

Memorandum



DATE: August 29, 2013

TO: Honorable Members of the Budget, Finance & Audit Committee –
Jerry R. Allen, Chair; Jennifer Gates, Vice-Chair;
Tennell Atkins, Mayor Pro-Tem; Sheffie Kadane; Philip Kingston

SUBJECT: Presentation to the Budget, Finance & Audit Committee:
Office of the City Auditor's Fiscal Year 2014 Audit Plan

On Tuesday, September 3, 2013, the Office of the City Auditor will present the proposed Fiscal Year 2014 Audit Plan to the Budget, Finance & Audit Committee for consideration of recommendation for approval by the full City Council. If approved by the Committee, the Council Agenda for Wednesday, September 25, 2013 will include an item to authorize the adoption of the Office of the City Auditor's Fiscal Year 2014 Audit Plan.

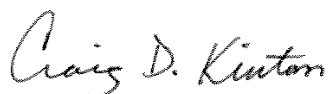
The Office of the City Auditor performs work for and under the direction of the Dallas City Council. The Fiscal Year 2014 Audit Plan is designed to satisfy responsibilities established by the Dallas City Charter, meet the needs of the City Council, and outline the services that the Office of the City Auditor plans to initiate and/or complete during Fiscal Year 2014.

The Office of the City Auditor's mission is to promote public trust and advance accountability by providing independent, objective, and useful professional services for the City of Dallas. The plan demonstrates the variety of services the Office of the City Auditor provides to address its mission and reflects the following Dallas City Council priorities:

- Public Safety
- Economic Vibrancy
- Clean, Healthy Environment
- Culture, Arts and Recreation
- Education
- E³ Government

We respectfully present the Fiscal Year 2014 Audit Plan and request your support for a recommendation to the full City Council for approval of the plan.

Sincerely,



Craig D. Kinton
City Auditor

Attachment



CITY OF DALLAS

OFFICE OF THE CITY AUDITOR

**AUDIT PLAN
FISCAL YEAR 2014**

**CRAIG D. KINTON
CITY AUDITOR**



AUDIT PLAN FOR FISCAL YEAR 2014

The City of Dallas Office of the City Auditor (Office) performs work for and under the direction of the Dallas City Council. The Fiscal Year 2014 Audit Plan (Audit Plan) is designed to satisfy responsibilities established by the Dallas City Charter, meet the needs of the City Council, and outline the professional services that the Office plans to initiate and / or complete during Fiscal Year 2014.

The Office's mission is to promote public trust and advance accountability by providing independent, objective, and useful professional services for the City of Dallas. The Audit Plan demonstrates the variety of services the Office provides to address its mission and reflects the following Dallas City Council priorities:

- Public Safety
- Economic Vibrancy
- Clean, Healthy Environment
- Culture, Arts and Recreation
- Educational Enhancements
- E³ Government

This Audit Plan is a working document in that the City Auditor is authorized, when deemed necessary in his professional judgment, to amend the Audit Plan. The Dallas City Council will be notified in writing concerning additions to, deletions from, or other changes to this Audit Plan. The Audit Plan includes audits, attestation engagements, and other professional services.

AUDIT AND ATTESTATION SERVICES

The Office complies with generally accepted government auditing standards when performing audits and attestation engagements. These standards provide a framework for conducting high quality audits and attestation engagements with competence, integrity, objectivity, and independence. The types of audits and attestation engagements performed under these standards include:

- **Performance Audits**

Conducted to provide objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. Performance audit objectives vary widely and can include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and, prospective analyses.

- **Financial Audits**

Conducted to provide an independent assessment of whether an entity's reported financial information (e.g., financial condition, results, and use of resources) are presented fairly and in accordance with recognized criteria. Financial audits provide users with statements concerning the reliability of information, and provide information about internal control over financial reporting, and compliance with provisions of laws, regulations, contracts and grant agreements that have a material effect on the financial statements.

- **Attestation Engagements**

Conducted to provide a broad range of financial or non-financial objectives. An attestation engagement results in an examination, a review, or an agreed-upon procedures report on a subject matter or an assertion about a subject matter that is the responsibility of another party.

OTHER PROFESSIONAL SERVICES

The Office provides other professional services which may or may not be performed in accordance with generally accepted government auditing standards. These other professional services include:

- **Investigative Services**

The Office provides investigative services to evaluate and investigate allegations of fraud, waste and abuse and maintains a Hotline as a tool for the confidential reporting of allegations. Investigations are conducted in accordance with Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency. Criminal allegations are referred to appropriate law enforcement authorities. Significant findings of fraud are reported to the Mayor, the chairman of the Budget, Finance and Audit Committee, the City Attorney, and City management as required by Council Resolutions and Administrative Directive.

- **City Council Support**

The Office is authorized to conduct audits, attestation engagements, or other professional services for individual City Council Members, provided the request will not impact the completion of the Audit Plan. If, in the judgment of the City Auditor, a request will impact completion of the Audit Plan, the City Auditor is to request that the Council Member submit the request in writing for consideration and approval by the Budget, Finance & Audit 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.

- **Management Assistance**

The Office is authorized to perform audits and attestation services and other professional services at the request of management to assist in carrying out management's responsibilities. These services may include, but are not limited to, providing technical advice, such as participating on committees, task forces, panels, and focus groups. The Office may provide management assistance based on consideration of the impact on auditor independence and audit plan completion.

- **Litigation Support**

The Office is authorized to perform audits and attestation services and other professional services at the request of the City Attorney. The services provided by the Office depend on the needs of the City Attorney. These services may include, but are not limited to, research, analysis, and computer forensics.

INDEPENDENCE DISCLOSURES

Section 40-A.2.(c)(C) of the Dallas City Code designates the City Auditor as a voting member of the Employees' Retirement Fund (ERF) Board of Trustees. Generally accepted government auditing standards require the Office to disclose impairments to independence. The Office lacks independence in relation to any audit work that might be conducted at the ERF. To the extent that audits and attestation engagements are performed in this area, the Office is not independent. The effects of this independence concern on audit work will be clearly identified in any final reports, if applicable.

#	Department	Key Focus Area**	Description	Objectives
1	ATT	E3 Government	Litigation Support	Provide audit and attestation services and other professional services, as requested by the City Attorney
2	BDPS	E3 Government	Sole Source / Single Bid Procurements	Determine whether applicable purchasing rules have been followed for sole source or single bid procurements as required by Administrative Directive 4-5
3	CCO / ERF / DFPF	E3 Government	Employees' Retirement Fund / Dallas Police Fire Pension System	Determine the accuracy of members' contributions and service credits in compliance with applicable requirements
4	CCS	Clean, Healthy Environment	Neighborhood Code Enforcement Services	Evaluate Neighborhood Code Enforcement effectiveness, which may include whether: (1) CCS' actions in response to complaints and/or to bring properties into compliance with City Code were timely, and in accordance with policies and procedures; and, (2) Abatements, by the City, consistently resulted in liens on affected properties
5	CES	Economic Vibrancy / E3 Government	Dallas Convention Visitors Bureau	Evaluate the effectiveness of program services provided to the City by the Dallas Convention and Visitors Bureau
6	CIS / CTS	E3 Government / Public Safety	Courts Information System	Evaluate the adequacy of the new Court and Detention Services information system's: (1) access controls; and, (2) internal controls over cash management / collections processes for fines and fees which may include cash bond forfeitures and reinstatement on Class C misdemeanors
7	CIS / HR	E3 Government	Lawson HRIS Application Controls	Evaluate the adequacy of the application controls for the Lawson HRIS system
8	CVS	E3 Government	Civil Service Department	Evaluate Civil Service Department's efficiency and/or effectiveness for selected services and compliance with the City Charter, Civil Service Rules, and policies and procedures

#	Department	Key Focus Area**	Description	Objectives
9	CMO / OFS / CCO	E3 Government	Citizen Centric Report	Using the Association of Government Accountants' criteria, prepare an annual Citizen Centric Report as a means to supplement the City's financial reports and statements and as a method to demonstrate accountability to the City's citizens and residents
10	DFR	Public Safety	Fleet Maintenance	Evaluate efficiency and / or effectiveness of selected aspects of Dallas-Fire Rescue's fleet maintenance management
11	DPD	Public Safety	Police Personnel and Training Services	Evaluate whether DPD's personnel practices, including criminal history screening requirements, comply with State Law, City rules, and regulations or other authoritative requirements
12	DPD / DWU	Public Safety / E3 Government	Parking Management Contract Oversight	Evaluate: (1) management's oversight and monitoring controls to assess the third party's compliance with the contract terms; and, (2) the adequacy of internal controls over cash collections and cash equivalents
13	ECO	Economic Vibrancy	South Dallas Fair Park Trust Fund	Provide an audit of the Trust Fund and its operations as required by Council Resolution 06-1833
14	MGT / CIS / CTS / DWU	E3 Government	Customer Service / 311 Non-Emergency Services	Evaluate the effectiveness of 311 Customer Service in uniformly addressing and accurately monitoring and reporting citizens' complaints.
15	OFS	E3 Government	Revenue Estimates – Budgeted Revenues for Fiscal Year 2014-2015	Determine whether the City has effective processes to ensure reasonable revenue estimates are included in the City Manager's proposed operating budget

#	Department	Key Focus Area**	Description	Objectives
16	OFS	Economic Vibrancy / E3 Government	Verification of Third Party Receipts Collections for Sales / Use Tax and Franchise Fees	Verify that: (1) Sales/Use tax receipts identified by the third party consultant are accurate and properly supported; and, (2) Franchise Fees (which may include utilities, cable, and telephone) identified by the third party consultant(s) are received by the City
17	OFS / HOU	Economic Vibrancy / E3 Government	Contract Monitoring	Evaluate whether the monitoring process(es) used for selected contracted programs are adequate to ensure compliance with contract terms and conditions
18	SDC	Economic Vibrancy	Building Permits	Evaluate the adequacy of internal controls over certain Building Permit processes which may include issuance, billing, cash handling, and cash collections
19	STS	Economic Vibrancy	Paving and Maintenance Program / Capital Program Streets and Thoroughfares	Evaluate the Street Paving and Maintenance Programs which may include administrative and inspection processes
20	TWM	Economic Vibrancy	Trinity Watershed Management	Evaluate management controls related to Trinity Watershed Management
21	Multiple	E ³ Government	Special Audits	Conduct audits, in accordance with Chapter IX, Section 4 of the City Charter, of officers who vacate their offices due to death, resignation, removal, or expiration of term
22	Multiple	Multiple	Performance Measurement Process	Conduct audits of selected departments to evaluate whether performance data are meaningful, accurate, supportable, reliable, and valid
23	Multiple	Multiple	Council Assistance	Provide audit and attestation services and other professional services, as requested by individual Council members
24	Multiple	Multiple	Fraud, Waste and Abuse Investigations	Evaluate allegations of fraud, waste and abuse, conduct investigations, and educate employees

#	Department	Key Focus Area**	Description	Objectives
25	Multiple	Multiple	Management Assistance	Provide audit and attestation services and other professional services as requested by Management
26	Multiple	Multiple	Prior Audit Recommendations Follow-Up	Evaluate Management implementation of prior audit recommendations

** The Fiscal Year 2014 Audit Plan (Audit Plan) is based on a risk assessment updated for City services approved in the Fiscal Year 2013 City of Dallas Adopted Budget. While this year's Audit Plan does not directly address Educational Enhancements, one of the City Council's Fiscal Year 2014 Key Focus Areas, to the extent that it is possible the Office will include this Key Focus Area in projects identified as "Multiple".

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