

# Memorandum



CITY OF DALLAS

DATE: October 8, 2004

TO: Honorable Mayor and Members of the City Council

SUBJECT: Follow-up report of the August 1, 2003, *Review of the Communication and Information Services Charge-back Rates--Report #387*

We conducted this follow-up audit under the authority of Chapter IX of the City Charter, City Council Resolution No. 904027, and performed it according to applicable government auditing standards.

Our objective was to determine whether Communication and Information Services (CIS) has implemented the audit's recommendations or taken other acceptable actions to remedy the control weaknesses identified in the original audit report.

The original audit contained four findings with five recommendations. Management has implemented three of the recommendations and has not implemented the other two.

1. **The largest charge category, Network Support, does not have appropriate direct usage measurements.** *We recommended that the Director of CIS continue the effort to complete the charge-back methodology (based on actual use) and implement the completed charge-back rates for the FY04-05 budget (Not Implemented).*

Management initially took steps to adopt the recommended charge-back method by separating Desktop and Network services; however, the City Manager decided not to implement the actual-use method for FY 04-05, but continue to base the charge on the number of personal computers.

*We also recommended that the Director use the proportional allocation method used in previous years to charge expenditures to departments for FY 03-04 (Implemented).*

2. **HRIS costs should not be treated as a charge element for CIS services.** *We recommended that the Director of CIS consult with the City Manager and Budget Office to reconsider the HRIS charge-back in CIS and consider budgeting the item to HR (Implemented—Management consulted with the City Manager and Budget Office and they chose not to implement the budgeting change, but to keep the HRIS charges within CIS).*

3. **The Dial-In Remote Access rate should continue to be developed.** *We recommended that the Director of CIS continue the development of this charge-back rate and make the rate ready for the FY 04-05 budget (Not Implemented).*

Management asserts that since 90% of the use of Dial-in Remote Access is still by CIS personnel, there is no reason to establish this as a separate rate.

4. **The Network Access rate calculation does not include all network users using the Internet.** *We recommended that the Director of CIS consider resetting the Network Access charge-back rate to include all network users with Internet access in the calculation (Implemented—Management considered this and combined the pool of e-mail service users with other internet service providers, but then canceled the implementation of the rates).*

We appreciate management's cooperation in this follow-up. If you have any questions, please feel free to contact me at 214-670-3223.

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c: Mary K. Suhm, Interim City Manager  
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