

Memorandum



CITY OF DALLAS
(Report No. A18-009)

DATE: April 13, 2018
TO: Honorable Mayor and Members of the City Council
SUBJECT: Fiscal Year 2017 Audit Follow-Up of Prior Audit Recommendations¹

The Fiscal Year 2017 Audit Follow-Up of Prior Audit Recommendations (Follow-Up Audit) covered 65 recommendations that were included in seven audit reports issued in Fiscal Year (FY) 2015 and FY 2016. City of Dallas (City) management agreed to implement these recommendations by December 31, 2016².

The Office of the City Auditor's assessment showed City management implemented 26 of the 65 recommendations, or 40 percent. This result shows the full implementation of recommendations to address financial, operational, and compliance risks identified in prior audits continues to be a challenge.

Table I on page 2 shows implementation rates for FY 2011 through FY 2017 range from 19 to 40 percent, except for FY 2014. In FY 2014, City management requested and was granted additional time, beyond the planned audit cut-off date to completely implement more recommendations.

Significance of Audit Recommendations Implementation

Through recommendations, government audit organizations regularly disclose a wide variety of ways to improve government programs and operations. The benefit from audit work is not in the recommendations made, but in their effective implementation.

Source: Government Accountability Office

¹ We conducted this audit under the authority of the City Charter, Chapter IX, Section 3, and in accordance with the Fiscal Years 2016 and 2017 Audit Plans 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 audit objective was to evaluate whether, as of December 31, 2016, certain Fiscal Years (FY) 2015 and 2016 prior audit recommendations were implemented. The audit methodology included requesting management of seven City departments to report on the implementation status of 65 recommendations which City departments agreed to implement. The auditors also conducted interviews, reviewed documentation, and performed other tests as deemed necessary.

² December 31, 2016 was the audit cut-off date. The cut-off date means that the audit recommendations' status was evaluated as of December 31, 2016 and any additional work performed by departments after that date was not considered in the Office of the City Auditor's evaluation.

Table I

Summary of Prior Follow-Up Audits' Evaluation Results

City Management	2011	2012	2013	2014	2015	2017¹	Total
Agreed to Implement	97	58	93	82	77	65	472
Implemented - Per Audit	34	11	35	58	30	26	194
Percent Implemented – Per Audit	35	19	38	71	39	40	41

Note: Percentages rounded
¹ 2017 refers to 2016 and 2017 Follow-Up Audits

While City management made concerted efforts, recommendations were not considered fully implemented if the underlying risks identified in the prior audits were not sufficiently mitigated. Factors such as the need for: (1) timely implementation of information technology (IT) systems; and, (2) coordination of agreement and actions among departments impacted the implementation status of recommendations and are discussed in more detail below.

Timely Implementation of Information Technology Systems

New IT systems were often considered a necessary step towards addressing the prior audit recommendations. Nineteen of 65, or 29 percent of recommendations evaluated, were considered not implemented because planned IT systems were not operational prior to the audit cut-off date. As of the date of this report, these IT systems are still not functional, including:

- **Procurement tracking system** - 14 of 17, or 82 percent of the recommendations not implemented by the Office of Procurement Services (OPS), which was formerly known as the Department of Business Development and Procurement Services
- **Field based reporting system and work order and asset management system** – three of 22, or 14 percent of the recommendations not implemented by the Department of Dallas Water Utilities (DWU)
- **Parking contract management system** – two of three, or 67 percent of the recommendations not implemented by the Department of Aviation (AVI)

Dependence upon Another Department's Agreement and Actions

Implementation of three of 65, or five percent of recommendations depended upon collaboration among departments. The Department of Dallas Fire-Rescue (DFR) worked to: (1) establish an efficient procurement method, such as a master

agreement for emergency vehicle parts; and, (2) implement a compensation structure to ensure high-performing mechanics are rewarded for their performance, years of experience, and certifications. However, the full recommendations' implementation depended upon agreement and additional actions by the OPS and the Department of Human Resources (HR), respectively.

In another instance, HR was unable to execute a recommendation to revise departments' timekeeping and attendance procedures. The full recommendation implementation depended on agreement and actions by the Dallas Police Department, DFR, and DWU to bring their respective departmental policies into compliance with the *Personnel Rules*.

In addition, City management did not take advantage of the opportunity to contact the Office of the City Auditor to discuss identified risks or associated recommendations. As a result, risks were not mitigated when departments did not have a full understanding of the identified risks or associated recommendations.

Attachments I through VIII further detail the 40 percent implementation rate results, demonstrating that opportunities continue to exist for City management to improve the effectiveness of internal controls to address financial, operational, and compliance risks in the following areas:

- Standards and recommended practices for water meter billing, including tests for meter accuracy, equipment, and meters-in-service
- Timeliness, effectiveness, and consistency of City procurements through requests for proposals
- Condition of emergency vehicles
- Staff retention and succession planning
- IT user access controls
- Policies and procedures necessary to establish an internal control framework

Attachment I includes a summary of: (1) audit reports included in the Follow-Up Audit and responsible departments; and, (2) recommendation implementation status by department. The Office of the City Auditor will not conduct further audit follow-up for the recommendations included in Attachments II through VIII that were not implemented but will consider the risk in determining future audit coverage as part of the annual audit plan.

Honorable Mayor and Members of the City Council
April 13, 2018
Page 4 of 4

The Office of the City Auditor would like to acknowledge 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 A. Smith, First Assistant City Auditor, at (214) 670-4517.

Sincerely,



Craig D. Kinton
City Auditor

Attachments

C: T. C. Broadnax, City Manager
Kimberly B. Tolbert, Chief of Staff
Raquel Favela, Chief of Economic Development and Neighborhood Services
Nadia Chandler Hardy, Chief of Community Services
M. Elizabeth Reich, Chief Financial Officer
Majed Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Jo M. (Jody) Puckett, P.E., Interim Assistant City Manager
Joey Zapata, Assistant City Manager
Molly Carroll, Director – HR
Gloria Lopez Carter, Director – Department of Court and Detention Services
Chief David Coatney – DFR
Mark Duebner, Director – AVI
William Finch, Director – Department of Communication and Information Services
Michael Frosch, Director – OPS
Terry Lowery, Interim Director – DWU

Table II

Summary of Audit Reports and the Departments Responsible for Implementation of *Fiscal Year 2017 Audit Follow-Up of Prior Audit Recommendations*

Audit Report	Aviation	City Manager Office / Human Resources	Communication and Information Services	Court and Detention Services	Dallas Fire-Rescue	Dallas Water Utilities	Office of Procurement Services
Meter-to-Billing Process (August 7, 2015)						✓	
Civilian Timekeeping Internal Controls and Processes (August 14, 2015)		✓					
Internal Controls for Request for Proposal Procurements (August 14, 2015)							✓
Fleet Maintenance Management (December 4, 2015)					✓		
Maintenance of Infrastructure (December 4, 2015)						✓	
Access Controls for the Courts' Information Systems (December 4, 2015)			✓	✓			
Leasing, Concessions, and Other Activities (June 10, 2016)	✓						

Fiscal Year 2017 Audit Follow-Up of Prior Audit Recommendations

Table III

Summary of Recommendation Implementation Status by Department

Department	Results
Aviation	<ul style="list-style-type: none"> Implemented zero of three recommendations, or zero percent, reported in the <i>Audit of Leasing, Concessions, and Other Activities for the Department of Aviation</i>
City Manager's Office / Human Resources	<ul style="list-style-type: none"> Implemented four of five recommendations, or 80 percent, reported in the <i>Audit of City of Dallas' Civilian Timekeeping Internal Controls and Processes</i>
Communication and Information Services	<ul style="list-style-type: none"> Implemented one of one recommendation, or 100 percent, reported in the <i>Audit of Access Controls for the Courts' Information Systems</i>
Court and Detention Services	<ul style="list-style-type: none"> Implemented zero of three recommendations, or zero percent, reported in the <i>Audit of Access Controls for the Courts' Information Systems</i>
Dallas Fire-Rescue	<ul style="list-style-type: none"> Implemented six of 14 recommendations, or 43 percent, reported in the <i>Audit of Department of Dallas Fire-Rescue's Fleet Maintenance Management</i>
Dallas Water Utilities	<ul style="list-style-type: none"> Implemented seven of ten recommendations, or 70 percent, reported in the <i>Audit of Department of Dallas Water Utilities' Maintenance of Infrastructure</i> Implemented six of 12 recommendations, or 50 percent, reported in the <i>Audit of the Design of Controls over the Department of Dallas Water Utilities' Meter-to-Billing Process</i>
Office of Procurement Services	<ul style="list-style-type: none"> Implemented two of 17 recommendations, or 12 percent, reported in the <i>Audit of the Department of Business Development and Procurement Services' Internal Controls for Request for Proposal Procurements</i>

Note: Percentages rounded

A15-009: AUDIT OF THE DESIGN OF CONTROLS OVER THE DEPARTMENT OF DALLAS WATER UTILITIES' METER-TO-BILLING PROCESS
 (Department of Dallas Water Utilities)
 August 7, 2015

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
The Department of Dallas Water Utilities (DWU) Executive Team may not be fully informed about accuracy and inefficiency weaknesses in the meter-to-billing process.	Further develop the meter-to-billing process to more fully comply with the International Organization for Standardization (ISO) and American Water Works Association (AWWA) standards, requirements, and recommended practices. Management Responsibility - Top management shall provide evidence of its commitment to the development and implementation of the Quality Management System and continually improve its effectiveness.	Agree	December 31, 2016	March 31, 2016	✓			✓			✓		

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Untimely updating of service orders may result in inefficiencies such as duplicative service orders, additional call volume for the City of Dallas' (City) 311 Call Center, and subsequent entries of incorrect billing data.	Further develop the meter-to-billing process to more fully comply with the ISO and AWWA standards, requirements, and recommended practices. Resource Management - The organization shall determine and provide the resources needed.	Agree	December 31, 2016	August 31, 2016	✓				✓			✓	<p>Condition: The DWU did not further develop the meter-to-billing process to more fully comply with ISO standards, requirements, and recommended practices by providing the resources needed. According to DWU, business requirements for a field mobility solution were developed and DWU has been working with the Department of Communication and Information Services in researching the best solution for the utility. The DWU has included funding in the Fiscal Year 2018-19 budget for this project.</p> <p>Effect: Untimely updating of service orders may result in inefficiencies such as duplicative service orders, additional call volume for the City's 311 Call Center, and subsequent entries of incorrect billing data.</p>

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In 2008, during Systems, Applications, and Products in Data Processing system (SAP) implementation, DWU raised tolerance settings on the control designed to detect meter read errors that appear implausible, rendering the control potentially less effective. Since that time, DWU has not evaluated the tolerance settings to determine if they are appropriate.	Further develop the meter-to-billing process to more fully comply with the ISO and AWWA standards, requirements, and recommended practices. Product Realization (Tolerance Settings) - The organization shall plan and develop the processes needed for product realization (e.g., customer billings).	Agree	December 31, 2016	September 30, 2016	✓				✓			✓	<p>Condition: The DWU did not adequately improve the accuracy of the meter-to-billing process by evaluating the tolerance settings to determine if they are still appropriate. Rather than selecting and testing a statistical sample of meter reads in the field or performing data analysis on available SAP data; the DWU reviewed summary information from one month of SAP data (March through April 10, 2016) and concluded the 2008 tolerance settings for identifying possible meter read errors were at the desired level. The DWU did not analyze the impact of amending the tolerance settings to determine if the SAP could be used more effectively to identify meter read errors.</p> <p>Effect: Without sufficient evaluation of the tolerance settings, DWU's current tolerance settings could result in a less efficient process to identify meter read errors.</p>

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Prolonged use of consecutive estimates has resulted in customers receiving large monthly bills when their meters were finally read.	Further develop the meter-to-billing process to more fully comply with the ISO and AWWA standards, requirements, and recommended practices. Product Realization (Consecutive Estimates) - The organization shall plan and develop the processes needed for product realization (e.g., customer billings).	Agree	December 31, 2016	September 30, 2016	✓			✓			✓		
Based on meter reader data, customer bills may not have been based on actual meter reads and the City's General Liability claims risk may have increased where unsafe meter box conditions had been overlooked in the preceding months.	Further develop the meter-to-billing process to more fully comply with the ISO and AWWA standards, requirements, and recommended practices. Measurement, Analysis, and Improvement (Monitoring) - The organization shall plan and implement the monitoring, measurement, analysis, and improvement processes needed to demonstrate, ensure, and continually improve the effectiveness of the system.	Agree	December 31, 2016	May 31, 2016	✓			✓			✓		

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The consequences of not having reliable SAP data to effectively manage DWU's workload of meter exchanges are operating inefficiencies and potential revenue losses.	Further develop the meter-to-billing process to more fully comply with the ISO and AWWA standards, requirements, and recommended practices. Measurement, Analysis, and Improvement (Data Analysis) - The organization shall plan and implement the monitoring, measurement, analysis, and improvement processes needed to demonstrate, ensure, and continually improve the effectiveness of the system.	Agree	December 31, 2016	May 31, 2016	✓			✓			✓		

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The absence of a documented overall performance measure for data accuracy for the meter-to-billing process may result in inaccurate customer billing.	Further develop the meter-to-billing process to more fully comply with the ISO and AWWA standards, requirements, and recommended practices. Measurement, Analysis, and Improvement (Performance Measures) - The organization shall plan and implement the monitoring, measurement, analysis, and improvement processes needed to demonstrate, ensure, and continually improve the effectiveness of the system.	Agree	December 31, 2016	May 31, 2016	✓				✓			✓	<p>Condition: The DWU did not further develop the meter-to-billing process to more fully comply with the ISO standards, requirements, and recommended practices. The DWU implemented and documented performance measures for the meter-to-billing process data accuracy. However, the methodology DWU used to calculate meter read accuracy, one of the key performance measures, was not appropriate. The DWU only validated a subset of meter read errors by re-reading the water meters, however, the methodology assumes all meter reads not identified as possible meter read errors are correct. Although DWU has certain controls in place to identify and validate possible meter read errors, it is inappropriate to assume that all reads not identified as possible meter read errors are correct.</p> <p>Effect: The methodology to calculate meter reading accuracy may result in reporting an accuracy rate to management that is inflated, which could result in inaccurate customer billing.</p>

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The DWU's procedure uses a lower standard than AWWA in its computation of meter accuracy test results by accepting sampled meters that may have failed one or more accuracy tests.	Further develop the meter-to-billing process to more fully comply with the ISO and AWWA standards, requirements, and recommended practices. Meter Accuracy Tests (Statistical Sampling) - All meters should be tested for accuracy of registration at flow rates and test-flow quantities. A statistical sample testing of new meter shipments to verify accuracy is an efficient cost alternative to testing every new meter.	Agree	December 31, 2016	September 14, 2016	✓				✓			✓	Condition: The DWU did not further develop the meter-to-billing process to more fully comply with the AWWA standards, requirements, and recommended practices; specifically, the number of meters sampled was not statistically significant nor were the meters sampled randomly selected. Effect: Without statistical sampling, the test result will not be statistically representative of the population.
The DWU's procedure uses a lower standard than AWWA in its computation of meter accuracy test results by accepting sampled meters that may have failed one or more accuracy tests.	Further develop the meter-to-billing process to more fully comply with the ISO and AWWA standards, requirements, and recommended practices. Meter Accuracy Tests (Lower Standard than AWWA) - All sampled meters must meet accuracy limits at different flow rates.	Agree	December 31, 2016	September 14, 2016	✓				✓			✓	Condition: The DWU did not further develop the meter-to-billing process to more fully comply with the AWWA standards, requirements, and recommended practices. The DWU continued to accept sampled meters that may have failed one or more accuracy tests. Effect: Customers may be inaccurately billed.

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The residential meter test equipment is old and requires a number of highly-skilled and precise manual actions which increases the risk that DWU's test results may not consistently meet the AWWA standard for an accuracy measurement of within 0.25 percent of the actual quantity.	Further develop the meter-to-billing process to more fully comply with the ISO and AWWA standards, requirements, and recommended practices. Testing Equipment - The measuring device that is used to determine the amount of water discharged when testing should be designed to provide measuring accuracy to within 0.25 percent of the actual quantity. Tanks and scales should be tested and calibrated at least once a year and records kept of such tests and calibrations.	Agree	December 31, 2016	September 14, 2016	✓			✓			✓		Note: The DWU began using a test bench that was calibrated to be accurate within AWWA standards as was recommended in the original audit. The way in which the tests were conducted still required, however, a level of interpretation by the tester. This created a risk that the results of the test would not be accurate within the AWWA standards.

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<p>Obsolete meters that are not timely replaced may contribute to apparent water loss and lost revenue. The DWU process and ISO procedure for large meter maintenance plans are not fully implemented.</p>	<p>Further develop the meter-to-billing process to more fully comply with the ISO and AWWA standards, requirements, and recommended practices.</p> <p>Periodic Meters-in-Service Tests (Large Meters Maintenance) - In most cases, it is impossible to ascertain, without actual testing, whether meters-in-service are registering with the required degree of accuracy. Consequently, to ensure reliable meter measurements, it is essential that all meters be subjected to periodic tests.</p>	Agree	December 31, 2016	August 11, 2015	✓				✓			<p>Condition: The DWU did not further develop the meter-to-billing process to more fully comply with the AWWA standards, requirements, and recommended practices. The DWU implemented processes to ensure obsolete large meters would be replaced timely, however, these processes were not in place by the audit cut-off date. According to DWU, the Large Meter Maintenance Plan was put into production in March 2017.</p> <p>Effect: Obsolete meters that are not timely replaced may contribute to apparent water loss and lost revenue.</p> <p>Note: Cut-off date means that the audit recommendations' status was evaluated as of December 31, 2016 and any additional work performed by DWU after that date was not considered in the Office of the City Auditor's evaluation.</p>	

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Obsolete meters that are not timely replaced may contribute to apparent water loss and lost revenue. The DWU ISO procedure to replace residential meters every 15 years is not fully implemented.	Further develop the meter-to-billing process to more fully comply with the ISO and AWWA standards, requirements, and recommended practices. Periodic Meters-in-Service Tests (Residential Meters Maintenance) - In most cases, it is impossible to ascertain, without actual testing, whether meters-in-service are registering with the required degree of accuracy. Consequently, to ensure reliable meter measurements, it is essential that all meters be subjected to periodic tests.	Agree	December 31, 2016	August 11, 2015	✓			✓			✓		

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A15-011: AUDIT OF CITY OF DALLAS' CIVILIAN TIMEKEEPING INTERNAL CONTROLS AND PROCESSES
 (City Manager's Office and Department of Human Resources)
 August 14, 2015

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
The City of Dallas (City) cannot readily determine the actual extent to which employees comply with Personnel Rules related to the proper use of paid leave categories. Without proper controls in place, the City cannot ensure consistent compliance with Personnel Rules Sec. 34-22 <i>Sick Leave</i> , (h) <i>Sick Leave Usage</i> and Administrative Directive 3-39, <i>Attendance Incentive Program</i> (AD 3-39). In addition, the City cannot reasonably monitor each employee's use of leave and ensure that it was charged to the correct leave category.	Evaluate the benefits and challenges of implementing a Paid Time Off (PTO) program to simplify the City's administration of paid leave.	Agree	March 31, 2016	March 22, 2016	✓			✓			✓		
The City cannot readily determine the actual extent to which employees comply with Personnel Rules related to the proper use of paid leave categories. Without proper controls in place, the City cannot ensure consistent compliance with Personnel Rules Sec. 34-22 <i>Sick Leave</i> , (h) <i>Sick Leave Usage</i> and AD 3-39. In addition, the City cannot reasonably monitor each employee's use of leave and ensure that it was charged to the correct leave category.	Provide training to City employees on allowable usage of various categories of leave if a PTO program is not implemented.	Agree	March 31, 2016	March 30, 2016	✓			✓			✓		

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A15-011: AUDIT OF CITY OF DALLAS' CIVILIAN TIMEKEEPING INTERNAL CONTROLS AND PROCESSES
(City Manager's Office and Department of Human Resources)
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The City cannot readily determine the actual extent to which employees comply with Personnel Rules related to the proper use of paid leave categories. Without proper controls in place, the City cannot ensure consistent compliance with Personnel Rules Sec. 34-22 <i>Sick Leave</i> , (h) <i>Sick Leave Usage</i> and AD 3-39. In addition, the City cannot reasonably monitor each employee's use of leave and ensure that it was charged to the correct leave category.	Introduce controls to prevent City employees from adjusting leave categories to gain additional paid leave if a PTO program is not implemented.	Agree	March 31, 2016	November 3, 2016	✓			✓			✓		
There is a risk that some City employees may have been denied sick leave and/or vacation leave based on departmental procedures that are inconsistent with Personnel Rules.	Revise City departments' timekeeping and attendance procedures to bring them into compliance with Personnel Rules.	Agree	December 31, 2016	September 23, 2016	✓			✓			✓		<p>Condition: The Dallas Police Department and the Departments of Dallas Fire-Rescue and Dallas Water Utilities (Elm Fork Water Treatment Plant) did not revise their timekeeping and attendance procedures to bring them into compliance with Personnel Rules.</p> <p>Effect: Some City employees may have been denied sick leave and/or vacation leave based on departmental procedures that are inconsistent with Personnel Rules.</p>

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There is a risk that some City employees may have been denied sick leave and/or vacation leave based on departmental procedures that are inconsistent with Personnel Rules.	Introduce a procedure to ensure departmental written timekeeping and attendance procedures are reviewed and approved by the City Attorney's Office prior to the adoption by the City departments.	Agree	December 31, 2016	December 13, 2016	✓			✓			✓		

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**A15-012: AUDIT OF THE DEPARTMENT OF BUSINESS DEVELOPMENT AND PROCUREMENT SERVICES'
INTERNAL CONTROLS FOR REQUEST FOR PROPOSAL PROCUREMENTS
(The Office of Procurement Services Formerly Known As the Department of Business Development and Procurement Services)
August 14, 2015**

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
Delays in Requests for Proposals (RFP) processing whether created by the Office of Procurement Services formerly known as the Department of Business Development and Procurement Services (BDPS) or by other involved departments may: (1) reduce BDPS' operational efficiency; (2) disrupt City of Dallas' (City) services; and, (3) cause City departments to continue to operate under expired contracts.	Ensure timely processing of RFPs by including in BDPS' policies and procedures appropriate policies, standards, and procedures to measure and improve the timeliness of RFP processing as follows: (1) establishing an expectation for the timely completion of RFPs within certain parameters, such as a specific number of days or service type.	Agree	March 31, 2016	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".
Delays in RFP processing whether created by BDPS or by other involved departments may: (1) reduce BDPS' operational efficiency; (2) disrupt City of Dallas' (City) services; and, (3) cause City departments to continue to operate under expired contracts.	Ensure timely processing of RFPs by including in BDPS' policies and procedures appropriate policies, standards, and procedures to measure and improve the timeliness of RFP processing as follows: (2) adopting standards for timely completion of each step within the RFP process, including those steps that are not directly within BDPS' control.	Agree	March 31, 2016	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".

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**A15-012: AUDIT OF THE DEPARTMENT OF BUSINESS DEVELOPMENT AND PROCUREMENT SERVICES'
INTERNAL CONTROLS FOR REQUEST FOR PROPOSAL PROCUREMENTS
(The Office of Procurement Services Formerly Known As the Department of Business Development and Procurement Services)
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Delays in RFP processing whether created by BDPS or by other involved departments may: (1) reduce BDPS' operational efficiency; (2) disrupt City services; and, (3) cause City departments to continue to operate under expired contracts.	Ensure timely processing of RFPs by including in BDPS' policies and procedures appropriate policies, standards, and procedures to measure and improve the timeliness of RFP processing as follows: (3) benchmarking the actual time it takes to complete each step within the RFP process and the final RFP.	Agree	March 31, 2016	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".
Delays in RFP processing whether created by BDPS or by other involved departments may: (1) reduce BDPS' operational efficiency; (2) disrupt City of Dallas' (City) services; and, (3) cause City departments to continue to operate under expired contracts.	Ensure timely processing of RFPs by including in BDPS' policies and procedures appropriate policies, standards, and procedures to measure and improve the timeliness of RFP processing as follows: (4) comparing actual results of RFP processing against the adopted standards to evaluate opportunities to further improve timeliness.	Agree	March 31, 2016	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".

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The business community and the citizens of Dallas may lose confidence in the City procurement process if it is performed without the internal controls used commonly in the procurement industry.	Improve the effectiveness of the RFP process by requiring: (1) City employees in the departments initiating the procurements to complete non-disclosure statements and conflict of interest statements (Statements).	Agree	January 31, 2016	January 29, 2016	✓				✓			✓	<p>Condition: The BDPS implemented the Statements for City employees in the departments initiating the procurements; however, BDPS did not always ensure these Statements were consistently completed. Between January 2016 and December 2016, of the 11 tested RFP files (Files): (1) non-disclosure statements were missing in three Files, or 27 percent; and, (2) conflict of interest statements (COIs) were missing in seven Files, or 64 percent.</p> <p>Effect: The business community and the citizens of Dallas may lose confidence in the City procurement process if it is performed without the internal controls used commonly in the procurement industry.</p>
The business community and the citizens of Dallas may lose confidence in the City procurement process if it is performed without the internal controls used commonly in the procurement industry.	Improve the effectiveness of the RFP process by requiring: (2) BDPS' employees involved in preparing the RFP and evaluating the proposals to complete Statements.	Agree	January 31, 2016	January 29, 2016	✓			✓			✓		

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The business community and the citizens of Dallas may lose confidence in the City procurement process if it is performed without the internal controls used commonly in the procurement industry.	Improve the effectiveness of the RFP process by requiring: (3) evaluation committee members complete COIs.	Agree	January 31, 2016	January 29, 2016	✓				✓				<p>Condition: The BDPS implemented the COIs; however, BDPS did not always ensure COIs for evaluation committee members were consistently completed. Between January 2016 and December 2016, COIs for evaluation members were missing in six of 16 tested Files, or 38 percent.</p> <p>Effect: The business community and the citizens of Dallas may lose confidence in the City procurement process if it is performed without the internal controls used commonly in the procurement industry.</p>
The business community and the citizens of Dallas may lose confidence in the City procurement process if it is performed without the internal controls used commonly in the procurement industry.	Improve the effectiveness of the RFP process by requiring: (4) documentation of the methods BDPS used to select members of RFP evaluation committees, including the appropriate number of evaluators and their qualifications.	Agree	January 31, 2016	Not Applicable		✓					✓		No auditor comments due to management's self-reporting the recommendation as "not implemented".

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The business community and the citizens of Dallas may lose confidence in the City procurement process if it is performed without the internal controls used commonly in the procurement industry.	Improve the effectiveness of the RFP process by requiring: (5) documentation of the evaluators' names, titles, departments, and dates of completion of the evaluator score sheets (Score Sheets).	Agree	March 31, 2016	May 28, 2016	✓				✓				<p>Condition: The BDPS implemented the Score Sheets; however, BDPS did not always ensure the Score Sheets were consistently completed. Between May 2016 and December 2016, evaluators' signatures and/or dates were missing on two of eight tested Score Sheets, or 25 percent.</p> <p>Effect: The business community and the citizens of Dallas may lose confidence in the City procurement process if it is performed without the internal controls used commonly in the procurement industry.</p>

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The business community and the citizens of Dallas may lose confidence in the City procurement process if it is performed without the internal controls used commonly in the procurement industry.	Improve the effectiveness of the RFP process by requiring: (6) signature date line to be included in contracts.	Agree	January 31, 2016	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".
The business community and the citizens of Dallas may lose confidence in the City procurement process if it is performed without the internal controls used commonly in the procurement industry.	Improve the effectiveness of the RFP process by requiring: (7) documentation of BDPS' periodic reviews of Administrative Directive 4-05, <i>Contracting Policy (AD 4-05)</i> to ensure it aligns with the Legislative changes made to Texas Local Government Code (TxLGC).	Agree	January 31, 2016	July 21, 2016		✓		✓				✓	
The business community and the citizens of Dallas may lose confidence in the City procurement process if it is performed without the internal controls used commonly in the procurement industry.	Update AD 4-05 to align with TxLGC Chapter 252, <i>Purchasing and Contracting Authority of Municipalities</i> that allows the use of competitive sealed proposals for the purchase of goods.	Agree	January 31, 2016	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented".

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Without proper and complete documentation, BDPS cannot ensure: (1) the terms of the contract match the initial RFP specifications; (2) contracts awarded to proposers with the highest scores are supported by individual Score Sheets; (3) proposers do not have conflicts of interest that may disqualify them from submitting a proposal; and, (4) all vendors were evaluated by the Business Inclusion and Development (BID) Division.	Enforce consistency in RFP documentation and filing by requiring: (1) a standard checklist (Checklist) of documents that should be retained in the Files.	Agree	January 31, 2016	July 1, 2015	✓			✓			✓		<p>Condition: Although BDPS management implemented and updated the Checklist, between January 2016 and December 2016, BDPS personnel did not consistently use the appropriate version of the Checklist for: (1) ten of 28 tested Files, or 36 percent based on the RFP timeline start date; (2) nine of 28 tested Files, or 32 percent based on the City Council agenda date; and, (3) 11 of 14 tested Files, or 79 percent based on the buyer support signature/date. Samples were tested on these different dates (RFP timeline start date, City Council agenda date, and buyer support signature/date) because BDPS did not establish: (1) the effective date; and, (2) the stage of the procurement process (beginning, prior to the City Council approval, or at the end) that the appropriate version of the Checklist should be used.</p> <p>Effect: Without clear directions from the BDPS management, BDPS personnel cannot consistently perform their job duties.</p>

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Without proper and complete documentation, BDPS cannot ensure: (1) the terms of the contract match the initial RFP specifications; (2) contracts awarded to proposers with the highest scores are supported by individual Score Sheets; (3) proposers do not have conflicts of interest that may disqualify them from submitting a proposal; and, (4) all vendors were evaluated by the BID Division.	Enforce consistency in RFP documentation and filing by requiring: (2) consistent templates for the RFP documentation.	Agree	January 31, 2016	July 24, 2015	✓			✓			✓		<p>Condition: BDPS implemented nine templates; however, BDPS did not consistently use one of nine templates. Specifically, between January 2016 and December 2016, the "BDPS notice of highest ranked proposal / low bids memo to departments" (Notice) was not consistently used for four of 28 tested Files, or 14 percent. The Notice provides the initiating department personnel with confidential information on the highest ranked proposer and BDPS' requirements on how to proceed with the procurement process.</p> <p>Effect: Without the use of the Notice, BDPS cannot ensure that the initiating department personnel are: (1) formally notified of the highest ranked proposer; and, (2) aware of BDPS' requirements on how to proceed with the procurement process.</p>

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Without proper and complete documentation, BDPS cannot ensure: (1) the terms of the contract match the initial RFP specifications; (2) contracts awarded to proposers with the highest scores are supported by individual Score Sheets; (3) proposers do not have conflicts of interest that may disqualify them from submitting a proposal; and, (4) all vendors were evaluated by the BID Division.	Enforce consistency in RFP documentation and filing by requiring: (3) consistent order of documents placed in each of the Files.	Agree	January 31, 2016	July 24, 2015	✓			✓			✓		<p>Condition: Although BDPS implemented the Checklist and templates as noted above, not all RFP documentation was kept on file and/or was filed properly. Specifically, between January 2016 and December 2016: (1) 26 of 28 tested RFPs, or 93 percent did not include BDPS required documentation; and, (2) 15 of 28 tested RFPs, or 54 percent had documents that were out of order.</p> <p>Effect: Without proper and complete documentation, BDPS cannot ensure: (1) the terms of the contract match the initial RFP specifications; (2) contracts awarded to proposers with the highest scores are supported by individual Score Sheets; (3) proposers do not have conflicts of interest that may disqualify them from submitting a proposal; and, (4) all vendors were evaluated by the BID Division.</p>

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Without proper and complete documentation, BDPS cannot ensure: (1) the terms of the contract match the initial RFP specifications; (2) contracts awarded to proposers with the highest scores are supported by individual Score Sheets; (3) proposers do not have conflicts of interest that may disqualify them from submitting a proposal; and, (4) all vendors were evaluated by the BID Division.	Enforce consistency in RFP documentation and filing by requiring: (4) periodic management review of RFP documentation for consistency.	Agree	January 31, 2016	July 24, 2015	✓			✓			✓		<p>Condition: Between January 2016 and December 2016, BDPS did not perform a management review for all 28 Files tested. Auditors observed BDPS reviewed five Files in May 2017, which was after the audit cut-off date; however, these Files had missing, misplaced, or incomplete documents, including templates.</p> <p>Effect: Without a management review, BDPS cannot ensure all Files have proper and complete documentation. The previously identified risk remains the same.</p> <p>Note: Cut-off date means that the audit recommendations' status was evaluated as of December 31, 2016 and any additional work performed by BDPS after that date was not considered in the Office of the City Auditor's evaluation.</p>

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Without proper and complete documentation, BDPS cannot ensure: (1) the terms of the contract match the initial RFP specifications; (2) contracts awarded to proposers with the highest scores are supported by individual Score Sheets; (3) proposers do not have conflicts of interest that may disqualify them from submitting a proposal; and, (4) all vendors were evaluated by the BID Division.	Enforce consistency in RFP documentation and filing by requiring: (5) a single location is used for storing Files and individual documents (Single Filing Location).	Agree	January 31, 2016	July 24, 2015	✓			✓			✓		<p>Condition: Although BDPS implemented a Single Filing Location, the filing system was not effective. BDPS did not account for all completed Files in this location. Specifically, two of the 30 completed Files, or seven percent were not in the Single Filing Location. Also, as of May 2017, an additional 25 Files, for RFPs approved by City Council between February 2016 and December 2016, were kept in a different location pending BDPS' quality control process.</p> <p>Effect: Without an effective filing system, BDPS cannot ensure that all completed Files are accounted for and properly retained. The previously identified risk remains the same.</p>

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A16-002: AUDIT OF DEPARTMENT OF DALLAS FIRE-RESCUE'S FLEET MAINTENANCE MANAGEMENT
 (Department of Dallas Fire-Rescue)
 December 4, 2015

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The Department of Dallas Fire-Rescue (DFR) Maintenance Division (Division) cannot ensure DFR emergency vehicles are consistently in good condition and minimize the risk of costly repairs or that emergency vehicles will be available for service.	Ensure Preventive Maintenance (PM) services are performed timely and in accordance with the National Fire Protection Association's (NFPA) and the manufacturers' recommended schedules for all DFR emergency vehicles by: (1) using an automated PM scheduling process, such as the functionality available in Fleet Focus M5 (M5) software application, to create and track PM schedules for all DFR emergency vehicles.	Agree	June 30, 2016	November 1, 2016	✓			✓			✓		

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The Division cannot ensure DFR emergency vehicles are consistently in good condition and minimize the risk of costly repairs or that emergency vehicles will be available for service.	Ensure PM services are performed timely and in accordance with the NFPA's and the manufacturers' recommended schedules for all DFR emergency vehicles by: (2) creating reports to periodically evaluate when PM services are due so the PM services can be scheduled and fire station personnel are notified.	Agree	June 30, 2016	November 1, 2016	✓				✓				<p>Condition: Although the Division updated the M5 software application with PM services performed, the Division did not utilize reports from the M5 software application to periodically evaluate the scheduling of PM services and to notify fire station personnel. The Division continued to use the previous manual tracking process by documenting information on whiteboards and did not compare this information to M5 software application reports to ensure the information was complete and accurate.</p> <p>Effect: The Division cannot ensure DFR emergency vehicles are consistently in good condition and minimize the risk of costly repairs or that emergency vehicles will be available for service.</p>
The Division cannot ensure DFR emergency vehicles are consistently in good condition and minimize the risk of costly repairs or that emergency vehicles will be available for service.	Ensure PM services are performed timely and in accordance with the NFPA's and the manufacturers' recommended schedules for all DFR emergency vehicles by: (3) placing a sticker on emergency vehicles' windshields so fire station personnel can also monitor when the next PM services are due.	Agree	June 30, 2016	June 30, 2016	✓				✓				

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Out-of-service times for DFR's emergency vehicles are often excessive resulting in lower customer service satisfaction.	Work with the Director of the Office of Procurement Services formerly known as the Department of Business Development and Procurement Services (BDPS) to establish an efficient procurement method, such as a master agreement, to readily obtain emergency vehicles' parts.	Agree	April 30, 2016	April 30, 2016	✓				✓			✓	<p>Condition: An efficient procurement method was not established to readily obtain emergency vehicles' parts. The Division continued to obtain price quotes for emergency vehicles' parts from at least three vendors as required by Administrative Directive 4-5, <i>Contracting Policy</i>. According to the Division and BDPS, the Division: (1) worked with BDPS to obtain a master agreement for emergency vehicles' parts, the existing master agreements from the previous audit remain unchanged and do not include emergency vehicles' parts; (2) requested an increase to Purchasing Card limits, which BDPS was in the process of increasing from \$1,000 to \$3,000; (3) increased the minimum parts on-hand to reduce the out-of-service times. There are, however, associated inventory costs when increasing inventory parts on-hand.</p> <p>Effect: The previously identified risk remains the same.</p>

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The City of Dallas' (City) liability risk is increased because the Division cannot readily demonstrate: (1) emergency vehicles PM services were performed as recommended by NFPA and the manufacturers; (2) mechanic supervisors verified the PM services were properly performed before the emergency vehicles are released for service; and, (3) the Division had complete maintenance records which should be available when the emergency vehicles are sold.	Ensure the Division mechanic supervisors consistently perform quality control procedures for all PM services by preparing, signing, and retaining the Division's checklists.	Agree	December 31, 2015	April 30, 2016	✓				✓			✓	<p>Condition: The Division did not ensure that mechanic supervisors consistently retain the Division's checklists for all PM services. Between May 2016 and December 2016, 11 of 60 tested checklists, or 18 percent, were missing.</p> <p>Effect: The City's liability risk is increased because the Division cannot readily demonstrate: (1) emergency vehicles PM services were performed as recommended by NFPA and the manufacturers; (2) mechanic supervisors verified the PM services were properly performed before the emergency vehicles were released for service; and, (3) the Division had complete maintenance records which should be available when the emergency vehicles are sold.</p>

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The risk of errors and potential fraud is increased because one person can perform and review all transactions in the process.	Segregate the M5 software application MGMT roles between the Fleet Section Manager and the Automotive Parts Warehouse Manager.	Agree	December 31, 2015	February 28, 2016	✓				✓			✓	<p>Condition: The Division did not completely segregate MGMT roles between the Fleet Section Manager and the Automotive Parts Warehouse Manager. Specifically, in M5 software application, the Division: (1) limited the Fleet Section Manager's ability to assign parts to complete work orders; and, (2) did not limit the Automotive Parts Warehouse Manager's ability to create work orders. The Automotive Parts Warehouse Manager continues to have the ability to create work orders and assign parts.</p> <p>Effect: The risk of errors and potential fraud still exists because the Automotive Parts Warehouse Manager can create work orders and assign parts.</p>
There is an increased risk that: (1) user access to the M5 software application is inappropriate; (2) emergency vehicles' parts may be misappropriated; and, (3) operational inefficiencies exist because valid users do not have appropriate access.	Disable M5 software application user accounts timely when personnel separate from the Division.	Agree	December 31, 2015	November 1, 2016	✓				✓			✓	

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					I	NI	NA	I	NI	NA	M	NM	
There is an increased risk that: (1) user access to the M5 software application is inappropriate; (2) emergency vehicles' parts may be misappropriated; and, (3) operational inefficiencies exist because valid users do not have appropriate access.	Review M5 software application user accounts periodically to ensure appropriate personnel have access to the system.	Agree	December 31, 2015	December 31, 2016	✓				✓				<p>Condition: The Division did not periodically review M5 software application user accounts either by: (1) accessing the user accounts; or, (2) requesting a software user account list from the Department of Equipment and Building Services to ensure appropriate personnel have access to the system.</p> <p>Effect: There is an increased risk that: (1) user access to the M5 software application is inappropriate; (2) emergency vehicles' parts may be misappropriated; and, (3) operational inefficiencies exist because valid users do not have appropriate access.</p>
There is an increased risk that: (1) user access to the M5 software application is inappropriate; (2) emergency vehicles' parts may be misappropriated; and, (3) operational inefficiencies exist because valid users do not have appropriate access.	Establish M5 software application user accounts for the four mechanics currently without M5 access.	Agree	December 31, 2015	June 1, 2016	✓				✓		✓		

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A16-002: AUDIT OF DEPARTMENT OF DALLAS FIRE-RESCUE'S FLEET MAINTENANCE MANAGEMENT
(Department of Dallas Fire-Rescue)
December 4, 2015

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
The Division may not be able to effectively sustain the fleet maintenance operation. There is an increased risk that the Division will not perform maintenance and repair services efficiently and effectively resulting in significant downtime for emergency vehicles. DFR cannot ensure that staffing levels are managed efficiently.	Develop mechanics' staffing plans to reduce DFR's fleet maintenance operational risks. These plans should include, but not be limited to, strategies to replace mechanics who retire or leave the City, anticipation of emergency vehicles' maintenance needs, and an evaluation of the total cost of overtime versus the cost of hiring additional staff.	Agree	October 31, 2016	December 31, 2016	✓			✓			✓		
The DFR may not attract and retain certified, experienced mechanics. Few DFR mechanics are motivated to pursue the Emergency Vehicle Technician (EVT) certification.	Create incentives to encourage mechanics to obtain relevant certifications.	Agree	October 31, 2016	Not Applicable		✓					✓		No auditor comments due to management's self-reporting the recommendation as "not implemented". Note: According to the Department of Human Resources (HR), as of February 28, 2017, "HR supported an incentive program for mechanics in DFR where eligible employees receive \$100 for each certification they obtain." Although progress was made, this recommendation would still not be considered fully implemented because the \$100 incentive will not suffice to cover travel costs or paid time off to take the EVT exam for mechanics.

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A16-002: AUDIT OF DEPARTMENT OF DALLAS FIRE-RESCUE'S FLEET MAINTENANCE MANAGEMENT
(Department of Dallas Fire-Rescue)
December 4, 2015

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
The DFR may not attract and retain certified, experienced mechanics. Few DFR mechanics are motivated to pursue the EVT certification.	Implement a compensation structure with guidance from the City's Department of Human Resources to ensure high-performing mechanics are rewarded for their performance, years of experience, and certifications.	Agree	October 31, 2016	Not Applicable		✓						✓	No auditor comments due to management's self-reporting the recommendation as "not implemented". Note: According to HR mechanic and supervisor pay grades (E, F, G, and H) were adjusted. As of October 1, 2016, "HR reclassified the Senior Mechanic (F) positions to Senior EVT II (F) and created an EVT (E) classification thus establishing a career series for these positions." Also, as of October 1, 2017*, "HR upgraded the Supervisor (G) to an EVT III (H)." Although progress was made, this recommendation would still not be considered fully implemented because the compensation adjustment was for the Supervisor only. *This date was after the cut-off date. Cut-off date means that the audit recommendations' status was evaluated as of December 31, 2016 and any additional work performed by DFR and HR after that date was not considered in the Office of the City Auditor's evaluation.

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A16-002: AUDIT OF DEPARTMENT OF DALLAS FIRE-RESCUE'S FLEET MAINTENANCE MANAGEMENT
(Department of Dallas Fire-Rescue)
December 4, 2015

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
The lack of formal training plans increases the risk that mechanics will not maintain the skills necessary to perform maintenance and repair services efficiently and effectively.	Develop formal training plans for the Division with annual minimum mechanic training requirements.	Agree	October 31, 2016	October 31, 2016	✓			✓			✓		
The lack of training documentation increases the risk that mechanics will not maintain the skills necessary to perform maintenance and repair services efficiently and effectively.	Retain training records to verify each mechanic has completed the minimum training requirements.	Agree	October 31, 2016	October 31, 2016	✓			✓			✓		<p>Condition: The Division did not retain sufficient training records to verify that each mechanic completed the 40 hour minimum training requirement.</p> <p>Effect: The lack of training documentation increases the risk that mechanics will not maintain the skills necessary to perform maintenance and repair services efficiently and effectively.</p>

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A16-003: AUDIT OF DEPARTMENT OF DALLAS WATER UTILITIES' MAINTENANCE OF INFRASTRUCTURE
 (Department of Dallas Water Utilities)
 December 4, 2015

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
There is a lack of clarity about the true target replacement rate and whether Department of Dallas Water Utilities (DWU) is making sufficient progress as intended to continue providing quality water delivery services, limit service disruptions, manage costly emergency repairs effectively, and minimize water loss.	Review water pipeline replacement needs and develops and regularly reports on one water pipeline target replacement rate.	Agree	October 31, 2016	October 1, 2016	✓			✓			✓		<p>Condition: The DWU did not report on a single water pipeline replacement rate and instead continued to report in the annual budget a combined water and wastewater pipeline replacement rate. This external reporting did not clearly describe the water pipeline replacement effort. The DWU, however, improved its internal reporting on water pipeline replacement and uses multiple performance metrics to assess the needed replacement level annually. According to DWU, in the future separate water and wastewater pipeline replacement rates will be reported on the DWU fact sheet, available at public meetings and on the DWU webpage.</p> <p>Effect: There continues to be a lack of clarity about the true pipeline replacement rate and it is difficult to assess whether DWU's progress is sufficient.</p>

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A16-003: AUDIT OF DEPARTMENT OF DALLAS WATER UTILITIES' MAINTENANCE OF INFRASTRUCTURE
 (Department of Dallas Water Utilities)
 December 4, 2015

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
The DWU cannot determine whether its water pipeline replacement efforts meet its planned goals or objectives.	Further develop precise and clear performance measures to evaluate its water pipeline replacement efforts.	Agree	October 31, 2016	October 15, 2016	✓				✓				<p>Condition: The DWU had not developed precise and clear performance measures needed to evaluate its water pipeline replacement efforts by comparing actual pipeline replacements to planned pipeline replacements and implementing all recommended performance measures from the 2007 Water Distribution Capital Infrastructure Master Plan. This work was under way and relied on improved reporting procedures and a new data system that will take longer than anticipated to fully implement.</p> <p>Effect: DWU cannot yet fully determine whether its water pipeline replacement efforts meet its planned goals or objectives.</p>

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A16-003: AUDIT OF DEPARTMENT OF DALLAS WATER UTILITIES' MAINTENANCE OF INFRASTRUCTURE
 (Department of Dallas Water Utilities)
 December 4, 2015

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
The DWU management could make decisions about water pipeline replacement using incomplete and inaccurate data.	Ensure completeness of data entry by assigning reviews of the entered information by individuals who did not enter the data and using accuracy checks, such as control totals, for the Microsoft (MS) Excel spreadsheet and MS Access database.	Agree	October 31, 2016	August 8, 2016	✓			✓				✓	<p>Condition: Independent review for the MS Excel spreadsheet was not implemented until January 2018 after the audit cut-off date. Independent review for the MS Access database did not ensure all main breaks were included in the database.</p> <p>Effect: DWU management could make decisions about water pipeline replacement using incomplete or inaccurate data.</p> <p>Note: Cut-off date means that the audit recommendation's status was evaluated as of December 31, 2016 and any additional work performed by DWU after that date was not considered in the Office of the City Auditor's evaluation.</p>
The DWU management could make decisions about water pipeline replacement using incomplete and inaccurate data.	Identify and implement other available reasonableness checks in Geographic Information System to verify accuracy.	Agree	October 31, 2016	January 25, 2017	✓			✓			✓		<p>Note: The proposed DWU action plan for implementing the recommendation was not complete prior to the audit cut-off date. However, DWU also incorporated new reasonableness checks as of August 2016 to verify the accuracy of data entry, which were implemented before the cut-off date and have reduced the risk of inaccurate data entry.</p>
The DWU management could make decisions about water pipeline replacement using incomplete and inaccurate data.	Secure the MS Access database on a secured drive with restricted access.	Agree	October 31, 2016	October 31, 2015	✓			✓			✓		

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A16-003: AUDIT OF DEPARTMENT OF DALLAS WATER UTILITIES' MAINTENANCE OF INFRASTRUCTURE
 (Department of Dallas Water Utilities)
 December 4, 2015

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
The DWU management could make decisions about water pipeline replacement using incomplete and inaccurate data.	Apply password controls over the three software applications consistent with the Department of Communication and Information Services (CIS) <i>Enterprise Security Standard</i> . If password standards cannot be applied in totality, then DWU should, at a minimum, change passwords consistent with CIS policy.	Agree	October 31, 2016	June 1, 2016	✓			✓			✓		
The DWU's operational decisions may not match the overall strategic goal for water pipeline replacement.	Identify and formally document the elements of the Asset Management Business Plan (Business Plan) that are current and applicable to the DWU overall strategy for water pipeline replacement.	Agree	October 31, 2016	October 31, 2016	✓			✓			✓		
The DWU's operational decisions may not match the overall strategic goal for water pipeline replacement.	Develop a timeline for implementing the Business Plan.	Agree	October 31, 2016	October 31, 2016	✓			✓			✓		
The DWU's operational decisions may not match the overall strategic goal for water pipeline replacement.	Develop processes to monitor the implementation of the Business Plan over a period of time.	Agree	October 31, 2016	October 31, 2016	✓			✓			✓		
Water pipeline replacement decisions could be incorrect or inconsistent.	Review, develop, and/or update the procedures related to water pipeline replacement prioritization.	Agree	October 31, 2016	September 1, 2016	✓			✓			✓		

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A16-004: AUDIT OF ACCESS CONTROLS FOR THE COURTS' INFORMATION SYSTEMS
 (Department of Communication and Information Services and Department of Court and Detention Services)
 December 4, 2015

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
The City of Dallas (City) cannot adequately assess whether the Incode Court Case Management and the Content Management System (Incode System) was implemented in accordance with the City's specifications.	Establish, conduct, and retain evidence of monitoring activities to show that Tyler Technologies is complying with the remaining implementation activities in the contract.	Agree	June 30, 2016	June 30, 2016	✓			✓			✓		

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A16-004: AUDIT OF ACCESS CONTROLS FOR THE COURTS' INFORMATION SYSTEMS
 (Department of Communication and Information Services and Department of Court and Detention Services)
 December 4, 2015

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
There is an increased risk of inadequate segregation of duties. When segregation of duties is not maintained or monitored periodically, users may take advantage of potential gaps in security.	Establish standard user profiles. If business process changes result in the need to modify existing user profiles, management should evaluate these modifications for inadequate segregation of duties.	Agree	June 30, 2016	April 28, 2016	✓				✓			✓	<p>Condition: The Department of Court and Detention Services (CTS) implemented CTS-FRM-926, <i>Incode Profile Liability Matrix (CTS-FRM-926)</i>; however, certain CTS personnel had Incode System user access that was not appropriate for their job duties. These CTS personnel either had Incode System Administrator Level user access or access to process cash payments and enter noncash transactions. CTS did not have other compensating controls such as procedures aimed at detecting the use of high risk transactions including voids, refunds, citation dismissals, and warrant deactivation. (See <i>Audit of Court Information System - Cash Management / Collections Processes</i>, Report No. A17-012, dated September 29, 2017)</p> <p>Effect: CTS could not: (1) mitigate the risks associated with the segregation of duties' violations noted above; and, (2) prevent or detect the misappropriation of cash payments.</p>

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A16-004: AUDIT OF ACCESS CONTROLS FOR THE COURTS' INFORMATION SYSTEMS
 (Department of Communication and Information Services and Department of Court and Detention Services)
 December 4, 2015

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
There is an increased risk that segregation of duties may not be maintained and that invalid transactions may not be identified and corrected timely.	Develop a mapping and/or reference document to assist in the consistent review of users' access.	Agree	June 30, 2016	June 28, 2016	✓				✓			✓	<p>Condition: CTS updated CTS-PRO-906, <i>Incode User Access Auditing</i> (CTS-PRO-906); however, procedures did not include the methodology and documentation requirements for the: (1) user access reviews; (2) transaction logs reviews (including the sample selection); and, (3) the associated results for each review. Additionally, the revised CTS-PRO-906 required periodic reviews which did not comply with Administrative Directive 2-24, <i>Computer Security</i> that required annual reviews of access and security. (See <i>Audit of Court Information System - Cash Management / Collections Processes</i>, Report No. A17-012, dated September 29, 2017)</p> <p>Effect: Without specific procedures that include the methodology and documentation requirements, the risk is increased that: (1) unauthorized users have access to the Incode System; (2) incompatible duties are not appropriately segregated; and, (3) invalid transactions are not identified and corrected timely.</p>
There is an increased risk that segregation of duties may not be maintained and that invalid transactions may not be identified and corrected timely.	Periodically review the activity logs to monitor for known and other potential security risks.	Agree	June 30, 2016	June 28, 2016	✓				✓			✓	<p>Condition and Effect: As noted on the previous page and above, internal control deficiencies were identified in the CTS-FRM-926 and the revised CTS-PRO-906.</p>

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A16-011: AUDIT OF LEASING, CONCESSIONS, AND OTHER ACTIVITIES FOR THE DEPARTMENT OF AVIATION

(Department of Aviation)

June 10, 2016

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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 formal (written, approved, and dated) policies and procedures (P&P), the Department of Aviation (AVI) cannot ensure effective internal controls are in place and that AVI personnel are performing their duties consistently.	Develop and implement formal contract monitoring P&P.	Agree	December 31, 2016	December 31, 2016	✓			✓				✓	<p>Condition: The AVI developed and implemented formal P&P for monitoring Car Rental Revenue Concession contracts: (1) AVI-PRO-163, <i>Sales Report & Percentage MAG Reconciliation Procedures</i>; and, (2) AVI-PRO-159, <i>Billing Change Notification & Distribution</i>. However, AVI did not develop and implement P&P for monitoring Parking Revenue Concession contracts.</p> <p>Effect: Without formal P&P, AVI cannot ensure effective internal controls are in place and that AVI personnel are performing their duties consistently.</p>

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A16-011: AUDIT OF LEASING, CONCESSIONS, AND OTHER ACTIVITIES FOR THE DEPARTMENT OF AVIATION
 (Department of Aviation)
 June 10, 2016

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
The AVI cannot determine the City of Dallas' (City) share of parking revenue is accurate and complete and cannot independently verify revenue reasonableness.	Ensure AVI employees responsible for contract monitoring have direct (read-only) access to the Parking Revenue Control System (PRCS).	Agree	December 31, 2016	November 1, 2016	✓				✓				<p>Condition: Although AVI gained direct (read-only) access to the Parking Company of America (PCA) PRCS, appropriate steps were not taken to monitor the accuracy, completeness, and reasonableness of the City's share of PCA parking revenue. According to AVI, the PRCS must be fully integrated with the North Texas Tollway Authority (NTTA) so all parking transactions (including TollTag users) can be viewed/audited from the PRCS. Post integration, PRCS software upgrades will provide improved web access with greater reporting detail.</p> <p>Effect: The AVI cannot determine the City's share of parking revenue is accurate and complete and cannot independently verify revenue reasonableness.</p>

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A16-011: AUDIT OF LEASING, CONCESSIONS, AND OTHER ACTIVITIES FOR THE DEPARTMENT OF AVIATION
 (Department of Aviation)
 June 10, 2016

Original Audit Report Information				Management Self-Reported Status As of March 2017			Auditor Verification Results As of March 2018						
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	
The AVI cannot determine the City's share of parking revenue is accurate and complete and cannot independently verify revenue reasonableness.	Integrate the new parking system with the NTTA parking system to obtain TollTag parking information; or, capture relevant TollTag parking information, such as the vehicles' license plate numbers and the specific date and time the vehicles were parked.	Agree	December 31, 2016	November 1, 2016	✓				✓				<p>Condition: Although AVI received NTTA reports capturing relevant TollTag parking information, appropriate steps were not taken to monitor the accuracy, completeness, and reasonableness of the City's share of NTTA parking revenue. According to AVI: (1) full integration with the NTTA has been delayed due to equipment and ongoing negotiations; (2) AVI is currently relying on NTTA to track TollTag user parking fees; (3) full integration will allow the PRCS to capture all NTTA vehicle transaction; and, (4) an inter-local Agreement with NTTA is set for Council action on March 28, 2018 with integration anticipated to be complete by June 2018.</p> <p>Effect: The AVI cannot determine the City's share of parking revenue is accurate and complete and cannot independently verify revenue reasonableness.</p>

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