

# Memorandum



CITY OF DALLAS

**DATE:** May 24, 2019

**TO:** Honorable Mayor and Members of the City Council

**SUBJECT:** Office of the City Auditor – Audit, Attestation, and Investigative Services Update:  
Fiscal Year 2019 – Third Quarter

The *Audit, Attestation, and Investigative Services Update: Fiscal Year 2019 – Third Quarter* (Update) is presented to provide current information about the results and status of audit, attestation, and investigative service projects of the City of Dallas' (City) Office of the City Auditor. Five audit reports were issued publicly in the second quarter of Fiscal Year 2019, including the:

- Audit of VisitDallas
- Special Audit of the Accounts of Former City Attorney, Larry Casto
- Special Audit of the Accounts of Former City Council Member, Dwaine R. Caraway
- Audit of Department of Dallas Water Utilities' Water Quality and Safety, Testing, and Monitoring
- Audit of Business Partner Oversight for White Rock Boathouse, Inc.

In addition, the Office of the City Auditor released the *Confidential Limited Use Report - Audit of Department of Dallas Water Utilities' Water Quality and Safety, Testing, and Monitoring*, communicating security-related issues and associated recommendations to the appropriate Department of Dallas Water Utilities personnel. Due to the sensitive nature of this information, any recommendations from this report will be excluded from this Update.

The key points from these reports are included in Section II of the Update. Sections III through V of the Update include: (1) engagements currently in progress; (2) engagements anticipated to start within the next two months and, (3) cancelations/on hold.

Investigative Services opened 45 new cases during the second quarter resulting from complaints received through the Fraud, Waste and Abuse Hotline. Examples of allegations received include environment, health and safety issues; theft; and, substance abuse. Twenty cases were closed during the period. Of these, ten were investigated and closed by the Office of the City Auditor resulting in six substantiated complaints. Of the six substantiated complaints, four were previously reported in the Office of the City Auditor's *Audit, Attestation, and Investigative Services Update: Fiscal Year 2019 – Second Quarter* which was issued on January 25, 2019. The two remaining substantiated complaints led to accountability actions

Honorable Mayor and Members of the City Council  
May 24, 2019  
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including additional training for an employee and suspension without pay. The remaining ten complaints were not investigated, as five were not related to the City; two were referred to a department for any action deemed necessary; two were too vague to investigate; and one was not within the authority of the Office of the City Auditor to investigate.

Approved Audit Plans allow 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. Accordingly, the Office of the City Auditor is providing notification of the addition of the Martin Luther King, Jr. Community Center and Advisory Board audit as well as the deletion of the following audits: (1) Monthly Bank Reconciliations, Performance Measurement Process, Information Technology Processes included in the Fiscal Year 2018 Audit Plan; and (2) Information Technology Security Violations Reporting, Department of Dallas Fire-Rescue's Occupational Safety and Health Program, and Hotel Occupancy Tax included in the Fiscal Year 2019 Audit Plan (see Section V).

Should you have any questions or need additional information, please contact me at 214-670-3222 or by email at [mark.swann@dallascityhall.com](mailto:mark.swann@dallascityhall.com).

Sincerely,



Mark S. Swann  
City Auditor  
Attachment

C: T.C. Broadnax, City Manager  
Christopher J. Caso, Interim City Attorney  
Biliera Johnson, City Secretary  
Kimberly Bizer Tolbert, Chief of Staff  
M. Elizabeth Reich, Chief Financial Officer



City of Dallas  
Office of the City Auditor

Audit, Attestation, and Investigative  
Services Update

Fiscal Year 2019 – Third Quarter

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## Summary of Audit, Attestation, and Investigative Services

#	Audit Plan Year October 2018 to September 2019	Planning	Field-work	Report	--Report Phase --	
					Draft	Final
<b>Reports Issued First Quarter – October 2018 to December 2018</b>						
1	Audit of Dallas Police Department's Off-Duty Employment Program			✓		Nov-18
2	Audit of Surveillance Camera Oversight			✓		Dec-18
3	Audit of Summary of Sales/Use Tax Receipts and Associated Fees			✓		Dec-18
4	Audit of Verification of Sales/Use Tax Receipts and Associated Fees			✓		Dec-18
5	Audit of Business Partner Oversight – Department of Park and Recreation			✓		Dec-18
<b>Reports Issued Second Quarter – January 2019 to March 2019</b>						
6	Audit of VisitDallas			✓		Jan-19
7	Special Audit of the Accounts of Former City Attorney, Larry Casto			✓		Mar-19
8	Special Audit of the Accounts of Former City Council Member, Dwaine R. Caraway			✓		Mar-19
9	Audit of the Department of Dallas Water Utilities' Water Quality and Safety, Testing, and Monitoring <sup>1</sup>			✓		Mar-19
10	Audit of Business Partner Oversight for White Rock Boathouse, Inc.			✓		Mar-19
<b>Engagements In-Progress</b>						
11	Fiscal Year 2019 Audit Follow-Up of Prior Audit Recommendations: Construction-Related Procurements			✓	May-19	Jun-19
12	Fiscal Year 2019 Audit Follow-Up of Prior Audit Recommendations: Cash Management/Collection Processes – Department of Courts and Detention Services			✓	May-19	Jun-19
13	Fiscal Year 2019 Audit Follow-Up of Prior Audit Recommendations: Homeless Response System Effectiveness – Office of Homeless Solutions			✓	May-19	Jun-19
14	Fiscal Year 2019 Audit Follow-Up of Prior Audit Recommendations: Fiscal Years 2016, 2017, and 2018 – Multiple Departments			✓	May-19	Jun-19
15	Security and Safety Protocols for Large Venues Owned or Managed by the City – Multiple Departments			✓	May-19	Jul-19
16	Management of the City's Surplus Real Property			✓	May-19	Jul-19
17	Dallas Police Department's Complaint Process			✓	Jun-19	Jul-19
18	City of Dallas' Purchasing and Travel Cards – Office of Procurement		✓		Sep-19	Oct-19
19	Security of Online Payments – Multiple Departments	✓			Oct-19	Dec-19
20	Open Records Request Process – City Secretary's Office	✓			Oct-19	Dec-19
21	Franchise Fees Reviews ( <i>Ongoing</i> )		✓			Periodic

<sup>1</sup> The Office of the City Auditor also issued a *Confidential Limited Use Report: Audit of the Department of Dallas Water Utilities' Water Quality and Safety, Testing, and Monitoring* communicating security-related issues and associated recommendations to the appropriate Department of Dallas Water Utilities personnel.

#	Audit Plan Year October 2018 to September 2019	Planning	Field-work	Report	--Report Phase --	
					Draft	Final
22	Sales and Use Tax Compliance Review ( <i>Ongoing</i> )		✓			Periodic
<b>Engagements Anticipated to Start Within Two Months</b>						
23	Martin Luther King, Jr. Community Center and Advisory Board – <b>Management Requested Addition</b>					
24	Revenue Estimates – Budget Revenues for Fiscal Year 2019-2020 – Office of Budget/ Multiple Departments					
25	Police Property and Evidence – Dallas Police Department					
26	Facility Planning – Dallas Library					
27	Office of Equity and Human Rights' Complaint Process					
28	Special Audit of the Accounts of the Former Mayor					
29-32	Special Audits of the Accounts of Former City Council Members #1, #2, #3, and #4					
<b>Cancelations/On Hold</b>						
33	Audit of Monthly Bank Reconciliations - <b>Canceled</b>					
34	Audit of Information Technology Process - <b>Canceled</b>					
35	Audit of Performance Measurement Process - <b>Canceled</b>					
36	Audit of Information Technology Security Violations Reporting- <b>Canceled</b>					
37	Audit of Department of Fire-Rescue Occupational Safety and Health Program- <b>Canceled</b>					
38	Audit of Hotel Occupancy Tax- <b>Canceled</b>					
39	Business Partner Oversight of Texas Horse Park - <b>On Hold</b>					

Investigation Services October 2018 to September 2019		
Fraud, Waste, and Abuse Hotline Alerts		
	Total	Closed
First Quarter – October 2018 to December 2018	37	83
Second Quarter – January 2019 to March 2019	45	20
Third Quarter – April 2019 to June 2019		
Fourth Quarter – July 2019 to September 2019		
<b>Total</b>	<b>82</b>	<b>103</b>

## Reports Issued – Second Quarter January 1 to March 31

### Audit Services

#### **Audit of VisitDallas (January 4, 2019):**

- Synopsis and recommendations presented in the Fiscal Year 2019 Second Quarter Update
- Briefed Individually to the Government Performance & Financial Management Committee on February 19, 2019

#### **Special Audit of the Accounts of Former City Attorney, Larry Casto (March 1, 2019)**

The Office of the City Auditor completed the *Special Audit of the Accounts of Former City Attorney, Larry Casto* (Special Audit) regarding the former City of Dallas (City) City Attorney who retired on August 31, 2018. This Special Audit verified whether the City and/or the former City Attorney properly:

- Controlled and accounted for any assets assigned to and/or purchased with City funds by the former City Attorney
- Removed the former City Attorney as an authorized agent of the City
- Ensured the former City Attorney did not have any outstanding debts owed to the City

The former City Attorney returned his parking decal upon resignation, August 31, 2018. The City Attorney's Office, however, did not timely return the parking decal to the Department of Court and Detention Services' Security Services Division as required by Administrative Directive 6-10, *Dallas City Hall Parking Garage*.

Audit Recommendation	Responsible Department	Agreement Status	Implementation Date
We recommend the <b>City Attorney</b> ensure that the City Attorney's Office personnel timely return separated employees' parking decals in accordance with the requirements of AD 6-10, Section 5.4.2	ATT	Agree	February 19, 2019

**Special Audit of the Accounts of Former City Council Member, Dwaine R. Caraway  
(March 22, 2019)**

The *Special Audit of the Accounts of Former City Council Member, Dwaine R. Caraway*, regarding a former City of Dallas (City) Council Member who resigned on August 9, 2018, showed: (1) City policies and procedures were not always followed; (2) an outstanding debt was owed to the City; and, (3) three of three prior recommendations included in the *Special Audit of the Accounts of Four Former City Council Members*, Report Number A18-005, issued January 26, 2018, were not implemented.

Audit Recommendation	Responsible Department	Agreement Status	Implementation Date
<p>We recommend the <b>City Manager</b> and the <b>Managing Director of MCC</b> improve MCC's inventory records by ensuring:</p> <ul style="list-style-type: none"> <li>• Inventory records are password protected</li> <li>• Access to create and/or edit inventory records is restricted to approved individuals; and, any changes made to inventory records are reviewed and approved by a supervisor</li> <li>• Personnel use consistent date formats and all relevant dates are included</li> </ul>	CMO, MCC	Agree	July 1, 2019
<p>We recommend the <b>Director of CIS</b> revise the Chain of Custody form to include a record of custody sequence for transfers, returns, and/or disposition of personal property.</p>	CIS	Agree	December 31, 2019
<p>We recommend the <b>City Manager</b> and the <b>Managing Director of MCC</b> consistently follow Chapter 15A to ensure that city-funded officeholder accounts are only used for official City business.</p>	CMO, MCC	Agree	July 1, 2019



Audit Recommendation	Responsible Department	Agreement Status	Implementation Date
We recommend the <b>City Manager</b> and the <b>Managing Director of MCC</b> ensure P-Card and travel cards are: (1) not used for personal and/or prohibited purchases or entertainment expenses not related to a business purpose; and, (2) comply with AD 4-07 and AD 4-15.	CMO, MCC	Agree	July 1, 2019
We recommend the <b>City Manager</b> continue to identify and formally inform City Council Members prior to their departure of any indebtedness to the City.	CMO	Agree	July 1, 2019
We recommend the <b>City Attorney</b> make reasonable efforts to collect the outstanding debt owed by the former City Council Member.	ATT	Agree	N/A, already implemented
We recommend the <b>City Manager</b> and the <b>Managing Director of MCC</b> ensure city-issued ID badges and parking decals are surrendered upon retirement, resignation, or termination from City employment in accordance with the requirements of AD 6-10.	CMO, MCC	Agree	July 1, 2019

## **Audit of the Department of Dallas Water Utilities' Water Quality and Safety, Testing, and Monitoring (March 22, 2019)**

The Department of Dallas Water Utilities (DWU) has policies and procedures in place for: (1) ongoing accuracy testing and monitoring of the City of Dallas' (City) water quality and safety; and, (2) effectively communicating regular testing and monitoring results with DWU customers.

In addition, 99.4 percent of water quality results reported to the Texas Commission on Environmental Quality (TCEQ) in Calendar Year 2017 and tested during the audit were supported by documentation at DWU water treatment plants.

According to the City of Dallas Water Quality Reports in 2015, 2016, and 2017, DWU exceeded all TCEQ water quality standards. The TCEQ has designated DWU a "*Superior Public Water System*," the highest rating available, which requires meeting more stringent water quality standards than other public water systems.

The DWU, however, has opportunities to improve the following:

- The DWU policies and procedures for water quality complaint resolution do not: (1) state how soon DWU personnel must respond to and resolve complaints; and, (2) emphasize achieving or measuring customer satisfaction for all types of water quality complaints and customers
- Water quality complaints assigned to the Water Quality Division are difficult to trace from the original complaint to final resolution
- The DWU's three water treatment plants do not have formal (written, approved, dated) policies and procedures that specify requirements to independently compare Texas Commission on Environmental Quality (TCEQ) report data to source documents before report submission
- The Bachman Water Treatment Plant's policies and procedures are not current, and the East Side Water Treatment Plant did not have formal policies and procedures for filtration until May 2018

As a result: (1) the DWU may not be able to determine the effectiveness of its customer complaint processes in order to further improve response timeliness, resolution timeliness, and customer satisfaction; (2) the DWU may not be able to determine when water quality complaints assigned to the Water Quality Division were finally resolved; (3) errors may occur in the regular reporting of water quality results, particularly if there are changes in processes or personnel; and, (4) there is a risk that DWU personnel are not following water production practices consistently to ensure compliance with TCEQ requirements.

Audit Recommendation	Responsible Department	Agreement Status	Implementation Date
<p>We recommend the <b>Director of DWU</b> establish expectations for: (1) response time and response resolution; and, (2) customer satisfaction in the water quality complaint resolution policies and procedures. These requirements may vary based on the type of complaint and may be addressed by referencing a completed Service Level Agreement that includes the call response time expectations for water quality complaint types.</p>	DWU	Agree	December 2019
<p>We recommend the <b>Director of DWU</b> improve the tracking of water quality complaint resolution by noting in either data source (Excel or SAP) when a closed complaint is still outstanding in the other data source.</p>	DWU	Agree	December 2019
<p>We recommend the <b>Director of DWU</b> eliminate the use of prior year complaint numbers to track new complaints.</p>	DWU	Agree	October 2020
<p>We recommend the <b>Director of DWU</b> develop and implement policies and procedures that specify requirements to:</p> <ul style="list-style-type: none"> <li>• Independently compare TCEQ report data to source documents before monthly report submission</li> <li>• Reduce the potential for errors by limiting data transfer among forms</li> </ul>	DWU	Agree	June 1, 2019
<p>We recommend the <b>Director of DWU</b> ensure:</p> <ul style="list-style-type: none"> <li>• Bachman Water Treatment Plant has current policies and procedures</li> <li>• East Side Water Treatment Plant has policies and procedures for filtration</li> <li>• The annual review process for policies and procedures is adequate to determine if policies and procedures are complete and current</li> </ul>	DWU	Agree	January 1, 2020

**Audit of Business Partner Oversight for White Rock Boathouse, Inc.  
(March 29, 2019)**

The Department of Park and Recreation's (PKR) Park Maintenance Services Division (Division) does not have formal (written, approved, dated) policies and procedures in place for oversight and monitoring of White Rock Boathouse, Inc (Boathouse) contracts (Contracts). In addition, Boathouse does not have adequate internal controls over expenses and does not obtain external assurances that their financial data is complete and accurate. As a result, the risk is increased that the Division may not readily: (1) identify contract noncompliance; and, (2) confirm required payments from Boathouse to the City of Dallas (City) complete and accurate.

Specifically, PKR's contract oversight and monitoring did not identify the following instances of contract noncompliance:

- The Boathouse operated the Boomerang Boathouse under an expired contract from mid calendar year 2013 to mid calendar year 2018<sup>2</sup>
- A required master plan to operate and maintain the "*Premises*"<sup>3</sup> was never developed.
- Funds received by the City of \$220,743 from Fiscal Year (FY) 2011 to FY 2018 were not maintained in a White Rock Beautification Trust Fund or an account designated by the City
- From FY 2016 through FY 2018, neither the Division nor PKR Financial Services validated the accuracy and completeness of funds the City received from Boathouse
- Prior to November 2016, Boathouse did not maintain identifiable financial records
- From FY 2013 to FY 2017, Boathouse did not submit required annual financial statements prepared in accordance with Generally Accepted Accounting Principles

Further, the contract terms are not clear regarding: (1) the source of payments Boathouse is to provide the City; and, (2) performance indicators or measures for PKR to effectively assess how Boathouse is performing against its contractual responsibilities to provide rowing opportunities to the youth of the City.

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<sup>2</sup> A renewal option for the expired contract was renewed effective November 6, 2018.

<sup>3</sup> The recital to the Filter Building contract defines "*Premises*" as the Filter Building, the two sedimentation basins, rowing docks, and the ground immediately surrounding the facilities.

Audit Recommendation	Responsible Department	Agreement Status	Implementation Date
<p>We recommend the <b>Director of PKR</b> implement formal contract oversight and monitoring policies and procedures to reduce the risk of contract noncompliance. This includes:</p> <ul style="list-style-type: none"> <li>• Ensuring contracts are timely renewed and properly executed</li> <li>• Ensuring Boathouse develops a Master Plan approved by the Park and Recreation Board to operate and maintain the <i>“Premises”</i></li> <li>• Ensuring receipt and review of Boathouse financial statements prepared in accordance with GAAP</li> <li>• Requiring Boathouse to maintain identifiable financial records needed to produce complete and accurate financial statements</li> </ul>	PKR	Agree	June 30, 2022
<p>We recommend the <b>Director of PKR</b> request the creation of a White Rock Lake Beautification Trust Fund or ensure that a designated account for funds received from Boathouse is maintained for improvements to the <i>“Premises”</i> operated by Boathouse or White Rock Lake Park and does not include funds from other sources.</p>	PKR	Agree	December 31, 2020
<p>We recommend the <b>Director of PKR</b>:</p> <ul style="list-style-type: none"> <li>• Implement formal policies and procedures to ensure that Boathouse provides an accurate and complete accounting of revenues and remits correct payments to the City</li> <li>• Request Boathouse to obtain and provide externally validated or audited financial information or develop and implement PKR procedures to periodically provide some assurance that gross sales and revenues reported are complete and accurate</li> </ul>	PKR	Agree	June 30, 2021

Audit Recommendation	Responsible Department	Agreement Status	Implementation Date
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We recommend the **Director of PKR in consultation with the City Attorney's Office:**

- Work with the Boathouse Board of Directors to agree on which portion of Filter Building "Extras" generated from the rental of the Filter Building should be included in "gross revenues" for purposes of calculating payment to the City
- Document the agreement of revenues generated from the rental of the Filter Building that will be included in "gross revenues"
- Require Boathouse to make payment to the City within a reasonable timeframe for any outstanding portion of "gross revenues" the City should have received, as applicable

PKR                      Agree                      June 30, 2021

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We recommend the **Director of PKR:**

- Develop a process to annually define the specific performance indicators or measures and other relevant information agreed upon by Boathouse.
- Identify how PKR personnel will evaluate Boathouse's performance including the specific performance information required for evaluation and when the information should be received by PKR personnel
- Develop and implement formal policies and procedures to ensure PKR contract monitoring procedures include periodic performance analysis

PKR                      Agree                      June 30, 2021

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We recommend the **Director of PKR** work with Boathouse to define the specific performance indicators or measures and other relevant information needed to allow PKR to appropriately monitor whether Boathouse is achieving the City's goal to provide rowing opportunities to youth in the City.

PKR                      Agree                      June 30, 2021

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Audit Recommendation	Responsible Department	Agreement Status	Implementation Date
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We recommend the **Director of PKR** request Boathouse to:

- Adopt and implement formal policies and procedures or other internal controls over expenses and credit card usage to support Boathouse’s mission
- Obtain and provide externally validated or audited financial information or develop and implement PKR procedures to periodically provide some assurance over the proper accounting and internal control for expenses and credit card usage

PKR	Agree	June 30, 2021
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## Engagements In-Progress

### Audit Services

#### **Fiscal Year 2019 Audit Follow-Up of Prior Audit Recommendations: Construction-Related Procurements – Multiple Departments**

- Anticipated Report Date: June 2019
- Project Objective(s): Evaluate management's implementation of prior audit recommendations

#### **Fiscal Year 2019 Audit Follow-Up of Prior Audit Recommendations: Court Information System – Cash Management/Collections Processes**

- Anticipated Report Date: June 2019
- Project Objective(s): Evaluate management's implementation of prior audit recommendations

#### **Fiscal Year 2019 Audit Follow-Up of Prior Audit Recommendations: Homeless Response System Effectiveness – Office of Homeless Solutions**

- Anticipated Report Date: June 2019
- Project Objective(s): Evaluate management's implementation of prior audit recommendations

#### **Fiscal Year 2019 Audit Follow-Up of Prior Audit Recommendations: Fiscal Years 2016, 2017, and 2018 – Multiple Departments**

- Anticipated Report Date: June 2019
- Project Objective(s): Evaluate management's implementation of prior audit recommendations

#### **Security and Safety Protocols for Large Public Venues Owned or Managed by the City – Multiple Departments**

- Anticipated Report Date: June 2019



- Project Objective(s): Evaluate the adequacy of the security and safety protocols in place for large public venues owned or managed by the City

### **Management of the City's Surplus Real Properties – Department of Sustainable Development and Construction**

- Anticipated Report Date: July 2019
- Project Objective(s): Evaluate the City's processes for identifying, managing, and disposing of surplus real property

### **Dallas Police Department's Complaint Process**

- Anticipated Report Date: July 2019
- Project Objective(s): Determine if: (1) the Dallas Police Department's complaint process is accessible; (2) internal and external complaints are processed consistently; and, (3) appropriate and consistent corrective actions are taken

### **City of Dallas' Purchasing and Travel Cards – Office of Procurement Services/Multiple Departments**

- Anticipated Report Date: October 2019
- Project Objective(s): Evaluate controls and compliance with the City's Purchasing and Travel Cards policies and procedures

### **Security of Online Payments – Multiple Departments**

- Anticipated Report Date: December 2019
- Project Objective(s): Evaluate the application security controls for selected on-line payment systems to determine if controls are sufficient to protect customer information submitted for payments

### **Open Records Request Process – City Secretary's Office**

- Anticipated Report Date: December 2019
- Project Objective(s): Evaluate the effectiveness of the Office of the City Secretary's<sup>4</sup> compliance with State law and whether there are cost-saving opportunities

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<sup>4</sup> The responsibility for the open records request process was transferred from the Public Affairs and Outreach Office (PAO) to the City Secretary's Office. Therefore, the Fiscal Year 2018 Audit Plan originally referred to the PAO.

**Franchise Fees Review through Third-Party Vendor (*Ongoing*)**

- Anticipated Report Date: Periodic, as warranted
- Project Objective(s): Verify that franchise fees (which may include utilities, cable, and telephone) identified by a third-party vendor are received by the City

**Sales/Use Tax Compliance Review through Third-Party Vendor (*Ongoing*)**

- Anticipated Report Date: Periodic, as warranted
- Project Objective(s): Identify and collect new and misreported tax revenue identified through a third-party vendor which will conduct Sales and Use Tax Compliance Review and Recovery Services

## Engagements Anticipated to Start Within Two Months

### Audit Services

#### **Martin Luther King, Jr. Community Center and Advisory Board – Management Requested Addition**

- Project Objective(s): Determine whether fiscal matters support a public purpose and other objectives determined at conclusion of the engagement planning phase

#### **Revenue Estimates – Budgeted Revenues for Fiscal Year 2019-2020 – Office of Budget/Multiple Departments**

- Project Objective(s): Determine whether the City has effective processes to ensure reasonable revenue estimates are included in the City Manager's proposed operating budget

#### **Police Property and Evidence – Dallas Police Department**

- Project Objective(s): Evaluate the adequacy and effectiveness of internal controls over the Dallas Police Department's property and evidence, including policies and procedures, physical security and access controls, inventory management, and temporary and long-term storage controls

#### **Facility Planning – Dallas Public Library**

- Project Objective(s): Evaluate the Dallas Public Library's strategic and/or operational planning in an era when the public's demands of libraries have changed, including programs and materials

#### **Office of Equity and Human Rights' Complaint Process**

- Project Objective(s): Evaluate the Office of Equity and Human Rights' complaint process including intake, investigation, and timeliness of the complaint resolution

#### **Special Audit of the Accounts of the Former Mayor**

- Project Objective(s): Comply with Chapter IX, Section 4, *Special Audit* of the Dallas City Charter that requires an audit and report upon the death, resignation, removal, or expiration of the term of any officer of the City of Dallas

**Special Audits of the Accounts of Former City Council Members #1, #2, #3, and #4**

- Project Objective(s): Comply with Chapter IX, Section 4, *Special Audit* of the Dallas City Charter that requires an audit and report upon the death, resignation, removal, or expiration of the term of any officer of the City of Dallas

## Cancelations/On Hold

### Audit Services

#### Monthly Bank Reconciliations – City Controller's Office

- Status: **Canceled**
- After reviewing Grant Thornton's audit procedures related to bank reconciliations, the Office of the City Auditor determined conducting the *Audit of Monthly Bank Reconciliations* would duplicate their audit procedures. Grant Thornton issued an unmodified opinion, stating the financial statements were fairly presented in accordance with accounting principles generally accepted in the United States of America. Grant Thornton did not identify any material misstatements during the audit.

#### Information Technology Processes – Department of Communication and Information Services

- Status: **Canceled**
- The decision to cancel the *Audit of Information Technology Processes*, is based on feedback from the Department of Communication and Information Services. Under the new organizational structure, the security program is being revised and security elements are being enhanced to address known gaps. Changes to the security program will result in strategic changes and control maturity will be work in progress. The Office of the City Auditor will continue to work with the new Chief Information Security Officer to provide audit services as the security program is established and corrective actions are implemented. These additional audits will be included in future audit plan years.

#### Performance Measurement Process – Multiple Departments

- Status: **Canceled**
- The decision was made to cancel the *Audit of Performance Measurement Process* due the likelihood of significant changes to Dallas 365 performance measures, the main focus of the audit objective. Specifically, City management is working to (1) implement a new equity framework within the City of Dallas, potentially shifting strategic priorities and the performance measures that support them; and, (2). develop a new city-wide strategic plan that may also affect alignment of Dallas 365 performance measures with strategic goals, resulting in new measures and processes.

## **Information Technology Security Violations Reporting – Department of Communication and Information Services**

- Status: **Canceled**
- The audit scope for the Audit of Reporting Security Violations was limited to evaluating how the Department of Communication and Information Services is educating end users across the City about cyberrisk such as phishing and providing a venue for end users to report on potential cyber events. The Department of Communication and Information Services is in the process of developing this program. Specifically, they purchased NOVA 4, a third party tool, which includes training modules for security awareness at various levels. The Department of Communication and Information Services is also working on other initiatives to improve user security awareness and monitoring security incidents related to cyber events. Therefore, the audit will be postponed and considered for future Audit Plans as the program matures.

## **Occupational Safety and Health Program – Department of Dallas Fire-Rescue**

- Status: **Canceled**
- In 2017, Chief Coatney, the former Chief of Dallas Fire-Rescue, requested an *Audit of the Department of Dallas Fire-Rescue's Occupational Safety and Health Program*. Initially this audit was added to the Fiscal Year 2018 Audit Plan, but it was rolled forward into the Fiscal Year 2019 Audit Plan. As of May 22, 2019, we followed up with Chief Artis, the new Chief of Dallas Fire-Rescue, regarding the status of the program and readiness for the audit. Chief Artis confirmed the program is being initiated, not yet mature and requested no audit be performed at this time. Therefore, this audit will be reevaluated in future audit plans.

## **Hotel Occupancy Tax – City Controller's Office**

- Status: **Canceled**
- Due to the current transition to a new vendor to assist the City achieve increased Hotel Occupancy Tax compliance and streamline the tax collection process, the *Audit of Hotel Occupancy Tax* is canceled and considered for possible inclusion in a future audit plan to evaluate the effectiveness of the new processes, monitoring, and vendor achievement of contractual requirements and City objectives (dependent on annual risk assessments, resources, etc.).

## **Business Partner Oversight of Texas Horse Park – Department of Dallas Water Utilities**

- Status: **On Hold**
- Project Objective(s): Evaluate the financial, operational, and other risks for Texas Horse Park, a business partner operating a City-owned facility under the oversight of the Department of Dallas Water Utilities, and the City's oversight and monitoring controls.