects. However, the procedures were not readily accessible to key personnel, hindering effective implementation. Further, the new project management system, Power QV, does not include a function that replicates this capability.</p>	Not Implemented
A.2	We recommend the Director of Transportation and Public Works revise and implement department procedures to ensure that quality and timeliness of monitoring activities and their results are documented, reviewed and approved by management, and retained.	Implemented
A.5	We recommend the Director of Transportation and Public Works ensure that daily schedules include construction start dates, end dates, the current milestone being worked on, and the treatment type being used.	Implemented
B.1	We recommend the Director of Transportation and Public Works ensure consistent use of Quantity Verification Sheets for all road pavement projects to facilitate review and validation of quantities of materials invoiced.	Implemented
B.2	We recommend the Director of Transportation and Public Works ensure consistent use of Summary Sheets or another documented, centralized method to verify completeness and accuracy of all quantities validated by the Quantity Verification Sheets.	Implemented
B.3	We recommend the Director of Transportation and Public Works determine the amount of overbilling for project PB17V953H and recoup overpayment from the contractor.	Implemented

## Audit of Language Skills Assignment Pay and Court Leave

REPORT RELEASED - FEBRUARY 25, 2022

No.	Recommendation	Results
A.1	We recommend the Director of the Department of Human Resources clarify the purpose of the Language Skills Assignment Pay program and align the purpose to either support or distinguish itself from other similar programs in the City, such as the Office of Communications, Outreach & Marketing's Language Access Center.	Implemented
A.2	We recommend the Director of the Department of Human Resources develop specific expectations for employees who participate in the Language Skills Assignment Pay program so that employees are to reciprocate in kind and held accountable when employees choose not to provide services.	Implemented
B.1	We recommend the Director of Department of Human Resources and City Controller review options to reclassify language skill assignment pay so it is cost effective, such as: <ul style="list-style-type: none"> <li>- Excluding language skills assignment pay from the standard overtime pay calculation;</li> <li>- Using skill-based pay;</li> <li>- Pay per activity or demonstrated usage tracked through Workday; and,</li> <li>- Use of stipend and pay rate that mirrors the value provided.</li> </ul>	Implemented
B.2	We recommend the Director of the Department of Human Resources conduct a sample-based review of employees who changed positions/roles to confirm supervisors are validating continuation of language skills assignment pay.	Implemented
B.3	We recommend the Director of the Department of Human Resources review the federal guidelines on opportunities to reduce costs, leverage internal resources, and incorporate the use of technology. The suggested federal guidelines are Executive Order 13166 Improving Access to Services for Person with Limited English Proficiency.	Implemented
C.1	We recommend the Director of the Department of Human Resources update Administrative Directive 3-37 Language Skills Assignment Pay for increased transparency and clarity. At a minimum, the updates should consider specifying management's purpose and goals for employees and the program, incorporating elements identified in the audit report, and defining concepts such as oral proficiency, oral	Implemented

No.	Recommendation	Results
	interpretation, and written translation using best practices such as the federal guidelines, as applicable.	
C.2	We recommend the Director of the Department of Human Resources develop and/or make available a database/repository of positions where language skills requirements are preferred, and objective parameters of what constitutes frequency, positive benefit, and regular basis for those positions, as applicable.	Implemented
C.3	We recommend the Director of the Department of Human Resources ensure P3-37A forms are completed in full, with valid approvals from appropriate levels of management.	Implemented
C.5	We recommend the Director of the Department of Human Resources conduct sample-based reviews of supervisors and their compliance with annual certification of language skills for positions designated as high frequency and high contact.	Implemented
C.6	We recommend the Director of the Department of Human Resources develop a centralized database that includes only certified and approved employees with their level of skill for verification within a department or across the City, if deemed acceptable to share resources.	Implemented
C.7	We recommend the Director of the Department of Human Resources provide training to employees who can provide oral interpretation and/or written translation to maintain their skills.	Implemented

## Audit of the Stormwater Billing Calculations

REPORT RELEASED - SEPTEMBER 26, 2022

No.	Recommendation	Results
A.1	We recommend the Director of Department of Dallas Water Utilities develop and implement procedures to ensure all data needed to update the Stormwater Information Management System is received, and the system is accurately updated.	Implemented
A.2	We recommend the Director of Department of Dallas Water Utilities develop and implement procedures to ensure all property impervious area classifications are correct.	Implemented

## Audit of General Liability, Automotive, and Subrogation Claims Administration

REPORT RELEASED - SEPTEMBER 22, 2023

No.	Recommendation	Results
A.1	<p>We recommend the Director of the Office of Risk Management develop and implement subrogation work instructions related to:</p> <ul style="list-style-type: none"><li>- Documentation of actual damage estimates;</li><li>- Management review and authorization of settlements; and</li><li>- Documentation of the management review and authorization.</li></ul>	Implemented

## Audit of Personnel-Related Practices in the Department of Sanitation Services

REPORT RELEASED - JULY 23, 2024

No.	Recommendation	Results
B.1	We recommend the Director of Sanitation Services establish procedures to ensure all A & Associates, Inc. contract terms are followed.	Implemented

## Audit of Firearms, Ammunition, and Equipment Tracking – Dallas Marshal’s Office

REPORT RELEASED - FEBRUARY 7, 2025

No.	Recommendation	Results
A.2	We recommend the Dallas Marshal identify location of all missing firearms or report them as lost if not found.	Implemented

**CONFIDENTIAL:** This report page is to remain confidential and is protected from disclosure under *Texas Public Information Act* pursuant to *Texas Government Code 552.139, Confidential Government Information Related to Security or Infrastructure Issues for Computers.*

## Confidential Report: Audit of SAP Software Solutions – Deloitte Consulting - Information Security

REPORT RELEASED - MAY 3, 2023

No.	Recommendation	Results
A.1	Redacted confidential information.	Implemented

## Appendix B – Acknowledgement Letter

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See next page

# Memorandum



**DATE:** January 16, 2026

**TO:** Mark S. Swann – City Auditor

**SUBJECT:** Response to Prior Audit Recommendations Follow-Up Fiscal Year 2026

This letter acknowledges that the City Manager's Office received the *Prior Audit Recommendations Follow-Up Fiscal Year 2026* audit report. City management is committed to implementing agreed-to audit recommendations, as demonstrated by the current 95% overall implementation rate.

Information and Technology Services and the Department of Transportation and Public Works will continue to work towards implementing the remaining two recommendations that the City Auditor determined have not yet been implemented.

We appreciate the professionalism and hard work of the City Auditor and his staff, and their acknowledgment of our continued progress in strengthening the City's internal controls.

Service First, Now!

Kimberly Bizor Tolbert  
City Manager

C: Jack Ireland, Chief Financial Officer  
Ahmad Goree, Chief of Staff  
Dominique Artis, Chief of Public Safety  
Robin Bentley, Assistant City Manager  
Alina Ciocan, Assistant City Manager  
Donzell Gipson, Assistant City Manager  
Dev Rastogi, Assistant City Manager  
Nina Arias, Director, Human Resources Department  
Zeronda Smith, Director, Office of Risk Management  
Emily Lu, Director, Planning and Development  
Clifton Gillespie, Director, Sanitation Services  
Daniel Comeaux, Chief of Police, Dallas Police Department  
Gregory Nelson, Director, Municipal Court and Detention Services  
John Johnson, Director, Facilities and Real Estate Management  
Tanishia Dorsey, Director (I), Information and Technology Services  
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