



CITY OF DALLAS

OFFICE OF THE CITY AUDITOR

**AUDIT PLAN
FISCAL YEAR 2007**

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CITY AUDITOR**



AUDIT PLAN FOR FISCAL YEAR 2007

The City of Dallas Office of the City Auditor performs work for and under the direction of the Dallas City Council. This Audit Plan is developed to satisfy responsibilities established by the Dallas City Charter, meet the needs of the City Council, and outline audits and other activities that will be initiated during the fiscal year 2007. The Office of the City Auditor complies with generally accepted government auditing standards that provide a framework for conducting high quality audits and attestation engagements with competence, integrity, objectivity, and independence.

TYPES OF PROJECTS

The projects listed in this Audit Plan demonstrate the variety of deliverables the Office of the City Auditor produces to address its mission to preserve the public trust by independently and objectively reviewing and reporting on the efficient and effective use of the City of Dallas resources. To accomplish this mission, projects may include technical assistance to management, data analysis, and oral and written communications, including published audit reports.

The areas to be audited will be reflective of the priorities of the Dallas City Council:

- Economic Development
- Neighborhood Quality of Life
- Public Safety & Homeland Security
- Staff Accountability
- Trinity River Project

Audit Plan projects consist of the following types of work:

Financial Audits

Conducted to provide an independent report on whether an entity's financial information is presented fairly and in accordance with recognized criteria, provide users with statements concerning the reliability of information and provide information about internal control, compliance with laws and regulations, and provisions of contracts and grant agreements as they relate to financial transactions, systems, and processes.

Effectiveness, Economy and Efficiency Audits

Conducted to measure the extent to which a program is either achieving its goals and objectives or whether City departments are acquiring, protecting, and using their resources in the most productive manner to achieve program objectives.

Special Audits

Upon the death, resignation, removal, or expiration of the term of any officer of the City, other than the City Auditor, the City Auditor shall cause an audit and investigation of the accounts of such officer to be made and shall report to the City Manager and the Council.

Investigations

Conducted to substantiate or disprove allegations pertaining to fraud, waste, or abuse related to the City of Dallas.

City Council Support

The City Auditor is authorized to conduct reviews or provide information for individual Council Members provided the request for assistance or information will not impact the completion of the Audit Plan. If, in the judgment of the City Auditor, a request will impact completion of the plan, the City Auditor will request the Council Member to submit the request in writing for consideration and approval of the Finance, Audit & Accountability Committee and the City Council as an amendment to the Audit Plan. All work products will be produced at the direction of the City Auditor.

Non-Audit Services

The City Auditor performs certain non-audit services, such as tasks that directly support City operations or the provision of information or data to requestors without providing verification, analysis, or evaluation of such information or data. These services, therefore, do not usually provide a basis for conclusions, recommendations, or opinions and may or may not result in the issuance of a report. These services are provided based on a written request, consideration of the impact on auditor independence, and execution of a memorandum of understanding between the City Auditor and the Department Director.

AUDIT PLAN AMENDMENTS

This Audit Plan is a working document in that the City Auditor is authorized to perform work not specified in the Plan when deemed necessary in his professional judgment. The Dallas City Council will be notified in writing concerning additions to, deletions from, or other changes to this Audit Plan.

SPECIFIC PROJECTS FOR FISCAL YEAR 2007

#	Department	Key Focus Area	Description	Objectives
1	CES	Neighborhood Quality of Life	Code Enforcement – Multi-Tenant Registration	Determine whether the registration requirements are enforced for multi-tenant facilities
2	CIS	Public Safety & Homeland Security	Information Technology Application Review – Courts Case Management System	Evaluate application controls (input, processing, output)
3	CIS	Staff Accountability	AT&T Contract Audit Follow-Up	(1) Determine whether AT&T is meeting contract requirements; (2) Evaluate contract monitoring controls
4	CIS	Staff Accountability	Information Technology General Controls – Client Servers	Evaluate general controls over client server processing
5	CIS	Staff Accountability	Information Technology - Application Review AMS (Accounting System)	Evaluate application controls (input, processing, output) for accounting system
6	DDS	Economic Development	Development Code Compliance – Restaurants / Commercial Amusement Establishments	Determine whether selected restaurants and commercial amusement establishments are operating in compliance with issued certificate of occupancies
7	DPD	Public Safety & Homeland Security	Drug / Weapons Destruction Observations	Ensure that confiscated drugs and weapons are destroyed in accordance with State law and City policy
8	DPD / DFR	Public Safety & Homeland Security	Information Technology – General / Application Controls Reviews	Evaluate general and application controls for Information Technology operations
9	EBS	Staff Accountability	Fleet Maintenance for Sanitation Heavy Equipment FY 2006 Contract	(1) Determine whether vendor is performing according to contract requirements; (2) Determine if cost savings or efficiencies are being achieved
10	ECO	Neighborhood Quality of Life	South Dallas Fair Park Trust	Follow-up on the accounting control issues previously identified

#	Department	Key Focus Area	Description	Objectives
11	HR	Staff Accountability	Health Insurance Portability and Accountability Act - (HIPAA)	Determine whether the City is compliant with HIPAA requirements
12	HR	Staff Accountability	Health Care Claims Processing by Humana FY 2005	Determine whether medical claims were processed timely and paid accurately
13	OFS	Staff Accountability	Sole Source / Single Bid Procurement Reviews	Determine whether applicable purchasing rules have been followed for sole source or single bid procurements exceeding \$25,000 as required by Administrative Directive 4-5
14	OFS	Staff Accountability	Bond Statement Reviews	Review Preliminary and Official Statements and provide necessary certifications for bond issuances
15	OFS	Staff Accountability	Revenue Estimates - Budgeted Revenues for FY 2007-2008	Determine whether (1) the estimates are reasonable and adequately supported; (2) all material assumptions are reasonable and conservatively estimated; and, (3) all the material considerations have been included
16	OFS	Staff Accountability	Comcast Franchise Fee Payments	(1) Determine whether the City receives the correct amount of franchise fees during calendar years 2002 through 2006; (2) Evaluate contract monitoring controls
17	OFS	Staff Accountability	Energy Franchise Fee Payments	(1) Determine whether the City received the correct amount of franchise fees from TXU and ATMOS for the calendar years 2004 through 2005; (2) Evaluate contract monitoring controls
18	OFS	Staff Accountability	Accounting Records Review	Evaluate accuracy of accounting records as assistance to external financial audit (system up-loads, reconciliations of general and sub-ledgers, etc.)

#	Department	Key Focus Area	Description	Objectives
19	OFS	Staff Accountability	Cash in Bank Controls	Determine whether bank reconciliation processes are being conducted accurately and timely
20	OFS	Staff Accountability	County Tax Collection Processes	Determine whether (1) Dallas County has been effective in collecting annual property taxes assessed; (2) management oversight of the contract is adequate; and (3) Dallas County has or intends to comply with contract provisions including SAS-70 requirements for third-party contractors
21	OFS / HR	Staff Accountability	Payroll Audit – Civilian	For civilian payroll determine whether: (1) salary payments are valid, authorized, and system information is accurate; (2) salary and benefit payments are accurate, authorized, and paid timely
22	PWT	Economic Development	Storm Water Management Compliance Audit	Determine whether the City is maintaining compliance with the EPA consent decree
23	Various	Staff Accountability	Procurement Card Controls	Evaluate controls over procurement cards and determine whether usage complies with City policies
24	Various	Staff Accountability	Cash Receipts Controls	Evaluate control systems at cash collection control points
25	Various	Staff Accountability	Petty Cash Audits	Perform surprise cash counts of petty cash and imprest funds
26	Various	Staff Accountability	Accounts Receivable Controls	Evaluate controls over accounts receivable and effectiveness of collections processes (including OFS Special Collections Division)
27	Various	Various	Fraud, Waste and Abuse	Maintain and monitor the City's Fraud, Waste and Abuse Hotline and conduct investigations in accordance with Administrative Directive 2-14
28	Various	Various	Council Requests	Conduct reviews or provide information to individual Council Members

#	Department	Key Focus Area	Description	Objectives
29	Various	Various	Non-Audit Services	Assist City management through performance of non-audit services, including tasks requested by management that support the City's operations, participation in workgroups, etc.
30	Various	Various	Prior Audit Recommendations Follow-up	(1) Develop and maintain a database of audit recommendations, management corrective actions and the timelines for implementation; (2) Provide City Council with periodic reports on implementation status
31	Various	Various	Contract Monitoring Controls – Service Contracts	Evaluate monitoring controls for service contracts
32	Various	Various	Contract Monitoring Controls – Construction Contracts	Evaluate monitoring controls for construction contracts
33	Various	Various	Federal Grant Monitoring	Evaluate monitoring controls over federal grants (including time reporting controls)
34	Various	Various	Construction-in-Progress	Evaluate accounting controls over construction-in-progress