

# Memorandum



CITY OF DALLAS  
(Report No. A17-005)

**DATE:** March 3, 2017  
**TO:** Honorable Mayor and Members of the City Council  
**SUBJECT:** Fiscal Year 2015 Audit Follow-Up of Prior Audit Recommendations for Fiscal Years 2012, 2014, and 2015<sup>1</sup>

A summary of the Office of the City Auditor's (Office) evaluation results for the past three *Audit Follow-Up of Prior Audit Recommendations* reports included in Table I below show the City of Dallas (City) has experienced inconsistent recommendation implementation outcomes.

### Significance of Audit Recommendations Implementation

Through recommendations, government audit organizations regularly disclose a wide variety of ways to improve government programs and operations. The benefit from audit work is not in the recommendations made, but in their effective implementation.

Source: Government Accountability Office

Table I

### Summary of Prior Follow-Up Audits' Evaluation Results

City Management	2013 <sup>2</sup>	2014	2015	Total
Agreed to Implement	93	82	77	252
Implemented – Per Audit	35	58	30	123
<b>Percent Implemented – Per Audit</b>	<b>38</b>	<b>71</b>	<b>39</b>	<b>49</b>

Note: Percentages rounded

<sup>1</sup> We conducted this audit under the authority of the City Charter, Chapter IX, Section 3, and in accordance with the Fiscal Year 2015 Audit Plan approved by the City Council. This performance audit was conducted 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 findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The audit objective was to evaluate whether, as of December 31, 2015, certain Fiscal Years (FY) 2012, 2014, and 2015 prior audit recommendations were implemented. The audit cut-off date, however, was extended to March 31, 2016 to accommodate the former City Manager's request for additional time to allow departments to completely implement more recommendations. The audit methodology included requesting management of 12 City departments to report on the implementation status of 77 recommendations which City departments agreed to implement. The auditors also conducted interviews, reviewed documentation, and performed other tests as deemed necessary.

<sup>2</sup> At the request of City management, bulleted items included in the *FY 2013 Audit Follow-Up of Prior Audit Recommendations* report were individually numbered. As a result of this request, the number of recommendations increased. The original number of recommendations was 47.

As a result, financial, operational, and compliance risks remain in the following areas: (1) cash receipts and collections; (2) contract monitoring; (3) Ethics Program implementation; (4) *Health Insurance Portability and Accountability Act* compliance; (5) high risk inventory (weapons and Tasers); (6) information technology user access controls; (7) policies and procedures necessary to establish an internal control framework; (8) software license compliance; and (9) succession planning.

When the *Fiscal Year 2015 Audit Follow-Up of Prior Audit Recommendations for Fiscal Years 2012, 2014, and 2015* (FY 2015 Follow-Up Audit) began, City management self-reported:

- Fourteen recommendations as “Not Implemented” and one recommendation as “Not Applicable” (15) of the 77 recommendations that City management originally agreed to implement, or 19 percent
- Sixty-two of 77 recommendations, or 81 percent, of the recommendations as implemented

City management made a concerted effort to implement prior year audit recommendations. The difference between City management’s self-reported recommendation implementation percentage of 81 percent and the auditor’s verification results of 39 percent was primarily due to internal controls which were missing, poorly designed, or not operating as intended. Opportunities continue to exist to improve City management’s understanding of internal controls and the documentation required to demonstrate recommendation implementation.

Attachment I includes a summary of: (1) audit reports included in the FY 2015 Follow-Up Audit and responsible departments; and, (2) recommendation implementation status by department. The Office will not conduct further audit follow-up for the recommendations included in Attachments II through XV that were not implemented, but will consider the risk in determining future audit coverage as part of the annual audit plan.

According to the City Manager’s Office, the City continues to introduce measures to help encourage timely audit recommendation implementation and thus address identified risks. For example:

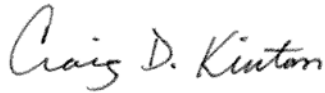
- Assigning department directors accountability for timely recommendation implementation
- Incorporating recommendation implementation progress and risk remediation into the evaluation of each department’s business plan

These measures, however, were not complete as the FY 2015 Follow-Up Audit began.

Honorable Mayor and Members of the City Council  
March 3, 2017  
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The Office would like to acknowledge City management and staff for their assistance. If you have any questions or need additional information, please contact me at (214) 670-3222 or Carol A. Smith, First Assistant City Auditor, at (214) 670-4517.

Sincerely,



Craig D. Kinton  
City Auditor

#### Attachments

C: T. C. Broadnax, City Manager  
Mark McDaniel, Acting First Assistant City Manager  
Eric Campbell, Assistant City Manager  
Jeanne Chipperfield, Chief of Ethics and Compliance  
Jill A. Jordan, P.E., Assistant City Manager  
M. Elizabeth Reich, Chief Financial Officer  
Joey Zapata, Assistant City Manager  
Molly Carroll, Director – Department of Human Resources  
David Cossum, Director – Department of Sustainable Development and Construction  
William Finch, Director – Department of Communication and Information Services  
Michael Frosch, Director – Department of Business Development and Procurement Services  
Rick Galceran, P.E., Director – Department of Mobility and Street Services  
Ron King, Director – Department of Convention and Event Services  
Interim Chief of Police David Pughes – Dallas Police Department  
Edward Scott, City Controller – City Controller's Office  
Jennifer Scripps, Director – Office of Cultural Affairs  
Karl Zavitkovsky, Director – Department of Economic Development

Attachment I

Table II

Summary of Audit Reports and the Departments Responsible for  
Implementation of *Fiscal Year 2015 Audit Follow-Up of Prior Audit  
Recommendations for Fiscal Years 2012, 2014, and 2015*

Audit Report	Business Development and Procurement Services	City Controller Office	City Manager Office	Communication and Information Services	Ethics and Compliance	Convention and Event Services	Dallas Police Department	Economic Development	Human Resources	Office of Cultural Affairs	Mobility and Street Services	Sustainable Development and Construction
Ethics Program (February 17, 2012)			✓									
Compliance with the Texas Prompt Payment Act (November 1, 2013)		✓										
Self-Insured Medical Program (February 14, 2014)				✓	✓							
Arts and Cultural Program Funding (February 21, 2014)										✓		
Software License Compliance (April 11, 2014)	✓		✓	✓								
Cash Receipts and Collections (October 31, 2014)						✓						
South Dallas Fair Park Trust Fund (October 31, 2014)								✓				
Retirement Programs (January 16, 2015)		✓		✓					✓			
Parking Management Contract Oversight (February 13, 2015)							✓					
Building Permits Cash Collections Internal Controls (March 20, 2015)				✓								✓
Controls over Weapons and Other High Risk Inventory for Dallas Police Department's Quartermaster Unit (April 17, 2015)							✓					
Paving and Maintenance Program / Capital Program Streets and Thoroughfares (June 19, 2015)											✓	
Civilian Timekeeping Internal Controls and Processes (August 14, 2015)			✓									
Internal Controls for Request for Proposal Procurements (August 14, 2015)	✓											

**Fiscal Year 2015 Audit Follow-Up of Prior Audit Recommendations  
for Fiscal Years 2012, 2014, and 2015**

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**Table III**

**Summary of Recommendation Implementation Status by Department**

<b>Department</b>	<b>Results</b>
Business Development and Procurement Services	<ul style="list-style-type: none"> <li>• Implemented one of one recommendation, or <b>100 percent</b>, reported in the <i>Audit of the Department of Business Development and Procurement Services' Internal Controls for Request for Proposal Procurements</i></li> <li>• Did not implement one of one recommendation, or <b>zero percent</b>, reported in the <i>Audit of Software License Compliance</i></li> </ul>
City Controller's Office	<ul style="list-style-type: none"> <li>• Implemented one of one recommendation, or <b>100 percent</b>, reported in the <i>Audit of City of Dallas' Compliance with the Texas Prompt Payment Act</i></li> </ul>
City Controller's Office / Human Resources	<ul style="list-style-type: none"> <li>• Implemented one of two recommendations, or <b>50 percent</b>, reported in the <i>Audit of Payroll Processes related to City of Dallas' Retirement Programs</i></li> </ul>
City Manager's Office	<ul style="list-style-type: none"> <li>• Implemented four of four recommendations, or <b>100 percent</b>, reported in the <i>Audit of City of Dallas' Civilian Timekeeping and Internal Controls and Processes</i></li> <li>• Implemented zero of six recommendations, or <b>zero percent</b>, reported in the <i>Audit of City's Ethics Program</i></li> <li>• Did not implement either of the two recommendations, or <b>zero percent</b>, reported in the <i>Audit of Software License Compliance</i></li> </ul>
Communication and Information Services	<ul style="list-style-type: none"> <li>• Implemented two of two recommendations, or <b>100 percent</b>, reported in the <i>Audit of Building Permits Cash Collections Internal Controls</i></li> <li>• Implemented three of three recommendations, or <b>100 percent</b>, reported in the <i>Audit of City of Dallas' Self-Insured Medical Program</i></li> <li>• Implemented two of three recommendations, or <b>67 percent</b>, reported in the <i>Audit of Payroll Processes related to City of Dallas' Retirement Programs</i></li> <li>• Implemented zero of three recommendations, or <b>zero percent</b>, reported in the <i>Audit of Software License Compliance</i></li> </ul>
Convention and Event Services	<ul style="list-style-type: none"> <li>• Implemented zero of seven recommendations, or <b>zero percent</b>, reported in the <i>Audit of Controls over Department of Convention and Event Services' Cash Receipts and Collections</i></li> </ul>

**Fiscal Year 2015 Audit Follow-Up of Prior Audit Recommendations  
for Fiscal Years 2012, 2014, and 2015**

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Department	Results
Dallas Police Department	<ul style="list-style-type: none"> <li>Implemented three of 17 recommendations, or <b>18 percent</b>, reported in the <i>Audit of Controls over Weapons and Other High Risk Inventory for Dallas Police Department's Quartermaster Unit</i></li> <li>Did not implement one of one recommendation, or <b>zero percent</b>, reported in the <i>Audit of Parking Management Contract Oversight</i></li> </ul>
Economic Development	<ul style="list-style-type: none"> <li>Implemented three of six recommendations, or <b>50 percent</b>, reported in the <i>Audit of South Dallas Fair Park Trust Fund</i></li> </ul>
Office of Ethics and Compliance	<ul style="list-style-type: none"> <li>Implemented one of two recommendations, or <b>50 percent</b>, reported in the <i>Audit of City of Dallas' Self-Insured Medical Program</i></li> </ul>
Office of Cultural Affairs	<ul style="list-style-type: none"> <li>Implemented one of one recommendations, or <b>100 percent</b>, reported in the <i>Audit of Arts and Cultural Program Funding</i><sup>3</sup></li> </ul>
Mobility and Street Services	<ul style="list-style-type: none"> <li>Implemented one of four recommendations, or <b>25 percent</b>, reported in the <i>Audit of the Paving and Maintenance Program / Capital Program Streets and Thoroughfares</i></li> </ul>
Sustainable Development and Construction	<ul style="list-style-type: none"> <li>Implemented seven of 11 recommendations, or <b>64 percent</b>, reported in the <i>Audit of Building Permits Cash Collections Internal Controls</i></li> </ul>

**Note:** Percentages rounded

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<sup>3</sup> The Office of Cultural Affairs (OCA) manages the Cultural Organizations Program and the Cultural Projects Program on a two-year grant cycle. The OCA implemented the recommendations in the second quarter of Fiscal Year 2016 which was the second year of the grant cycle. Therefore, the process was not complete to allow the auditors to test the full two-year grant cycle. As a result, to evaluate the recommendations implementation status, the auditor's evaluation was limited to an internal controls design assessment.

A12-006: AUDIT OF CITY'S ETHICS PROGRAM (City Manager's Office) February 17, 2012													
Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
Without an effective ethics and compliance program, the City of Dallas (City) cannot readily demonstrate a culture of integrity where management and employees: (1) do not compromise standards; (2) recognize and report unethical activities; and, (3) do not retaliate against whistleblowers.	Expand the Ethics Advisory Commission's (EAC) jurisdiction, which appears to be granted by the <i>Code of Ethics</i> and is limited to reviewing and issuing formal opinions on the <i>Code of Ethics</i> violations only.	Agree	September 30, 2013	Not applicable			✓		✓			✓	<p><b>Condition:</b> The jurisdiction of the EAC has not expanded beyond reviewing and issuing formal opinions on <i>Code of Ethics</i> violations.</p> <p><b>Effect:</b> The City may not exercise effective ethics oversight, assign responsibilities, and delegate day-to-day operations for ethics and compliance.</p> <p><b>NOTE:</b> Management reported the recommendation "Implementation Results" as Not Applicable because the responsibility for proposing changes to the <i>Code of Ethics</i> was subsequently assigned to the Chair of the EAC. The EAC's recommendations for <i>Code of Ethics</i> changes were not complete as of the Office of the City Auditor's (Office) cut-off date. Cut-off date means that the audit recommendations status was evaluated as of March 31, 2016 and any additional work performed by the City Manager's Office after that date was not considered in the Office's evaluation.</p>

**I = Implemented**  
**NI = Not Implemented**  
**NA = Not Applicable**  
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**A12-006: AUDIT OF CITY'S ETHICS PROGRAM**  
**(City Manager's Office)**  
**February 17, 2012**

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
Without an effective ethics and compliance program, the City cannot readily demonstrate a culture of integrity where management and employees: (1) do not compromise standards; (2) recognize and report unethical activities; and, (3) do not retaliate against whistleblowers.	Enforce Ethical Standards through a formal venue to recognize good ethical behavior.	Agree	September 30, 2013	Not applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".
Without an effective ethics and compliance program, the City cannot readily demonstrate a culture of integrity where management and employees: (1) do not compromise standards; (2) recognize and report unethical activities; and, (3) do not retaliate against whistleblowers.	Establish and develop a process to avoid repeated incidents of known ethical misconduct.	Agree	September 30, 2013	Not applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".
Without an effective ethics and compliance program, the City cannot readily demonstrate a culture of integrity where management and employees: (1) do not compromise standards; (2) recognize and report unethical activities; and, (3) do not retaliate against whistleblowers.	Establish and develop a process to revise Ethical Standards to incorporate prevention or repeated incidents.	Agree	September 30, 2013	Not applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".

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**A12-006: AUDIT OF CITY'S ETHICS PROGRAM**  
**(City Manager's Office)**  
**February 17, 2012**

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
Without an effective ethics and compliance program, the City cannot readily demonstrate a culture of integrity where management and employees: (1) do not compromise standards; (2) recognize and report unethical activities; and, (3) do not retaliate against whistleblowers.	Establish and develop a process to report on ethical violations and keep City management, City Council, and other committees, apprised of potential repeated incidents.	Agree	September 30, 2013	Not applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".
Without an effective ethics and compliance program, the City cannot readily demonstrate a culture of integrity where management and employees: (1) do not compromise standards; (2) recognize and report unethical activities; and, (3) do not retaliate against whistleblowers.	Establish and develop a process to self-report for known violations.	Agree	September 30, 2013	Not applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".

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A14-001: AUDIT OF THE CITY OF DALLAS' COMPLIANCE WITH THE TEXAS PROMPT PAYMENT ACT (City Controller's Office) November 1, 2013													
Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The City of Dallas cannot easily determine: 1) when vendor payments are not processed in accordance with the Prompt Payment Act; 2) if interest amounts are owed to vendors; and, (3) if valid exceptions to the Prompt Payment Act exist.	Implement a formal method to monitor compliance with the Prompt Payment Act.	Agree	October 31, 2015	February 12, 2016	✓			✓			✓		

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**A14-005: AUDIT OF CITY OF DALLAS' SELF INSURED MEDICAL PROGRAM**  
 (Department of Communication and Information Services and Office of Ethics and Compliance)  
 February 14, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The City of Dallas (City) cannot ensure that Protected Health Information (PHI) is properly protected as required by law.	Develop procedures to ensure compliance with the <i>City's Policies and Procedures for the Health Insurance Portability and Accountability Act (HIPAA) Compliance</i> , including the Health Information Technology for Economic and Clinical Health Act (HITECH) security standards.	Agree	September 30, 2015	January 31, 2016	✓			✓			✓		
The City cannot ensure that PHI is properly protected as required by law.	Implement ongoing monitoring activities to ensure compliance with the newly developed procedures.	Agree	September 30, 2015	March 31, 2016	✓			✓			✓		
The City cannot ensure that PHI is properly protected as required by law.	Perform HIPAA security risk assessments and ongoing security audits.	Agree	September 30, 2015	December 31, 2014	✓			✓			✓		
The City cannot ensure that PHI is properly protected as required by law.	Conduct ongoing compliance monitoring activities.	Agree	September 30, 2015	January 29, 2015	✓				✓			✓	<p><b>Condition:</b> The City has initiated ongoing compliance monitoring activities for PHI. The City developed compliance monitoring procedures and forms to document monitoring activities; however, the procedures were not signed to indicate approval and the monitoring activities were not completely and accurately documented on the forms.</p> <p><b>Effect:</b> The City cannot ensure that PHI is properly protected as required by law.</p>

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**A14-005: AUDIT OF CITY OF DALLAS' SELF INSURED MEDICAL PROGRAM**  
 (Department of Communication and Information Services and Office of Ethics and Compliance)  
 February 14, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The City cannot ensure that PHI is properly protected as required by law.	Review all system-related information security plans to ensure alignment between security and privacy practices.	Agree	September 30, 2015	November 24, 2014	✓			✓			✓		

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A14-006: AUDIT OF ARTS AND CULTURAL PROGRAM FUNDING (Office of Cultural Affairs) February 21, 2014													
Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
There is an increased risk the Office of Cultural Affairs (OCA) could make errors that influence funding decisions that would not be detected during the normal funding processing.	Segregate funding process responsibilities and / or implement some form of supervisory review.	Agree	September 30, 2015	12/23/2015*	✓			✓			✓		

\* The OCA manages the Cultural Organizations Program and the Cultural Projects Program on a two-year grant cycle. The OCA implemented the recommendations in the second quarter of Fiscal Year 2016 which was the second year of the grant cycle. Therefore, the process was not complete to allow the auditors to test the full two-year grant cycle. As a result, to evaluate the recommendations implementation status, the auditor's evaluation was limited to an internal controls design assessment.

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**A14-010: AUDIT OF SOFTWARE LICENSE COMPLIANCE**

(City Manager's Office, Department of Communication and Information Services, and Department of Business Development and Procurement Services)

April 11, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The City of Dallas (City) cannot readily determine software license compliance and could pay additional fees for violations of software licensing agreements or incur unnecessary costs for purchased, but unused licenses.	Continue to develop and maintain an inventory of software and related software licenses in the two categories that the Director of the Department of Communication and Information Services (CIS) knows of and has control over managing daily and / or manages for departments with their approval.	Agree	September 30, 2015	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".
The City cannot readily determine software license compliance and could pay additional fees for violations of software licensing agreements or incur unnecessary costs for purchased, but unused licenses.	Develop a formal software license compliance program for the two software categories for which software license management is not clearly understood.	Agree	September 30, 2015	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".
The City departments may not fully comply with the Administrative Directives (AD) and may purchase unnecessary software licenses and / or violate software licensing agreements.	Ensure City departments comply with AD 2-26, <i>Use of City Microcomputer Equipment and Software</i> (AD 2-26), and perform annual software inventories of software licenses.	Agree	September 30, 2015	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".

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**A14-010: AUDIT OF SOFTWARE LICENSE COMPLIANCE**  
 (City Manager's Office, Department of Communication and Information Services, and Department of Business Development and Procurement Services)  
 April 11, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The City departments may not fully comply with the ADs and may purchase unnecessary software licenses and / or violate software licensing agreements.	Update AD 2-26 to clarify what the departments, including CIS, should do with the annual software inventories and specify a method to periodically evaluate software licensing activities using the software inventories.	Agree	September 30, 2015	Not Applicable		✓					✓		No auditor comments due to management's self-reporting the recommendation as "not implemented".
The City departments may not fully comply with the ADs and may purchase unnecessary software licenses and / or violate software licensing agreements.	Update AD 4-05, <i>Contracting Policy</i> , to clarify that high technology items procured through Administrative Actions also require consultation with CIS prior to procurement.	Agree	January 1, 2015	Not Applicable		✓					✓		No auditor comments due to management's self-reporting the recommendation as "not implemented".

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**A14-010: AUDIT OF SOFTWARE LICENSE COMPLIANCE**  
 (City Manager's Office, Department of Communication and Information Services, and Department of Business Development and Procurement Services)  
 April 11, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
City employees may not understand the software license policy sufficiently to consistently comply with and / or enforce the requirements to meet Federal obligations (United States Copyright Law) and software licensing agreements.	Ensure that software license policy is communicated periodically to City employees with formal acknowledgement that the employee has read and understood the policy.	Agree	September 30, 2015	March 31, 2016	✓			✓			✓		<p><b>Condition:</b> Although CIS has taken steps to increase awareness of the Software License Policy (Policy) through the City's Active Directory login screen banner statement and by running Active Directory user access reports, neither of these steps show the communication of the Policy is effective City-wide. The Active Directory login screen banner statement refers to: (1) AD 2-26 that was not current as of the cut-off date; (2) Title 18 of the United States Code and Personnel Rules that do not mention the Policy; and, (3) a user acknowledgement which may not be understood by end users. The CIS is currently working on developing a training program that may more effectively communicate the Policy.</p> <p><b>Effect:</b> City employees may not understand the Policy sufficiently to consistently comply with and / or enforce the requirements to meet United States Copyright Law and software licensing agreements.</p> <p><b>Note:</b> Cut-off date means that the audit recommendations status was evaluated as of March 31, 2016 and any additional work performed by CIS after that date was not considered in the Office's evaluation.</p>

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A15-001: AUDIT OF CONTROLS OVER DEPARTMENT OF CONVENTION AND EVENT SERVICES' CASH RECEIPTS AND COLLECTIONS (Department of Convention and Event Services) October 31, 2014													
Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The Department of Convention and Event Services' (CES) cannot ensure effective internal controls and that CES personnel are performing their duties consistently to reduce the risk of financial loss and Centerplate Contract (Contract) noncompliance.	Develop and implement formal documented policies and procedures for Contract monitoring that provide guidance to CES personnel on their Contract monitoring duties.	Agree	March 31,2015	February 29, 2016	✓			✓			✓		<p><b>Condition:</b> The Centerplate Contract Monitoring Standard Operating Procedure (SOP) demonstrates CES recommendation implementation progress; however, the SOP omitted important CES contract monitoring aspects and was not adequately implemented. The SOP requires CES to randomly select and review certain financial transactions (one catered event / one event that includes concessions). The SOP did not include guidance for monitoring whether or not these financial transactions followed established internal controls. The SOP's random selection sample size of two events is also not sufficient to produce a reliable internal control assessment. Had CES followed the SOP, the Fiscal Year (FY) 2016 internal control assessment would have been based upon an evaluation of one of 75 catered events, or one percent, and one of 66 events with concessions, or two percent, respectively.</p> <p><b>Effect:</b> Without complete SOPs and adequate implementation of SOP guidelines, CES cannot ensure Centerplate's internal controls are effective and that CES personnel are performing their duties consistently to reduce the risk of financial loss and Contract noncompliance.</p>

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**NM = Not Mitigated**

**A15-001: AUDIT OF CONTROLS OVER DEPARTMENT OF CONVENTION AND EVENT SERVICES' CASH RECEIPTS AND COLLECTIONS**  
 (Department of Convention and Event Services)  
 October 31, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The CES' reliance on contractor prepared documents without additional verification would not necessarily disclose contractors internal control weaknesses or Contract noncompliance.	Improve and document monitoring activities to assess Centerplate's internal control effectiveness and Contract compliance by periodically: (1) observing and reconciling financial transactions performed by Centerplate.	Agree	March 31,2015	July 31, 2015	✓				✓			✓	<p><b>Condition:</b> The CES hired an independent auditor to perform an agreed-upon procedures attestation engagement to assess Centerplate's internal control effectiveness and Contract compliance. The agreed-upon procedures performed, however, were not adequate to demonstrate recommendation implementation. Specifically, the procedures did not include observations of Centerplate's operational activities to verify established internal controls were followed. The financial transactions that were tested occurred during FY 2014 rather than after the audit completion date in FY 2015. In addition, no additional independent attestation / audit engagements were performed.</p> <p><b>Effect:</b> Without CES' and / or independent observations that Centerplate's operational activities follow established internal controls there is an increased risk: (1) Centerplate's internal controls are not functioning as intended; and / or, (2) Contract noncompliance.</p>

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**A15-001: AUDIT OF CONTROLS OVER DEPARTMENT OF CONVENTION AND EVENT SERVICES' CASH RECEIPTS AND COLLECTIONS**  
 (Department of Convention and Event Services)  
 October 31, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The CES' reliance on contractor prepared documents without additional verification would not necessarily disclose contractors internal control weaknesses or Contract noncompliance.	Improve and document monitoring activities to assess Centerplate's internal control effectiveness and Contract compliance by periodically: (2) validating expenses claimed as allowable.	Agree	March 31,2015	July 31, 2015	✓				✓				<p><b>Condition:</b> The CES does not validate expenses claimed by Centerplate for reimbursement to ensure the expenses were actually incurred for activities related to CES. The CES does confirm the expense categories, such as overhead expenses, are allowable per the Contract. The CES believed that the agreed-upon procedures which tested FY 2014 financial transactions would suffice to demonstrate recommendation implementation. As previously noted, the agreed-upon procedures were not adequate.</p> <p><b>Effect:</b> Without confirmation that the expenses claimed by Centerplate for reimbursement are valid, there is an increased risk of Contract noncompliance resulting in the City of Dallas (City) paying for invalid expenses.</p>

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**A15-001: AUDIT OF CONTROLS OVER DEPARTMENT OF CONVENTION AND EVENT SERVICES' CASH RECEIPTS AND COLLECTIONS**  
 (Department of Convention and Event Services)  
 October 31, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The CES' reliance on contractor prepared documents without additional verification would not necessarily disclose contractors internal control weaknesses or Contract noncompliance.	Improve and document monitoring activities to assess Centerplate's internal control effectiveness and Contract compliance by periodically: (3) validating compliance with Section XXII, Payments in the Request for Competitive Sealed Proposal (RFCSP).	Agree	March 31,2015	March 31, 2015	✓				✓			✓	<p><b>Condition:</b> According to CES personnel, they are currently performing reconciling activities; however, these reconciling activities are not documented sufficiently. For example, CES' validation of the accuracy of weekly revenue remitted by Centerplate to the City is not documented.</p> <p>In addition, CES believed that the agreed-upon procedures which tested FY 2014 financial transactions would suffice to demonstrate recommendation implementation. As previously noted, the agreed-upon procedures were not adequate.</p> <p><b>Effect:</b> Without sufficient documentation, CES cannot demonstrate the validation of the accuracy of weekly revenue remitted to the City.</p>

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**A15-001: AUDIT OF CONTROLS OVER DEPARTMENT OF CONVENTION AND EVENT SERVICES' CASH RECEIPTS AND COLLECTIONS**  
 (Department of Convention and Event Services)  
 October 31, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The CES' reliance on contractor prepared documents without additional verification would not necessarily disclose contractors internal control weaknesses or Contract noncompliance.	Improve and document monitoring activities to assess Centerplate's internal control effectiveness and Contract compliance by periodically: (4) validating the accuracy and completeness of food and beverage revenue and allowable expenses by requiring Centerplate to periodically submit independent financial or performance audits as authorized by the Contract.	Agree	March 31,2015	July 31, 2015	✓				✓			✓	<p><b>Condition:</b> The CES does not validate the accuracy and completeness of food and beverage revenue and allowable expenses by requiring Centerplate to periodically submit independent financial or performance audits for the Kay Bailey Hutchinson Convention Center Dallas (KBHCCD) as authorized by the Contract. Instead, CES relied on agreed-upon procedures which tested FY 2014 financial transactions. As previously noted, the agreed-upon procedures were not adequate.</p> <p><b>Effect:</b> Without validation of the accuracy and completeness of food and beverage revenue and allowable expenses, CES cannot ensure whether the City receives appropriate revenue from the Contract.</p>

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**A15-001: AUDIT OF CONTROLS OVER DEPARTMENT OF CONVENTION AND EVENT SERVICES' CASH RECEIPTS AND COLLECTIONS**  
 (Department of Convention and Event Services)  
 October 31, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The City is at risk for financial losses on Contract revenue deposited into Centerplate's corporate bank account in the event of a Centerplate bankruptcy and is foregoing potential interest earnings.	Monitor to ensure that Centerplate complies with Contract terms by depositing amounts equal to all checks and credit card charges net of any sales or alcoholic beverage taxes into a City bank account on a weekly basis.	Agree	March 31,2015	March 31, 2015	✓				✓			✓	<p><b>Condition:</b> The CES does not monitor to ensure that Centerplate complies with Contract terms by depositing amounts equal to all checks and credit card charges net of any sales or alcoholic beverage taxes into a City bank account on a weekly basis. Four out of six weeks tested, or 67 percent, showed that Centerplate took more than seven days to remit payment to the City. According to Centerplate, it takes an average of five business days from the end of the sales week to remit wire payments to the City due to Centerplate's corporate review and wire transfer approval process. The CES believed that the agreed-upon procedures which tested FY 2014 financial transactions would suffice to demonstrate recommendation implementation. As previously noted, the agreed-upon procedures were not adequate.</p> <p><b>Effect:</b> The City is at risk for financial losses on Contract revenue deposited into Centerplate's corporate bank account in the event of a Centerplate bankruptcy and is foregoing potential interest earnings.</p>

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**A15-001: AUDIT OF CONTROLS OVER DEPARTMENT OF CONVENTION AND EVENT SERVICES' CASH RECEIPTS AND COLLECTIONS**  
 (Department of Convention and Event Services)  
 October 31, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
Operating without a formally executed contract increases the City's risk for Contract noncompliance.	Implement effective contract administration procedures to ensure contracts are timely renewed, properly executed, and in accordance with AD 4-05, <i>Contracting Policy</i> .	Agree	March 31,2015	October 31, 2015	✓				✓			✓	<p><b>Condition:</b> The CES developed the "KBHCCD Contract Management Policies and Procedures" (KBHCCD P&amp;P); however, the KBHCCD P&amp;P for <i>Contract Renewals and Determining New Procurement Efforts</i> section is not clear. Currently, the KBHCCD P&amp;P states "<i>renewal discussions should be considered at least 6 months prior to the contract termination date when possible.</i>" Therefore, it is not clear who is responsible for this process and whether the process is a requirement.</p> <p><b>Effect:</b> Without the clear KBHCCD P&amp;P, CES personnel may not consistently follow the <i>Contract Renewals and Determining New Procurement Efforts</i> section.</p>

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A15-002: AUDIT OF SOUTH DALLAS FAIR PARK TRUST FUND (Department of Economic Development) October 31, 2014													
Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
Without outcome measures, the City of Dallas (City) cannot readily assess the impact of the South Dallas Fair Park Trust Fund's (Trust Fund) grants and loans or determine whether other initiatives would better assist the South Dallas Fair Park community.	Develop outcome performance measures which address whether the Trust Fund grants and loans facilitate new or sustained economic and community development in the South Dallas Fair Park community and whether continuous public support of the same grant recipients is achieving the desired results.	Agree	January 31, 2015	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".

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**A15-002: AUDIT OF SOUTH DALLAS FAIR PARK TRUST FUND**  
 (Department of Economic Development)  
 October 31, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016							
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments	
					I	NI	NA	I	NI	NA	M	NM		
Grant funds were awarded to ineligible grant applicants and loans may not be recoverable because pledged collateral was not insured.	Ensure that all required documentation is obtained and verified for accuracy and completeness prior to approval of grant and loan applications.	Agree	October 31, 2014	March 1, 2015	✓				✓			M	NM	<p><b>Condition:</b> The Department of Economic Development (ECO) did not ensure that all required documentation was obtained and verified for accuracy and completeness prior to grants approval. Specifically: (1) one of four selected Community-Based Non Profit Grants, or 25 percent, did not comply with grant fund matching rules; (2) the one Public Safety Grant selected, or 100 percent, did not have a completed Conflict of Interest Statement; (3) one of two selected Challenge Grants, or 50 percent, did not include a complete Conflict of Interest Statement or Budget form; and, (4) three of the seven grant applicant files, or 43 percent, had missing or inaccurate documentation. Therefore, the two-person review and signature requirement is not as effective as originally intended.</p> <p><b>Effect:</b> Grant funds may be awarded to ineligible grant applicants.</p>

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**A15-002: AUDIT OF SOUTH DALLAS FAIR PARK TRUST FUND**  
 (Department of Economic Development)  
 October 31, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
There is an increased risk that the Trust fund could: (1) award funds to grantees that may not currently retain their non-profit or 501(c)(3) status; (2) receive requests for reimbursements that are not reimbursable because grantees may not have received proper training; and, (3) operate inconsistently with its written procedures.	Identify third party solutions, including the Internal Revenue Services, to obtain timely verification on applicant's non-profit status.	Agree	October 31, 2014	March 1, 2015	✓			✓			✓		
There is an increased risk that the Trust fund could: (1) award funds to grantees that may not currently retain their non-profit or 501(c)(3) status; (2) receive requests for reimbursements that are not reimbursable because grantees may not have received proper training; and, (3) operate inconsistently with its written procedures.	Reassess the objective of the on-site notification letters and make the necessary procedural changes.	Agree	November 30, 2014	March 1, 2015	✓			✓			✓		

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**A15-002: AUDIT OF SOUTH DALLAS FAIR PARK TRUST FUND**  
 (Department of Economic Development)  
 October 31, 2014

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The Trust Fund is inconsistent when ensuring that all required documentation is obtained during the grant approval, reimbursement, and monitoring phases.	Ensure the Trust Fund Policies and Guidelines (Policies) and grant checklists are updated and consistently followed. For example, update the Grant Application / File Content Checklist to include separate sections to show which documents are: (1) required for all grants; (2) required for each specific grant (Challenge Grant, Public Safety Grant, and Community-Based Non Profit Grant); and (3) optional and obtained based on certain unique grant applicant situations.	Agree	November 30, 2015	March 1, 2015	✓				✓			✓	<p><b>Condition:</b> Although certain updates were made to the Policies and the grant checklists, the modifications were either not complete nor accurate. Specifically: (1) the grant finalization includes two documents that do not specify their applicability and they are not reflected in the individual grant checklist; and, (2) the grant checklists do not include a Third Party Matching Funds Commitment Letter for all grants, although the Policies require that all grants obtain some amount of matching funds.</p> <p><b>Effect:</b> The Trust Fund is inconsistent when ensuring that all required documentation is obtained during the grant approval, reimbursement, and monitoring phases.</p>
The Trust Fund is inconsistent when ensuring that all required documentation is obtained during the grant approval, reimbursement, and monitoring phases.	Ensure that the Trust Fund retains sufficient evidence to show reimbursement workshops were held for the approved grantees.	Agree	October 31, 2014	March 1, 2015	✓				✓			✓	

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**A15-004: AUDIT OF PAYROLL PROCESSES RELATED TO CITY OF DALLAS' RETIREMENT PROGRAMS**  
 (City Controller's Office, Department of Communication and Information Services, and Department of Human Resources)  
 January 16, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
Without appropriate specifications from a data interface design document, neither the City of Dallas (City) nor Employees' Retirement Fund of the City of Dallas (ERF) and the Dallas Police and Fire Pension System (DPFP) can ensure that the pension data sent by the City and received by ERF and DPFP is complete and accurate.	Develop a data interface design document, specific to ERF and DPFP, including validation and edits, ownership of interface processes, and responsibilities for error correction and communication methods.	Agree	September 30, 2015	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".
The pension data interface design does not include certain validation checks to ensure pension data is transferred completely and does not capture certain manual payroll adjustments to ensure the pension data is accurate. Inconsistency in validation and edit checks provide limited completeness assurance. Dollar amounts in the pension data do not always match the electronic funds transfer amounts.	Evaluate and document whether modifications to the current data interface design would improve pension data completeness and accuracy and increase efficiency.	Agree	September 30, 2015	11/2/2015		✓		✓				✓	

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**A15-004: AUDIT OF PAYROLL PROCESSES RELATED TO CITY OF DALLAS' RETIREMENT PROGRAMS**  
 (City Controller's Office, Department of Communication and Information Services, and Department of Human Resources)  
 January 16, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The pension data interface design does not include certain validation checks to ensure pension data is transferred completely and does not capture certain manual payroll adjustments to ensure the pension data is accurate. Inconsistency in validation and edit checks provide limited completeness assurance. Dollar amounts in the pension data do not always match the electronic funds transfer amounts.	Implement modifications resulting from the evaluation.	Agree	September 30, 2015	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".
Pension data can be obtained by other users with access to the File Transfer Protocol (FTP) server.	Grant access to the FTP server at an individual user level to ensure that only authorized personnel are accessing the folders and contents within.	Agree	September 30, 2015	September 30, 2015	✓			✓				✓	
Pension data can be obtained by other users with access to the FTP server.	Periodically review user access and permissions for the FTP server to ensure access is limited to appropriate users.	Agree	September 30, 2015	March 31, 2016	✓			✓				✓	

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**A15-005: AUDIT OF PARKING MANAGEMENT CONTRACT OVERSIGHT**  
 (Dallas Police Department)  
 February 13, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
Without formal contract monitoring policies and procedures, the Dallas Police Department (DPD) cannot ensure the third party vendor (ACS / Xerox) has effective internal controls and DPD personnel are performing their duties consistently to reduce the risk of financial loss and Parking Management Contract (Contract) noncompliance.	Develop and implement formal documented policies and procedures (P&P) for contract monitoring activities that provide guidance to DPD personnel on their Contract monitoring duties.	Agree	December 31, 2015	April 21, 2015	✓				✓				<p><b>Condition:</b> Although DPD developed Contract P&amp;P, they were incomplete and not developed timely.</p> <p><b>Effect:</b> Without complete formal contract monitoring P&amp;P, DPD cannot ensure the third party vendor (ACS / Xerox) has effective internal controls and DPD personnel are performing their duties consistently to reduce the risk of financial loss and Contract noncompliance.</p>

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A15-006: AUDIT OF BUILDING PERMITS CASH COLLECTIONS INTERNAL CONTROLS (Department of Communication and Information Services and Department of Sustainable Development and Construction) March 20, 2015													
Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
User access may be granted to: (1) unauthorized personnel; or, (2) personnel with incompatible job responsibilities, i.e. segregation of duties conflict. There is also an increased risk for unauthorized activity when inactive and privileged user accounts are not monitored regularly.	Properly control and monitor the iNovah cashiering software application user access to ensure: (1) personnel duties are properly segregated.	Agree	June 30, 2015	March 31, 2016	✓			✓				✓	<p><b>Condition:</b> The Department of Sustainable Development and Construction (SDC) did not effectively control and monitor the iNovah cashiering software application user access to ensure personnel duties are properly segregated. Specifically, SDC did not: (1) perform the October 2016 segregation of duties review timely as required by <i>SDC Cash Collection Procedures</i> -- according to SDC, the review relies on the Department of Communication and Information Services (CIS) to produce a report that was delayed due to CIS's competing priorities; and, (2) correct issues identified in the February and June 2016 reviews.</p> <p><b>Effect:</b> User access may be granted to unauthorized personnel or personnel with incompatible job responsibilities, i.e. segregation of duties conflict. There is also an increased risk for unauthorized activity when inactive and privileged user accounts are not monitored regularly.</p>

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**A15-006: AUDIT OF BUILDING PERMITS CASH COLLECTIONS INTERNAL CONTROLS**  
 (Department of Communication and Information Services and Department of Sustainable Development and Construction)  
 March 20, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
User access may be granted to: (1) unauthorized personnel; or, (2) personnel with incompatible job responsibilities, i.e. segregation of duties conflict. There is also an increased risk for unauthorized activity when inactive and privileged user accounts are not monitored regularly.	Properly control and monitor the iNovah cashiering software application user access to ensure: (2) access is granted only after verifying the request is valid and appropriately approved by authorized SDC personnel and is submitted on a Security Authorization Request (SAR) form.	Agree	June 30, 2015	March 31, 2016	✓			✓			✓		
User access may be granted to: (1) unauthorized personnel; or, (2) personnel with incompatible job responsibilities, i.e. segregation of duties conflict. There is also an increased risk for unauthorized activity when inactive and privileged user accounts are not monitored regularly.	Properly control and monitor the iNovah cashiering software application user access to ensure: (3) only active users have access.	Agree	June 30, 2015	March 31, 2016	✓			✓			✓		<b>Condition:</b> The SDC did not effectively control and monitor the iNovah cashiering software application user access to ensure only active users have access. Specifically, SDC did not: (1) perform the October 2016 active users access review timely as required by <i>SDC Cash Collection Procedures</i> -- according to SDC, the review relies on CIS to produce a report that was delayed due to CIS's competing priorities; and, (2) did not correct issues identified in the February and June 2016 reviews.  <b>Effect:</b> User access may be granted to unauthorized personnel or personnel with incompatible job responsibilities, i.e. segregation of duties conflict. There is also an increased risk for unauthorized activity when inactive and privileged user accounts are not monitored regularly.

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**A15-006: AUDIT OF BUILDING PERMITS CASH COLLECTIONS INTERNAL CONTROLS**  
 (Department of Communication and Information Services and Department of Sustainable Development and Construction)  
 March 20, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
User access may be granted to: (1) unauthorized personnel; or, (2) personnel with incompatible job responsibilities, i.e. segregation of duties conflict. There is also an increased risk for unauthorized activity when inactive and privileged user accounts are not monitored regularly.	Properly control and monitor the iNovah cashiering software application user access to ensure: (4) compliance with Administrative Directive (AD) 2-24, <i>Computer Security</i> , by monitoring privileged user accounts for unauthorized activity.	Agree	June 30, 2015	March 31, 2016	✓				✓				<p><b>Condition:</b> The SDC did not consistently monitor the iNovah cashiering software application privileged user accounts. Specifically, SDC completed the privileged user accounts reviews in February and June 2016; however, the October 2016 review was not completed timely in accordance with <i>SDC Cash Collection Procedures</i>. Per SDC, the quarterly review process relies on CIS to produce a report that was delayed due to CIS's competing priorities. Unlike the segregation of duties and active user reviews, the privileged user review does not rely on a report from CIS. Therefore, this review could have been completed.</p> <p><b>Effect:</b> User access may be granted to unauthorized personnel; or personnel with incompatible job responsibilities, i.e. segregation of duties conflict. There is also an increased risk for unauthorized activity when inactive and privileged user accounts are not monitored regularly.</p>

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**A15-006: AUDIT OF BUILDING PERMITS CASH COLLECTIONS INTERNAL CONTROLS**  
 (Department of Communication and Information Services and Department of Sustainable Development and Construction)  
 March 20, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
User access may be granted to: (1) unauthorized personnel; or, (2) personnel with incompatible job responsibilities, i.e. segregation of duties conflict. There is also an increased risk for unauthorized activity when inactive and privileged user accounts are not monitored regularly.	Comply with AD 2-24, <i>Computer Security</i> , and the CIS' Information Security Standard by: (1) ensuring that the SAR form is used prior to granting access.	Agree	June 30, 2015	September 1, 2015	✓			✓			✓		
User access may be granted to: (1) unauthorized personnel; or, (2) personnel with incompatible job responsibilities, i.e. segregation of duties conflict. There is also an increased risk for unauthorized activity when inactive and privileged user accounts are not monitored regularly.	Comply with AD 2-24, <i>Computer Security</i> , and CIS' Information Security Standard by: (2) identifying and implementing appropriate security strategy(ies) for iNovah to allow SDC to monitor application privileged user access.	Agree	June 30, 2015	October 1, 2015	✓			✓			✓		

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**A15-006: AUDIT OF BUILDING PERMITS CASH COLLECTIONS INTERNAL CONTROLS**  
 (Department of Communication and Information Services and Department of Sustainable Development and Construction)  
 March 20, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
Internal control effectiveness may be reduced when policies and procedures, which are intended to "reflect management's statement of what should be done and actions that implement a policy," <sup>1</sup> do not reflect actual SDC operations, supervisor job responsibilities, and have not been formalized and properly approved.  { <sup>1</sup> Source: Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control - Integrated Framework, 2013}	Review and update the cash collections policies and procedures.	Agree	June 30, 2015	March 31, 2016	✓			✓			✓		
Internal control effectiveness may be reduced when policies and procedures, which are intended to "reflect management's statement of what should be done and actions that implement a policy," <sup>1</sup> do not reflect actual SDC operations, supervisor job responsibilities, and have not been formalized and properly approved.  { <sup>1</sup> Source: Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control - Integrated Framework, 2013}	Obtain formal approval of the policies and procedures from the Treasurer or City Controller's Office (CCO) in accordance with AD 4-20, <i>Cash Handling and Cash Receipts</i> , Section 5.1.1.	Agree	June 30, 2015	March 31, 2016	✓			✓			✓		

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**A15-006: AUDIT OF BUILDING PERMITS CASH COLLECTIONS INTERNAL CONTROLS**  
 (Department of Communication and Information Services and Department of Sustainable Development and Construction)  
 March 20, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
That SDC cannot demonstrate cashiers and cashier supervisors are adequately trained to perform their assigned responsibilities, including back-up responsibilities.	Document the training curriculum for cashiers and cashier supervisors and retain evidence to show the dates training occurred and the personnel who attended training.	Agree	June 30, 2015	March 31, 2016	✓			✓			✓		
Without proper segregation of duties over the cash collections process, the Current Planning Division cannot determine: (1) whether transactions were recorded completely and accurately; and, (2) identify potential fraud.	Implement segregation of duties controls over the cash collections process for the Current Planning Division.	Agree	September 30, 2015	March 31, 2016	✓			✓			✓		

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**A15-006: AUDIT OF BUILDING PERMITS CASH COLLECTIONS INTERNAL CONTROLS**  
 (Department of Communication and Information Services and Department of Sustainable Development and Construction)  
 March 20, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
Cash collections may not be recorded completely and deposited timely. Additionally, missing cash collections may not be readily identified.	Implement proper internal controls for the Real Estate Division to ensure completeness and timeliness of cash collections.	Agree	September 30, 2015	March 31, 2016	✓				✓			✓	<p><b>Condition:</b> The SDC Real Estate Division does not ensure completeness and timeliness of cash collections. Specifically: (1) 20 of 271 payments, or seven percent, received from November 2015 to March 2016, were not completely documented to verify payments were deposited; and, (2) 97 of 237 payments, or approximately 41 percent, were deposited into the City of Dallas' (City) account later than seven business days. (NOTES: (a) The Office of the City Auditor (Office) was not able to verify 34 of 271, or 13 percent, payments due to inadequate documentation; and, (b) the Office defined a reasonable time period as seven business days between the initial check receipt date and the actual deposit date.)</p> <p><b>Effect:</b> Cash collections may not be recorded completely and deposited timely. Additionally, missing cash collections may not be readily identified.</p>
The Current Planning and Real Estate Divisions could perform cash collections and reconciliations that are not consistent with the City requirements.	Ensure the policies and procedures for the Current Planning and Real Estate Divisions are complete and include best practices for internal controls over cash collections and reconciliations.	Agree	June 30, 2015	March 31, 2016	✓				✓			✓	

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 (Department of Communication and Information Services and Department of Sustainable Development and Construction)  
 March 20, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The Current Planning and Real Estate Divisions could perform cash collections and reconciliations that are not consistent with City requirements.	Obtain formal approval of the Current Planning and Real Estate Divisions' policies and procedures from the Treasurer or CCO.	Agree	June 30, 2015	March 31, 2016	✓			✓			✓		

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A15-007: AUDIT OF CONTROLS OVER WEAPONS AND OTHER HIGH RISK INVENTORY FOR DALLAS POLICE DEPARTMENT'S QUARTERMASTER UNIT (Dallas Police Department) April 17, 2015													
Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
There is an increased risk of theft of high risk inventory items and missing documentation.	Improve the existing physical security issues discussed in Table I on page 6 of the audit report.	Agree	December 31, 2015	May 31, 2016	✓			✓					<p><b>Condition:</b> The Quartermaster Unit (Unit) rekeyed all doors and vaults and changed combination lock codes; however: (1) video surveillance cameras have not been installed in key locations; (2) video monitoring is not effective -- for example, video content was missing for 42 of 83 selected access events, or 51 percent; date and time stamps were missing; and, the reviewer did not sign off indicating review; and, (3) a key management process is ineffective -- for example, of 16 key inventory control cards, seven, or 44 percent, were missing signatures; six, or 38 percent, were incomplete; and, information for five, or 31 percent, did not match the key inventory log sheet.</p> <p><b>Effect:</b> An increased risk of theft of high risk inventory items and missing documentation still exists.</p>
There is an increased risk of theft of high risk inventory items and missing documentation.	Properly secure high risk inventory ordered by other Dallas Police Department (DPD) divisions and damaged items received / stored by the Unit.	Agree	October 31, 2015	Not Applicable		✓					✓		No auditor comments due to management's self-reporting the recommendation as "not implemented".

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**A15-007: AUDIT OF CONTROLS OVER WEAPONS AND OTHER HIGH RISK INVENTORY FOR DALLAS POLICE DEPARTMENT'S QUARTERMASTER UNIT**  
(Dallas Police Department)  
April 17, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
There is an increased risk that access is granted to more than the required personnel or to unauthorized personnel.	Establish and implement a formal process for granting, removing, and monitoring security badge access to the Unit's facility.	Agree	October 31, 2015	July 14, 2015	✓				✓			✓	<p><b>Condition:</b> The Unit did not establish and implement a formal process for granting, removing, and monitoring security badge access to the Unit's facility. Specifically, the Unit did not: (1) consistently maintain supporting e-mail documentation authorizing access for new hires and transferred employees; (2) timely deactivate security badge access cards for employees who are no longer with the Unit; and, (3) monitor that only authorized employees have access to the Unit. For example, a DPD employee, who is not in the Unit, had possession of two active security badge access cards for the Unit. Additionally, a DPD employee whose status was shown as temporary since 2014 could not be verified as a current City employee.</p> <p><b>Effect:</b> There is an increased risk that access is granted to more than the required personnel or to unauthorized personnel.</p>

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**A15-007: AUDIT OF CONTROLS OVER WEAPONS AND OTHER HIGH RISK INVENTORY FOR DALLAS POLICE DEPARTMENT'S QUARTERMASTER UNIT**  
(Dallas Police Department)  
April 17, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
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Without proper segregation of duties, the risk of errors and potential fraud is increased because one person is performing and reviewing all transactions in the process.	Evaluate and establish appropriate segregation of duties for all aspects of inventory management, including authorization, approval, receiving, and recording high risk inventory.	Agree	October 31, 2015	September 10, 2015	✓				✓			✓	<p><b>Condition:</b> The Unit established FleetFocusM5 (M5) user roles to support segregation of duties; however, the user roles were not used consistently to mitigate the segregation of duties' violations identified in the original audit. Also, the Unit did not establish proper segregation of duties for activities that occur outside of the M5 application.</p> <p><b>Effect:</b> The risk of errors and potential fraud is increased because one person is performing and reviewing all transactions in the process.</p>

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(Dallas Police Department)  
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Without effective software application security processes, including ongoing monitoring, the risk is increased that access is granted to or retained by unauthorized individuals, including former employees, who can intentionally or unintentionally read, add, delete, and modify sensitive data.	Establish and implement security processes for the granting of, removal of, and monitoring of user access to WEPI and M5 inventory software applications.	Agree	October 31, 2015	April 20, 2015	✓				✓			✓	<p><b>Condition:</b> The Unit did not effectively establish and implement software application security processes. Specifically, the Unit did not establish and implement a process to monitor users' access for the M5 application. Testing of the new hires and transfer employees showed: (1) Security Authorization Request forms were not complete and were missing role specifications; and, (2) an average delay of 17 days between notification and removal of users' access.</p> <p><b>Effect:</b> Access could be granted to or retained by unauthorized individuals, including former employees who can intentionally or unintentionally read, add, delete, and modify sensitive data.</p>
Without proper password security, the effectiveness of the M5 inventory software application in identifying and authenticating users and their assigned privileges is reduced.	Improve password security for M5 inventory software application.	Agree	December 31, 2015	August 12, 2015	✓				✓			✓	

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Because Excel spreadsheets (spreadsheet(s)) can be easily changed, not implementing spreadsheet controls could impact the information accuracy and completeness.	Implement spreadsheet controls, including passwords, which conform to password parameters for the Unit's spreadsheets.	Agree	June 30, 2015	June 15, 2015	✓				✓				<p><b>Condition:</b> The Unit did not implement effective spreadsheet controls. Although the Unit added version control and passwords to the high risk inventory spreadsheets, such as the Quartermaster Transaction Discrepancy Log (Log), the spreadsheets are stored on a public drive and the password can be bypassed. For example, spreadsheets can be opened as read-only and saved under another version for unauthorized changes.</p> <p><b>Effect:</b> Because spreadsheets can be easily changed, not implementing spreadsheet controls could impact the information accuracy and completeness.</p>

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Inventory management is inefficient, and there is an increased risk that high risk inventory is not accurately recorded and properly controlled. Additionally, DPD would not be able to readily detect fraud.	Follow established standard operating procedures (SOP) so that high risk inventory adjustments are accurately recorded, including: (1) loans; (2) lost and stolen; (3) warranty service requirements; and, (4) disposal of weapons and badges with required documentation.	Agree	October 31, 2015	December 31, 2015	✓				✓			✓	<p><b>Condition:</b> The Unit identified a method to track warranty service information for Tasers; however, implementation of the custom application, Asset Manager, was not complete to track inventory adjustments. The Unit relies on a combination of information including: (1) a spreadsheet of all raw inventory data from the mainframe WEPI; (2) the Unit personnel's knowledge of events that occurred; and, (3) log sheets that capture limited information about high risk inventory adjustments. Additionally, the Unit's SOP have not been updated to reflect the interim and / or future process and the control activities that support inventory adjustments.</p> <p><b>Effect:</b> Inventory management is still inefficient, and there is an increased risk that high risk inventory is not accurately recorded and properly controlled. Additionally, DPD would not be able to readily detect fraud.</p>

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Missing and / or incomplete transaction details, such as serial numbers, signatures, dates, and disposition, increase the risk that inventory control cards (primary records for high risk inventory) are unreliable and high risk inventory is not adequately controlled.	Follow established procedures so that inventory control cards are completed fully and accurately until all high risk inventory can be transferred to M5	Agree	December 31, 2015	July 27, 2015	✓				✓			✓	<p><b>Condition:</b> The Log, a monitoring control, designed to capture discrepancies in documentation errors of inventory control cards, is incomplete. The Log does not include key information, such as an officer's name and badge number, serial number of the inventory item, and the specific document in which the discrepancy was identified and the corrective action plan taken to resolve the error.</p> <p><b>Effect:</b> Missing and / or incomplete documentation, such as serial numbers, signatures, dates, and disposition, increase the risk that inventory control cards are unreliable and high risk inventory is not adequately controlled.</p>
Procedures may not reflect actual operations or current roles and responsibilities, thereby reducing the effectiveness of internal controls.	Review, update, and approve high risk inventory management procedures to reflect actual operations and activities.	Agree	October 31, 2015	October 28, 2015	✓				✓			✓	<p><b>Condition:</b> The Unit updated high risk inventory management procedures; however, the SOPs have not been formally approved and authorized by an executive level of management and do not reflect actual practices.</p> <p><b>Effect:</b> Procedures may not reflect actual operations or current roles and responsibilities, thereby reducing the effectiveness of internal controls.</p>

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Procedures may not reflect actual operations or current roles and responsibilities, thereby reducing the effectiveness of internal controls.	Periodically review the high risk inventory procedures, in accordance with DPD policies and / or as changes occur in operations so that the documented procedures continue to reflect actual operations.	Agree	October 31, 2015	February 19, 2016	✓				✓			✓	<p><b>Condition:</b> The Unit performed a review of the SOPs as part of the City of Dallas' (City) Annual Internal Control Self-Assessment; however, the Unit did not comply with the policy in SOP Section 201, <i>Responsibilities &amp; Duties</i>, to make updates to the SOPs as changes occurred. For example, between October 2015 and March 2016, the Unit modified internal processes and a significant portion of the modifications were not reflected in the SOPs. In addition, staff were not provided copies of the revised SOPs immediately upon completion. These SOPs were also not approved and authorized by management.</p> <p><b>Effect:</b> The SOPs may not reflect actual operations or current roles and responsibilities, thereby reducing the effectiveness of internal controls.</p>

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There is an increased risk that high risk inventory items are not accurately recorded and properly controlled.	Follow established DPD's SOP so that received high risk inventory is recorded completely and timely	Agree	October 31, 2015	July 27, 2015	✓				✓			✓	<p><b>Condition:</b> The Unit implemented the Log to capture documentation discrepancies in the receiving process; however, the Unit did not adequately document discrepancies within the Log. Specifically, the Log does not include key information, such as officer's name and badge number, serial number of the inventory item, and the specific document in which the discrepancy was identified and the corrective action plan taken to resolve the error.</p> <p><b>Effect:</b> Missing and / or incomplete transaction details increase the risk that high risk inventory items are not accurately recorded and properly controlled.</p>

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					I	NI	NA	I	NI	NA	M	NM	
High risk inventory items may be improperly issued to unauthorized personnel.	Ensure Issue Request Forms are documented completely, accurately, and retained in the officers' personnel files for issuances and returns.	Agree	October 31, 2015	July 27, 2015	✓				✓			✓	<p><b>Condition:</b> The Unit did not effectively ensure Issue Request Forms are documented completely or accurately for issuances and returns. Specifically: (1) three of 27 Issue Request Forms, or 11 percent, had incorrect dates; (2) one of 27 Issue Request Forms, or four percent, was missing a required signature; and, (3) four of four errors, or 100 percent, found on the Issue Request Forms were not documented on the Log. As previously noted on page 42 of 54, this Log is not effective.</p> <p><b>Effect:</b> Missing and / or incomplete transaction details increase the risk that high risk inventory items may be improperly issued to unauthorized personnel.</p>
High risk inventory items may be improperly issued to unauthorized personnel.	Obtain prior approval for new recruits and reissuances and retain the approvals in the officers' personnel files.	Agree	October 31, 2015	September 21, 2015	✓				✓			✓	<p><b>Condition:</b> The process for reissuance of high risk inventory items could not be validated. As noted on page 41 of 54, the Unit has not yet completed its implementation of the custom application, Asset Manager, to track inventory adjustments.</p> <p><b>Effect:</b> High risk inventory items may be improperly issued to unauthorized personnel.</p>

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High risk inventory items may be improperly issued to unauthorized personnel.	Develop appropriate issuance quotas completely for all DPD officers (sworn and non-sworn) and integrate the quotas into the inventory software application.	Agree	October 31, 2015	July 21, 2015	✓			✓			✓		
High risk inventory items may be improperly issued to unauthorized personnel.	Complete radio user agreements for every issued radio.	Agree	October 31, 2015	July 16, 2015	✓			✓			✓		

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There is an increased risk that high risk inventory assigned to DPD personnel is not properly validated and actual high risk inventory on hand is misstated.	Comply with the City and departmental procedures and perform consistent monthly, annual, and change of command physical inventories, including the associated reconciliations.	Agree	October 31, 2015	January 22, 2016	✓				✓			✓	<p><b>Condition:</b> The Unit did not comply with the City and departmental procedures. Specifically, the Unit did not: (1) complete a 2016 annual physical inventory; (2) perform adequate 2016 monthly physical inventories and did not include all high risk inventory items and related reconciliation support -- when support was included, the support was identical to 2015 monthly inventories; (3) identify centralized inventory application to ensure that data is complete and accurate; and, (4) implement manual compensating and logical security controls which would have ensured that the inventory data is complete and accurate.</p> <p><b>Effect:</b> There is an increased risk that high risk inventory assigned to DPD personnel is not properly validated and actual high risk inventory on hand is misstated.</p>

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A15-008: AUDIT OF THE PAVING AND MAINTENANCE PROGRAM / CAPITAL PROGRAM STREETS AND THOROUGHFARES (Department of Mobility and Street Services) June 19, 2015													
Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
Without formal documented policies and procedures and trained back-up personnel, the Department of Mobility and Street Services (STS) cannot ensure management's plans, programs, and other directives are carried out consistently.	Develop formal policies and procedures for the annual maintenance project evaluation and selection process and the GEO project management system (GEO).	Agree	December 1, 2015	December 18, 2015	✓			✓			✓		<p><b>Condition:</b> Although STS implemented policies and procedures (P&amp;P) to address the annual maintenance project evaluation and selection process, GEO P&amp;P were not implemented by the Office of the City Auditor's (Office) March 31, 2016 cut-off date for consideration of audit recommendation implementation.</p> <p><b>Effect:</b> The STS cannot ensure management's plans, programs, and other directives are carried out consistently.</p> <p><b>NOTE:</b> Cut-off date means that the audit recommendations status was evaluated as of March 31, 2016 and any additional work performed by STS after that date was not considered in the Office's evaluation.</p>

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**A15-008: AUDIT OF THE PAVING AND MAINTENANCE PROGRAM / CAPITAL PROGRAM STREETS AND THOROUGHFARES**  
 (Department of Mobility and Street Services)  
 June 19, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
Without formal documented policies and procedures and trained back-up personnel, STS cannot ensure management's plans, programs, and other directives are carried out consistently.	Ensure back-up personnel are designated and trained for the annual maintenance project evaluation and selection process and the GEO.	Agree	October 1, 2015	February 16, 2016	✓			✓			✓		<p><b>Condition:</b> The STS does not have back-up personnel who are designated and trained for the GEO. The same employee is still responsible for all aspects of the administration of the GEO system used to develop the annual project listing. Also, the STS Street Repair Division (SRD) does not have formal documented policies and procedures for the administration and maintenance of the GEO system.</p> <p><b>Effect:</b> Without formal documented policies and procedures and trained back-up personnel, STS cannot ensure management's plans, programs, and other directives are carried out consistently.</p>

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**A15-008: AUDIT OF THE PAVING AND MAINTENANCE PROGRAM / CAPITAL PROGRAM STREETS AND THOROUGHFARES**  
 (Department of Mobility and Street Services)  
 June 19, 2015

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Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The risk that Street Repair Division (SRD) projects do not meet STS standards for construction is increased when projects are not inspected.	Update STS International Organization for Standardization (ISO) project inspection P&P to reflect current operations.	Agree	September 30, 2015	September 25, 2015	✓			✓			✓		<p><b>Condition:</b> Although STS updated ISO project inspection P&amp;P, these P&amp;P did not always reflect current operations. Specifically, STS's Internal Inspection Program procedures do not include the guidelines for the 95 percent completion inspection. Additionally, STS does not meet inspection requirements for projects completed by SRD personnel. For example, of 743 projects: (1) 118, or 16 percent, had no documentation of any inspection in the system; and, (2) 561, or 76 percent, had no documentation of the final (100 percent) inspection in the system, as required by the P&amp;P.</p> <p><b>Effect:</b> The risk that SRD projects do not meet STS standards for construction is increased.</p>
The STS cannot readily monitor that these inspections meet its stated ISO Internal Inspections Program procedures to ensure quality guidelines.	Develop a random inspection selection process that includes selection by service requests, service requests categories, and Service Maintenance Areas.	Agree	August 1, 2015	October 1, 2015	✓			✓			✓		

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**NA = Not Applicable**  
**M = Mitigated**  
**NM = Not Mitigated**

**A15-011: AUDIT OF CITY OF DALLAS' CIVILIAN TIMEKEEPING INTERNAL CONTROLS AND PROCESSES**

(City Manager's Office)

August 14, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The absence of adequate supervisory review and approval of timekeeping records increases the risk that time and attendance information is not complete, accurate, valid, and in compliance with applicable legal requirements. Because INFOR Lawson Human Resources Information System (Lawson) is configured to generate an employee paycheck whether or not bi-weekly time and attendance information is actually entered and / or approved, the risk is also increased that employees could continue to receive paychecks when they are not actually present and working.	Introduce compliance with timekeeping approval requirements as a performance evaluation measure for all City of Dallas (City) Department Directors.	Agree	December 31, 2015	November 19, 2015	✓			✓			✓		

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**A15-011: AUDIT OF CITY OF DALLAS' CIVILIAN TIMEKEEPING INTERNAL CONTROLS AND PROCESSES**  
 (City Manager's Office)  
 August 14, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016						
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The absence of adequate supervisory review and approval of timekeeping records increases the risk that time and attendance information is not complete, accurate, valid, and in compliance with applicable legal requirements. Because Lawson is configured to generate an employee paycheck whether or not bi-weekly time and attendance information is actually entered and / or approved, the risk is also increased that employees could continue to receive paychecks when they are not actually present and working.	Adjust paid leave balances of the four employees who did not report their absences in Fiscal Year 2013.	Agree	September 30, 2015	December 30, 2015	✓			✓			✓		

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**A15-011: AUDIT OF CITY OF DALLAS' CIVILIAN TIMEKEEPING INTERNAL CONTROLS AND PROCESSES**  
**(City Manager's Office)**  
**August 14, 2015**

Original Audit Report Information			Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016							
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
The absence of adequate supervisory review and approval of timekeeping records increases the risk that time and attendance information is not complete, accurate, valid, and in compliance with applicable legal requirements. Because Lawson is configured to generate an employee paycheck whether or not bi-weekly time and attendance information is actually entered and / or approved, the risk is also increased that employees could continue to receive paychecks when they are not actually present and working.	Determine whether or not similar adjustments are needed for other fiscal years.	Agree	September 30, 2015	December 30, 2015	✓			✓			✓		
There is a risk that some City employees may have been denied sick leave and / or vacation leave based on departmental procedures that are inconsistent with the City's Personnel Rules.	Revise the provisions of Personnel Rules Sections 34-22 (g) and 34-23 (h) to eliminate the requirements for specific time increments for sick leave and vacation usage by civilian employees.	Agree	October 31, 2015	September 22, 2015	✓			✓			✓		

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**A15-012: AUDIT OF THE DEPARTMENT OF BUSINESS DEVELOPMENT AND PROCUREMENT SERVICES' INTERNAL CONTROLS FOR REQUEST FOR PROPOSAL PROCUREMENTS**  
 (Department of Business Development and Procurement Services)  
 August 14, 2015

Original Audit Report Information				Management Self-Reported Status March 2016			Auditor Verification Results As of November 2016							
Risk Identified	Recommendation	Agree / Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Status		Qualifications/Comments	
					I	NI	NA	I	NI	NA	M	NM		
The Department of Business Development and Procurement Services (BDPS) lacks certain internal controls that could improve the effectiveness of the Request for Proposal (RFP) Process. As a result, the business community and the citizens of Dallas may lose confidence in the City of Dallas' (City) procurement process if it is performed without the internal controls used commonly in the procurement industry.	Improve the effectiveness of the RFP Process by considering the inclusion of Business Inclusion and Development (BID) evaluations for revenue collection services in excess of \$250,000.			October 5, 2015	✓			✓				✓		<b>Note:</b> The City's BID evaluations for revenue collection services in excess of \$250,000 were discussed in City Council meetings during Fiscal Year 2016. The BDPS personnel stated that the City Attorney had advised the City not to change the policy of excluding BID evaluations for revenue contracts without conducting a new Availability and Disparity study (study). The City Council did not direct BDPS to obtain a study or modify the current policy for BID evaluations. Without a study, the City cannot determine whether the identified risk is fully mitigated.

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