

# Memorandum



**CITY OF DALLAS**

Report No. A08-021

**Date:** August 29, 2008

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

**Subject:** Final Report – Follow-Up of Audit Recommendations, Public Works and Transportation

The Department of Public Works and Transportation (PWT) implemented one of two recommendations resulting from the audit report "Follow-Up Report of the Audit of the Public Works and Transportation-Street Lighting", dated May 12, 2006. *Attachment A* provides detailed information for the recommendations included in this audit<sup>1</sup> report.

### Summary of Follow-up Audit Results

Fiscal Year Audit Report Issued	Number of Report Recommendations	Recommendations Implemented	Recommendations Not Implemented
2006	2	1	1

PWT implemented the recommendation to request reports from Risk Management for all resolved claims against a third party for damages to a street light pole. Management has accepted the risks associated with not implementing the recommendation to obtain accurate locations of damaged street light poles.

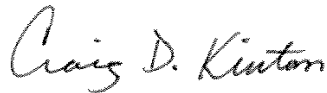
The City Auditor's Office will not conduct any further follow-up on these recommendations, but will consider the risks in determining future audit coverage as part of the annual audit plan.

<sup>1</sup> This audit was conducted under the authority of the City Charter, Chapter IX, Section 3 and in accordance with generally accepted government auditing standards. The audit objective was to verify that management has taken corrective action(s), the corrective action(s) are achieving the desired results, or management has assumed the risk of not taking corrective action(s). We interviewed Public Works and Transportation and Risk Management department personnel, reviewed Street Lighting reports, read accident reports and reviewed Council presentations.

We appreciate the department's cooperation. This report was discussed with Public Works and Transportation and Risk Management, but a written response was not requested.

If you have any questions or need additional information, please contact me at 214-670-3222 or Gary Lewis, Assistant City Auditor, at 214-670-5347.

Sincerely,

A handwritten signature in cursive script that reads "Craig D. Kinton".

Craig D. Kinton  
City Auditor

Attachment A

C: Mary K. Suhm, City Manager  
Ramon Miguez, Assistant City Manager  
Dave K. Cook, Chief Financial Officer  
Rick Galceran, Director – Public Works and Transportation  
Doris Bridges, Interim Assistant Director – Risk Management  
Elizabeth Ramirez, Assistant Director – Public Works and Transportation

**Attachment A**

<b>Audit Report</b>	<b>Audit Issues</b>	<b>Audit Recommendations</b>	<b>Audit Follow-Up Results</b>
<p><b>Follow-Up Report of the Audit of the Public Works and Transportation – Street Lighting (May 12, 2006)</b></p>	<p><b>The process for recovering costs from third parties, liable for damaged or destroyed street lighting poles, needs improving</b></p>	<p>Coordinate obtaining accurate location on damaged street light poles.</p> <p>Request from the Director of Human Resources, on a quarterly basis, an update on all resolved claims against a third party for damages to a street light pole.</p>	<p><b>Not Implemented.</b> The process for recovering costs from third parties has not changed since the last audit. Obtaining accurate locations of damaged street light poles is a key component in the subrogation process coordinated between the departments of Public Works and Transportation and Human Resources – Risk Management. There have been numerous challenges in the recoupment process due to the difficulty in matching a specific light pole to a repair invoice, the amount of time elapsed before a claim is filed, and staff turnover. The recovery process is labor intensive and the revenue potential is limited since the City owns only five percent (4,500 / 85,000) of the light poles in the City of Dallas. Risk Management reported collections of \$5,148 in Fiscal Year (FY) 2006, \$2,210 in FY 2007 and \$0 year-to-date for FY 2008.</p> <p><b>Implemented.</b> Public Works and Transportation and Risk Management have agreed to a monthly reporting format for resolved claims regardless of whether or not any accident reports have been received.</p>