Memorandum

DATE: May 9, 2014

TO: Honorable Mayor and Members of the City Council

SUBJECT: Fiscal Year 2013 Audit Follow-Up of Prior Audit Recommendations
for Fiscal Years 2010 to 2012[1]

The City of Dallas (City) does not have adequate internal controls in place to ensure that audit recommendations (recommendations) are timely implemented and that identified financial, compliance, and operational risks are appropriately mitigated. The 38 percent implementation rate for the recommendations evaluated during the Fiscal Year (FY) 2013 follow-up audit was consistent with the two previous years' implementation rates of 35 percent (FY 2011) and 19 percent (FY 2012). As a result, the City is not adequately improving: (1) accountability through stronger financial controls; (2) compliance with laws and regulations; and, (3) service delivery by becoming more efficient and effective. Specifically, the City does not:

> ### Internal Controls
>
> "Internal controls are much more than a set of procedures we put in place to safeguard assets. **Rather, they are the cumulative sum of all the things we do as public servants to identify, monitor and manage risk in our organizations.** This comprehensive view of risk management is critical to ensure … citizens receive the level of public integrity, accountability and ethical behavior that they expect and deserve."
>
> **Source:** New York State Comptroller, Thomas P. DiNapoli

- Prioritize recommendations so that higher risk recommendations are implemented first

- Assign formal responsibility to individuals with the authority, such as Assistant City Managers, to ensure that each department has a process in place to:

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[1] We conducted this audit under the authority of the City Charter, Chapter IX, Section 3, and in accordance with the Fiscal Year (FY) 2013 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 objective of the audit was to evaluate whether, as of June 30, 2013, FY 2010 to FY 2012 prior recommendations were implemented. The audit scope was limited to the 93 recommendations which City departments' agreed to implement. Our methodology included requesting management of nine City departments to report on the implementation status of the 93 recommendations. We also conducted interviews, reviewed documentation, and performed other tests as deemed necessary.

- o Identify outstanding recommendations

- o Understand what actions are needed to achieve full implementation of outstanding recommendations

- o Timely implement outstanding recommendations

- o Track and report recommendation implementation progress

- Transfer responsibility and information regarding recommendations when personnel changes take place so that new personnel are aware of and accept responsibility for fully implementing recommendations in a timely manner

- Communicate with the Office of the City Auditor (Office) or request information from the Office as to what might constitute full implementation of recommendations so that efforts made by management mitigate the identified risks

This audit evaluated the recommendation implementation status of 93 recommendations which nine departments agreed to implement. These 93 recommendations were included in ten[2] audit reports issued during FY 2010 to FY 2012 (see Attachment II). A summary of the Office's evaluation results for the past three *Audit Follow-Up of Prior Audit Recommendations* reports is included in Table I below.

Table I

Implementation Status of Recommendations Agreed to by Management For Prior Audits Performed during FY 2011 to FY 2013

City Management	2011	2012	2013 *	Total
Agreed To Implement	97	58	93	248
Implemented – Per Audit	34	11	35	80
Percent Implemented – Per Audit	35	19	38	32

* At the request of City management, the FY 2010 to FY 2012 recommendations that originally included a list of bulleted items were individually numbered. As a result of this request, the number of recommendations increased. The original number of recommendations was 47.

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[2] Of the 93 recommendations, 52 were originally included in *Confidential Security Administration Limited Use Reports* issued to the Departments of Business Development and Procurement Services (BDPS), Communication and Information Services (CIS), and Aviation (AVI). Although the implementation status of 44 of these 52 recommendations is discussed in this report, the detailed recommendations have been omitted. Our decision to exclude this information is based on:

- Government Auditing Standards, December 2011 Revision, Sections 7.39 – 7.43 Reporting Confidential and Sensitive Information; and,

- Texas Government Code Section 552.139. EXCEPTION: GOVERNMENT INFORMATION RELATED TO SECURITY ISSUES FOR COMPUTERS.

The FY 2013 evaluation showed the risks identified in certain audit reports were fully or substantially mitigated through recommendation implementation as follows:

- **Vendor contractual performance requirements and service call tracking accuracy**

  Department of Business Development and Procurement Services (BDPS) implemented two of two recommendations, or 100 percent, reported in the *Audit of Controls over Leased Equipment*

- **Inventory and accounting for fuel purchases and deliveries**

  Department of Equipment and Building Services (EBS) implemented six of six recommendations, or 100 percent, reported in the *Audit of Department of Equipment and Building Services Fuel Management*

- **Contract monitoring**

  Department of Public Works (PBW) implemented two of two recommendations, or 100 percent, reported in the *Audit of Monitoring Controls over Capital Construction for Streets and Thoroughfares*

- **Airport safety and security**

  Department of Aviation (AVI) implemented 19 of 27[3] recommendations, or 70 percent, reported in the Public/Confidential *Audit of Selected Safety and Security Operations of the Department of Aviation*

The FY 2013 evaluation also showed that risks remain where recommendation implementation progress was not sufficient as follows:

- **Processing and paying improper overtime claims without detection**

  Dallas Police Department (DPD) did not implement three of three recommendations, or 100 percent, reported in the *Audit of Dallas Police Department Overtime for Uniform Personnel*

- **Paying higher personnel costs than necessary because absences due to unscheduled leave are covered by overtime rather than the less expensive alternative of hiring additional firefighters**

  Department of Dallas Fire-Rescue (DFR) did not implement five of seven recommendations, or 71 percent, reported in the *Audit of Department of Dallas Fire-Rescue Overtime for Uniform Personnel*

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[3] Recommendation implementation summary for the initial 28 total recommendations associated with these audits is as follows: One recommendation was no longer applicable; of the remaining 27 recommendations, AVI implemented 14 of 19; CIS implemented 3 of 6; and, the Department of Human Resources (HR) implemented 2 of 2.

"Dallas, the City that Works: Diverse, Vibrant, and Progressive."

- **Identifying and timely correcting fire risks within the City and losing inspection permit revenue**

  The DFR did not implement four of five recommendations, or 80 percent, reported in the *Audit of Department of Dallas Fire-Rescue Fire Inspections*

- **Protecting confidential information**

  The Department of Communication and Information Services (CIS) and BDPS did not implement 15 of 17 recommendations, or 88 percent, reported in the *Audit of Controls over Leased Equipment – Confidential Security Administration Limited Use Report*

- **Preventing unauthorized access to confidential files and data**

  The CIS did not implement one of two recommendations, or 50 percent, reported in the *Audit of Reduction in Force Employee Processing Controls*

Recommendation

We recommend the City Manager implement internal controls to ensure that recommendations are timely implemented and associated risks are appropriately mitigated.

Please see Attachment I for Management's Response to the report recommendation.

The Office will not conduct further audit follow-up for the recommendations that were not implemented, but will consider the risk in determining future audit coverage as part of the annual audit plan.
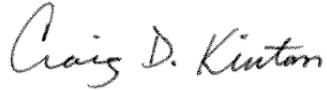
In addition to this report, the AVI[4] and EBS each received Management Letters that discuss opportunities to improve and/or sustain existing controls.

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[4] The Management Letter for AVI is a Confidential Security Administration Limited Use Management Letter based on:

- Government Auditing Standards, December 2011 Revision, Sections 7.39 – 7.43 Reporting Confidential and Sensitive Information; and,

- Texas Government Code Section 552.139. EXCEPTION: GOVERNMENT INFORMATION RELATED TO SECURITY ISSUES FOR COMPUTERS.

The Office would like to thank 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 Smith, First Assistant City Auditor, at 214-670-4517.

Sincerely,

Craig D. Kinton
City Auditor

Attachments

C: A. C. Gonzalez, City Manager
   Ryan S. Evans, Interim First Assistant City Manager
   Charles M. Cato, Interim Assistant City Manager
   Jill A. Jordan, P.E., Assistant City Manager
   Theresa O'Donnell, Interim Assistant City Manager
   Forest E. Turner, Assistant City Manager
   Joey Zapata, Assistant City Manager
   Jeanne Chipperfield - Chief Financial Officer
   Chief Louie Bright III – DFR
   Chief David Brown – DPD
   Mark Duebner, Director – AVI
   William Finch, Director – CIS
   Michael Frosch, Director – BDPS
   Rick Galceran, Director – PBW
   Molly Carroll, Director – HR
   Edward Scott, City Controller
   Errick Thompson, P.E., Director – EBS

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Attachment I

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Management's Response

Memorandum   RECEIVED

MAY 0 1 2014

City Auditor's
Office

CITY OF DALLAS

DATE: May 1, 2014

TO: Craig D. Kinton, City Auditor

SUBJECT: Response to Audit Report:
Fiscal Year 2013 Audit Follow-Up of Prior Audit Recommendations
for Fiscal Years 2010 to 2012

Our responses to the audit report recommendations are as follows:

Recommendation I

We recommend the City Manager implement internal controls to ensure that recommendations are timely implemented and associated risks are appropriately mitigated.

Management Response / Corrective Action Plan

Agree ☒   Disagree ☐

Although there has been some progress, we recognize that it has not been sufficient. We are mapping out a strategy to improve our efforts to implement recommendations in a timely manner. We plan to increase our internal control-related training efforts; as well as, communications with the City Auditor's Office. We intend to meet quarterly with the Auditor's Office staff to discuss the implementation status of the recommendations to help ensure that proposed actions are in-line with the Auditor's expectations. In addition to staff efforts, I would like to continue our on-going discussions of the status of prior recommendations so that the next evaluation shows a greater level of accomplishment.

Implementation Date
March, 2015

Responsible Manager
Internal Controls Program Manager

Sincerely,

A. C. Gonzalez
City Manager

c: Ryan Evans, Interim First Assistant City Manager   Charles Cato, Interim Assistant City Manager
Jill Jordan, Assistant City Manager   Theresa O'Donnell, Interim Assistant City Manager
Forest Turner, Assistant City Manager   Jeanne Chipperfield, Chief Financial Officer
Joey Zapata, Assistant City Manager   Renee Hayden, Internal Controls Program Manager

"Dallas: the City that Works: Diverse, Vibrant, and Progressive."

"Dallas, the City that Works: Diverse, Vibrant, and Progressive."

Attachment II

Summary of Audit Reports and Departments
Included in the Fiscal Year 2013 Prior Year Audit
Recommendation Implementation Assessment

This audit evaluated the implementation status of 93 recommendations which nine departments agreed to implement[5].   These 93 recommendations were included in ten audit reports issued during FY 2010 to FY 2012 as shown in Table II below.

Table II

Audit Report	Aviation	Business Development and Procurement Services	City Controller's Office	Communication and Information Services	Dallas Fire-Rescue	Dallas Police Department	Equipment and Building Services	Human Resources	Public Works
Reduction in Force Employee Processing Controls (June 25, 2010)				✔				✔	
Dallas Police Department Overtime for Uniform Personnel (September 17, 2010)						✔			
Department of Dallas Fire-Rescue Overtime for Uniform Personnel (November 11, 2011)			✔		✔			✔	
Department of Equipment and Building Services Fuel Management (January 20, 2012)							✔		
Department of Dallas Fire-Rescue Fire Inspections (February 10, 2012)				✔	✔				
Monitoring Controls Over Capital Construction for Streets and Thoroughfares (May 18, 2012)									✔
Controls Over Leased Equipment (June 8, 2012)		✔							
Controls Over Leased Equipment – Confidential Security Administration Limited Use Report (June 8, 2012)		✔		✔					
Selected Safety and Security Operations of the Department of Aviation (June 8, 2012)	✔								
Selected Safety and Security Operations of the Department of Aviation – Confidential Security Administration Limited Use Report (June 8, 2012)	✔			✔				✔	

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[5] Attachments III through X show more detail of the audit results for the recommendations tested.

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* Note: Auditor Verification Results will be blank if Management Self-Reported Status as "Not Implemented". See Status Legend in footer. [1]

	A10-013 AUDIT OF REDUCTION IN FORCE EMPLOYEE PROCESSING CONTROLS (Department of Communication and Information Services and Department of Human Resources) June 25, 2010										
Original Audit Report Information				**Management Self-Reported Status May 2013**				**Auditor Verification Results As of January 2014**			
Risk Identified	**Recommendation**	**Agree/ Disagree**	**Implementation Date**	**Implementation Date**	**Implementation Results** I　　NI　　NA			**Implementation Results*** I　　NI　　NA		**Risk Status** M　　NM	**Qualifications/Comments**
When computer access deactivation is not performed timely, unauthorized access to confidential files and data may occur and remain undetected	Develop a monitoring process to ensure transferring and terminating employee computer access is deactivated timely	Agree	September 30, 2010	December 2012 and May 2013	✔			✔		✔	**Condition:** The Department of Communication and Information Services (CIS) process for transfers is incomplete. The CIS developed a monitoring process for transfers so that basic employee access including network and e-mail and access to certain high risk applications, such as AMS and SAP, are properly identified and removed; however, the transfers process does not include monitoring for other key business process application, such as Computer Aided Dispatch (CAD), where potential Segregation of Duties (SOD) conflict may be introduced and unnoticed. **Effect:** As a result, transferring employees may have access to applications and systems for an indefinite period of time before access violations are identified and removed.
When computer access deactivation is not performed timely, unauthorized access to confidential files and data may occur and remain undetected	Ensure that Department of Human Resources' (HR) clarified policies, procedures, and forms include notifications to CIS for adding, deleting, and/or changing employee's computer access	Agree	September 30, 2010	January 1, 2013	✔			✔		✔	

[1] I =Implemented
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Fiscal Year 2013 Audit Follow-Up of Prior Audit Recommendations
for Fiscal Years 2010 to 2012

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A10-021 AUDIT OF DALLAS POLICE DEPARTMENT OVERTIME FOR UNIFORM PERSONNEL September 17, 2010											
Original Audit Report Information				**Management Self-Reported Status May 2013**				**Auditor Verification Results As of January 2014**			
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**	
Improper accrual of Municipal Court related overtime will not be prevented or detected by Dallas Police Department (DPD) management	Implement a paperless system that includes the proper controls for requesting, approving, and documenting all uniform overtime	Agree	No Date Provided	September 6, 2012	✔			✔			✔	**Condition:** Patrol and Traffic Divisions constitute the majority of officers incurring Municipal Court overtime by using a paper based system where overtime is requested, approved, and reported on paper cards. **Effect:** Manual overtime documentation processes that do not include proper internal controls increase the risk that improper overtime claims will be processed and paid without detection.
Improper accrual of Municipal Court related overtime will not be prevented or detected by DPD management	If implementing a paperless system is not immediately feasible, improve existing manual overtime procedures by providing overtime documentation training to DPD personnel, including DPD General Order overtime provisions, proper completion of overtime request cards, and proper entry of overtime into the timekeeping and payroll systems	Agree	No Date Provided	September 6, 2012	✔			✔			✔	**Condition:** The DPD did not provide overtime documentation training focused on correcting the identified issues during the original audit to all rank and file officers and sergeants in the Patrol and Traffic Divisions who constitute the majority of officers incurring Municipal Court overtime. **Effect:** Manual overtime documentation processes that do not include proper internal controls increase the risk that improper overtime claims will be processed and paid without detection.

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Fiscal Year 2013 Audit Follow-Up of Prior Audit Recommendations
for Fiscal Years 2010 to 2012

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A10-021 AUDIT OF DALLAS POLICE DEPARTMENT OVERTIME FOR UNIFORM PERSONNEL September 17, 2010												
Original Audit Report Information				Management Self-Reported Status May 2013				Auditor Verification Results As of January 2014				
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	
Improper accrual of Municipal Court related overtime will not be prevented or detected by DPD management	If implementing a paperless system is not immediately feasible, improve existing manual overtime procedures by periodically reviewing overtime claims to identify and correct data entry errors and improper overtime claims	Agree	No Date Provided	September 6, 2012	✔			✔				✔	**Condition:** The DPD supervisors and the Legal Unit do not compare officers' court overtime claims to Municipal Court records of subpoenas and swipe in/out officer attendance times to identify inappropriate overtime claims because: (1) DPD supervisors do not have access to the electronic records of officer attendance at the Municipal Court; (2) Print receipts documenting Court attendance have not been produced; and, (3) Legal Services does not perform audits to detect Municipal Court overtime abuse. **Effect:** Manual overtime documentation processes that do not include proper internal controls increase the risk that improper overtime claims will be processed and paid without detection.

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Fiscal Year 2013 Audit Follow-Up of Prior Audit Recommendations
for Fiscal Years 2010 to 2012

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A12-001 AUDIT OF DEPARTMENT OF DALLAS FIRE-RESCUE OVERTIME FOR UNIFORM PERSONNEL November 11, 2011												
Original Audit Report Information				Management Self-Reported Status May 2013				Auditor Verification Results As of January 2014				
Risk Identified	Recommendation	Agree/ Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Mitigation		Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM	
Higher personnel cost because absences due to unscheduled leave are covered by overtime rather than the less expensive alternative of hiring additional firefighters	Annually determine the optimal number of firefighters needed to maintain daily staffing without using overtime to cover attrition, scheduled, and unscheduled leave. The annual review should include the comparison of total cost of hiring additional firefighters, including the time it takes to recruit and fully train new firefighters, and the total cost of overtime.	Agree	April 30, 2011	October 1, 2011	✔			✔				✔	**Condition:** While DFR achieved a significant reduction in overtime by recruiting additional firefighters, DFR management did not perform the annual computation of the optimal number of firefighters needed to maintain daily staffing without overtime due to attrition, scheduled, and unscheduled leave and did not perform annual comparison of the total cost of hiring additional firefighters to the total cost of overtime. **Effect:** Higher than optimal DFR personnel costs.
Improper payroll payments not supported by timekeeping records will not be detected	Improve payroll processing controls and operational efficiencies of the DFR time and attendance system and the Lawson payroll process to ensure that payroll records are supported by time and attendance records	Agree	January 31, 2012	Existing	✔			✔				✔	**Condition:** The DFR timekeeping process does not ensure that all Lawson payroll records are supported by valid timekeeping records. **Effect:** Management is unable to easily identify improper payroll payments.

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A12-001 AUDIT OF DEPARTMENT OF DALLAS FIRE-RESCUE OVERTIME FOR UNIFORM PERSONNEL November 11, 2011											
Original Audit Report Information				Management Self-Reported Status May 2013				Auditor Verification Results As of January 2014			
Risk Identified	Recommendation	Agree/ Disagree	Implementation Date	Implementation Date	Implementation Results			Implementation Results			Risk Mitigation	Qualifications/Comments
					I	NI	NA	I	NI	NA	M	NM
Improper payroll payments not supported by timekeeping records will not be detected	Improve payroll processing controls and operational efficiencies of the DFR time and attendance system and the Lawson payroll process to ensure that payroll records are verified against time and attendance records to detect improper or incorrect payments	Agree	January 31, 2012	To Be Determined		✔						✔	
Improper payroll payments not supported by timekeeping records will not be detected	Improve payroll processing controls and operational efficiencies of the DFR time and attendance system and the Lawson payroll process to ensure that payroll corrections are approved and adequate support retained	Agree	January 31, 2012	Existing	✔			✔			✔		
Improper payroll payments not supported by timekeeping records will not be detected	Improve payroll processing controls and operational efficiencies of the DFR time and attendance system and the Lawson payroll process to ensure that manual adjustments are minimized	Agree	January 31, 2012			✔						✔	

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Fiscal Year 2013 Audit Follow-Up of Prior Audit Recommendations
for Fiscal Years 2010 to 2012

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A12-001 AUDIT OF DEPARTMENT OF DALLAS FIRE-RESCUE OVERTIME FOR UNIFORM PERSONNEL November 11, 2011												
Original Audit Report Information				**Management Self-Reported Status May 2013**				**Auditor Verification Results As of January 2014**				
Risk Identified	**Recommendation**	**Agree/ Disagree**	**Implementation Date**	**Implementation Date**	**Implementation Results**			**Implementation Results**			**Risk Mitigation**	**Qualifications/Comments**
					I	NI	NA	I	NI	NA	M	NM	
Improper payroll payments not supported by timekeeping records will not be detected	Require Fire Dispatch personnel to record and authorize Temporary Assignment Pay (TAP) pay in employees' timesheets	Agree	January 31, 2012	Early 2012	✔			✔				✔	**Condition:** While DFR documents approvals of TAP pay for all 48 Fire dispatchers, DFR does not document approvals of TAP pay for four staff officers at Communications Division. **Effect:** Management is unable to easily identify improper payroll payments.
Improper payroll payments not supported by timekeeping records will not be detected	Ensure that documents approving payroll corrections be retained and easily retrievable	Agree	Implemented	November 1, 2011	✔			✔			✔		

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Fiscal Year 2013 Audit Follow-Up of Prior Audit Recommendations
for Fiscal Years 2010 to 2012
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A12-004 AUDIT OF DEPARTMENT OF EQUIPMENT AND BUILDING SERVICES FUEL MANAGEMENT **January 20, 2012**												
Original Audit Report Information				**Management Self-Reported Status** **May 2013**				**Auditor Verification Results** **As of January 2014**				
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 may have accounting errors and fuel losses due to theft, storage tank leaks, and equipment malfunctions and may result in noncompliance with Texas Commission on Environmental Quality requirements	Implement a perpetual inventory system to maintain inventory records for Department of Equipment and Building Services' (EBS) fuel storage tanks and generate monthly reports needed for reconciliation purposes. These reports should include the beginning inventory, purchases, consumption, and ending inventory.	Agree	Software Implementation Completed November 30, 2012 Quarterly Reconciliation Begin by April 1, 2012 Monthly Physical Inventory March 31, 2012	Software Implementation Completed March 1, 2013 Quarterly Reconciliation implemented March 1, 2013 Monthly Physical Inventory implemented June 1, 2012	✔			✔			✔		
City may have accounting errors and fuel losses due to theft, storage tank leaks, and equipment malfunctions and may result in noncompliance with Texas Commission on Environmental Quality requirements	Perform monthly physical inventories of fuel storage tanks' contents	Agree	Software Implementation Completed November 30, 2012 Quarterly Reconciliation Begin by April 1, 2012 Monthly Physical Inventory March 31, 2012	Software Implementation Completed March 1, 2013 Quarterly Reconciliation Begin by March 1, 2013 Monthly Physical Inventory June 1, 2012	✔			✔			✔		

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Fiscal Year 2013 Audit Follow-Up of Prior Audit Recommendations
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A12-004 AUDIT OF DEPARTMENT OF EQUIPMENT AND BUILDING SERVICES FUEL MANAGEMENT January 20, 2012												
Original Audit Report Information				Management Self-Reported Status May 2013				Auditor Verification Results As of January 2014				
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 may have accounting errors and fuel losses due to theft, storage tank leaks, and equipment malfunctions and may result in noncompliance with Texas Commission on Environmental Quality requirements	Reconcile the monthly physical fuel inventories to the Fleet Focus M5 records	Agree	Software Implementation Completed November 30, 2012 Quarterly Reconciliation Begin by April 1, 2012 Monthly Physical Inventory March 31, 2012	Software Implementation Completed March 1, 2013 Quarterly Reconciliation Begin by March 1, 2013 Monthly Physical Inventory June 1, 2012	✔			✔			✔		
City may have accounting errors and fuel losses due to theft, storage tank leaks, and equipment malfunctions and may result in noncompliance with Texas Commission on Environmental Quality requirements	Determine the cause of any variances noted between the physical inventories and the recorded amounts and take appropriate corrective actions	Agree	Software Implementation Completed November 30, 2012 Quarterly Reconciliation Begin by April 1, 2012 Monthly Physical Inventory March 31, 2012	Software Implementation Completed March 1, 2013 Quarterly Reconciliation Begin by March 1, 2013 Monthly Physical Inventory June 1, 2012	✔			✔			✔		

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A12-004 AUDIT OF DEPARTMENT OF EQUIPMENT AND BUILDING SERVICES FUEL MANAGEMENT January 20, 2012													
Original Audit Report Information				Management Self-Reported Status May 2013				Auditor Verification Results As of January 2014					
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 may unknowingly pay for fuel that was not ordered or received	Implement a fuel order tracking system to maintain fuel order data in compliance with records retention policies so that fuel order information is accessible to responsible individuals within EBS Fuel Division	Agree	Fuel Order Tracking Log December 31, 2011 30 minute Delivery Notification December 31, 2011	Fuel Order Tracking Log implemented May 1, 2012 30 minute Delivery Notification June 1, 2013	✓			✓			✓		
City may unknowingly pay for fuel that was not ordered or received	Verify and sign vendor's fuel delivery manifests to acknowledge the deliveries. Retain the delivery manifests, bills of lading, and Vender-Root readings at the time of the delivery, and perform a fuel delivery reconciliation to verify the amounts received.	Agree	Fuel Order Tracking Log December 31, 2011 30 minute Delivery Notification December 31, 2011	Fuel Order Tracking Log implemented May 1, 2012 30 minute Delivery Notification June 1, 2013	✓			✓			✓		

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A12-005 AUDIT OF DEPARTMENT OF DALLAS FIRE-RESCUE FIRE INSPECTIONS February 10, 2012												
Original Audit Report Information				Management Self-Reported Status May 2013				Auditor Verification Results As of January 2014				
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	
Noncompliance with Fire Regulations	Department of Dallas Fire-Rescue (DFR) Policies and Procedures should be reviewed annually to reflect the most current Fire Regulations	Agree	April 30, 2013 Corrections to Manual of Procedures March 15, 2012	To Be Determined	✔			✔				✔	**Condition:** Although DFR Fire Inspections unit revised their policies and procedures to remove/add appropriate inspection forms and procedures, the revisions are still based on the 2006 Fire Code. The DFR has not yet adopted the 2012 Fire Regulation approved by the North Texas Council of Governments. **Effect:** The DFR policies and procedures are not aligned with the most current Fire Code regulations (2012).
Noncompliance with Fire Regulations	The DFR inspection forms should include: - The most current Fire Regulations source citations - The most current revision date	Agree	April 30, 2013 Corrections to Manual of Procedures March 15, 2012	March 13, 2012	✔						✔		

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A12-005 AUDIT OF DEPARTMENT OF DALLAS FIRE-RESCUE FIRE INSPECTIONS February 10, 2012													
Original Audit Report Information				**Management Self-Reported Status May 2013**				**Auditor Verification Results As of January 2014**					
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**	
Fire risks within the City may not be identified and timely corrected, and the City may lose Inspection permit revenue	Evaluate whether all four computer systems (CRMS, Firebase, POSSE, and Pay 1) are required or whether the Inspection process and/or data could be streamlined	Agree	CIS Review Completed by July 1, 2012 Potential Upgrade To Be Submitted For Consideration in FY13 Budget Process Sampling of Physical Address October 1, 2012 Ongoing Verification Process December 31, 2012	On-going		✓						✓	**Note**: According to DFR, a Business Technology Request (BTR) related to this recommendation was submitted in 2013, but was not approved by the Information Technology Executive Committee (ITEC). The DFR resubmitted the BTR in 2014 to ITEC for another assessment.

[1] **I =Implemented**
NI = Not Implemented
NA = Not Applicable
M = Mitigated
NM = Not Mitigated

Note: Auditor Verification Results will be blank if Management Self-Reported Status as "Not Implemented". See Status Legend in footer. [1]

A12-005 AUDIT OF DEPARTMENT OF DALLAS FIRE-RESCUE FIRE INSPECTIONS February 10, 2012													
Original Audit Report Information				Management Self-Reported Status May 2013				Auditor Verification Results As of January 2014					
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	
Fire risks within the City may not be identified and timely corrected, and the City may lose Inspection permit revenue	Implement a process to periodically verify that the physical addresses in Firebase are up-to-date	Agree	CIS Review Completed by July 1, 2012 Potential Upgrade To Be Submitted For Consideration in FY13 Budget Process Sampling of Physical Address October 1, 2012 Ongoing Verification Process December 31, 2012	On-going		✓						✓	

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A12-005 AUDIT OF DEPARTMENT OF DALLAS FIRE-RESCUE FIRE INSPECTIONS February 10, 2012												
Original Audit Report Information				Management Self-Reported Status May 2013				Auditor Verification Results As of January 2014				
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	
Fire risks within the City may not be identified and timely corrected, and the City may lose Inspection permit revenue	Implement a formal process to monthly reconcile the data included in the computer systems used in the Inspection process to ensure that Inspections that occurred are documented, permits are processed correctly, appropriate fees collected, and that these fees are applied to the appropriate accounts	Agree	CIS Review Completed by July 1, 2012 Potential Upgrade To Be Submitted For Consideration in FY13 Budget Process Sampling of Physical Address October 1, 2012 Ongoing Verification Process December 31, 2012	To Be Determined	✔							✔	

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M = Mitigated   for Fiscal Years 2010 to 2012
NM = Not Mitigated

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A12-007 AUDIT OF MONITORING CONTROLS OVER CAPITAL CONSTRUCTION FOR STREETS AND THOROUGHFARES May 18, 2012										
Original Audit Report Information				**Management Self-Reported Status May 2013**				**Auditor Verification Results As of January 2014**		
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	
Construction monitoring controls are inconsistent, incomplete, or absent	Establish formal written policies and procedures for the capital construction inspection monitoring activities. These policies and procedures, at a minimum, should address the following: (1) Monitoring oversight responsibilities (2) Frequency and exceptions to monitoring, if any (3) Documentation standards (4) Project file organization standards	Agree	January 31, 2013	May 1, 2013	✔			✔	✔	
The City might unknowingly pay for items and services that were not contractually authorized or adequately supported	Ensure the unit's monitoring documentation is accurate, consistent, and complete in accordance within formalized procedures	Agree	January 31, 2013	May 1, 2013	✔			✔	✔	

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Fiscal Year 2013 Audit Follow-Up of Prior Audit Recommendations
for Fiscal Years 2010 to 2012

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A12-008 AUDIT OF CONTROLS OVER LEASED EQUIPMENT (Department of Business Development and Procurement Services) June 8, 2012												
Original Audit Report Information				**Management Self-Reported Status May 2013**				**Auditor Verification Results As of January 2014**				
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**	
Not able to determine whether Xerox is meeting the performance requirements	Require Xerox to report performance metrics in the format as stated in the Master Service Agreement Statement of Work Addendum	Agree	These recommendations are now in place which is being addressed through the XDM reports and the Xerox help desk	October 1, 2012	✔			✔			✔		
Manual service call log increases the likelihood of errors in the manual input process and cannot guarantee data integrity	Require Xerox to use an automated system for receiving, processing, and recording service calls	Agree	This recommendation is now in place and has been addressed through the Xerox help desk and automated system tool	June 1, 2012	✔			✔			✔		

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A12-009 AUDIT OF SELECTED SAFETY AND SECURITY OPERATIONS OF THE DEPARTMENT OF AVIATION June 8, 2012											
Original Audit Report Information				Management Self-Reported Status June 2013				Auditor Verification Results As of January 2014			
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 having written policies and procedures, Aviation Operations (Safety Section) and Airport Security (Security Section) could not demonstrate that Aviation has effective internal controls, Aviation personnel are performing their duties consistently, and they are complying with Federal regulations and City of Dallas requirements	Develop formal policies and procedures that provide Aviation personnel guidance on their duties	Agree	January 31, 2013	April 1, 2013	✔			✔			✔		

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