

Memorandum



CITY OF DALLAS

DATE: July 25, 2014

TO: Honorable Mayor and Members of the City Council

SUBJECT: Office of the City Auditor – Audit, Attestation and Investigative Services Update:
Fiscal Year 2014 Fourth Quarter

The *Audit, Attestation and Investigative Services Update: Fiscal Year 2014 Fourth Quarter* (Update) is presented to provide current information about the results and status of audit, attestation, and investigative service projects of the Office of the City Auditor (Office).

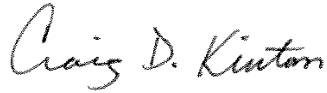
A total of 13 audit, attestation, and investigative reports were issued in the third quarter of Fiscal Year (FY) 2014, including:

- Audit of the Department of Dallas Water Utilities' Wastewater Collection and Treatment Operations – Internal Controls over Chemical Supplies, including a Confidential Limited Use Report to Dallas Water Utilities' Management
- Audit of Software License Compliance
- Special Audit of the Accounts of Former City Manager, Mary K. Suhm
- Fiscal Year 2013 Audit Follow-Up of Prior Audit Recommendations for Fiscal Years 2010 to 2012
- Agreed-Upon Procedures: one single bid / one sole source
- Investigative Reports:
 - Department of Sustainable Development and Construction – Harassment of Citizen
 - Department of Dallas Water Utilities – Disrupting Public Utilities
 - Department of Housing/Community Services – Federal Criminal Charges
 - Department of Equipment and Building Services – Disturbance and Theft of Fuel
 - Department of Sanitation Services – Theft of a Cell Phone
 - Department of Financial Services City Controller's Office – Unauthorized use of the Payroll Service Account

The key points from these reports are included in Section II of the Update. Section III of the Update includes information related to reports issued as of July 24, 2014 for the fourth quarter of FY 2014. The project objectives for reports scheduled to be released and for projects currently in progress or expected to be started in the fourth quarter of FY 2014 are included in Sections IV through VI of the Update.

Should you have questions or if we can be of assistance, please contact me at 214-670-3222.

Sincerely,

A handwritten signature in black ink that reads "Craig D. Kinton". The signature is written in a cursive, flowing style.

Craig D. Kinton
City Auditor

Attachment

C: A.C. Gonzalez, City Manager
Warren M. S. Ernst, City Attorney
Rosa Rios, City Secretary

**City of Dallas
Office of the City Auditor**

**Audit, Attestation and
Investigative
Services Update**

Fiscal Year 2014 – Fourth Quarter

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Summary of Audit, Attestation and Investigative Services *

Audit – Reports that provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability

Attestation – Reports that cover a broad range of financial or non-financial objectives; results in an examination, a review, or an agreed-upon procedures report on a subject matter or an assertion about a subject matter that is the responsibility of another party

Investigative – Reports providing evaluations and results of substantiated allegations of fraud, waste and abuse

Audit and Attestation Services Reports Issued Fiscal Year 2014 – Third Quarter April 1, 2014 to June 30, 2014 (See Section II for Details)

- Audit of the Department of Dallas Water Utilities' Wastewater Collection and Treatment Operations – Internal Controls over Chemical Supplies
- Confidential Limited Use Report: Audit of the Department of Dallas Water Utilities' Wastewater Collection and Treatment Operations – Internal Controls over Chemical Supplies
- Audit of Software License Compliance
- Special Audit of the Accounts of Former City Manager, Mary K. Suhm
- Fiscal Year 2013 Audit Follow-Up of Prior Audit Recommendations for Fiscal Years 2010 to 2012
- Independent Auditor's Report on Applying Agreed-Upon Procedures for Sole Source Procurement: AirIT Content Management Application – Renewals for Software License, Hardware Warranty and Support, \$286,751.00
- Independent Auditor's Report on Applying Agreed-Upon Procedures for Single Bid # BP1401: Department of Dallas Water Utilities - Maintenance and Repair of Ozone Generation Equipment, \$3,702,948.55

* All audit and attestation services are conducted under authority of the City Charter, Chapter IX, Section 3, and in accordance with the Annual Audit Plan approved by the City Council. We conduct our work in accordance with generally accepted government auditing standards. Those standards require that we plan and perform our work to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objective(s). Fraud investigations are conducted in accordance with Quality Standards for Investigations issued by the Council of the Inspectors General on Integrity and Efficiency.

**Investigative Services Reports Issued
Fiscal Year 2014 – Third Quarter
April 1, 2014 to June 30, 2014
(See Section II for Details)**

- Department of Sustainable Development and Construction – Harassment of Citizen
- Department of Dallas Water Utilities - Disrupting Public Utilities
- Department of Housing/Community Services – Federal Criminal Charges
- Department of Equipment and Building Services – Disturbance and Theft of Fuel
- Department of Sanitation Services – Theft of a Cell Phone
- Office of Financial Services City Controller's Office – Unauthorized Use of the Payroll Service Account

**Audit and Attestation Services Reports Issued
Fiscal Year 2014 – Fourth Quarter to Date
July 1, 2014 to July 24, 2014
(See Section III for Details)**

- Independent Auditor's Report on Applying Agreed-Upon Procedures for Sole Source Procurement: Red-Light Photo Enforcement Camera System Maintenance and Support Services, \$4,911,300

**Investigative Services Reports Issued
Fiscal Year 2014 – Fourth Quarter to Date
July 1, 2014 to July 24, 2014
(See Section III for Details)**

- Department of Dallas Water Utilities - Water Meter Fraud
- Department of Communication and Information Services – Insurance Fraud and Theft by a Public Servant

Audit and Attestation Services Anticipated Report Releases
Fiscal Year 2014 – Fourth Quarter
July 1, 2014 to September 30, 2014
(See Section IV for Details)

- Controls over Cash Receipts and Collections (Department of Convention and Event Services)
- Revenue Estimates – Budgeted Revenues for Fiscal Year 2014-2015
- South Dallas Fair Park Trust Fund
- May 11, 2013 Election Costs Invoiced by Dallas County Elections Department
- Patriot's Crossing Development

Audit and Attestation Services Projects in Progress
Fiscal Year 2014 – Fourth Quarter
July 1, 2014 to September 30, 2014
(See Section V for Details)

- Franchise Fees Review through MuniServices (*Ongoing*)
- Sales/Use Tax Compliance Review Through MuniServices (*Ongoing*)
- Water Customer Billings
- Contract Monitoring
- Payroll Processes Related to City of Dallas' Retirement Programs
- Parking Management Contract Oversight
- Payroll Audit
- Tracking Firearms and Equipment
- Building Permits
- Fleet Maintenance
- Purchasing / Contracting Processes
- Paving and Maintenance Program / Capital Program Streets and Thoroughfares
- Maintenance of Infrastructure

Audit and Attestation Services Anticipated Project Starts
Fiscal Year 2014 – Fourth Quarter
July 1, 2014 to September 30, 2014
(See Section VI for Details)

- Civil Service
- Lawson HRIS Application Controls
- Independent Auditor's Report on Applying Agreed-Upon Procedures (as requested) for:
 - Single Bid Procurements
 - Sole Source Procurements

**Audit, Attestation and Investigative Services
Reports Issued
Fiscal Year 2014 – Third Quarter
April 1, 2014 to June 30, 2014**

Audit Services

Audit of the Department of Dallas Water Utilities' Wastewater Collection and Treatment Operations – Internal Controls over Chemical Supplies (April 11, 2014)

- The Department of Dallas Water Utilities (DWU) Wastewater Collection and Treatment facilities have established certain controls over chemical supplies used in the wastewater treatment process. Central and Southside facilities personnel, however, do not have a formal receiving process to independently determine the reasonableness of the amount of chemical supplies received. As a result, DWU cannot readily determine that the City only pays for amounts received.
- In Fiscal Year (FY) 2013, Budget versus Actual Reports showed expenditures for chemical supplies totaled \$4,024,442, or 27 percent, of the \$14,770,335 total supply expenditures at the two wastewater facilities.

Audit Recommendation	Responsible Department	Agreement Status	Implementation Date
We recommend the Director of DWU require facility personnel to independently determine the reasonableness of the amount of chemical supplies received to ensure that the City pays only for amounts actually received.	DWU	Agree	Retroactively implemented beginning with records from October 2013
We recommend the Director of DWU ensure the Central facility consistently follow record keeping practices.	DWU	Agree	April 2013

Confidential Limited Use Report: Audit of the Department of Dallas Water Utilities' Wastewater Collection and Treatment Operations – Internal Controls over Chemical Supplies (April 11, 2014)

- The report issues and associated recommendations related to security over chemical supplies are omitted from the publicly released report based upon:
 - Government Auditing Standards, December 2011, Revision, Section 7.39 – 7.43, *Reporting Confidential and Sensitive Information*

Audit of Software License Compliance (April 11, 2014)

- The City of Dallas (City) does not have an effective software asset management plan for the acquisition, use, and disposal of software.
- The City also cannot properly track software and assess software license compliance. Specifically: (1) software licenses' usage and compliance cannot be readily identified; (2) Administrative Directives (AD) are not consistently followed or clear; (3) annual software licenses' costs are not readily identifiable; and, (4) software license policy is not communicated effectively.

Audit Recommendation	Responsible Department	Agreement Status	Implementation Date
We recommend the Director of the Department of Communication and Information Services (CIS) continue to develop and maintain an inventory of software and related software licenses in the two categories that CIS knows of and has control over managing daily and/or manages for departments with their approval.	CIS	Agree	September 30, 2015
We recommend the City Manager (CMO) develop a formal software license compliance program for the two software categories for which software license management is not clearly understood.	CMO	Agree	September 30, 2015
We recommend the CMO ensure City departments comply with AD 2-26 and perform annual software inventories of software licenses.	CMO	Agree	September 30, 2015

Audit Recommendation	Responsible Department	Agreement Status	Implementation Date
We recommend the Director of CIS 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.	CIS	Agree	September 30, 2015
We recommend the Director of the Department of Business Development and Procurement Services (BDPS) update AD 4-05 to clarify that high technology items procured through AAs also require consultation with CIS prior to procurement.	BDPS	Agree	January 2015
We recommend the City Controller's Office (CCO) clarify the object codes that should be used by departments with a focus on accurately and consistently accounting for software license cost.	CCO	Agree	October 2014
We recommend the Director of CIS ensure that software license policy is communicated periodically to City employees with formal acknowledgement that the employee has read and understood the policy.	CIS	Agree	September 30, 2015

Special Audit of the Accounts of Former City Manager, Mary K. Suhm (May 2, 2014)

Regarding the accounts of the former City Manager, Mary K. Suhm:

- Accounts were in order except for the following payroll software application calculation errors:
 - The employee's contribution amount to the Employees' Retirement Fund (ERF) (13.06 percent of the employee's final regular payroll and applicable lump sum payment) was incorrectly calculated. As a result, Ms. Suhm's ERF contribution was \$4,823.90 less than required.
 - The City of Dallas' (City) ERF contribution amount (12.94 percent of the employee's final regular payroll and applicable lump sum payment) was also incorrectly calculated. As a result, the City's ERF contribution was \$1,516.83 more than required.
- Access to City systems was timely removed

- All City items assigned were substantiated

Audit Recommendation	Responsible Department	Agreement Status	Implementation Date
We recommend the City Controller investigate the cause of the payroll software application calculation errors and ensure the payroll software application is correctly calculating ERF contributions for terminating employees.	CCO	Agree	Immediate

Fiscal Year 2013 Audit Follow-Up of Prior Audit Recommendations for Fiscal Years 2010 to 2012 (May 9, 2014)

- 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).
- 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:
 - 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:
 - Identify outstanding recommendations
 - Understand what actions are needed to achieve full implementation of outstanding recommendations
 - Timely implement outstanding recommendations
 - 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

- o 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

Audit Recommendation	Responsible Department	Agreement Status	Implementation Date
We recommend the City Manager (CMO) implement internal controls to ensure that recommendations are timely implemented and associated risks are appropriately mitigated.	CMO	Agree	March 2015

Attestation Services

Independent Auditor’s Report on Applying Agreed-Upon Procedures for Sole Source Procurement: Airlt Content Management Application – Renewals for Software License, Hardware Warranty and Support, \$286,751.00 (April 10, 2014)

The procurement met the exemptions from competitive bidding as specified in the State of Texas Local Government Code, Chapter 252.022, **General Exemptions (a) (7) – a procurement of items that are available from only one source.**

No exceptions were noted.

Independent Auditor’s Report on Applying Agreed-Upon Procedures for Single Bid # BP1401: Department of Dallas Water Utilities – Maintenance and Repair of Ozone Generation Equipment, \$3,702,948.55 (June 3, 2014)

The procurement followed Administrative Directive (AD) 4-5: *Contracting Policy* provisions for processing single bid items.

Exceptions noted:

- It appears the bid specifications restricted competition by including duplicate tasks for Group 1, items 1 through 4. The specifications required bidders to provide pricing for both cleaning all dielectric glass tubes and replacing the same glass tubes. According to vendors who expressed interest in bidding, the specifications were confusing. Although the Department of Business Development and Procurement Services (BDPS) answered vendor questions and provided addenda to clarify the specifications, the duplicate tasks were not removed. Vendors asserted the specifications were still confusing and did not submit bids.

- Price reasonableness could not be determined from BDPS' analysis or from prior procurement history
- The initial recommended bid price of \$4,654,867.55 included duplicate tasks for Group 1, items 1 through 4. After the auditor brought this duplication to the attention of BDPS and the Department of Dallas Water Utilities (DWU), the departments removed Group 1, items 1 through 2, thereby reducing the recommended bid by \$951,919.

Investigative Services

Department of Sustainable Development and Construction – Harassment of Citizen (April 2, 2014)

- The investigative report summarized the results of an allegation involving a Department of Sustainable Development and Construction (SDC) Senior Inspector harassing a City of Dallas (City) citizen.
- The allegations were investigated by the Dallas Police Department – Public Integrity Unit (DPD-PIU); however, the citizen did not want to press charges. The Office of the City Auditor investigated and concluded that the Senior Inspector's conduct violated numerous City Personnel Rules.
- The SDC considered the seriousness of the allegations along with other concerns about the Senior Inspector's job performance and determined the appropriate disciplinary action was termination of employment; however, prior to termination of employment, the employee retired.

Department of Dallas Water Utilities – Disrupting Public Utilities (May 19, 2014)

- The Dallas Police Department – Public Integrity Unit (DPD-PIU) was unable to substantiate an allegation that Mr. Mark Coleman, Meter Reader, for the Department of Dallas Water Utilities (DWU) illegally connected water for a citizen. During the same period, the DWU Management conducted a review of water accounts and found Mr. Coleman's residence had a tampered water meter resulting in zero water consumption for a number of years. The DWU Management provided information and assisted DPD in obtaining evidence. The criminal investigation resulted in Mr. Coleman's arrest on a felony criminal mischief charge for disrupting public utilities.
- The DWU Management notified the Office of the City Auditor of the events involving Mr. Coleman and the criminal charge of disrupting public utilities, and the DWU Management terminated Mr. Coleman's employment effective on March 11, 2014.

Department of Housing/Community Services – Federal Criminal Charges (May 28, 2014)

- The investigative report summarized the results of an administrative review of allegations and Federal criminal charges involving Mr. Lawrence E. Hart, Jr., Caseworker II, for the Department of Housing/Community Services (HOU), Project Reconnect.
- The allegations were investigated by the Dallas Police Department – Public Integrity Unit (DPD-PIU), the United States (US) Department of Housing and Urban Development (HUD), and the Federal Bureau of Investigation (FBI). The conclusion of the criminal investigation resulted in Mr. Hart pleading guilty on April 8, 2014 to the following Federal criminal charges: (1) one count of making a false statement to HUD; (2) one count of deprivation of rights under the color of law; and, (3) one count of witness tampering. During the course of the criminal investigation, Mr. Hart submitted his resignation from employment with the City of Dallas (City) effective November 6, 2013.
- The HOU Management immediately placed Mr. Hart on administrative leave when they became aware of the allegation. Mr. Hart's access to City files and records were terminated, and his caseload was reassigned. The City requested the Court consider requiring restitution be paid by Mr. Hart as a result of causing payments to unauthorized recipients. Internal controls have been improved to require supervisor approval prior to payments to prevent future occurrences.

Department of Equipment and Building Services – Disturbance and Theft of Fuel (May 29, 2014)

- The investigative report summarized results of the administrative review of a Dallas Police Department – Public Integrity Unit (DPD-PIU) investigation into Mr. Kevin Campbell, Department of Equipment and Building Services (EBS) Fuel Transport Operator, who, in separate interactions, verbally abused a citizen and stole City-owned diesel fuel.
- Mr. Campbell was issued a Class C misdemeanor ticket for disorderly conduct – offensive language in the altercation with the citizen. In an unrelated DPD-PIU investigation, it was determined that Mr. Campbell had stolen and sold City-owned diesel fuel. The DPD-PIU arrested Mr. Campbell for felony theft based on the identifiable loss associated with his theft of approximately 190 gallons of diesel fuel.
- The Office of the City Auditor's administrative review findings support that Mr. Campbell's conduct violated City Personnel Rules and the Texas Penal Code. The EBS Management terminated Mr. Campbell's employment with the City effective May 2, 2014.

Department of Sanitation Services – Theft of a Cell Phone (May 30, 2014)

- The investigaitve report summarized a Dallas Police Department – Public Integrity Unit (DPD-PIU) investigation into the theft of a citizen’s cell phone from a local restaurant by Mr. Douglas Campbell, Truck Driver II, for the Department of Sanitation Services (SAN).
- The DPD-PIU’s investigation determined that on-duty SAN employee Mr. Campbell stole the citizen’s cell phone, and Mr. Campbell was arrested for Theft on January 23, 2014. The Office of the City Auditor conducted an administrative review and the evidence supported the finding that Mr. Campbell, in addition to criminal theft, violated City Personnel Rules, including dishonesty, theft, misconduct, and disregard of the public trust.
- The SAN Management terminated Mr. Campbell’s employment on March 26, 2014.

Office of Financial Services City Controller’s Office – Unauthorized Use of the Payroll Service Account (June 12, 2014)

- The investigative report summarized the results of an investigation of allegations reported by management of the Department of Human Resources involving the City Controller’s Office (CCO) Payroll Manager for unauthorized use of the payroll service account to make a change to his personal payroll deductions.
- The Office of the City Auditor’s investigation revealed that the Payroll Manager used the payroll service account and the associated password to access his own payroll records and stop his payroll deduction for the premium associated with supplemental life insurance he elected to purchase. This type of use is prohibited by the City’s *Information Security Standard* policy and violated City Personnel Rules, specifically: (1) dishonesty; (2) misconduct; (3) disregard of public trust; and, (4) violation of an Administrative Directive of the City or a departmental rule or procedure, specifically the City’s *Information Security Standard*.
- The Payroll Manager was placed on administrative leave from February 11, 2014 through March 21, 2014. On March 12, 2014, he submitted his letter of intent to retire, and his time was charged to vacation leave from March 24, 2014, to April 1, 2014. The retirement was effective April 2, 2014.

**Audit, Attestation and Investigative Services
Reports Issued
Fiscal Year 2014 – Fourth Quarter to Date
July 1, 2014 to July 24, 2014**

Attestation Services

**Independent Auditor's Report on Applying Agreed-Upon Procedures for
Sole Source Procurement: Red-Light Photo Enforcement Camera
System Maintenance and Support Services, \$4,911,300 (July 22, 2014)**

The procurement met the exemptions from competitive bidding as specified in the State of Texas Local Government Code, Chapter 252.022, **General Exemptions (a) (7) – a procurement of items that are available from only one source.**

No exceptions were noted.

Investigative Services

Department of Dallas Water Utilities – Water Meter Fraud (July 7, 2014)

- This investigative report summarized an administrative review of allegations of criminal charges involving Mr. Derick Williams, Water Field Representative, for the Department of Dallas Water Utilities (DWU).
- The DWU Management reported to the Office of the City Auditor and the Dallas Police Department-Public Integrity Unit (DPD-PIU) that a DWU customer reported a DWU employee accepted an unauthorized cash payment to reconnect the customer's water service after the service had been disconnected by DWU for non-payment. The customer provided enough information for DWU Management to determine that the DWU employee was Mr. Williams.
- The DPD-PIU investigated and, in January 2014, DPD-PIU conducted a sting operation at the customer's residence. This operation exposed that Mr. Williams illegally reconnected the customer's service for a fee of \$150 cash. At that time, Mr. Williams was arrested and charged with Abuse of Official Capacity, a State Jail Felony level crime based on the amount of the customer's estimated water bill for the past year.

- The DPD-PIU's investigation uncovered another DWU customer who had their water disconnected for non-payment and whom Mr. Williams assisted by illegally reconnecting their service for a fee of \$60. Based on this information in April 2014, a second Abuse of Official Capacity, Class B Misdemeanor, was filed with the Dallas County District Attorney's Office charging Mr. Williams.
- On January 17, 2014, subsequent to Mr. Williams being charged with Abuse of Official Capacity, DWU Management placed Mr. Williams on paid administrative leave status during the investigation. Mr. Williams terminated his employment with DWU on January 29, 2014, prior to his pre-termination hearing by DWU Management.

Department of Communication and Information Services – Insurance Fraud and Theft by a Public Servant (July 14, 2014)

- This investigaitve report summarized the results of the Dallas Police Department-Public Integrity Unit (DPD-PIU) investigation of Ms. Equeria Coffee, Programmer Analyst II, for the Department of Communication and Information Services (CIS).
- The Office of the City Auditor (Office) received a complaint alleging Ms. Coffee intentionally destroyed a City-owned Dell laptop computer. The Complainant stated that the Dell laptop computer was discarded at Ms. Coffee's request in bushes behind a business on Malcolm X Boulevard.
- The Office Investigative staff and DPD-PIU officers went to the location and retrieved the Dell laptop computer. In the course of the DPD-PIU investigation, it was discovered that Ms. Coffee filed an insurance claim seeking reimbursement for stolen property, including the City-owned Dell laptop computer which she listed as her personal property. The Insurance Company settled Ms. Coffee's insurance claim, and she received \$334.49 for the City-owned Dell laptop computer. Ms. Coffee did not reimburse the City for the City-owned laptop computer.
- Ms. Coffeee was arrested for Insurance Fraud and Theft by a Public Servant These criminal charges are pending. The CIS Management terminated Ms. Coffee's employment with the City effective May 31, 2014.

**Audit and Attestation Services
Anticipated Report Releases
Fiscal Year 2014 – Fourth Quarter
July 1, 2014 to September 30, 2014**

Audit Services

Controls over Cash Receipts and Collections (Department of Convention and Event Services)

- Anticipated Report Date: August 2014
- Project Objective(s): Evaluate the efficiency, effectiveness, or adequacy of internal controls over Convention and Event Services cash receipts and collections

Revenue Estimates – Budgeted Revenues for Fiscal Year 2014-2015

- Anticipated Report Date: September 2014
- Project Objective(s): To determine whether the City has effective processes to ensure reasonable revenue estimates are included in the City Manager's proposed operating budget

South Dallas Fair Park Trust Fund

- Anticipated Report Date: September 2014
- Project Objective(s): To provide an audit of the Trust Fund and its operations as required by City Council Resolution 06-1833

Attestation Services

Independent Auditor's Reports on Applying Agreed-Upon Procedures for:

May 11, 2013 Election Costs Invoiced by Dallas County Elections Department

- Anticipated Report Date: August 2014
- Project Objective(s): To perform the procedures agreed to with the City Secretary's Office to assist in determining whether election costs were properly invoiced by Dallas County

Patriot's Crossing Development

- Anticipated Report Date: August 2014
- Project Objective(s): To perform the procedures agreed to by the City of Dallas Review Team comprised of representatives from the City Manager's Office, the City Attorney's Office, the Office of Financial Services, and the Department of Sustainable Development and Construction, solely to assist the City in determining whether staff: (1) Complied with regulations, policies, procedures, and rules; and, (2) Followed City Council's direction related to the Patriot's Crossing Development

**Audit and Attestation Services
Projects in Progress
Fiscal Year 2014 – Fourth Quarter
July 1, 2014 to September 30, 2014**

Audit Services

Franchise Fees Review through MuniServices (*Ongoing*)

- Anticipated Report Date: Periodic, as warranted
- Project Objective(s): To verify that franchise fees (which may include utilities, cable, and telephone) identified by MuniServices are received by the City

Sales/Use Tax Compliance Review through MuniServices (*Ongoing*)

- Anticipated Report Date: Periodic, as warranted
- Project Objective(s): To identify and collect new and misreported tax revenue through MuniServices which will conduct Sales and Use Tax Compliance Review and Recovery Services

Water Customer Billings

- Anticipated Report Date: First Quarter Fiscal Year 2015
- Project Objective(s): To determine the efficiency and effectiveness of Dallas Water Utilities' billing adjustments and assess internal controls over billing adjustments

Contract Monitoring

- Anticipated Report Date: First Quarter Fiscal Year 2015
- Project Objective(s): To evaluate whether the monitoring process(es) used for selected contracted programs are adequate to ensure compliance with contract terms and conditions

Payroll Processes Related to City of Dallas' Retirement Programs

- Anticipated Report Date: First Quarter Fiscal Year 2015
- Project Objective(s): To evaluate the City's processes for accumulating and transferring employee payroll information to the retirement funds

Parking Management Contract Oversight

- Anticipated Report Date: First Quarter Fiscal Year 2015
- Project Objective(s): To evaluate: (1) management's oversight and monitoring controls to assess the third parties compliance with the contract terms; and, (2) the adequacy of internal controls over cash collections and cash equivalents

Payroll Audit

- Anticipated Report Date: First Quarter Fiscal Year 2015
- Project Objective(s): To assess internal controls and processes to determine the accuracy of the payroll system and the adequacy/reliability of controls

Tracking Firearms and Equipment

- Anticipated Report Date: First Quarter Fiscal Year 2015
- Project Objective(s): To evaluate the adequacy of internal controls over tracking firearms and equipment

Building Permits

- Anticipated Report Date: Second Quarter Fiscal Year 2015
- Project Objective(s): To evaluate the adequacy of internal controls over certain building permit processes which may include issuance, billing, cash handling, and cash collections

Fleet Maintenance

- Anticipated Report Date: Second Quarter Fiscal Year 2015
- Project Objective(s): To evaluate efficiency and/or effectiveness of selected aspects of Dallas Fire-Rescue's fleet maintenance management

Purchasing / Contracting Processes

- Anticipated Report Date: Second Quarter Fiscal Year 2015
- Project Objective(s): To determine whether processing controls for purchasing / contracting for goods / services are adequate

Paving and Maintenance Program / Capital Program Streets and Thoroughfares

- Anticipated Report Date: Second Quarter Fiscal Year 2015
- Project Objective(s): To evaluate the Street Paving and Maintenance Programs which may include administrative and inspection processes

Maintenance of Infrastructure

- Anticipated Report Date: Third Quarter Fiscal Year 2015
- Project Objective(s): To determine whether Dallas Water Utilities adequately maintains and renovates infrastructure to ensure current and future service delivery

Attestation Services

Independent Auditor's Reports on Applying Agreed-Upon Procedures

None Currently

**Audit and Attestation Services
Anticipated Project Starts
Fiscal Year 2014 – Fourth Quarter
July 1, 2014 to September 30, 2014**

Audit Services

Civil Service

- Anticipated Report Date: Third Quarter Fiscal Year 2015
- Project Objective(s): To evaluate Civil Service Department's efficiency and/or effectiveness for selected services and compliance with the City Charter, Civil Service Rules, and policies and procedures

Lawson HRIS Application Controls

- Anticipated Report Date: Fourth Quarter Fiscal Year 2015
- Project Objective(s): To evaluate the adequacy of the application controls for the Lawson HRIS system

Attestation Services

Independent Auditor's Reports on Applying Agreed-Upon Procedures

A. Single Bid: As Requested

Anticipated Issue Date: As Completed

Project Objective(s): To perform Agreed-Upon Procedures to ensure the Department of Business Development and Procurement Services (BDPS) follows Administrative Directive (AD) 4-5 provisions for processing single bid items and makes reasonable efforts to increase bid participation

B. Sole Source: As Requested

Anticipated Issue Date: As Completed

Project Objective(s): To perform Agreed-Upon Procedures to ensure the procurement meets the exemptions from competitive bidding as specified in the State of Texas Local Government Code, Chapter 252.022, **General Exemptions** (a) (7) – *a procurement of items that are available from only one source*