

Memorandum



DATE: October 22, 2024

TO: Honorable Members of the Government & Financial Management Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse Moreno, Jamie Resendez

SUBJECT: Office of the City Auditor's Fiscal Year 2025 Recommended Audit Work Plan

Attached for your review is the Office of the City Auditor's Fiscal Year 2025 Recommended Audit Work Plan that has been revised after the September 23, 2024, Government & Financial Management Committee meeting. Revisions include the following:

- Audit of City Hall Space Usage was deprioritized to facilitate the completion of the City Manager's Office consultant work to be completed. (See Audit Number 7.)
- Addition of an Audit of Passed-through Texas Parks and Wildlife Department COVID-19—Coronavirus State and Local Fiscal Recovery Funds Grant, requested by Deputy Mayor Pro Tem Bazaldua. (See Audit Number 24.)
- Addition of an Audit of the Transportation and Public Works Department Internal Controls for the fiscal management of the department, requested by Director of Transportation and Public Works G. Khankarli. (See Audit Number 27.)

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

Sincerely,



Mark S. Swann
City Auditor

Attachment

C: Kimberly Bizer Tolbert, City Manager (I)
Tammy Palomino, City Attorney
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety (I)
Dev Rastogi, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager (I)
Robin Bentley, Assistant City Manager (I)
Jack Ireland, Chief Financial Officer
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Sheri Kowalski, City Controller
Directors and Assistant Directors
Alpha Jalloh, Assistant Director – Financial Compliance, Auditing & Monitoring
Jeffrey Brill, Manager – Financial Compliance, Auditing & Monitoring



OFFICE OF THE CITY AUDITOR

FISCAL YEAR 2025
RECOMMENDED AUDIT WORK PLAN

October 23, 2024

MARK S. SWANN
CITY AUDITOR

The Office of the City Auditor shines light on City government operations.



FISCAL YEAR 2025 RECOMMENDED AUDIT WORK PLAN

The Office of the City Auditor's mission is to collaborate with elected officials and employees to elevate public trust in government by providing objective assurance and advisory services.

The City of Dallas (City) Office of the City Auditor performs work for and under the direction of the Dallas City Council. The Fiscal Year 2025 Recommended Audit Work Plan (Audit Plan) is designed to address risks related to the delivery of City services and satisfy responsibilities established by the Dallas City Charter, meet the needs of the City Council, and outline the professional services that the Office of the City Auditor plans to initiate and/or complete during the Fiscal Year 2025.

This Audit Plan is based on a risk prioritization assessment updated in Summer 2024 and requests received from City management, council members, and audit staff. The Audit Plan attempts to identify the risks that matter and provide City-wide audit coverage by allocating 23,000 resource hours to complete 20 audit or attestation engagements and other advisory services.

This Audit Plan is a working document in which the City Auditor is authorized to amend the Audit Plan when deemed necessary by the City Auditor's professional judgment. The City Council will be notified concerning additions to, deletions, or other changes to this Audit Plan. The Audit Plan includes audits, attestation engagements, and other advisory services.

AUDIT AND ATTESTATION SERVICES

The Office of the City Auditor complies with generally accepted government auditing standards when performing audits and attestation engagements. These standards provide a framework for conducting high-quality audits and attestation engagements with competence, integrity, objectivity, and independence. The types of audits and attestation engagements performed under these standards include:

PERFORMANCE AUDITS

The Office of the City Auditor conducts performance audits to provide objective analysis to assist City management, and those charged with governance and oversight to: (1) improve program performance and operations; (2) reduce costs; (3) facilitate decision-making by parties with responsibility to oversee or initiate corrective action; and, (4) contribute to public accountability. Performance audit objectives vary widely and can include assessments of program effectiveness, economy, efficiency, ethics, and equity; internal control; compliance; and prospective analyses.

ATTESTATION ENGAGEMENTS

The Office of the City Auditor conducts attestation engagements to address a broad range of financial or non-financial objectives. An attestation engagement results in an examination, a review, or an

agreed-upon procedures report on a subject matter or an assertion about a subject matter that is the responsibility of another party.

FINANCIAL AUDITS

The Office of the City Auditor conducts financial audits to provide an independent assessment of whether an entity's reported financial information (e.g., financial condition, results, and use of resources) is presented fairly and follows recognized criteria. Financial audits provide users with statements concerning the reliability of information and provide information about internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

OTHER PROFESSIONAL SERVICES

The Office of the City Auditor provides other professional services which may or may not be performed following generally accepted government auditing standards. These additional professional services include:

CITY COUNCIL SUPPORT

The Office of the City Auditor is authorized to conduct audits, attestation engagements, or other professional services for individual City Council Members, provided the request will not impact the completion of the Audit Plan. If in the judgment of the City Auditor, a recommendation will impact the completion of the Audit Plan, the City Auditor is to request that the Council Member submit the request in writing for consideration and approval by the Government Performance & Financial Management Committee, or its equivalent, and the City Council as an amendment to the Audit Plan. All work products will be produced at the direction of the City Auditor.

MANAGEMENT ASSISTANCE

The Office of the City Auditor is authorized to perform audits and attestation services, and other professional services at the request of City management to assist in carrying out City management's responsibilities. These services may include, but are not limited to, providing technical advice, such as participating in committees, task force groups, panels, and focus groups. The Office of the City Auditor may provide City management assistance based on consideration of the impact on auditor independence and audit plan completion.

INDEPENDENCE DISCLOSURES

Section 40A-2. (c)(1)(C) of the Dallas City Code designates the City Auditor as a voting member of the Employees' Retirement Fund Board of Trustees. Generally accepted government auditing standards require the Office of the City Auditor to disclose impairments to independence. The Office of the City Auditor lacks independence concerning any audit work that might be conducted at the Employees' Retirement Fund. If applicable, the effects of this independence concern on audit work will be identified in any final reports.

COMPETENCY AFFIRMATION

The City Auditor reviewed the Recommended Audit Plan. The City Auditor believes the Office of the City Auditor staff and contracted specialists possess adequate professional competence to address potential audit engagement objectives. Also, the City Auditor believes the Office of the City Auditor can maintain objectivity while performing the audit engagements.

Audit engagements shaded in green will be prioritized to start when resources are available.

Fiscal Year 2025 Audit Work Plan					
No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate	Requested or Suggested
1	Aviation	Parking Concessions	<ul style="list-style-type: none"> → Are parking related collections accounted for and safeguarded? → Are controls in place to ensure that expected revenues from contracted parking areas are received and accurate? → Are parking-related revenues recorded in accordance with City requirements? → Are parking policies, procedures, and contracts set forth by the Aviation Department being followed? 	1000	
2	Convention & Event Services	Kay Bailey Hutchison Convention Center Dallas Replacement Contract Monitor Controls	<ul style="list-style-type: none"> → Obtain an understanding of the processes and controls in place as they relate to procurement, financial reporting, invoice payment process, diversity business enterprise, and overall project management procedures. → Is Inspire Dallas, the owner representative, performing their contract requirements? → Are there additional construction risks not being monitored by Inspire Dallas or the Convention Center Department? 	1000	
3	Dallas Fire-Rescue / Dallas Police / Information and Technology Services - 911	911 Communications	<ul style="list-style-type: none"> → Are 911 calls received and responded to timely? → Are 911 calls coded correctly and consistently? → Are performance measures accurately captured, tracked, and reported to appropriate parties to evaluate and manage actual performance? 	1000	

Audit engagements shaded in green will be prioritized to start when resources are available.

Fiscal Year 2025 Audit Work Plan					
No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate	Requested or Suggested
			→ Are 911 center employees trained to meet job expectations and monitored to ensure proper protocols and procedures are followed?		
4	Dallas Public Facility Corporation / Housing and Community Development	Governance	<p>→ Does the design of the Dallas Public Facility Corporation internal control system address the five components and 17 related principles as described in the Standards for Internal Control in Federal Government (Green Book)?</p> <p>→ Do Dallas Public Facility Corporation activities demonstrate the internal control system is continuously working?</p>	1000	Council Member Mendelsohn
5	Dallas Water Utilities	Cross Connection Control Backflow Prevention Program	<p>→ Is the backflow prevention program working as intended in the guidelines set out in City of Dallas Chapter 49, Section 29, and Texas Administrative Code 290.44?</p> <p>→ Are backflow assembly testers qualified and registered with the City of Dallas Building Inspection Office?</p>	1000	
6	Facilities and Real Estate Management	City Leases	<p>→ Are the City's current real estate leases comparable to benchmarks for similar real estate leases?</p> <p>→ Is the City monitoring lease space utilization to maximize utilization?</p> <p>→ Is the City identifying opportunities to renegotiate or terminate leases?</p>	1000	Council Members West / Willis

Audit engagements shaded in green will be prioritized to start when resources are available.

Fiscal Year 2025 Audit Work Plan					
No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate	Requested or Suggested
7	Facilities and Real Estate Management / Multiple Departments	City Hall Space Usage	<ul style="list-style-type: none"> → Are there performance metrics used to ensure City Hall's space usage is maximized and efficient? → Is City Hall's space usage meeting the departments and public's needs? 	1000	Council Members West / Willis
8	Housing and Community Development	Lead Abatement Program	<ul style="list-style-type: none"> → What have been the challenges for program execution and delays? → Does the program governance ensure stakeholders are informed of challenges or delays in program execution? → Was the program requirements and execution comparable with peer cities? → Are there other City grant funded programs lagging in program execution? 	1000	Council Members West / Willis
9	Human Resources	Human Capital Management	<ul style="list-style-type: none"> → Do the City-wide talent retention and development practices reflect best practices for: <ul style="list-style-type: none"> ○ Classification and compensation structure and philosophy? ○ Benefit offerings compared to surrounding communities? ○ Employee and manager technical and soft skill training? ○ Career development and coaching? ○ Employee engagement and satisfaction? ○ Off boarding and former employee outreach? 	1000	Council Members Willis / Schultz / Mendelsohn

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Fiscal Year 2025 Audit Work Plan					
No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate	Requested or Suggested
			<ul style="list-style-type: none"> ○ Human Resources workforce strategy and communication? 		
10	Human Resources / Employee Benefits	Terminated Employee Benefits Cancellation	→ Are City benefits cancelled timely for terminated employees?	1000	Inspector General Division City Attorney's Office
11	Information and Technology Services - Data	Authorized Remote Access	→ Is the City managing the risks associated with employee and third party "Authorized Remote Access" using the City's network resources?	1000	
12	Information and Technology Services - Data	Directory Services – City Domain	<ul style="list-style-type: none"> → Is Active Directory implementation and management security design effective? → Is the City domain user-provisioning managed, and access maintained using the principle of least privilege? → Do controls exist to enforce contractor network account authentication, access, and removal at end of the contract service term? 	1000	
13	Multiple Departments	Council Agenda District Appropriations Performance	<ul style="list-style-type: none"> → What is the number and dollar value of all district-specific agenda items approved between May 2022 and October 2022 by status (Active, In-Progress, Completed, and Not Started)? → For approved agenda items noted as Not Started (if any), are there reasonable explanations available? 	1000	Council Member Arnold
14	Multiple Departments	Personal Property - Equipment Tracking (Administrative)	→ Are department directors maintaining adequate internal controls and security for all personal property charged to their department?	1000	Inspector General Division City Attorney's Office

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Fiscal Year 2025 Audit Work Plan					
No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate	Requested or Suggested
		Directive 6-1, Control of City Property)	→ Are department directors conducting an annual inventory of personal property assigned to their department?		
15	Multiple Departments	Purchase Card Usage	→ Is department purchase card usage for an authorized public purpose? (Sample purchase card charges for 5-6 departments for review.)	1000	
16	Multiple Departments – Codes / Sanitation / Transportation and Public Works	311 Customer Service Level Agreements	<p>→ Is the Codes Department achieving agreed upon 311 customer level service agreement response times?</p> <p>→ Is the Sanitation Department achieving agreed upon 311 customer level service agreement response times?</p> <p>→ Is the Transportation and Public Works Department achieving agreed upon 311 customer level service agreement response times?</p>	1000	
17	Office of Arts & Culture	Public Arts & Cultural Services Contracts Programs	<p>→ Are proper procedures in place to ensure all public art program expenditures are allowable as outlined in the Public Arts & Culture Services Contracts guidelines?</p> <p>→ Are proper procedures in place for the selection of artists and nonprofit organizations?</p> <p>→ Are capital project proceeds used to fund the public art program properly calculated and set aside to fund public art?</p>	1000	

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Fiscal Year 2025 Audit Work Plan					
No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate	Requested or Suggested
18	Office of Budget & Management Services	Franchise Fees Compliance	→ Verify franchise fees (which may include utilities, cable, and telephone), identified by a third-party vendor on a percentage of recovery basis, are received by the City and vendor invoices are accurate.	200	Chief Financial Officer
19	Office of Budget & Management Services	Sales/Use Tax Compliance	→ Verify sales/use taxes, identified by a third-party vendor on a percentage of recovery basis, are received by the City and vendor invoices are accurate.	200	Chief Financial Officer
20	Office of Community Care and Empowerment	Women Infants and Children (WIC) Supplemental Nutrition Program Administration	<ul style="list-style-type: none"> → Are uniform policies, procedures, and practices for program eligibility in place and followed at each field office? → Are levels of compliance with program eligibility requirements consistent at each field office? → Can program service delivery and compliance be improved? 	1000	
21	Office of Economic Development / Non-Departmental	Tax Increment Financing District Operations	<ul style="list-style-type: none"> → Are the City's 18 active tax increment financing districts performing as intended and in compliance with City and State requirements for their operations and transparency? → Are deadline extensions for construction meeting established requirements? → Is the funding increasing affordable housing, and if so, by how much? 	1000	
22	Office of Environmental	Climate Action Plan	→ Does the Climate Action Plan prioritize activities that will have the most impact?	1000	Council Member Schultz

Audit engagements shaded in green will be prioritized to start when resources are available.

Fiscal Year 2025 Audit Work Plan					
No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate	Requested or Suggested
	Quality and Sustainability		<ul style="list-style-type: none"> → Are oversight mechanisms in place to help the City meet its Climate Action Plan goals? → Is the Office of Environmental Quality and Sustainability reporting regularly on its progress toward Climate Action Plan Goals? 		
23	Park and Recreation Department	Internal Controls for Revenue Collections	<ul style="list-style-type: none"> → Are internal controls working to ensure all Park & Recreation fee collections are complete, deposited, and recorded? 	1000	Council Member Willis
24	Park and Recreation Department	Passed-through Texas Parks and Wildlife Department COVID-19— Coronavirus State and Local Fiscal Recovery Funds Grant	<ul style="list-style-type: none"> → Has the City complied with all City procurement and fund administration, and American Rescue Plan Act requirements? → Has the City been good stewards in using the grant funds? 	1000	Deputy Mayor Pro Tem Bazaldua
25	Planning and Development	Comprehensive Zoning Process Evaluation	<ul style="list-style-type: none"> → Does the Department have performance metrics to determine timely processing of zoning requests and are the metrics being met? → Are the main barriers to achieving the performance metrics being addressed? → Is the applicant education provided giving the applicant the knowledge needed to correctly submit their application and avoid misunderstanding of the requirements? 	1000	Council Members West / Willis

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Fiscal Year 2025 Audit Work Plan					
No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate	Requested or Suggested
26	Planning and Development	Permitting Process	<ul style="list-style-type: none"> → Have the changes made to the permitting process relieved the backlog? → Are the major causes of permitting delays being addressed? → Does the Department have performance metrics that are compared to peer cities and surrounding cities? 	1000	Council Members West / Willis
27	Transportation and Public Works	Internal Controls	<ul style="list-style-type: none"> → Are controls in place to ensure effective management of fiscal resources for (1) timekeeping; (2) procurement of goods and services; (3) contract monitor; (4) warehousing of equipment and supplies; and (5) procurement card usage? → Identify any observed operational synergies or efficiencies not realized related to the merger of the Transportation Department and Public Works Department. 	1000	Director of Transportation and Public Works – G. Khankarli
			Total Fiscal Year 2025 Engagement Estimated Effort	25,400	

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In-Progress Engagements from Fiscal Year 2024 Audit Work Plan					
No.	Department/ Division	Topic	Potential Objective(s)	Hours Estimate	Requested or Suggested
1	City Attorney's Office	Inspector General Division Workforce Staffing Levels	<ul style="list-style-type: none"> → What are the processes and polices driving workload demand? → Are the current work processes efficient? → What is the threshold for taking on additional integrity related alerts? 	250	Council Members Ridley / West
2	Communications & Customer Experience/311	311 Customer Service	<ul style="list-style-type: none"> → Does the 311 Call Center Answer Calls and Forward Resident Concerns to City Departments Timely and Accurately? 	160	
3	Convention and Event Services	Kay Bailey Hutchison Convention Center Dallas Replacement Pre- Construction Procurement	<ul style="list-style-type: none"> → City Administrative Directive 4.5 - <i>Contracting Standards and Procedures.</i> 	200	
4	Dallas Police / City Marshal's Office	Firearms, Ammunition, and Equipment Tracking	<ul style="list-style-type: none"> → Are controls and procedures in place to ensure firearms, ammunition, and equipment are procured, received, identified, recorded, tracked, secured, and disposed of (if required) in accordance with applicable requirements? 	400	
5	Dallas Police Department	Domestic Violence Prevention and Response Coordination	<ul style="list-style-type: none"> → Are the City of Dallas' efforts to combat domestic violence aligned with best practices? 	120	

Audit engagements shaded in green will be prioritized to start when resources are available.

In-Progress Engagements from Fiscal Year 2024 Audit Work Plan					
No.	Department/ Division	Topic	Potential Objective(s)	Hours Estimate	Requested or Suggested
6	Information and Technology Services - Data / City Controller's Office	System Implementation Projects – Core Financial System	→ Do controls exist so the implementation of the Core Financial System Upgrade will satisfy business requirements, ensure data security, and include segregation of duties?	400	
7	Information and Technology Services - Data / Development Services	System Implementation Projects – DallasNow Permitting System	→ Do controls exist so the implementation of the DallasNow permitting system will satisfy business requirements, ensure data security, and include segregation of duties?	600	
8	Mayor and City Council	Special Audit – Council Members	<ul style="list-style-type: none"> → Was the City council members' debt cleared before departure? → Was usage of funds from the Annual Statement of City-Funded Officeholder Accounts verifiable? → Were off-boarding activities completed timely? 	120	
9	Multiple Departments	7800 North Stemmons Freeway Building Procurement and Occupancy	<ul style="list-style-type: none"> → Was the procurement process followed? → Were building occupancy activities completed efficiently and effectively? → Were employee satisfaction concerns addressed? → Was the permitting process followed? → Provide a timeline of building procurement and occupancy. → What is the total investment cost for 7800 North Stemmons Freeway building? 	600	

Audit engagements shaded in green will be prioritized to start when resources are available.

In-Progress Engagements from Fiscal Year 2024 Audit Work Plan					
No.	Department/ Division	Topic	Potential Objective(s)	Hours Estimate	Requested or Suggested
10	Office of Bond and Construction Services	Dallas Police Regional Training Facility Construction Procurement	→ City Administrative Directive 4.5 - <i>Contracting Standards and Procedures</i> .	200	
11	Office of Bond and Construction Services / Dallas Fire-Rescue / Dallas Public Library	Capital Projects	<ul style="list-style-type: none"> → Are controls implemented to ensure fiscal management and administrative oversight for individual major construction projects? → Are costs charged to the construction project supported, reviewed, and approved? → Are costs closed out and capitalized in the City's fixed asset records? → How was the funding level for the project determined and was the funding level adequate? 	40	

Audit engagements shaded in green will be prioritized to start when resources are available.

In-Progress Engagements from Fiscal Year 2024 Audit Work Plan					
No.	Department/ Division	Topic	Potential Objective(s)	Hours Estimate	Requested or Suggested
12	Office of Homeless Solutions	Homeless Response System Strategy and Coordination	<ul style="list-style-type: none"> → Is the Office of Homeless Solutions making progress toward its strategic goals? <ul style="list-style-type: none"> ○ Is the scattered site housing model working to keep people housed? ○ Is the City adding additional housing units with wrap-around services? ○ Are the people and families provided housing assistance by the Office of Homeless Solutions Rapid ReHousing Program during fall 2021 still living in housing in fall 2023? → Are the key partners in the regional effort to end homelessness able to provide sufficient emergency shelter space? → Describe procedures to count people experiencing homelessness for the City and compare to other major urban Texas cities for potential improvements. 	250	Council Member Mendelsohn / Moreno

Audit engagements shaded in green will be prioritized to start when resources are available.

In-Progress Engagements from Fiscal Year 2024 Audit Work Plan					
No.	Department/ Division	Topic	Potential Objective(s)	Hours Estimate	Requested or Suggested
13	Park & Recreation / Dallas Public Library	Youth Services	<ul style="list-style-type: none"> → Do performance measures exist to gauge the efficiency and effectiveness of Dallas Park and Recreation and the Dallas Public Library youth programming? → Do opportunities exist to increase the efficiency and effectiveness of Dallas Park and Recreation and the Dallas Public Library youth programming? → Do processes exist to avoid/reduce duplication of youth programming offered by Dallas Park and Recreation and the Dallas Public Library? 	280	
14	Planning and Development	Infrastructure Design and Construction Standards	→ Do controls ensure infrastructure (street paving, storm drainage, bridge, and culvert) construction aligns with City Code Section 51A-8.601(b), General Standards?	90	Council Member West
			In-Progress Engagements Total Estimated Hours	3,710	

Audit engagements shaded in green will be prioritized to start when resources are available.

Prescribed Assurance or Other Services				
No.	Department/ Division	Topic	Potential Objective(s)	Hours Estimate
1	Multiple Departments	Special Audits	Conduct audits under <i>Chapter IX, Section 4</i> of the City Charter of officers who vacate their offices due to death, resignation, removal, or expiration of term.	600
2	Multiple Departments	Attestations	Conduct audits under City Administrative Directive 4.5 - <i>Contracting Standards and Procedures</i> , of all construction projects with an estimated contract award of \$100 million and greater, before City Council consideration.	1,500
3	Multiple Departments	Prior Audit Follow-Up	City Auditor Responsibilities and Administrative Procedure Requirements to evaluate City Management's implementation of high-impact prior audit recommendations.	2,000
4	Multiple Departments	Council and Management Assistance	Unplanned assurance or advisory services requested by the Mayor, Council Members, or City management. Review Council annual attendance records in accordance with <i>Council Rules of Procedures 4.13</i> . → City Non-Profit Survey	400
			Total Prescribed Assurance or Other Services Hours	4,500

Audit Plan Total Estimated Work Hours

33,610

Available Resource Work Hours

23,000