

# Memorandum



CITY OF DALLAS

DATE: October 28, 2005

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

SUBJECT: Follow-up report of the May 28, 2004, *Verification of the Affidavits of Compliance Received Under the Dallas Economic Development Tax Abatement Certification Process for 2003* of May 28, 2004—Report #405

We conducted this follow-up 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 one finding with a recommendation. Management implemented that recommendation.

**Corrections made to tax abatement records will allow the city to cumulatively levy an additional \$73,774 in taxes for 2003-07.**

**We recommended** that the Assistant Director of Economic Development (EDD) develop procedures to annually sample tax accounts for accuracy of the records and to notify the Dallas Central Appraisal District (DCAD) of any discrepancies in the records.

*We found that EDD developed such procedures and employed them in analyzing DCAD's 2004 and 2005 tax abatements by sampling; they found that three accounts were listed as having abatements that should not have **(Implemented)**.*

Paul T. Garner

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Assistant City Auditor

c: Karl Zavikovsky, Director of Economic Development