

Memorandum



CITY OF DALLAS

DATE: October 11, 2013

TO: Honorable Mayor and Members of the City Council

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

The *Audit, Attestation and Investigative Services Update: Fiscal Year 2014 First Quarter* 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 14 audit and attestation reports and five investigative reports were issued in the fourth quarter of Fiscal Year (FY) 2013, including:

- Audit of the Design of the City of Dallas' Pandemic Influenza Continuity of Operations Basic Plan
- An Audit of Revenue Estimates Included in the Fiscal Year 2013-2014 Proposed Annual Budget for the City of Dallas
- Agreed-Upon Procedures: (1) General Obligation Refunding and Improvement Bonds and General Obligation Refunding Bonds Taxable (preliminary and final); (2) Waterworks and Sewer System Revenue Refunding Bonds (preliminary and final); (3) five single bid procurements; and, (4) three sole source procurements
- Investigative reports related to: (1) abuse of official capacity; (2) theft by a public servant – two separate incidents; (3) theft of time by an employee; and, (4) Women, Infants and Children Program (WIC) fraud

The key points from these reports are included in Section II of the Update. The project objectives for reports scheduled to be released and for projects currently in progress or expected to be started in the first quarter of FY 2014 are included in Sections III through V of the Update.

The approved FY 2013 Audit Plan allows the City Auditor to make additions to, deletions from, or other changes to the plan(s) when deemed necessary upon written notification to the City Council. At this time, the Office would like to notify you of project deletions to the FY 2013 plan:

- Citizen Centric Report – After consultations with the Interim City Manager, the development of a Citizen Centric Report was postponed in FY 2013 and is included in the FY 2014 Audit Plan.
- Traffic Signal Systems – Due to the planned Advanced Traffic Management System Upgrade Project which was briefed to the Transportation and Trinity River Project Committee on September 9, 2013, this audit project is cancelled and will be considered for inclusion in future audit plans.

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

Sincerely,



Craig D. Kinton
City Auditor

Attachment

C: A.C. Gonzalez, Interim 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 – First 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 2013 – Fourth Quarter July 1, 2013 to September 30, 2013 (See Section II for Details)

- Audit of the Design of the City of Dallas' Pandemic Influenza Continuity of Operations Basic Plan
- An Audit of Revenue Estimates Included in the Fiscal Year 2013-2014 Proposed Annual Budget for the City of Dallas
- Independent Auditor's Report on Applying Agreed-Upon Procedures for the **Preliminary** Official Statement for the City of Dallas, Texas (Dallas, Denton, Collin, and Rockwall Counties) **General Obligation Refunding and Improvement Bonds Series 2013A** - \$207,705,000 and **General Obligation Refunding Bonds Taxable Series 2013B** - \$42,635,000
- Independent Auditor's Report on Applying Agreed-Upon Procedures for the **Final** Official Statement for the City of Dallas, Texas (Dallas, Denton, Collin, and Rockwall Counties) **General Obligation Refunding and Improvement Bonds Series 2013A** - \$194,470,000 and **General Obligation Refunding Bonds Taxable Series 2013B** - \$42,615,000
- Independent Auditor's Report on Applying Agreed-Upon Procedures for **Sole Source** – **Deccan International Software Five-Year Maintenance and Support**, \$152,300

* 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.

Audit and Attestation Services Reports Issued
Fiscal Year 2013 – Fourth Quarter
July 1, 2013 to September 30, 2013
(See Section II for Details)

- Independent Auditor's Report on Applying Agreed-Upon Procedures for **Single Bid # BUZ1307**: Department of **Trinity Watershed Management – ALERT Repair, Parts, and Software Maintenance and Support**, \$88,920
- Independent Auditor's Report on Applying Agreed-Upon Procedures for **Single Bid # BUZ1316**: Department of **Trinity Watershed Management – SCADA Repair, Parts, and Support**, \$142,550
- Independent Auditor's Report on Applying Agreed-Upon Procedures for the **Preliminary Official Statement (POS)** for the City of Dallas, Texas (Dallas, Denton, Collin and Rockwall Counties): **Waterworks and Sewer System Revenue Refunding Bonds, Series 2013** - \$164,355,000
- Independent Auditor's Report on Applying Agreed-Upon Procedures for **Sole Source – Dallas Morning News Advertising Services**, \$1,000,000
- Independent Auditor's Report on Applying Agreed-Upon Procedures for **Sole Source – ITT Exelis, Inc. Noise and Operations Management System**, \$882,083
- Independent Auditor's Report on Applying Agreed-Upon Procedures for **Single Bid # BJ1327** – Department of **Sanitation Services – Front End Loader Refuse Trucks Lease**, \$185,000
- Independent Auditor's Report on Applying Agreed-Upon Procedures for the **Final Official Statement (FOS)** for the City of Dallas, Texas (Dallas, Denton, Collin and Rockwall Counties): **Waterworks and Sewer System Revenue Refunding Bonds, Series 2013** - \$156,540,000
- Independent Auditor's Report on Applying Agreed-Upon Procedures for **Single Bid # BDZ1322** – Office of **Economic Development – Mixed-Use Library Development**, \$744,000
- Independent Auditor's Report on Applying Agreed-Upon Procedures for **Single Bid # CIZ1410**: Department of **Public Works – Love Field Airfield Signage Wiring / Foundation**, \$969,375

**Investigative Services Reports Issued
Fiscal Year 2013 – Fourth Quarter
July 1, 2013 to September 30, 2013
(See Section II for Details)**

- Investigative Report: Department of **Housing/Community Services – Abuse of Official Capacity**
- Investigative Report: Department of **Dallas Water Utilities – Theft by a Public Servant**
- Investigative Report: Department of **Park and Recreation – Theft by a Public Servant**
- Investigative Report: Department of **Sustainable Development and Construction – Building Inspection – Theft of Time by Employee**
- Investigative Report: Department of **Housing/Community Services – Women, Infants and Children Program (WIC) Fraud**

**Audit and Attestation Services Anticipated Report Releases
Fiscal Year 2014 – First Quarter
October 1, 2013 to December 31, 2013
(See Section III for Details)**

- Accounts Payable
- Arts and Cultural Program Funding
- City's Self-Insurance Program – Medical
- Aircraft Rescue and Firefighting (ARFF)

Audit and Attestation Services Projects in Progress
Fiscal Year 2014 – First Quarter
October 1, 2013 to December 31, 2013
(See Section IV for Details)

- Sales/Use Tax Compliance Review Through MuniServices (*Ongoing*)
- Contract Compliance – Office Depot
- Controls over Cash Receipts and Collections
- Prior Audit Recommendations Follow-Up
- Software Licensing Agreements
- Special Audit of Five Former City Council Members
- Special Audit of Former City Attorney, Thomas P. Perkins
- Special Audit of Former City Manager, Mary K. Suhm
- Wastewater Collection and Treatment
- Payroll Audit
- Purchasing / Contracting Processes
- Water Customer Billings
- Franchise Fees

Audit and Attestation Services Anticipated Project Starts
Fiscal Year 2014 – First Quarter
October 1, 2013 to December 31, 2013
(See Section V for Details)

- Maintenance of Infrastructure
- Independent Auditor's Report on Applying Agreed-Upon Procedures (as requested) for:
 - Drug Destruction
 - Weapons Destruction
 - Single Bid Procurements
 - Sole Source Procurements

**Audit, Attestation and Investigative Services
Reports Issued
Fiscal Year 2013 – Fourth Quarter
July 1, 2013 to September 30, 2013**

Audit Services

Audit of the Design of the City of Dallas' Pandemic Influenza Continuity of Operations Basic Plan (September 13, 2013)

- The Office of the City Auditor's (Office) design assessment of the City of Dallas' (City) Continuity of Operations (COOP) Plan indicated that the City made progress toward establishing and implementing a COOP Plan. Many of the Federal Emergency Management Association's (FEMA) best practices, however, are either not in place or are incomplete.
- As a result, the City's COOP Plan does not fully incorporate the ten Continuity Management Functions that FEMA considers essential to support and guide continuity personnel during a significant event. Specifically, the City's COOP Plan:
 - Partially satisfies *four* of the Continuity Management Functions; and,
 - Does not satisfy *six* of the Continuity Management Functions
- The City's COOP Plan also does not apply FEMA's Continuity Program Foundation's supporting continuity planning components, such as risk-based analysis and budgeting for on-going acquisition of resources. Furthermore, the City's COOP plan is not sufficiently developed to provide the Department of Communication and Information Services (CIS) the necessary information to develop a robust Disaster Recovery Plan (DRP).

An Audit of Revenue Estimates Included in the Fiscal Year 2013-2014 Proposed Annual Budget for the City of Dallas (September 13, 2013)

- In total, the revenue estimates included in the Fiscal Year (FY) 2013-2014 Proposed Annual Budget appear reasonable. Although revenue estimates in total appear reasonable, the Department of Convention and Event Services (CES) revenue estimate methodology and the underlying assumptions for Hotel/Motel (HOT) Tax continue to lack adequate analysis and supporting documentation. As a result, it was not clear why the methodology and underlying assumptions did not align with supporting economic and industry projections provided by City of Dallas (City) management.

- The Office of the City Auditor (Office) reviewed approximately \$1.84 billion of the \$2.44 billion in proposed revenue estimates for the General Fund, Enterprise Funds, and Debt Service Fund, or 76 percent, of the revenue estimates included in the FY 2013-2014 Proposed Annual Budget. Our review did not include the remaining \$593 million in revenue estimates which are mainly derived from department reimbursements and City, employee, and retiree contributions for retirement and health benefits.
- City management is responsible for preparing reasonable revenue estimates for inclusion in the FY 2013-2014 Proposed Annual Budget. In preparing these revenue estimates, City management develops revenue estimate methodologies, such as regression analyses and/or historical trends, and documents the significant assumptions used to support those methodologies. This information is reviewed by the Office for reasonableness; however, neither City management nor the Office guarantees the achievement of the FY 2013-2014 revenue estimates.

Attestation Services

Independent Auditor's Report on Applying Agreed-Upon Procedures for the Preliminary Official Statement for the City of Dallas, Texas (Dallas, Denton, Collin and Rockwall Counties) General Obligation Refunding and Improvement Bonds Series 2013A - \$207,705,000 and General Obligation Refunding Bonds Taxable Series 2013B - \$42,635,000 (July 1, 2013)

The Preliminary Official Statement was reviewed to minimize any concerns that data related to the City's financial condition is not accurately disclosed.

Exceptions Noted: Minor exceptions noted as a result of applying these agreed-upon procedures were communicated to the City Controller's Office for correction.

Independent Auditor's Report on Applying Agreed-Upon Procedures for the Final Official Statement for the City of Dallas, Texas (Dallas, Denton, Collin and Rockwall Counties) General Obligation Refunding and Improvement Bonds Series 2013A - \$194,470,000 and General Obligation Refunding Bonds Taxable Series 2013B - \$42,615,000 (July 15, 2013)

The Final Official Statement was reviewed to minimize any concerns that data related to the City's financial condition is not accurately disclosed.

No exceptions were noted.

Independent Auditor's Report on Applying Agreed-Upon Procedures for Sole Source – Deccan International Software Five-Year Maintenance and Support, \$152,300 (July 24, 2013)

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 # BUZ1307: Department of Trinity Watershed Management – ALERT Repair, Parts, and Software Maintenance and Support, \$88,920 (August 15, 2013)

The procurement followed Administrative Directive (AD) 4-5: *Contracting Policy* provisions for processing single bid items and made reasonable efforts to increase bid participation.

Exception noted: Price reasonableness for the proposed amount of \$88,920 could not be determined.

Independent Auditor's Report on Applying Agreed-Upon Procedures for Single Bid # BUZ1316: Department of Trinity Watershed Management – SCADA Repair, Parts, and Support, \$142,550 (August 15, 2013)

The procurement followed Administrative Directive (AD) 4-5: *Contracting Policy* provisions for processing single bid items and made reasonable efforts to increase bid participation.

Exception noted: Price reasonableness for the proposed amount of \$142,550 could not be determined.

Independent Auditor's Report on Applying Agreed-Upon Procedures for the Preliminary Official Statement for the City of Dallas, Texas (Dallas, Denton, Collin and Rockwall Counties): Waterworks and Sewer System Revenue Refunding Bonds, Series 2013 - \$164,355,000 (August 15, 2013)

The Preliminary Official Statement was reviewed to minimize any concerns that data related to the City's Department of Dallas Water Utilities (DWU) operation and financial conditions are not accurately disclosed.

Exceptions Noted: Minor exceptions noted as a result of applying these agreed-upon procedures were communicated to the City Controller's Office and Department of Dallas Water Utilities for correction.

Independent Auditor's Report on Applying Agreed-Upon Procedures for Sole Source – Dallas Morning News Advertising Services, \$1,000,000 (August 21, 2013)

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 Sole Source – ITT Exelis, Inc. Noise and Operations Management System, \$882,083 (August 23, 2013)

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.**

Exception Noted: Price reasonableness for the proposed cost of \$509,327 for the first three years and the proposed cost of \$372,756 for an optional two years could not be determined.

Independent Auditor's Report on Applying Agreed-Upon Procedures for Single Bid # BJ1327: Department of Sanitation Services – Front End Loader Refuse Trucks Lease, \$185,000 (August 26, 2013)

The procurement followed Administrative Directive (AD) 4-5: *Contracting Policy* provisions for processing single bid items and made reasonable efforts to increase bid participation.

Exceptions noted:

- The procurement was originally advertised as a Request for Bid for the **lease** of two front end loader refuse trucks. Subsequently, the procurement was revised via addendum to a Request for Proposal (RFP). According to BDPS, this revision was made to address the vending community's feedback that the City of Dallas' (City) terms to include maintenance requirements, loaner vehicles, and other terms were not practical and allowed the City to negotiate leasing options with potential vendors.

The City received one proposal from the same vendor who is currently leasing two front end refuse trucks to the Department of Sanitation Services (SAN). The proposal submitted by the vendor included a lease term with the option to purchase at the end of the lease term.

After reviewing this proposal, management determined the most advantageous option for the City was to consider purchasing rather than

leasing the two front end loader refuse trucks. The BDPS indicated the purchase option provided a \$6,500 savings per truck over leasing the same vehicles for twelve months; however, the RFP specifications were for the lease rather than the purchase of two front end loader refuse trucks. We noted this as an exception to procedure step number two to ensure that the bid specifications were developed to encourage competition, prevent favoritism, and obtain the best price in the interest of the City.

- Three additional exceptions were also noted.

Independent Auditor's Report on Applying Agreed-Upon Procedures for the Final Official Statement for the City of Dallas, Texas (Dallas, Denton, Collin and Rockwall Counties): Waterworks and Sewer System Revenue Refunding Bonds, Series 2013 - \$156,540,000 (August 29, 2013)

The Final Official Statement was reviewed to minimize any concerns that data related to the City's Department of Dallas Water Utilities (DWU) operation and financial conditions are not accurately disclosed.

Exception Noted: The estimated annual rate increases for projected water utilities capital improvements should be four to seven percent rather than three to seven percent. (The DWU documentation showed the estimated annual rate increases range from "3.7%" to "6.9%" for FY 2013 to FY 2018.) The discrepancy was communicated to DWU.

Independent Auditor's Report on Applying Agreed-Upon Procedures for Single Bid # BDZ1322: Office of Economic Development – Mixed-Use Library Development, \$744,000 (September 10, 2013)

The procurement followed Administrative Directive (AD) 4-5: *Contracting Policy* provisions for processing single bid items and made reasonable efforts to increase bid participation.

Exception noted: Price reasonableness for the proposed amount of \$744,000 could not be determined.

Independent Auditor's Report on Applying Agreed-Upon Procedures for Single Bid # CIZ1410: Department of Public Works – Love Field Airfield Signage Wiring / Foundation, \$969,375 (September 30, 2013)

The procurement followed Administrative Directive (AD) 4-5: *Contracting Policy* provisions for processing single bid items and made reasonable efforts to increase bid participation.

No exceptions were noted.

Investigative Services

Investigative Report: Department of Housing/Community Services – Abuse of Official Capacity (July 2, 2013)

- This report summarizes the results of an administrative review of an allegation involving a Manager for the Department of Housing/Community Services (HOU) who abused her appointed office to obtain housing benefits for a relative.
- The allegations were investigated by the Dallas Police Department – Public Integrity Unit (DPD-PIU) and a Grand Jury referral was filed on January 29, 2013, with the Dallas County District Attorney's Office (DA). The HOU Manager was indicted by a Dallas County Grand Jury on April 10, 2013, for Abuse of Official Capacity, a state jail felony. The Office reviewed DPD-PIU's investigation and concluded that the Manager's conduct violated numerous City Personnel Rules.
- The HOU Management has taken the following actions:
 - The HOU Manager was placed on administrative leave based upon the DPD-PIU referral to the DA's Office.
 - Upon notification that the HOU Manager's indictment was forthcoming from the Grand Jury, HOU management decided to terminate the Manager's employment with the City.
 - Upon contacting the HOU Manager to issue a pre-termination letter, the HOU Manager informed HOU Management that she was retiring.

Investigative Report: Department of Dallas Water Utilities – Theft by a Public Servant (July 8, 2013)

- This report summarizes the results of an administrative investigation of allegations of a Department of Dallas Water Utilities (DWU) Laborer appropriating City materials for his own benefit.
- On January 29, 2013, DWU management notified the Office regarding an employee who was allegedly "*checking out*" copper and brass from the City store room for his use as a DWU employee. The DWU management discovered the employee was obtaining these materials without authorization after his work shift had ended and in quantities beyond those needed for normal DWU usage.
- After a preliminary review, the Office referred the complaint to the Dallas Police Department – Public Integrity Unit (DPD-PIU) for investigation, and it was determined that there was sufficient evidence to file a criminal case for

Theft by a Public Servant against the employee. The criminal case was filed with the Dallas County District Attorney's Office on February 22, 2013, and the employee was arrested on March 8, 2013. Additionally, the Office's administrative review of the case identified numerous violations of the City's Personnel Rules.

- The DWU Management terminated the employee's employment with the City effective April 18, 2013.

Investigative Report: Department of Park and Recreation – Theft by a Public Servant (August 9, 2013)

- This report summarizes the results of an administrative review of Dallas Police Department – Public Integrity Unit (DPD-PIU) investigation into a Department of Park and Recreation (PKR) Interim Manager's theft of cash from a PKR Recreation Center.
- On March 21, 2013, PKR Management reported the potential theft by a PKR Interim Manager and provided supporting documentation to the Office. The DPD-PIU, with assistance from the Office, investigated and determined that the PKR Interim Manager was stealing money by illegally manipulating records and deposits for Marcus Recreation Center.
- Between January 18, 2013 and March 5, 2013, the PKR Interim Manager made alterations to 31 cash transaction receipts and failed to deposit the cash in the daily deposits as required. A total of approximately \$1,029 worth of cash transactions was altered. The ongoing theft came to the attention of the Marcus Recreation Center staff when they observed cash transactions that they had handled were not being deposited in the center's daily receipts. The staff notified a PKR District Manager who immediately suspended the Interim Manager's computer privileges and reported the potential theft to the Office with a request for an investigation. The PKR Interim Manager attempted to repay some of the cash and made deposits on three days; however, approximately \$635 of the altered cash transactions was never deposited into the City account and was misappropriated by the PKR Interim Manager.
- The PKR Interim Manager gave a voluntary statement to DPD-PIU admitting his involvement in the theft. On July 15, 2013, the PKR Interim Manager was indicted by a Dallas County Grand Jury for Theft by a Public Servant. The Office's review of the evidence supports that the PKR Interim Manager, in addition to theft, violated City Personnel Rules, including dishonesty, theft, misconduct, and disregard of the public trust.
- The PKR Management placed the PKR employee on administrative leave during the investigation and, on May 14, 2013, the PKR employee resigned from his position with the City.

Investigative Report: Department of Sustainable Development and Construction-Building Inspection – Theft of Time by Employee (August 12, 2013)

- This report summarizes results of an investigation initially involving allegations of theft of time by a City Plumbing and Mechanical Inspector. During the investigation, further allegations were raised which resulted in the Office conducting a more extensive investigation than originally envisioned.
- Two citizens made complaints with the Office alleging an employee of the Department of Sustainable Development and Construction – Building Inspection (SDC-BI) was parking his City vehicle at his residence on multiple occasions during the normal workday. One of these citizens (a next-door neighbor of the employee) had additional complaints, including an allegation of the employee threatening, intimidating, and harassing her over a dispute concerning the boundary between their properties and a further allegation of the employee entering onto her property and stealing a home security surveillance camera.
- The Dallas Police Department (DPD) investigated the allegation of stolen property and subsequently arrested the employee for theft and filed a Class B criminal misdemeanor charge against him. The charge was eventually dismissed via a plea bargain when the employee agreed to pay restitution to the neighbor for the destroyed home security surveillance camera.
- Further allegations of misfeasance and nonfeasance by the employee regarding his duties and responsibilities to SDC-BI were substantiated by the Office.
- Based on the actions of the employee, the evidence suggests that the employee violated the City of Dallas' Personnel Rules regarding unsatisfactory attendance, inability or unwillingness to perform assigned work satisfactorily, indifference towards work, dishonesty, theft, disturbance, misconduct, disregard of the public trust, and failure to notify of an arrest. Additionally, the employee's conduct resulted in a criminal charge for theft. The employee's conduct creates a negative public perception and a public trust concern.
- The SDC-BI reviewed the allegations and evidence concerning the employee. Based upon the seriousness of the allegations and the evidence supporting those allegations, it was determined that termination of employment was the appropriate disciplinary action. The SDC-BI, working with the Department of Human Resources (HR), terminated the employee June 11, 2013. A review of a sample of inspections conducted by the employee found no obvious danger to the public.

Investigative Report: Department of Housing/Community Services – Women, Infants and Children Program (WIC) Fraud (August 22, 2013)

- This report summarizes results of an investigation of allegations involving an employee in the Women, Infants and Children Program (WIC).
- In June 2012, the Office received information from the management of the Department of Housing/Community Services (HOU) that a Community Services Worker for WIC was possibly creating false WIC accounts. This information was also reported by HOU Management to an Investigator for the Texas Health and Human Services Commission (HHS).
- The HHS investigated, and there was sufficient evidence for a Dallas County Grand Jury to return an indictment against this Community Services Worker for Theft by a Public Servant on May 8, 2013. Additionally, the evidence reviewed supports that the Community Services Worker's actions violated City of Dallas Personnel Rules, including dishonesty, theft, misconduct, and disregard of public trust.
- The Community Services Worker was found to have violated WIC policies and the City's Personnel Rules. For these reasons, which were not related to the pending HHS criminal investigation, the employee was terminated from employment with the City on May 3, 2013.

**Audit and Attestation Services
Anticipated Report Releases
Fiscal Year 2014 – First Quarter
October 1, 2013 to December 31, 2013**

Audit Services

Accounts Payable

- Anticipated Report Date: November 2013
- Project Objective(s): Evaluate whether payments for goods and/or services comply with the State of Texas' prompt payment requirements

Arts and Cultural Program Funding

- Anticipated Report Date: December 2013
- Project Objective(s): To determine the efficiency and effectiveness of the Office of Cultural Affairs funding for arts and cultural programs which may include eligibility, submitting applications within established deadlines, contracting and reimbursement documentation

City's Self-Insurance Program – Medical

- Anticipated Report Date: December 2013
- Project Objective(s): Assess the adequacy of internal controls over the City's Medical Self-Insurance Program which may include claims processing, monitoring, oversight, and eligibility determination

Aircraft Rescue and Firefighting (ARFF)

- Anticipated Report Date: December 2013
- Project Objective(s): Verify whether ARFF complies with certain Federal Aviation Administration guidelines which may include emergency response time, ARFF training and inspection, maintenance/quantity of ARFF vehicles and extinguishers

**Audit and Attestation Services
Projects in Progress
Fiscal Year 2014 – First Quarter
October 1, 2013 to December 31, 2013**

Audit Services

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

Contract Compliance – Office Depot

- Anticipated Report Date: Second Quarter Fiscal Year 2014
- Project Objective(s): To determine whether Office Depot adhered to contract pricing provisions

Controls over Cash Receipts and Collections

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

Prior Audit Recommendations Follow-Up

- Anticipated Report Date: Second Quarter Fiscal Year 2014
- Project Objective(s): To evaluate management implementation of prior audit recommendations

Software Licensing Agreements

- Anticipated Report Date: Second Quarter Fiscal Year 2014
- Project Objective(s): To evaluate the City's management of, and compliance with the terms of, software licensing agreements and determine if the licensing programs are effective

Special Audit of Five Former City Council Members

- Anticipated Report Date: Second Quarter Fiscal Year 2014
- Project Objective(s): Conduct audits, in accordance with Chapter IX, Section 4 of the City Charter, of officers who vacate their offices due to death, resignation, removal, or expiration of term

Special Audit of Former City Attorney, Thomas P. Perkins

- Anticipated Report Date: Second Quarter Fiscal Year 2014
- Project Objective(s): Conduct audits, in accordance with Chapter IX, Section 4 of the City Charter, of officers who vacate their offices due to death, resignation, removal, or expiration of term

Special Audit of Former City Manager, Mary K. Suhm

- Anticipated Report Date: Second Quarter Fiscal Year 2014
- Project Objective(s): Conduct audits, in accordance with Chapter IX, Section 4 of the City Charter, of officers who vacate their offices due to death, resignation, removal, or expiration of term

Wastewater Collection and Treatment

- Anticipated Report Date: Second Quarter Fiscal Year 2014
- Project Objective(s): Assess the adequacy of internal controls over inventories of equipment and supplies

Payroll Audit

- Anticipated Report Date: Third Quarter Fiscal Year 2014
- Project Objective(s): To assess internal controls and processes to determine the accuracy of the payroll system and the adequacy/reliability of controls

Purchasing / Contracting Processes

- Anticipated Report Date: Third Quarter Fiscal Year 2014
- Project Objective(s): To determine whether processing controls for purchasing / contracting for goods / services are adequate

Water Customer Billings

- Anticipated Report Date: Third Quarter Fiscal Year 2014
- Project Objective(s): To determine the efficiency and effectiveness of Dallas Water Utilities' billing adjustments and assess internal controls over billing adjustments

Franchise Fees

- Anticipated Report Date: To be established by a yet-to-be determined independent contractor
- Project Objective(s): To develop a Request for Proposal for contingency fee based franchise fee reviews which may include utilities, cable, and telephone

Attestation Services

Independent Auditor's Reports on Applying Agreed-Upon Procedures

None Currently

**Audit and Attestation Services
Anticipated Project Starts
Fiscal Year 2014 – First Quarter
October 1, 2013 to December 31, 2013**

Audit Services

Maintenance of Infrastructure

- Anticipated Report Date: Fourth Quarter Fiscal Year 2014
- 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

A. Drug Destruction: As Requested

Anticipated Issue Date: As Completed

Project Objective(s): To perform Agreed-Upon Procedures to assist the Dallas Police Department (DPD) in evaluating compliance with the following objectives: (1) Drug articles scheduled for destruction are properly authorized by police personnel (i.e., was the authorization for destruction received from appropriate DPD personnel); (2) Drug articles authorized for destruction are properly accounted for and the drug articles listed on the property inventory tags matched the inventory listing, which is the basis for the Judgment in REM; and, (3) Drug articles identified for destruction are adequately safeguarded from the point of verification through destruction

B. Weapons Destruction: As Requested

Anticipated Issue Date: As Completed

Project Objective(s): To perform Agreed-Upon Procedures to assist the DPD in evaluating compliance with the following objectives: (1) Weapons

scheduled for destruction are properly authorized by police personnel (i.e., the authorization for destruction was received from the appropriate DPD personnel); (2) Weapons authorized for destruction are properly accounted for and the information on the property tags attached to each weapon agrees to the inventory listing, which was the basis for the Judgment in REM; (3) Weapons identified for destruction are adequately safeguarded from the point of verification through destruction; and, (4) Weapons that required testing and documentation in the National Integrated Ballistics Information Network (NIBIN), and which could be safely fired, were test fired and the results documented

C. 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

D. 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*