

# Memorandum



CITY OF DALLAS

**DATE:** August 13, 2015

**TO:** Honorable Members of the Budget, Finance & Audit Committee –  
Jennifer S. Gates (Chair); Philip T. Kingston (Vice Chair);  
Deputy Mayor Pro-Tem Erik Wilson; Rickey D. Callahan; Scott Griggs; Lee M. Kleinman

**SUBJECT:** Presentation to the Budget, Finance & Audit Committee:  
Office of the City Auditor's Fiscal Year 2016 Audit Plan

On August 17, 2015, the Office of the City Auditor will present the proposed Fiscal Year 2016 Audit Plan to the Budget, Finance & Audit Committee for consideration of recommendation for approval by the full City Council. If approved by the Committee, the Council Agenda for Tuesday, September 22, 2015 will include an item to authorize the adoption of the Office of the City Auditor's Fiscal Year 2016 Audit Plan.

The Office of the City Auditor performs work for and under the direction of the Dallas City Council. The Fiscal Year 2016 Audit Plan is designed to satisfy responsibilities established by the Dallas City Charter, meet the needs of the City Council, and outline the services that the Office of the City Auditor plans to initiate and/or complete during Fiscal Year 2016.

The Office of the City Auditor's mission is to promote public trust and advance accountability by providing independent, objective, and useful professional services for the City of Dallas. The plan demonstrates the variety of services the Office of the City Auditor provides to address its mission and reflects the following Dallas City Council priorities:

- Public Safety Improvements and Crime Reduction
- Economic Vibrancy
- Clean, Healthy Environment
- Culture, Arts, Recreation and Education
- E-Gov

We respectfully present the Fiscal Year 2016 Audit Plan and request your support for a recommendation to the full City Council for approval of the plan.

Sincerely,

A handwritten signature in black ink that reads "Craig D. Kinton".

Craig D. Kinton  
City Auditor

Attachment



**CITY OF DALLAS**

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**OFFICE OF THE CITY AUDITOR**

**AUDIT PLAN  
FISCAL YEAR 2016**

**CRAIG D. KINTON  
CITY AUDITOR**



# AUDIT PLAN FOR FISCAL YEAR 2016

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The City of Dallas (City) Office of the City Auditor (Office) performs work for and under the direction of the Dallas City Council. The Fiscal Year 2016 Audit Plan (Audit Plan) is designed to satisfy responsibilities established by the Dallas City Charter, meet the needs of the City Council, and outline the professional services that the Office plans to initiate and / or complete during Fiscal Year 2016.

The Office's mission is to promote public trust and advance accountability by providing independent, objective, and useful professional services for the City of Dallas. The Audit Plan demonstrates the variety of services the Office provides to address its mission and reflects the following Dallas City Council priorities:

- Public Safety
- Economic Vibrancy
- Clean, Healthy Environment
- Culture, Arts, Recreation and Education
- E-Gov

This Audit Plan is a working document in that the City Auditor is authorized, when deemed necessary in his professional judgment, to amend the Audit Plan. The Dallas City Council will be notified in writing concerning additions to, deletions from, or other changes to this Audit Plan. The Audit Plan includes audits, attestation engagements, and other professional services.

## AUDIT AND ATTESTATION SERVICES

The Office complies with generally accepted government auditing standards when performing audits and attestation engagements. These standards provide a framework for conducting high quality audits and attestation engagements with competence, integrity, objectivity, and independence. The types of audits and attestation engagements performed under these standards include:

- **Performance Audits**

Conducted to provide objective analysis to assist management and those charged with governance and oversight 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. Performance audit objectives vary widely and can include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and, prospective analyses.

- **Financial Audits**

Conducted to provide an independent assessment of whether an entity's reported financial information (e.g., financial condition, results, and use of resources) are presented fairly and in accordance with recognized criteria. Financial audits provide users with statements concerning the reliability of information, and provide information about internal control over financial reporting, and compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

- **Attestation Engagements**

Conducted to address a broad range of financial or non-financial objectives. An attestation engagement 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.

## **OTHER PROFESSIONAL SERVICES**

The Office provides other professional services which may or may not be performed in accordance with generally accepted government auditing standards. These other professional services include:

- **Investigative Services**

The Office provides investigative services to evaluate and investigate allegations of fraud, waste and abuse and maintains a Hotline as a tool for the confidential reporting of allegations. Investigations are conducted in accordance with Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency. Criminal allegations are referred to appropriate law enforcement authorities. Significant findings of fraud are reported to the Mayor, the Chair of the Budget, Finance & Audit Committee, the City Attorney, and City management as required by Council Resolutions and Administrative Directive.

- **City Council Support**

The Office is authorized to conduct audits, attestation engagements, or other professional services for individual City Council Members, provided the request will not impact the completion of the Audit Plan. If, in the judgment of the City Auditor, a request will impact completion of the Audit Plan, the City Auditor is to request that the Council Member submit the request in writing for consideration and approval by the Budget, Finance & Audit Committee and the City Council as an amendment to the Audit Plan. All work products will be produced at the direction of the City Auditor.

- **Management Assistance**

The Office is authorized to perform audits and attestation services and other professional services at the request of management to assist in carrying out management's responsibilities. These services may include, but are not limited to, providing technical advice, such as participating on committees, task forces, panels, and focus groups. The Office may provide management assistance based on consideration of the impact on auditor independence and audit plan completion.

- **Litigation Support**

The Office is authorized to perform audits and attestation services and other professional services at the request of the City Attorney. The services provided by the Office depend on the needs of the City Attorney. These services may include, but are not limited to, research, analysis, and computer forensics.

## **INDEPENDENCE DISCLOSURES**

Section 40-A.2. (c)(C) of the Dallas City Code designates the City Auditor as a voting member of the Employees' Retirement Fund (ERF) Board of Trustees. Generally accepted government auditing standards require the Office to disclose impairments to independence. The Office lacks independence in relation to any audit work that might be conducted at the ERF. To the extent that audits and attestation engagements are performed in this area, the Office is not independent. The effects of this independence concern on audit work will be clearly identified in any final reports, if applicable.

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#	Department	Key Focus Area**	Description	Objectives
1	ATT	E-Gov	Litigation Support	Provide audit, attestation, and other professional services, as requested by the City Attorney
2	BDPS	Economic Vibrancy / E-Gov	Sole Source / Single Bid Procurements	Determine the adequacy of controls for sole source / single bid procurements
3	CCS	Clean, Healthy Environment	Animal Services Operations	Evaluate Animal Services operations which may include (1) animal kennel care; (2) call response times; and, (3) drug inventory management compared to best practices and determine whether they comply with applicable laws, regulations, and policies
4	CIS	E-Gov / Public Safety	Information Technology Processes	Determine the effectiveness of selected CIS' processes which may include: (1) back-up and recovery; (2) governance process; and, (3) vendor contract monitoring
5	OFS	E-Gov	Revenue Estimates – Budgeted Revenues for Fiscal Year 2016-2017	Determine whether the City has effective processes to ensure reasonable revenue estimates are included in the City Manager's proposed operating budget
6	OFS	Economic Vibrancy / E-Gov	Verification of Third Party Receipts Collections for Sales / Use Tax and Franchise Fees	Verify that: (1) sales/use tax receipts identified by the third party consultant are accurate and properly supported; and, (2) Franchise fees (which may include utilities, cable, and telephone) identified by the third party consultant(s) are received by the City
7	PBW	Economic Vibrancy	Street Cut Repair and Inspection Processes	Determine whether the City's street cut program is operating efficiently
8	PKR	Culture, Arts, Recreation and Education	Regulatory, Safety and Maintenance	Determine whether the Department of Park and Recreation has effective internal controls to identify and ensure compliance with regulatory, safety and maintenance requirements for land parks
9	TWM	Economic Vibrancy / Clean, Healthy Environment	Trinity Watershed Management	Evaluate management controls related to Trinity Watershed Management

#	Department	Key Focus Area**	Description	Objectives
10	Multiple	E-Gov	Compliance with Administrative Directive (AD) 4-9 <i>Internal Control</i>	Determine if individual department's internal controls are established in accordance with the Standards established by the Comptroller General of the United States pursuant to the " <i>Federal Manager's Financial Integrity Act</i> ", (i.e., the Green Book) as required by AD 4-9
11	Multiple	Economic Vibrancy / E-Gov	Construction Related Procurements	Determine the effectiveness of internal controls for construction related procurements
12	Multiple	Clean, Healthy Environment / E-Gov	Environmental Compliance	Determine whether the City is in compliance with Environmental Protection Agency regulations which may include the Clean Water Act, and / or other Federal / State environmental requirements regarding handling / disposing of hazardous waste
13	Multiple	Multiple	Business Partner Oversight	Evaluate controls related to oversight / monitoring of entities operating City-owned facilities
14	Multiple	Multiple	Performance Measurement Process	Conduct audits of selected departments to evaluate whether performance data are meaningful, accurate, supportable, reliable, and valid
15	Multiple	Multiple	Special Audits	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
16	Multiple	Multiple	Council Assistance	Provide audit and attestation services and other professional services, as requested by individual City Council members
17	Multiple	Multiple	Fraud, Waste and Abuse Investigations	Evaluate allegations of fraud, waste and abuse, conduct investigations, and educate employees
18	Multiple	Multiple	Management Assistance	Provide audit and attestation services and other professional services as requested by Management

#	Department	Key Focus Area **	Description	Objectives
19	Multiple	Multiple	Prior Audit Recommendations Follow-Up	Evaluate Management's implementation of prior audit recommendations

\*\* The Fiscal Year 2016 Audit Plan (Audit Plan) is based on a risk assessment updated for City services approved in the Fiscal Year 2015 City of Dallas Adopted Annual Budget.

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