

Memorandum



CITY OF DALLAS

DATE: May 27, 2005

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

SUBJECT: Follow-up report of the October 24, 2003, *Performance Audit of Public Works and Transportation Reimbursements--Report #401*

We conducted this follow-up of our Performance Audit of Public Works Reimbursements under the authority of Chapter IX of the City Charter, and according to applicable government auditing standards. We included tests of records and reviews of program guidelines and procedures that we considered necessary in the circumstances. Our objective was to determine whether management had implemented the original audit's recommendations or had taken other acceptable actions to remedy the control weaknesses identified in the original audit report.

The original audit contained two findings with three recommendations. Management has implemented all of the recommendations.

1. Reimbursement calculations should include all personal services costs.

We recommended that the Director of PWT modify reimbursement procedures to ensure that paid time off is included in the computations to maximize reimbursements from the appropriate funds and minimize the financial burden on the General Fund. Paid time off can be included by using the Internal Billing Information System's (IBIS) capability to track direct labor hours by:

Computing a direct labor costs ratio to total org code salary costs.

Using the direct labor cost ratio to compute reimbursable benefits (i.e., all 1000 series object codes less salary times the direct labor cost ratio).

Applying the approved indirect cost rate to the sum of direct labor costs and reimbursable benefits.

Applying the direct labor cost ratio to the 2000 and 3000 series object codes as was previously performed.

We found that PWT modified its reimbursement procedures to ensure that paid time off is included in the computations by doing the suggested tasks (Implemented).

2. Reimbursement process should be based on written policy and procedures.

We recommended that the Director of PWT:

Ensure that written policy and procedures (e.g., checklist, flowcharts) are developed and that they adequately identify

All costs components that should be included in computations for reimbursements;

Employees that should be accounted for in IBIS;

Conditions that exempt employees from IBIS reporting;

Procedures for preparing and submitting reimbursements;

Submit corrected billings for additional reimbursable costs.

We found that:

PWT developed written policy and procedures to identify the listed items (Implemented).

PWT submits corrected billings for additional reimbursable costs (Implemented).

Paul T. Garner

Paul T. Garner
Assistant City Auditor

c: David Dybala, Director of Public Works and Transportation