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CITY SECRETARY
DALLAS, TEXAS

City of Dallas

1500 Marilla Street, Room 6ES
Dallas, Texas 75201

Public Notice

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POSTED CITY SECRETARY
DALLAS, TX



Government Performance and Financial Management Committee

June 8, 2021

1:00 PM

2021 CITY COUNCIL APPOINTMENTS

COUNCIL COMMITTEE	
ECONOMIC DEVELOPMENT Atkins (C), Blewett (VC), Gates, McGough, Narvaez, Resendez, West	ENVIRONMENT AND SUSTAINABILITY Narvaez (C), West (VC), Atkins, Blackmon, Gates
GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT Mendelsohn (C), Gates (VC), Bazaldua, McGough, Thomas	HOUSING AND HOMELESSNESS SOLUTIONS We, Thomas (C), Mendelsohn (VC), Arnold, Blackmon, Kleinman, Resendez, West
PUBLIC SAFETY Gates (C), Kleinman (VC), Arnold, Bazaldua, Blewett, McGough, Medrano, Mendelsohn, Thomas	QUALITY OF LIFE, ARTS, AND CULTURE Medrano (C), Atkins (VC), Arnold, Blewett, Narvaez
TRANSPORTATION AND INFRASTRUCTURE McGough (C), Medrano (VC), Atkins, Bazaldua, Kleinman, Mendelsohn, West	WORKFORCE, EDUCATION, AND EQUITY Thomas (C), Resendez (VC), Blackmon, Kleinman, Medrano
AD HOC JUDICIAL NOMINATING COMMITTEE McGough (C), Blewett, Mendelsohn, Narvaez, West	AD HOC LEGISLATIVE AFFAIRS Kleinman(C), Mendelsohn (VC), Atkins, Gates, McGough
AD HOC COMMITTEE ON COVID-19 RECOVERY AND ASSISTANCE Thomas (C), Atkins, Blewett, Gates, Mendelsohn, Narvaez, Resendez	AD HOC COMMITTEE ON GENERAL INVESTIGATING AND ETHICS Mendelsohn (C), Atkins, Blackmon, Gates, Kleinman, McGough, Resendez

(C) – Chair, (VC) – Vice Chair

Note: A quorum of the Dallas City Council may attend this Council Committee meeting.

The Government Performance & Financial Management Committee will be held by videoconference. The meeting will be broadcast live on Spectrum Cable Channel 16 and online at bit.ly/cityofdallastv. The public may also listen to the meeting as an attendee at the following videoconference link:

<https://dallascityhall.webex.com/dallascityhall/onstage/g.php?MTID=ee6b487ce3c322b42e712dfb9a494a331>

Call to Order

MINUTES

1. [21-1143](#) Consideration of the May 24, 2021 Government Performance & Financial Management Committee Meeting Minutes

Attachments: [Minutes](#)

BRIEFING ITEMS

2. [21-1151](#) Office of the City Auditor Preliminary Fiscal Year 2021-2022 Budget Proposal
[Mark Swann, City Auditor]

Attachments: [Presentation](#)

3. [21-1152](#) Office of the City Auditor Fiscal Year 2021 - Quarter 2 Update: January 1 - March 31, 2021
[Mark Swann, City Auditor]

Attachments: [Presentation](#)
[Q2 Released Reports](#)
[Q2 Final Report](#)

4. [21-1144](#) State of Cyber Security
[Bill Zielinski, Chief Information Officer, and Dr. Brian Gardner, Chief Information Security Officer, Information and Technology Services]

Attachments: [Presentation](#)

5. [21-1141](#) City Website Redesign Project
[Catherine Cuellar, Director, Communications, Outreach, and Marketing; and Bill Zielinski, Chief Information Officer, Information and Technology Services]

Attachments: [Presentation](#)

6. [21-1148](#) Dallas 365: Annual Performance Measures Review
[Jack Ireland, Director, and Brittany Burrell, Assistant Director,
Budget and Management Services]

Attachments: [Presentation](#)

FYI

7. [21-1149](#) Quarterly Investment Report (information as of March 31, 2021)

Attachments: [Report](#)

8. [21-1142](#) Minimum Reserves for City Properties at Auction
[Kris Sweckard, Director, Sustainable Development and
Construction]

Attachments: [Memo](#)

ADJOURNMENT

EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]



City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1143

Item #: 1.

Consideration of the May 24, 2021 Government Performance & Financial Management Committee Meeting Minutes

Government Performance & Financial Management Committee

Meeting Record

The Government Performance & Financial Management Committee meetings are recorded.
Agenda materials are available online at www.dallascityhall.com. Recordings may be reviewed online at <https://dallastx.swagit.com/government-performance-and-financial-management-committee>.
Note: This meeting was conducted via videoconference

Meeting Date: May 24, 2021

Convened: 2:00 p.m.

Adjourned: 5:02 p.m.

Committee Members Present:

Cara Mendelsohn, Chair
Jennifer S. Gates, Vice Chair
Adam Bazaldua
Adam McGough
Casey Thomas, II

Committee Members Absent:

Other Council Members Present:

Chad West
Omar Narvaez
Paula Blackmon

AGENDA

CALL TO ORDER

1. Consideration of the April 26, 2021 Meeting Minutes

Action Taken/Committee Recommendation(s): A motion was made to approve the minutes for the April 26, 2021 Government Performance & Financial Management Committee meeting. The motion passed unanimously.

Motion made by: Jennifer Gates

Motion seconded by: Adam McGough

BRIEFING

2. Overview of Sanitation Performance and Opportunities for Improvement

Presenter(s): Joey Zapata, Assistant City Manager

Action Taken/Committee Recommendation(s): The committee discussed recent challenges facing the Sanitation department and strategies to address them. The committee requested a full council briefing from Sanitation with suggestions on service improvements and data analytics.

3. Dallas Water Utilities Commercial Paper Program Provider Selection

Presenter(s): Brandy Pletcher, Assistant Director Treasury Management, City Controller's Office

Action Taken/Committee Recommendation(s): Brandy Pletcher gave a briefing on Dallas Water Utilities Commercial Paper Program

A motion was made to move the item forward to full council with a recommendation of approval. The motion passed unanimously.

Motion made by: Jennifer Gates

Motion seconded by: Adam McGough

4. Financial Management Performance Criteria (FMPC) Review

Presenter(s): Janette Weedon, Assistant Director, Budget & Management Services

Action Taken/Committee Recommendation(s): Janette Weedon presented the annual FMPC review briefing. There were suggestions from committee to change language in FMPC 16 from "determine" to "recommend" and FMPC 23 "whichever is greater" to "both." There were questions about proposed merit increases, comparisons to other governmental entities, MIT living wage, and the compensation study.

A motion was made to move the item forward to full council with a recommendation of approval. The motion passed unanimously.

Motion made by: Jennifer Gates

Motion seconded by: Adam McGough

5. FY 2020-21 Mid-Year Appropriation Adjustments

Presenter(s): Janette Weedon, Assistant Director, Budget & Management Services

Action Taken/Committee Recommendation(s): Janette Weedon presented the FY 2020-21 Mid-Year Appropriation Adjustments briefing. There were questions about deferred maintenance, election costs, and the financial transparency website link.

A motion was made to move the item forward to full council with a recommendation of approval. The motion passed unanimously.

Motion made by: Jennifer Gates

Motion seconded by: Adam Bazaldua

6. Atmos Dallas Annual Rate Review Filing

Presenter(s): Nick Fehrenbach, Manager of Regulatory Affairs, Budget & Management Services

Action Taken/Committee Recommendation(s): Nick Fehrenbach presented a briefing detailing Atmos' Annual Rate Review Filing.

A motion was made to move the item forward to full council with a recommendation of approval. The motion passed unanimously.

Motion made by: Jennifer Gates

Motion seconded by: Adam McGough

7. Sustainable Procurement, Prevailing Wage, and Chapter 2 Procurement Amendments

Presenter(s): Chhunhy Chhean, Director, Procurement Services

Action Taken/Committee Recommendation(s): Chhunhy Chhean presented a briefing on sustainable procurement, prevailing wage, and Chapter 2 Procurement Amendments. There were questions about CECAP and Davis-Bacon wages.

A motion was made to move the item forward to full council with a recommendation for approval subject to incorporation of amended Davis Bacon language. The motion failed for lack of a second.

Motion made by: Adam Bazaldua

A motion was made to move the prevailing wage item forward to full council without a recommendation. The motion passed unanimously.

Motion made by: Jennifer Gates

Motion seconded by: Adam Bazaldua

8. Office of the City Auditor Preliminary Fiscal Year 2021-2022 Budget Proposal

Presenter(s): Mark Swann, City Auditor

Action Taken/Committee Recommendation(s): Chair Mendelsohn deferred this item to the June 8 Agenda.

9. Office of the City Auditor Fiscal Year 2021 – Quarter 2 Update: January 1 – March 31, 2021

Presenter(s): Mark Swann, City Auditor

Action Taken/Committee Recommendation(s): Chair Mendelsohn deferred this item to the June 8 Agenda.

FYI

10. Budget Accountability Report (information as of March 31, 2021)

11. Upcoming Agenda Item – June 9, 2021 – Waterworks and Sewer System Revenue Refunding Bonds, Series 2021A

ADJOURN

APPROVED BY:

Cara Mendelsohn, Chair
Government Performance & Financial
Management Committee

ATTESTED BY:

Anne Lockyer, Coordinator
Government Performance & Financial
Management Committee



City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1151

Item #: 2.

Office of the City Auditor Preliminary Fiscal Year 2021-2022 Budget Proposal
[Mark Swann, City Auditor]

Office of the City Auditor

Preliminary Fiscal Year 2021-2022
Budget Proposal



May 24, 2021
Mark S. Swann, City Auditor

Government Performance & Financial Management Committee



Preliminary Budget Proposal – City Charter

Proposition 5 (11-04-2014) Amended Chapter XI, Section 2

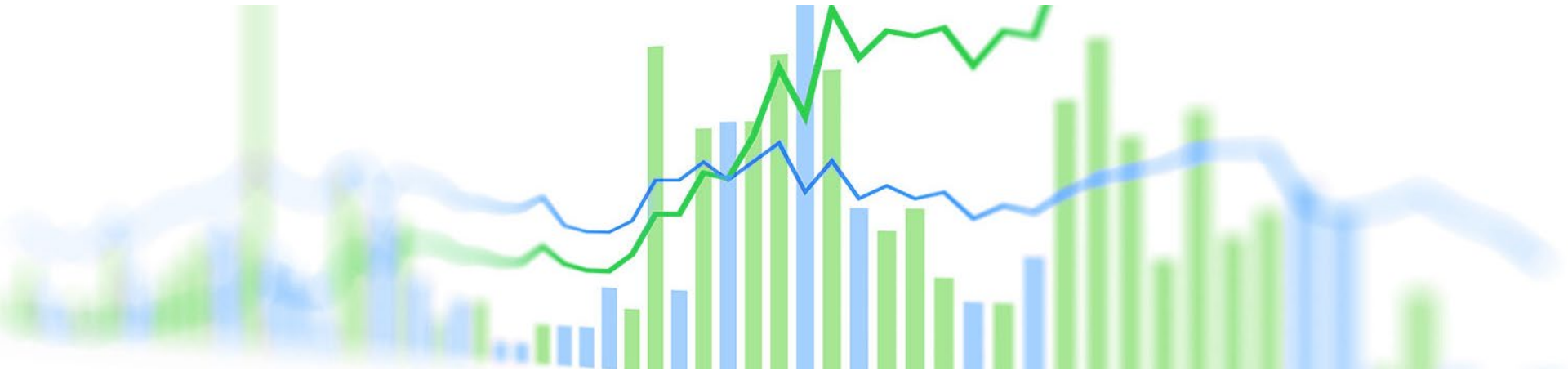
“The city auditor shall furnish a detailed budget estimate of the needs and requirements of the Office of the City Auditor for the coming year directly to the city council, to be approved by the city council, and then consolidated with the city manager’s annual budget estimate.”

(Amend. Of 11-08-05, Prop. No. 13; Amend. Of 11-04-14, Prop. No. 5).

Preliminary Budget Proposal

	FY 2020 – 2021 Budget	FY 2021 – 2022 Planned	4% Reductions	FY 2021-2022 Recommended Budget
Personnel Services	\$2,434,384	\$2,453,694	\$126,418	\$2,327,276
Professional Services	360,267	360,267		360,267
Contractual - Other Services	294,089	284,386		284,386
Supplies - Material	35,120	32,275		32,275
Total Expenses	\$3,123,860	\$3,130,622	\$126,418	\$3,004,204

Preliminary Budget Proposal – Notable Items



\$126,418

Personnel vacancy savings

21 FTEs (will stay the same)

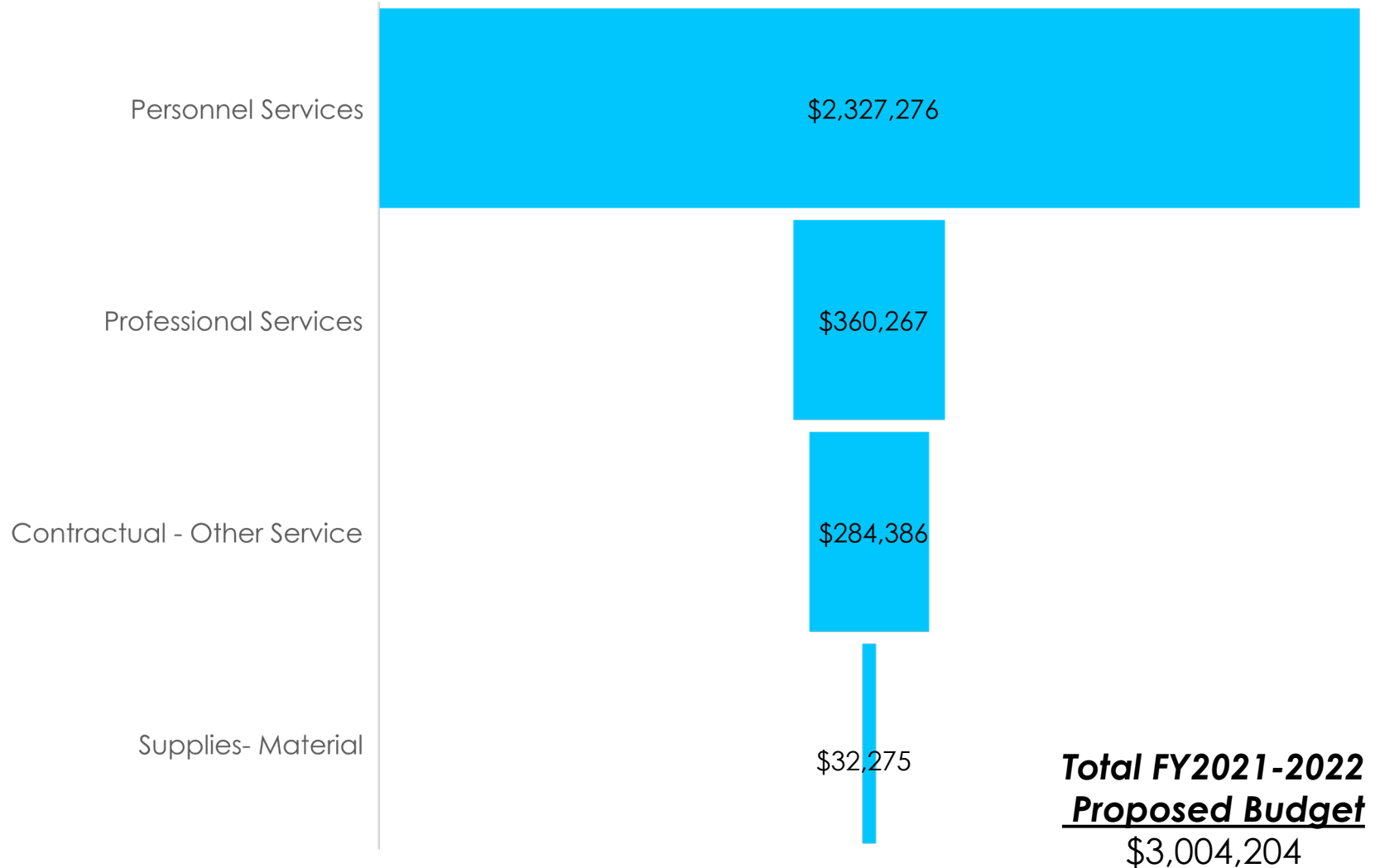
Impact: Recognition of Historic Trend

\$360,267

Professional Services – External auditing/consulting services to augment staff skills.

Impact: 2-3 Audit Engagements

Preliminary Budget Proposal - Breakdown



Preliminary Budget Proposal - Budget History

For Year Ending September 30,	Total Budget	Co- Sourcing	Percent Co- Sourcing	FTE
2018	\$3,160,043	\$ 7,235	0%	26
2019	3,352,314	18,953	1%	26
2020	3,486,827	220,730	6%	24
2021	3,123,860	360,267	12%	21
2022 (Recommendation)	3,004,204	360,267	12%	21

Preliminary Budget Proposal – Final Adjustments Needed

➤ Decision on:

- Pension costs
- Healthcare costs
- Worker's Compensation rates
- Property, casualty, and public liability insurance
- Department of Information and Technology Services' chargebacks

Preliminary Budget Proposal – Revenue Impact

- Audits provide oversight of controls supporting operational responsibilities of revenue collections.
- Office of the City Auditor administers outsourced audit of sales/use tax compliance contract.
- Office of the City Auditor administers outsourced audit of utility franchise fees.

Preliminary Budget Proposal – Performance Measures As of May 17, 2021

	FY 2019 – 2020 Target	FY 2019 – 2020 Actual	FY 2020 – 2021 Target	FY 2020 – 2021 YTD Actual
Outputs				
Number of Audit Deliverables	N/A	16	19	10
Percentage of Initial Response for Fraud, Waste, and Abuse Alerts within Three Workdays	N/A	N/A	95%	100%
Efficiency				
Percentage of Available Hours on Direct Projects	N/A	85%	82%	80%

Preliminary Budget Proposal – Outcomes

As of May 17, 2021

City management's implementation of Office of the City Auditor's recommendations improves City operations and Delivery of City services.

	FY 2019 – 2020 Target	FY 2019 – 2020 Actual	FY 2020 – 2021 Target	FY 2020 – 2021 YTD Actual
Outcome Measures include:				
Percentage of recommendations Management agrees to implement	100%	87%	90%	79%
Percentage of recommendations implemented in 18 months	N/A	N/A	60%	TBD

Next Steps



- Recommendation to Council from Government Performance and Financial Management Committee for approval of the Office of the City Auditor's proposed preliminary budget estimate of \$3,004,204* to be included in the City Manager's annual budget estimate for FY 2021 – 2022.
- City Council Agenda item for Wednesday, June 23, 2021

*Subject to final citywide adjustments, such as staff benefits, insurance, Department of Information Technology Services' chargebacks, and other items that may affect all City departmental budgets.

Office of the City Auditor

Preliminary Fiscal Year 2021-2022
Budget Proposal



May 24, 2021
Mark S. Swann, City Auditor

Government Performance & Financial Management Committee





City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1152

Item #: 3.

Office of the City Auditor Fiscal Year 2021 - Quarter 2 Update: January 1 - March 31, 2021
[Mark Swann, City Auditor]

Office of the City Auditor

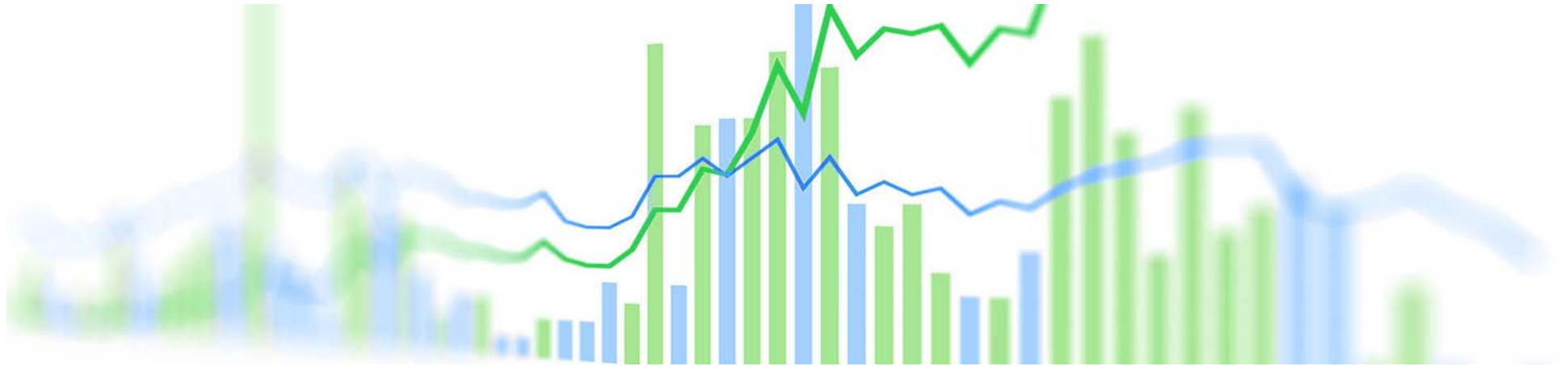
Fiscal Year 2021 Quarter 2 Update:
January 1, 2021 – March 31, 2021

June 8, 2021
Mark S. Swann, City Auditor

Government Performance & Financial Management Committee



Overview



6

Reports Issued

88%

Management
Agreement to
Recommendations

19

Projects in Progress



Reports Issued

Audit of TexasCityServices, LLC Contract

Objective:

The audit objective was to determine whether the fees associated with TexasCityServices, LLC's identification of incorrectly remitted sales/use tax for Fiscal Year 2020 are accurate and supported by the Texas State Comptroller of Public Accounts.

What We Found:

For the Fiscal Year 2020 service periods, the Office of the City Auditor verified \$2,049,080 in sales/use tax receipts collections that TexasCityServices, LLC identified as owed to the City of Dallas from businesses operating in the City.

The Office of the City Auditor also verified that \$491,780 of contingent fees from TexasCityServices, LLC invoices received were accurate.

Audit of Department of Information and Technology Services' AT&T Datacomm LLC Contract Monitoring Process

Objective:

The objective of this audit was to determine if the AT&T Datacomm LLC managed services contract performance and billings to contract pricing terms were monitored and if contracting with a third party is efficient for this service

What We Found:

Between 2012 and 2020 the contract value was \$147 million. Over the course of the managed services contract's life, several changes to industry, internal management, and service needs contributed to:

- Inconsistent contract management for cost allocation and expenditure, contract service changes, and contract relevancy.
- Inability to verify accuracy of monthly invoice billings to contract terms.
- Ineffective validation of multiple performance measures.



Reports Issued

[Audit of the Department of Aviation's Noise Abatement Program](#)

Objective:

The objective of this audit was to determine whether the Department of Aviation has minimized the noise impact from Dallas Love Field operations.

What We Found:

Several program components have had a positive impact on noise reduction. However, opportunities exist for the Department of Aviation to improve or design controls to effectively monitor and document program participation and performance.

Specifically,

- The land area and population exposed to excessive noise have been increasing and can soon exceed the projections, but the City of Dallas does not have a plan of action aimed at reversing, slowing down, or holding steady the growing land area and population exposed to excessive noise.
- Documentation to support program monitoring and program performance is either incomplete or absent.

[Audit of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act - Interim Report 01](#)

Objective:

The audit objectives were to determine if: (1) expenditures claimed for CARES Act funding comply with the Act's expense eligibility requirements; (2) documentary evidence support expenditures claimed for CARES Act funding; and, (3) CARES Act periodic reports are accurate.

What We Found:

The expenditures tested comply with the CARES Act's eligibility requirements, and there is documentary evidence to support these expenditures. The Airport Grants periodic reports were materially correct and filed timely. The Airport Grants in scope are approximately \$53.8 million.



Reports Issued

Audit of Police Property and Evidence

Objective:

The objective of this audit was to evaluate the adequacy and effectiveness of internal controls over the Dallas Police Department's property and evidence, including policies and procedures, physical security and access controls, inventory management, and storage controls.

What We Found:

As of July 27, 2020, there were 2,099,222 items of stored property and evidence. The Dallas Police Department's Property Unit data elements stored in the Evidence Manager inventory management system regarding location, tag, and invoice number are reliable. However, the Property Unit does not have an effective and efficient review process for property and evidence item disposition or release.

In addition, the Property Unit: (1) does not always dispose of items authorized for disposal or release to the owner; (2) has outdated and incomplete Standard Operating Procedures regarding disposition activities; and, (3) stores property and evidence items at locations not suitable for that purpose.

Audit of Landfill Closure and Post-Closure Liability and Monitoring Expense

Objective:

The objective of this audit was to evaluate the City of Dallas' landfill closure and post-closure liability* and monitoring expenses to ensure: (1) contractors are selected on a competitive basis; (2) contractor charges align with the contract, purchase agreements, or other terms; and, (3) recorded financial liability is determined by a methodology consistent with industry practices.

*Estimated \$4.7 million liability over 17 years.

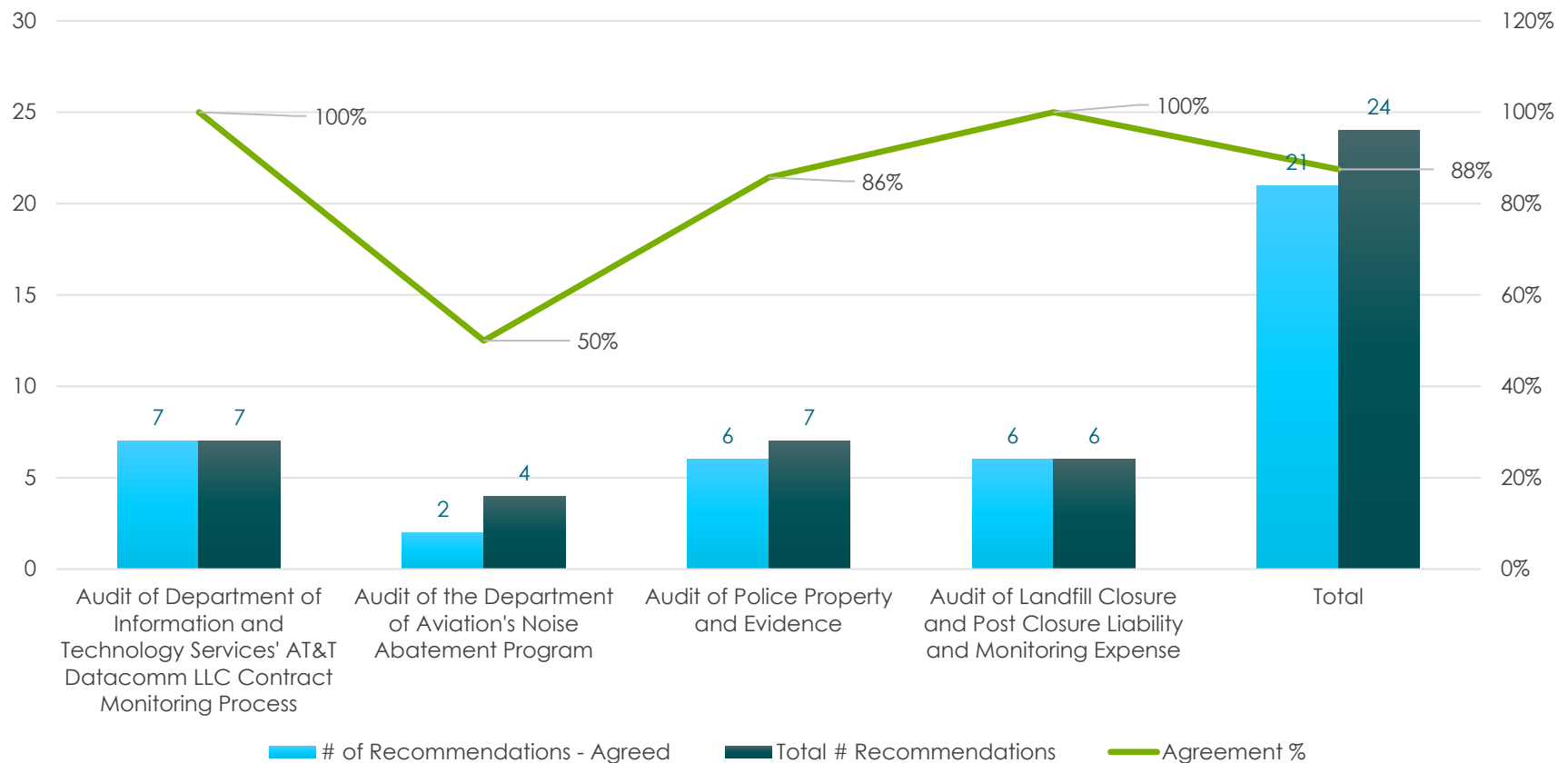
What We Found:

Opportunities exist to improve:

- Review of variances between actual and estimated costs.
- Monitoring vendor performance for consistency and internal reviews for accountability

Management Agreement

Summary of the percentage of recommendations management agreed to Implement per audit.





Management Agreement

Two of six reports were not included in the Management Agreement reported percentages as there were no recommendations associated with these reports:

- Audit of the TexasCityServices, LLC Contract
- Audit of the Coronavirus Aid, Relief, and Economic Security (CARES) Act – Interim Report 01

Investigative Services

Fraud, Waste, and Abuse Hotline Alerts			
Quarter	Received	Closed	Outstanding
1	25	25	35
2	39	28	43
Total:	64	53	43*

In Quarter 2, Investigative Services closed 28 complaints. Of those closed, one was substantiated.

***Note:** Not all previously outstanding cases remain outstanding. 43 total cases were outstanding as of March 31, 2021.

Projects in Progress

Number of Projects in Progress:

✓ 19 projects are in progress.

Audits already released or on the horizon for release in Quarter 3 include:

- [Audit of Fuel Services Planning, Procurement, Deployment, and Delivery](#)
- [Audit of Mobile Devices - Smartphones](#)
- [Audit of the Interlocal Agreement for Public Health Services](#)
- Audit of Census 2020 Interlocal Agreement with Dallas County
- Audit of City Boards and Commissions





Links to Reports

Although reports are linked throughout the presentation, here is a list of all reports linked in one place for your convenience.

Quarter 2:

1. [Audit of TexasCityServices, LLC Contract](#)
2. [Audit of Department of Information and Technology Services' AT&T Datacomm LLC Contract Monitoring Process](#)
3. [Audit of the Department of Aviation's Noise Abatement Program](#)
4. [Audit of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act - Interim Report 01](#)
5. [Audit of Police Property and Evidence](#)
6. [Audit of Landfill Closure and Post Closure Liability and Monitoring Expense](#)

Quarter 3 to Date:

1. [Audit of Fuel Services Planning, Procurement, Deployment, and Delivery](#)
2. [Audit of Mobile Devices – Smartphones](#)
3. [Audit of the Interlocal Agreement for Public Health Services](#)

Office of the City Auditor

Fiscal Year 2020 Quarter 2 Update:
January 1, 2021 – March 31, 2021

June 8, 2021
Mark S. Swann, City Auditor

Government Performance & Financial Management Committee



Released Reports - Quarter 2

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Audit of the TexasCityServices, LLC Contract

January 15, 2021

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Adam Medrano

Deputy Mayor Pro Tem

B. Adam McGough

Council Members

Carolyn King Arnold

Tennell Atkins

Adam Bazaldua

Paula Blackmon

David Blewett

Jennifer S. Gates

Lee M. Kleinman

Cara Mendelsohn

Omar Narvaez

Jaime Resendez

Casey Thomas, II

Chad West



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Executive Summary

Objective and Scope

The audit objective was to determine whether the fees associated with TexasCityServices, LLC's identification of incorrectly remitted sales/use tax for Fiscal Year 2020 are accurate and supported by the Texas State Comptroller of Public Accounts. The scope of our audit included TexasCityServices, LLC's Fiscal Year 2020 invoices.

What We Recommend

No recommendations are associated with this report.

Background

Starting January 1, 2017, the City entered into a three-year contract with TexasCityServices, LLC to identify businesses operating in the City that are not properly collecting and/or reporting sales/use tax. The City agreed to pay TexasCityServices, LLC a contingent fee of 24 percent of the sales/use tax revenue received by the City from correction of taxpayer reporting errors detected and documented by TexasCityServices, LLC. The City initiated the first of two renewal options to extend the contract to December 31, 2020.

Through a variety of means, TexasCityServices, LLC identifies businesses operating in the City that are not properly collecting and/or reporting sales/use tax.

What We Found

For the Fiscal Year 2020 service periods, the Office of the City Auditor verified \$2,049,080 in sales/use tax receipts collections that TexasCityServices, LLC identified as owed to the City of Dallas from businesses operating in the City.

The Office of the City Auditor also verified that \$491,780 of contingent fees from TexasCityServices, LLC invoices received were accurate.

Audit Results

Summary of Additional Sales/Use Tax Collections

TexasCityServices, LLC works directly with identified businesses to achieve voluntary tax compliance by assisting the businesses with tax code interpretations and preparation of amended tax returns. If businesses do not voluntarily comply, referrals are made to the Texas State Comptroller of Public Accounts requesting audit assistance to achieve compliance.

The Office of the City Auditor validates the additional sales/use tax collected and associated contingent fees quarterly. [Exhibit 1](#) below shows a summary of the sales/use tax collections and associated fees paid to TexasCityServices, LLC for the Fiscal Year 2020 service periods. TexasCityServices, LLC's invoices were not paid until the Office of the City Auditor verified that the City received the additional sales/use tax.

Exhibit 1:

Fiscal Year 2020: Summary of Sales/Use Tax Collections and Associated Fees

Invoice Date	Service Period	Identified Businesses	Total Sales Tax Allocations	Fee Paid to TexasCityServices LLC	Net Allocation to the City
3/5/2020	Oct – Dec 2019	100	\$ 563,057	\$ 135,134	\$ 427,923
4/13/2020	Jan – Mar 2020	74	518,256	124,382	393,874
9/23/2020	Apr – Jun 2020	60	460,171	110,441	349,730
11/20/2020	July – Sep 2020	65	507,596	121,823	385,773
Total:			\$ 2,049,080	\$ 491,780	\$ 1,557,300

Source: TexasCityServices, LLC

The tax payments identified and included in the quarterly invoices by TexasCityServices, LLC, consist of tax payments that should have been paid to the City originally, instead of other municipalities. For example, a business could have two outlets: one in Dallas and another outside of Dallas. If customer orders were accepted by the Dallas outlet but goods were shipped from the outlet outside of Dallas, both outlets should pay sales taxes to Dallas.

[Exhibit 2](#) (on page 3) shows a summary of the sales/use tax collections and associated fees paid to TexasCityServices, LLC for the life of the contract.

Exhibit 2:

Summary of Sales/Use Tax Collections and Associated Fees for the Life of the Contract

Invoice Date	Service Period	Identified Businesses	Total Sales Tax Allocations	Fee Paid to TexasCityServices LLC	Net Allocation to the City
10/2/2017	Jan – Sep 2017	31	\$ 703,610	\$ 168,866	\$ 534,744
1/23/2018	Oct – Dec 2017	71	794,180	190,603	603,577
4/19/2018	Jan – Mar 2018	77	341,989	82,077	259,912
7/11/2018	Apr – Jun 2018	88	1,051,432	252,344	799,088
10/11/2018	Jul – Sep 2018	92	980,127	235,230	744,897
1/18/2019	Oct – Dec 2018	108	907,971	217,913	690,058
4/12/2019	Jan – Mar 2019	117	851,604	204,385	647,219
7/10/2019	Apr – Jun 2019	119	1,073,315	257,596	815,719
10/23/2019	Jul – Sep 2019	122	632,049	151,692	480,357
3/5/2020	Oct – Dec 2019	100	563,057	135,134	427,923
4/13/2020	Jan – Mar 2020	74	518,256	124,382	393,874
9/23/2020	Apr – Jun 2020	60	460,171	110,441	349,730
11/20/2020	July – Sep 2020	65	507,596	121,823	385,773
Total:			\$ 9,385,357	\$ 2,252,486	\$ 7,132,871

Source: TexasCityServices, LLC

As of the invoice dated November 20, 2020, TexasCityServices, LLC has included 45,513 Dallas Sales Tax Permits in its review, identified 2,734 suspected businesses, made 1,324 suspect business contacts, and brought 208 businesses into compliance.

Exhibit 3:**Source:** TexasCityServices, LLC

Appendix A: Background and Methodology

Background

In October 2008, the Office of the City Auditor issued the *Audit of City of Dallas Businesses Remitting Sales Tax to Other Municipalities* (Report No. A09-001). This report identified 72 businesses located within the City of Dallas that might be incorrectly remitting sales tax to other municipalities. These businesses were referred to the Texas State Comptroller of Public Accounts (Comptroller) for evaluation.¹ The Comptroller researched the 72 businesses and determined that: (1) twenty-one were incorrectly remitting sales tax to other cities and approximately \$50,000 in sales tax was reallocated to the City; and, (2) fifty-one would not have sales tax reallocated to the City for various valid reasons.

The Office of the City Auditor continued evaluating whether businesses located within the City are correctly remitting sales tax by working with the City Manager's Office to contract with (1) MuniServices, LLC (contract ended July 7, 2018); and (2) TexasCityServices, LLC starting January 1, 2017 to provide on-going sales/use tax compliance review services. The Office of the City Auditor validates the additional sales/use tax collected and associated contingency based fees quarterly.

TexasCityServices Contract

Starting January 1, 2017, the City entered into a three-year contract with the TexasCityServices, LLC to complete a tax-compliance review related to sales/use taxes and provide recovery services for unpaid sales/use taxes on a contingent fee basis. The City initiated the first of two renewal options to extend the contract to December 31, 2020. The City agreed to pay TexasCityServices, LLC's a contingent fee of 24 percent of the sales/use tax revenue received by the City from correction of taxpayer reporting errors detected and documented by TexasCityServices, LLC's. The contingent fee applies to all sales and use tax revenues corrected for the City for periods prior to the date of correction and for revenues received for the first eight consecutive reporting quarters following the date of correction.

Methodology

To accomplish our audit objectives, we obtained Comptroller quarterly sales/use tax data and compared it to the invoices submitted by TexasCityServices, LLC. We also recalculated the fees based upon the contract provisions.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective.

¹ State regulation restricts the City's access to the sales tax amount paid by individual businesses. Therefore, the potential monetary impact could not be determined by the Office of the City Auditor.

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Yzalida Hiley – Auditor

Bob Smith, CPA – In-Charge Auditor

Lee Chiang, CIA, CISA – Audit Manager

Appendix B: Management's Acknowledgement

Memorandum

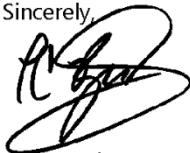


DATE: January 15, 2021
TO: Mark S. Swann, City Auditor
SUBJECT: Acknowledgement of Audit of the TexasCityServices, LLC Contract

This letter acknowledges the City Manager's Office and the Office of Budget received the *Audit of the TexasCityServices, LLC Contract*.

We appreciate the professionalism and quality of work demonstrated by your staff throughout this engagement.

Sincerely,



T.C. Broadnax
City Manager

C: Kimberly Bizer Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Jack Ireland, Director, Office of Budget & Management Services

"Our Product is Service"
Empathy | Ethics | Excellence | Equity



Audit of Department of Information and Technology Services' AT&T Datacomm LLC Contract Monitoring Process

February 4, 2021

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Adam Medrano

Deputy Mayor Pro Tem

B. Adam McGough

Council Members

Carolyn King Arnold

Tennell Atkins

Adam Bazaldua

Paula Blackmon

David Blewett

Jennifer S. Gates

Lee M. Kleinman

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Omar Narvaez

Jaime Resendez

Casey Thomas, II

Chad West



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Executive Summary

Objective and Scope

The objective of this audit was to determine if the AT&T Datacomm LLC managed services contract performance and billings to contract pricing terms were monitored and if contracting with a third party is efficient for this service. The scope of the audit was operations from October 1, 2018, to September 30, 2020.

What We Recommend

Management should consider:

- Short-term agreements (3-5 years).
- Assigning/parsing the contract into manageable components to managers or by function.
- Mapping procured services to organizational (operational) service needs.
- Alternate solutions to managing the telecommunication billing process.
- Modifying the Pinnacle application with variance parameters.
- Identifying key performance indicator(s)/service level agreement performance measure(s) for each managed service(s) and ensuring accountability.

Background

The AT&T Datacomm LLC managed services contract is administered by the Department of Information and Technology Services. The AT&T Datacomm LLC managed services contract was approved in 2012 for \$63,444,708 and was increased to \$147,165,423 through supplemental agreements and renewal options as of 2020.

The goal of a managed services contract is to allow the organization to grow and meet technology demands without sacrificing quality in operations while maintaining cost effective options. The final renewal option for the AT&T Datacomm LLC managed services contract was initiated in the first quarter of fiscal year 2021 and will expire November 2022.

What We Found

Over the course of the managed services contract's life, several changes to industry, internal management, and service needs contributed to:

- Inconsistent contract management for cost allocation and expenditure, contract service changes, and contract relevancy.
- Inability to verify accuracy of monthly invoice billings to contract terms.
- Ineffective validation of multiple performance measures.

Audit Results

As required by *City Council Resolution 88-3428*, departments will establish internal controls in accordance with the standards established by the Comptroller General of the United States pursuant to the *Federal Managers' Financial Integrity Act of 1982*. Administrative Directive 4-09, *Internal Control* prescribes the policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Contract Management

The processes used for contract management to ensure cost allocation and expenditure tracking, incorporation of contract changes to the billing process, and contract relevancy were not executed consistently. As a result, the City of Dallas cannot ensure service delivery to the employees and sustain operations effectively.

Cost Allocation and Expenditure

Per Administrative Directive 4-05, *Contracting Policy*, the AT&T Datacomm LLC managed services contract is a master services agreement, which means that funds are projected for use, and all subsequent revisions in the scope of work or funds are supported with supplemental agreements. Over the course of the managed services contract, this cost allocation and expenditure trail, while approved by executive levels, could not be traced for verification. For example,

- *Supplemental Agreement 19* states that work will be paid using funds available from *Supplemental Agreement 13*. *Supplemental Agreement 13*, however, shows that there are no available funds and used the funds for *Supplemental Agreement 21*. Additionally, the cost of *Supplemental Agreements 26* and *28* is added to *Supplemental Agreement 19*, even though the two supplemental agreements were approved after *Supplemental Agreement 19*.
- *Supplemental Agreement 30* (\$1,035,242), *Supplemental Agreement 29* (\$233,049), *Supplemental Agreement 26* (\$241,332), and *Supplemental Agreement 25* (\$671,865) payment provision sections did not indicate that funds were available.
- *Supplemental Agreements 20* and *21* allocations of funds did not match the proposed costs in the statement of work.

Efforts to reconcile the initial managed services contract and the supplemental agreements were ineffective partially due to the contract's longevity. The City of Dallas paid a one-time "true-up" cost to AT&T Datacomm LLC, and there is no supporting internal documentation to concur or verify AT&T Datacomm LLC's representation of additional costs.

Service Charges Not Mapped to Billing Process

The managed services contract activities were amended several times, which impacted the services' billing/invoicing. The invoice service charges and associated costs could not be validated without the

Pinnacle billing application converting the invoice data files to a reviewable format. Monthly recurring charges were updated for network maintenance, licenses, hosting services, co-location, firewall configuration and management, Pinnacle billing application and maintenance, voice and data, and mobility solutions. These monthly charges could not be verified in the actual invoices.

- In *Supplemental Agreement 3*, the City of Dallas purchased "*Wireless Products and Services*" and agreed to maintain a minimum annual commitment of service revenues in the amount of \$400,000. The minimum commitment was not verifiable in the monthly invoices.
- AT&T Datacomm LLC agreed to provide an equipment credit of \$100 based on certain conditions as well as refunds if service level agreement metrics are not met as described in Exhibit 5, *Service Level Agreement*. The credits and refunds, if provided, could not be verified.

Relevancy

The AT&T Datacomm LLC managed services contract approved in 2012 is not reflective of actual service needs. The AT&T Datacomm LLC managed services contract was amended with over 40 supplemental agreements. For example, the 2012 managed services contract includes security monitoring techniques that may not be sufficient to monitor today's security threats.

Additionally, Exhibit 4, *Pricing Agreement* indicates that a flat fee was applied. This is not consistent with the industry pricing models for managed services as managed services combine fee structures for voice, data, infrastructure, cloud computing, and security management. Also, with the changes to the pricing agreement at least seven times over the managed services contract, it is not clear the initial pricing is still appropriate. Refer to managed services pricing models shown in [Exhibit 1](#).

Exhibit 1:

6 managed services pricing models



Source: www.techtarget.com

A managed services contract offers significant flexibility to obtain services as needed, which means that the services are spread across several functions within the Department of Information and Technology Services (e.g. server administration, security monitoring, application upgrades, asset management). Therefore, the Department of Information and Technology Services' different functions might not be aware of the services procured and assigned responsibility for ongoing management.

Criteria

- ❖ AT&T Datacomm LLC managed services contract
- ❖ Standards for Internal Control in the Federal Government - *Principle 10 - Control Activities*
- ❖ Administrative Directive 4-05, Contracting Policy, *Sections 15.4.1 and 13.1.1*

Assessed Risk Rating:

High

We recommend the **Director of Information and Technology Services:**

- A.1:** Consider short-term agreements (3-5 years) with a specific focus for each service.
- A.2:** Assign managers responsibility to monitor one or more contracted service.
- A.3:** Map procured services to organizational (operational) service needs to validate that only needed services are obtained.

Observation B: Contract Billing

Accuracy of monthly invoice billings to contract terms could not be verified completely and consistently. If the City of Dallas cannot verify invoice billing to contract pricing and terms, then the City of Dallas: (1) may not be able to establish that the vendor has maintained the integrity of the contract; and (2) cannot know if excessive charges, discounts, and refunds were managed correctly.

A sample of 60 separate billing items was selected from different invoices, and these individual items could not be traced directly to the contract and price catalog. Specifically, the following was noted:

- The length of time to validate individual line items' accuracy is not practical or sustainable for the long-term. To validate the sample for the audit, it took approximately two months for a dedicated resource.
- Translated invoice data cannot be used to verify the contract pricing amount. The Pinnacle billing application converts the raw invoice details to manageable data and identifies the Universal Servicing Ordering Code. Even though invoice line items could be traced back to the Universal Servicing Ordering Code, the Universal Servicing Ordering Codes are not part of the managed services contract. Hence the invoice details could not be verified to contract pricing amounts.

Management does monitor bill variance by relying on the Pinnacle billing application's configured invoice variance parameters. However, the invoice variance parameters have not been modified since 2012, indicating that parameters may not consider changes in contract terms, services, and pricing. The Pinnacle billing application was implemented and is managed by AT&T Datacomm LLC.

A contributing factor to the invoice validation process is that it is complex, involves multiple steps, and requires telecommunication knowledge and expertise to confirm billing accuracy.

Criteria

- ❖ Administrative Directive 4-05 Contracting Policy, *Section 15.4.1*
- ❖ Standards for Internal Control in the Federal Government - *Principle 10 - Control Activities*

Assessed Risk Rating:

High

We recommend the **Director of Information and Technology Services:**

- B.1:** Evaluate alternate solutions to validate the accuracy of the telecommunication billing process.
- B.2:** Modify Pinnacle billing application with variance parameters to assist in the continued monitoring of monthly invoices.

Observation C: Contract Performance

The AT&T Datacomm LLC managed services contract's multiple performance measures could not be verified for consistent execution. Therefore, the City of Dallas does not have a platform to hold AT&T Datacomm LLC accountable for noncompliance with contract performance.

The AT&T Datacomm LLC managed services contract identifies several weekly, monthly, and quarterly reports as performance measures. A reconciliation of the reports identified in Exhibit 3, *Reports* and Exhibit 5, *Service Level Agreement* was completed, and the following was identified.

Operational Reports

Exhibit 3, *Specifications and Scope of Work* addresses several operational activities for which managed services reports are expected. These operational activities services are Voice and Data Network Assessment Management Specifications; Maintenance Specifications; Install / Move / Add / Change Specifications; Management and Monitoring Specifications; Install Specifications; Security Specifications; Customer Billing System Specifications; and Help Desk Specifications. The associated managed services reports and their metrics that were defined in Exhibit 3, *Reports* were not verifiable for:

- Managed Firewall Service reports for firewall denies and accepts, group access summaries, and intrusion detection events
- Managed Network Intrusion Detection/Preventions Service reports
- Security Event and Threat Analysis monthly reports for critical alerts, Top 10 Alerts and Attacking Internet Protocols, and Device Alarms
- Quarterly metrics reports such as Critical Alert Count, Top 10 Alerts, Case Counts, and Internet Protect Alerts
- Admin alert reports for email, Virtual Private Network servers, and data leak detection
- Weekly Threat Management reports

Service Level Agreement

Exhibit 5, *Service Level Agreement* has specific metrics focused on network up/downtime, bandwidth, and availability of the network for the City of Dallas at multiple locations. Some examples of the metrics that were not verifiable are:

- Software maintenance
- Logging, tracking of tickets, and certain help desk activities
- 7x24x4hr response maintenance service level objective for voice and data service interruption
- F5 load balancer monitoring reports
- Microsoft Azure statistics and metrics

- Managed firewall and intrusion detection services

Compliance Reports

The managed services contract also stipulates annual Service Organization Control (SOC) Type II (formerly known as Statement of Auditing Standards (SAS) 70 Type II) and quarterly vulnerability scan reports will be provided. Neither document was available for the audit period.

The Information and Technology Services security team's primary mechanism to monitor the performance of the contract is dependent on AT&T Datacomm LLC's monthly self-reporting. Most of the monthly self-reporting by AT&T Datacomm LLC is focused on events that have already occurred and the security team is receiving post-event analysis. The Information and Technology Services security team acknowledges that the City of Dallas does not have the equipment and resources and is working towards a proactive approach.

Criteria:

- ❖ Administrative Directive 4-05, Contracting Policy, *Section 15.4.1*
- ❖ AT&T Datacomm LLC managed services contract:
 - Exhibit 3, *Specifications and Scope of Work*
 - Exhibit 3, *Reports*
 - Exhibit 3, *Attachments 1 -7*
 - Exhibit 5, *Service Level Agreement*
- ❖ Standards for Internal Control in the Federal Government - *Principle 10 - Control Activities*

Assessed Risk Rating:

High

We recommend the **Director of Information and Technology Services:**

C.1: Parse the contract into manageable components for each specific function in Information and Technology Services.

C.2: Identify key performance indicator(s)/service level agreement performance measure(s) for each managed service and ensure accountability through consistent reporting of these key performance indicator(s)/service level agreement performance measure(s).

Appendix A: Background and Methodology

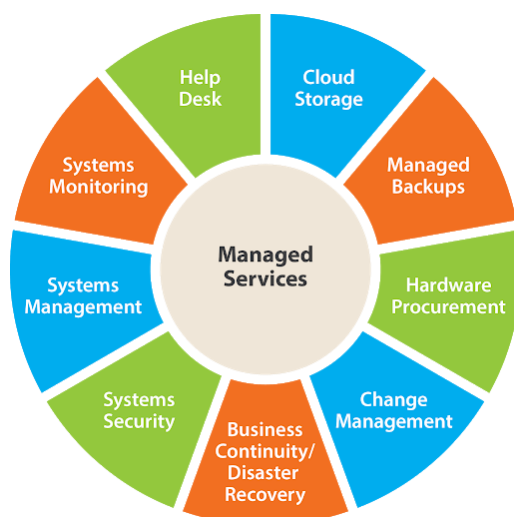
Background

In December 2011, through Council Resolution 11-3343, the City of Dallas signed a contract with AT&T Datacomm LLC, which took effect on July 1, 2012, to end on November 30, 2018, with two (2) twenty-four-month renewal options. The procurement was completed under a competitive sealed proposal (RFCSP BZ1125) for managed voice and data network services. AT&T Datacomm LLC was awarded the contract as the most advantageous based on price and other evaluation factors. The City of Dallas has been operating under managed services agreements with AT&T Datacomm LLC since 2004.

The AT&T Datacomm LLC managed services contract was approved for \$63,444,708 and was increased to \$147,165,423 through the supplemental agreements and renewal options. The annual average costs based on the original contract amount for seven years was \$9 million. Under the most recent renewal the average cost per year is \$17 million.

The AT&T Datacomm LLC contract management is the responsibility of the Department of Information and Technology Services. A managed services contract is a combination of technology services that includes limited basic services and allows a business to procure other information technology services from a third party. The goal of a managed services contract is to *"allow the organization to grow and meet technology demands without sacrificing quality in operations while maintaining cost effective options."* See [Exhibit 2](#) for a high-level view of different types of services procured through a managed services contract.

Exhibit 2:



Source: www.asoninc.com

The AT&T Datacomm LLC managed services contract includes two components: basic services and managed services. Over the course of the decade, the distinction between these services has evolved as the City of Dallas' information technology needs outpaced the base contract's initial intent as there was a significant increase of managed services. Some of the services obtained from AT&T Datacomm LLC are described in [Exhibit 3](#) below. The AT&T Datacomm LLC contract will expire at the end of 2022.

Exhibit 3:

Table 1 – Service Description

Services	Description
Asset Management	Relates to asset tracking, selection, software license, and ongoing management for telephony services, existing and new software, and network managed devices.
Maintenance	Preventive (inspection, tuning) and remedial (correct any malfunction) services for devices.
Network Monitoring	24-hour monitoring of the network to prevent latency, packet loss, performance, availability for managed devices and telephony services. It also includes firewall configuration.
Security Event and Threat Analysis (SETA)	Data specific services combine data from at least three different sources in the City to develop an <i>Executive Threat</i> report. Reports include metrics, alerts, intrusion detection with critical event notification, and quarterly network perimeter scan (primarily of ports).
Install / Move / Add / Change (IMAC)	Activities such as recording, logging, communicating ongoing work through formal change management processes.
Voice and Data Customer Billing System	Track, invoice, and report on all services, inventory management, business continuity, data downloads, interface with AMS, user security levels, and annual support housed by the vendor.
Help Desk	Standard help desk activities with end-user surveys.
Monthly Recurring Charges (MRC)	Voice and data, help desk, contact center, and on-site engineering support.
Installation	One-time activities through a change management process.

Source: AT&T Datacomm LLC managed services contract

Methodology

The audit methodology included: (1) interviewing personnel from Information and Technology Services, (2) reviewing policies and procedures, applicable Administrative Directives, and best practices; and (3) performing various analyses, including benchmarking invoice analysis.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Jamie Renteria – Auditor

Bob Smith, CPA, ISA – In-Charge Auditor

Mamatha Sparks, CISA, CRISC, CIA, ISA – Audit Manager

Appendix B: Management's Response

Memorandum



DATE: February 1, 2021

TO: Mark S. Swann, City Auditor

SUBJECT: Response to Audit of Department of Information and Technology Services' AT&T Datacomm LLC Contract Monitoring Process

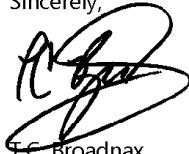
This letter acknowledges the City Manager's Office received the *Audit of Department of Information and Technology Services' AT&T Datacomm LLC Contract Monitoring Process* and submitted responses to the recommendations in consultation with the Department of Information and Technology Services.

City management recognizes the importance of efficiently monitoring our contracts to ensure the City and residents receive value for their dollar and acknowledges there are opportunities to improve the monitoring of the ATT Datacomm LLC contract.

To ensure consistent and effective contract monitoring across the City, the City developed and launched the Dallas Contracting Officer Representatives (D-COR) training program last year and has invested in more robust contract monitoring tools. The Department of Information and Technology Services has already committed several employees to the training, with 2 employees having already completed level 2 training.

Going forward we will continue to strengthen our contract monitoring process and implement the recommendations offered by the City Auditor.

Sincerely,



T.C. Broadnax
City Manager

C: Kimberly Bizer Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
William Zielinski, Director, Department of Information and Technology Services

"Our Product is Service"
Empathy | Ethics | Excellence | Equity

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
High	We recommend the Director of Information and Technology Services:				
	A.1: Consider short-term agreements (3-5 years) with a specific focus for each service.	Agree:	ITS Management shall consider varied term agreements when procuring managed services.	Immediately	3/31/2023
	A.2: Assign managers responsibility to monitor one or more contracted service.	Agree:	ITS Management shall assign a manager specific to the portion of the contract based upon the division and function managed by the manager.	06/30/2021	6/30/2022
	A.3: Map procured services to organizational (operational) service needs to validate that only needed services are obtained.	Agree:	ITS Management shall review and map all services in the contract to functional areas, as well as determine if any unnecessary services should be removed from the contract.	09/30/2021	6/30/2022
	B.1: Evaluate alternate solutions to validate the accuracy of the telecommunication billing process.	Agree:	ITS Management recognizes the importance of maintaining a competitive approach when procuring services from vendors. ITS will review alternate solutions including solutions that can support the current Pinnacle platform, to validate accuracy.	9/30/2021	6/30/2022
	B.2: Modify Pinnacle billing application with variance parameters to assist in the continued monitoring of monthly invoices.	Agree:	ITS Management shall implement a formal process to review the variables on an annual basis to validate the variances to meet the current billing parameters and ensure accuracy of invoices.	9/30/2021	6/30/2022
	C.1: Parse the contract into manageable components for each specific function in Information and Technology Services.	Agree:	ITS Management shall parse the contract into logical components to be managed separately based upon the division area and function.	9/30/2021	6/30/2022

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
	C.2: Identify key performance indicator(s)/service level agreement performance measure(s) for each managed service and ensure accountability through consistent reporting of these key performance indicator(s)/service level agreement performance measure(s).	Agree:	Each manager assigned a functional portion of the contract shall develop key performance indicators. These metrics shall be based upon the negotiated service level agreement to track metrics related to the effectiveness of the vendors performed services.	09/30/2021	6/30/2022

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Audit of the Department of Aviation's Noise Abatement Program

March 2, 2021

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Adam Medrano

Deputy Mayor Pro Tem

B. Adam McGough

Council Members

Carolyn King Arnold

Tennell Atkins

Adam Bazaldua

Paula Blackmon

David Blewett

Jennifer S. Gates

Lee M. Kleinman

Cara Mendelsohn

Omar Narvaez

Jaime Resendez

Casey Thomas, II

Chad West



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Executive Summary

Objective and Scope

The objective of this audit was to determine whether the Department of Aviation has minimized the noise impact from Dallas Love Field operations. The scope of the audit included Dallas Love Field noise abatement operations between October 1, 2018, and November 30, 2019.

What We Recommend

We recommend the Department of Aviation improve or design controls to effectively monitor and document program participation and performance.

Background

The City's Department of Aviation administers the Dallas Love Field airport which is in a noise sensitive area of the City, near residential neighborhoods. To balance the operating needs of the airport with the needs of the surrounding communities, the City officially adopted the Voluntary Noise Abatement Program that includes voluntary noise abatement measures. A Noise Office of the Department of Aviation is responsible for noise program activities. Several program components initiated by the Department of Aviation have had a positive impact on noise reduction. (Refer to [Exhibit 1](#)).

What We Found

Opportunities exist for the Department of Aviation to improve or design controls to effectively monitor and document program participation and performance. Specifically,

- The land area and population exposed to excessive noise have been increasing and can soon exceed the projections but the City of Dallas does not have a plan of action aimed at reversing, slowing down, or holding steady the growing land area and population exposed to excessive noise.
- Documentation to support program monitoring and program performance for noise complaint resolution, nighttime preferential runway, Trinity departure, prohibition of engine maintenance run-ups, and optimal take-off profile is either incomplete or absent.

Introduction

The City's Voluntary Noise Abatement Program

The City is responsible for operating and maintaining airport facilities and ensuring that runways, taxiways, and other facilities meet the regulations of the Federal Aviation Administration and are available for use. The Federal Aviation Administration is responsible for regulating airport operations and aircraft, managing the airspace, and ensuring the safe and expeditious flow of traffic.

In 1981, the City commissioned a consulting team to conduct a comprehensive study to determine the impact on the surrounding community of the noise generated by operations at Dallas Love Field and to develop a noise abatement program, if appropriate. At the completion of the study, the consulting team recommended, and the City Council adopted several of the noise abatement measures including:

- Voluntary nighttime preferential runway program.
- Voluntary use of the river route departure for night operations on runway 13R.
- Channelization of tracks, and revised altitude restrictions for helicopters.
- Ban on all training flights at night and restriction of touch-and-go activity during busy periods.
- Optimization of jet aircraft orientation during engine maintenance run-ups.
- Optimization of turbo-jet take-off profiles.
- Construction of new high-speed exit for runway 13R.
- Establishment of a system to monitor and manage the noise abatement program.

However, in 1990, the U.S. Congress passed the *Air Noise and Capacity Act*. In accordance with the *Air Noise and Capacity Act*, the Federal Aviation Administration has phased out older, noisier Stage 2 aircraft and required that by December 31, 2015, all civil jet aircraft, regardless of weight, meet quieter Stage 3 or Stage 4 engine noise levels to fly within the contiguous U.S. In return, airports could no longer implement mandatory noise restrictions and curfews without going through the Federal Aviation Administration's stringent evaluation process. As a result, while the City through the Department of Aviation can monitor some of the original components of the noise abatement program, the City cannot enforce compliance.

On June 15, 2006, the City of Dallas, the City of Fort Worth, Southwest Airlines, American Airlines, Inc, and DFW International Airport entered a joint agreement to resolve the Wright Amendment¹ issues. In the agreement, the City of Dallas agrees that it will negotiate a voluntary noise curfew at Dallas Love Field, precluding scheduled airline flights between 11:00 pm and 6:00 am. Subsequently, in the Dallas Love Field Airport Use and Lease Agreement executed on February 13, 2009, Southwest Airlines agreed to adhere to a voluntary noise curfew at the Airport.

According to the Department of Aviation's Noise Office, the City currently monitors the following noise reduction components:

- **Nighttime Preferential Runway:** all turbojet aircraft and any aircraft weighting over 12,500 pounds should use runway 13R-31L rather than runway 13L-31R between the hours of 9:00 p.m. and 6:00 a.m. if it does not interfere with flight safety. Runway 13R-31L is located further from residential neighborhoods. Pilots can request any runway, and ultimately air traffic controllers make the decision about which runway to assign.
- **Trinity Departure:** all turbojet aircraft and any aircraft weighting over 12,500 lbs. departing on runway 13R during night operations and when flying south should use a departure route over the Trinity River, which is adjacent to less densely populated areas.
- **Restrictions on Engine Run-Ups:** prohibition of aircraft engine maintenance run-ups between the hours of midnight and 6:00 a.m., expanded with a voluntary moratorium between 10:00 p.m. and midnight.
- **Optimal Take-Off Profile:** the use of a departure profile to quickly achieve a higher altitude and reduce noise.

Other than the restriction on engine run-ups, the abovementioned Noise Abatement Program components are voluntary for the airlines and the Federal Aviation Administration. Since the program is voluntary, the City is unable to penalize air traffic controllers or pilots that do not follow the suggested preferences.

Some additional components of the noise abatement program initiated by the Department of Aviation have had a positive impact (see [Exhibit 1](#) on page 4):

¹ The 1979 Wright Amendment restricted nonstop flights from Dallas Love Field to cities outside of Texas, Arkansas, Louisiana, New Mexico, and Oklahoma. In 2014, the Wright Amendment was repealed by the United States Congress.

Exhibit 1:



Source: The Department of Aviation Noise Office's personnel

Noise Abatement

Additional measures to minimize the noise impact available to the City of Dallas may include a study in accordance with the Code of Federal Regulations, 14 CFR Part 150, *Airport Noise Compatibility Planning*, which allows airport operators to apply for federal grants for noise abatement projects. The 14 CFR Part 150 study is voluntary and airport operators are not required to participate.

Audit Results

As required by *City Council Resolution 88-3428*, departments will establish internal controls in accordance with the standards established by the Comptroller General of the United States pursuant to the *Federal Managers' Financial Integrity Act of 1982*. Administrative Directive 4-09, *Internal Control* prescribes the policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Noise Level Monitoring

The land area and population exposed to excessive noise have been increasing and can soon exceed the projections (see [Exhibit 2](#) on page 6). As a result, more residences and other noise sensitive facilities, including churches and schools, may experience adverse effects of excessive noise exposure.

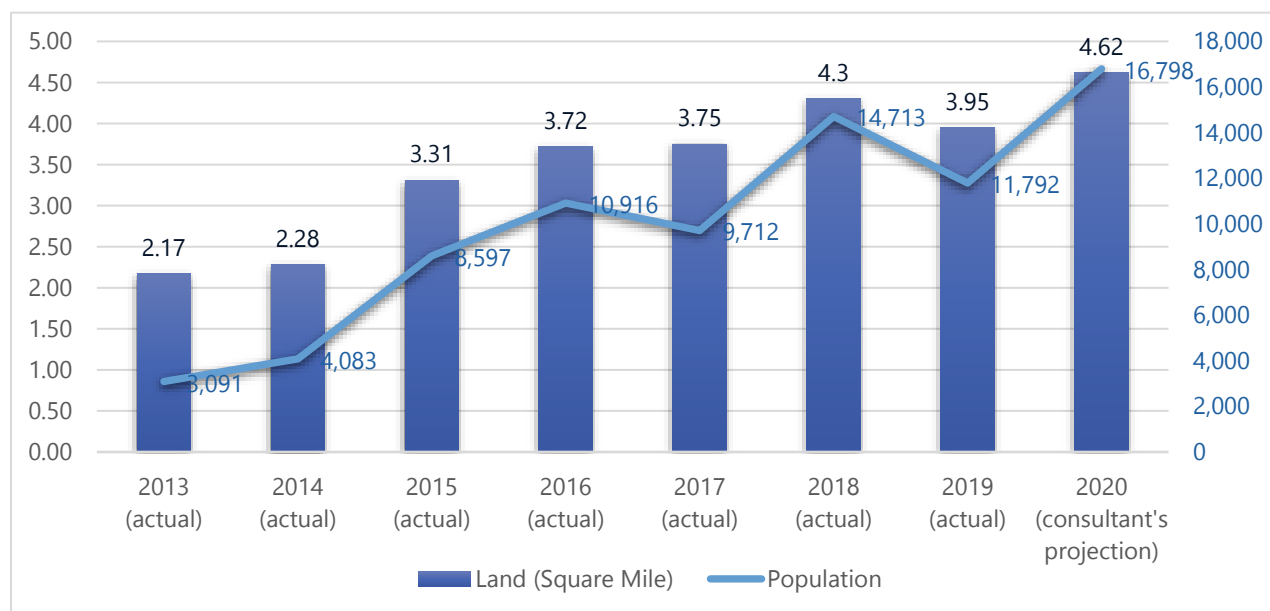
Between 2013 and 2019, the annual noise level analysis reports by Harris Miller Miller & Hanson Inc. have identified the actual population and land areas exposed to noise levels above 65 decibels² and compared these to the 2006 projection of what the population and land areas would be in 2020.³ The Department of Aviation has used the comparison to inform the community of the noise levels.

² Code of Federal Regulations, 14 CFR Part 150, *Airport Noise Compatibility Planning* and Code of Federal Regulations, 24 CFR Part 51, *Environmental Criteria and Standards*, establish 65 decibels as a noise threshold, above which the noise is unacceptable for residential areas, except under limited circumstances.

³ According to the Department of Aviation, the 2006 projection was developed to model potential noise impact without the Wright Amendment.

Exhibit 2:

Land Area and Population Exposed to Noise Levels Above 65 Decibels



Source: Dallas Love Field 2013-2019 Day-Night Average Sound Level Contours by Harris Miller Miller & Hanson Inc.

***Note:** 2013 data was prior to the repeal of Wright Amendment. Refer to [page 3](#) for more information about the Wright Amendment.

In 2021 and going forward, the consultant will only compare current measurements to the measurements from the previous year. The Department of Aviation receives and reviews the consultant reports for the sole purpose of informing the community but the City of Dallas does not have a plan of action aimed at reversing, slowing down, or holding steady the growing land area and population exposed to excessive noise.

Criteria

❖ Standards for Internal Control in the Federal Government:

- *Principal 9 – Identify, Analyze, and Respond to Change*
- *Principle 10 – Design Control Activities*

Assessed Risk Rating:

Low

We recommend the **City Manager**:

A.1: Develop a plan of action aimed at reversing, slowing down, or holding steady the growing land area and population exposed to excessive noise.

Observation B: Program Management

Although the Department of Aviation primarily monitors key program components including noise complaint resolution, nighttime preferential runway, Trinity departure, prohibition of engine maintenance run-ups, and optimal take-off profile; documentation to support program monitoring and program performance is either incomplete or absent. As a result, the Department of Aviation's Voluntary Noise Abatement Program may not be effective in monitoring and encouraging program participation. The causes include the following:

1. Incomplete or Absent Procedures

- The Department of Aviation's Noise Office receives and investigates excessive noise complaints from Dallas residents. However, documented *Noise Complaint Resolution Work Instructions* do not include procedures for investigating excessive noise complaints. As a result, noise investigations may be inconsistent.
- The Department of Aviation does not have procedures to monitor airline participation in the following program components — Trinity departure, prohibition of engine maintenance run-ups, and optimal take-off profile (see [Exhibit 3](#)), which makes these program components vulnerable to non-participation, and the City less likely to recognize whether or not non-participation is occurring.

Exhibit 3:

Trinity Departure:

- The Trinity departure component of the Voluntary Noise Abatement Program instructs turbojet aircraft and any aircraft weighting over 12,500 lbs. — departing on runway 13R during night operations and when flying south — to use a departure route over the Trinity River, which is adjacent to less densely populated areas.

Prohibition of Engine Run-Ups:

- According to Dallas City Code, Chapter 5-25, *Maintenance run-ups*, aircraft engine maintenance run-ups are prohibited between the hours of midnight and 6:00 a.m. The Department of Aviation expanded upon this measure with a voluntary moratorium between 10:00 p.m. and midnight.

Optimal Take-Off Profile:

- Optimal take-off profile is the use of a departure profile to quickly achieve a higher altitude and reduce noise.

Source: The Department of Aviation Noise Office's personnel

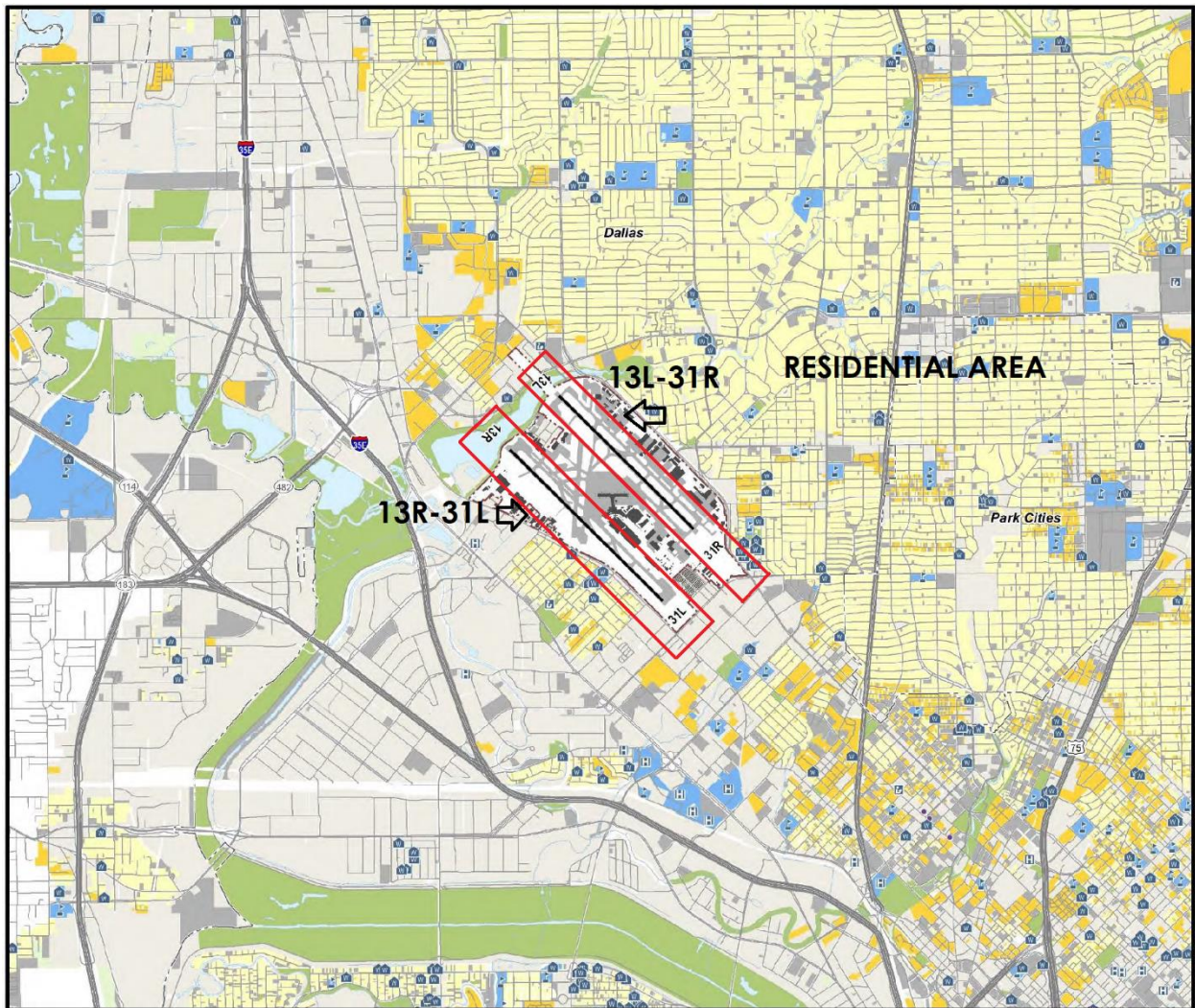
2. No Performance Measures

The Department of Aviation does not have performance measures associated with the nighttime preferential runway usage that indicate what percentage of low usage should trigger an escalated response from the Department of Aviation's Noise Office.

The nighttime preferential runway has been a focus for the Department of Aviation's Noise Office. This program component encourages turbojet aircraft and any aircraft weighting over 12,500 pounds to use runway 13R-31L between the hours of 9:00 p.m. and 6:00 a.m. rather than runway 13L-31R (if it does not interfere with flight safety), as Runway 13R-31L is located further from residential neighborhoods. [Exhibit 4](#) shows the runway locations in relationship to residential neighborhoods.

Exhibit 4:

Dallas Love Field and Land Use of the Surrounding Area

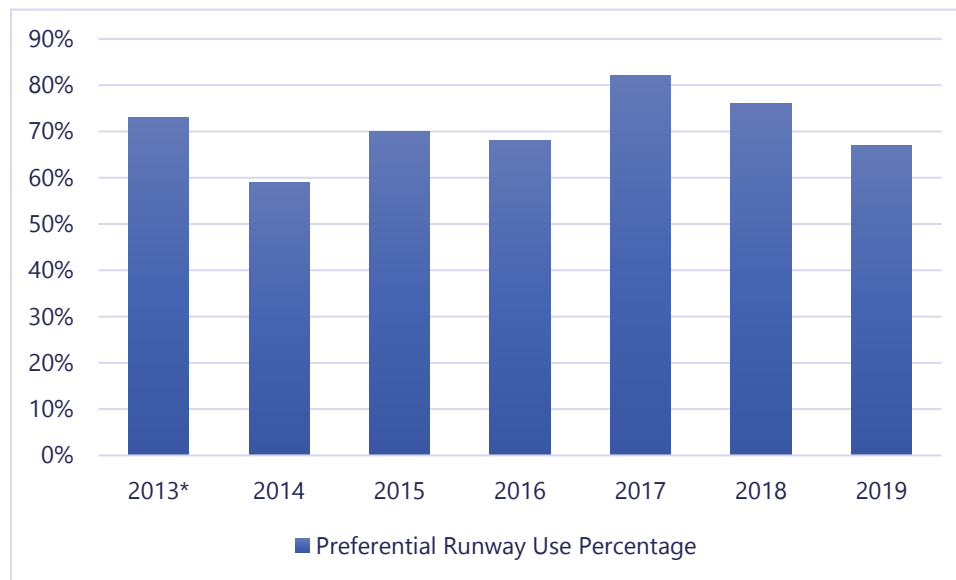


Source: Dallas Love Field 2018 Day-Night Average Sound Level Contours by Harris Miller Miller & Hanson Inc., Figure 26.

Without performance measures in place, there is no guarantee that the current positive trend in usage (see [Exhibit 5](#)) will be sustainable or that it will continue to be prioritized.

Exhibit 5:

Nighttime Preferential Runway Utilization



Source: Dallas Love Field 2013-2019 Day-Night Average Sound Level Contours by Harris Miller Miller & Hanson Inc.

***Note:** 2013 data was prior to the repeal of the Wright Amendment. Refer to [page 3](#) for more information about the Wright Amendment.

Criteria

- ❖ Standards for Internal Control in the Federal Government:
 - *Principle 3.09 – Documentation of the Internal Control System*
 - *Principle 6 – Define Objectives and Risk Tolerances*
 - *Principle 10 – Design Control Activities*
 - *Principle 16 – Perform Monitoring Activities*

- ❖ *The Texas Performance Measure Management Guide*

Assessed Risk Rating:

Low

We recommend the **Director of the Department of Aviation:**

B.1: Develop and implement documented work procedures for investigating excessive noise complaints.

B.2: Develop and implement documented work procedures for monitoring airline participation in the following program components — Trinity departure, prohibition of engine maintenance run-ups, and optimal take-off profile.

B.3: Create performance measures specifying the participation percentage for the nighttime preferential runway usage that would initiate an escalation to next level of actions.

Appendix A: Methodology

Methodology

The audit methodology included: (1) analyzing the processes, controls, and transactions of the Dallas Love Field Voluntary Noise Abatement Program; (2) interviewing Noise Office personnel from the Department of Aviation; and (3) reviewing policies and procedures, applicable Federal Aviation Regulations, Dallas City Code, consultant's reports, and relevant contracts.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Lina Wang, CPA – In-Charge Auditor
Anatoli Douditski, MPA, CIA, ACDA – Audit Manager

Appendix B: Management's Response

Memorandum



DATE: March 1, 2021
TO: Mark S. Swann, City Auditor
SUBJECT: Response to Audit of the Department of Aviation's Noise Abatement Program

This letter acknowledges the City Manager's Office received the *Audit of the Department of Aviation's Noise Abatement Program* and submitted responses to the recommendations in consultation with the Department of Aviation.

We recognize the importance of noise management to ensure residents living near Dallas Love Field can have a full awareness of the levels of noise resulting from the activities of the airport. To better educate residents about noise management at Dallas Love Field, the City's Department of Aviation launched a comprehensive noise lab with easy-to-use resources in 2018. Further, the Department of Aviation commissioned a system of noise monitors to be installed at Dallas Love Field, the last of which was installed in 2020.

The City does not have authority to mandate airlines participate in noise reduction initiatives and, the City cannot enact any measures that would limit or curtail aircraft activity. Nevertheless, the Department of Aviation recognizes the benefit of monitoring compliance with noise reduction initiatives and ensuring transparency to residents. The Department of Aviation will develop procedures for monitoring airline participation across several components of the noise reduction initiative. Further, the Department of Aviation will develop procedures to ensure a consistent process for investigating excessive noise complaints.

As the City Auditor has identified, the Voluntary Noise Abatement Program for Dallas Love Field has not been reviewed and formally adopted by the City Council for more than 30 years. The Department of Aviation will bring forward recommendations to update the program and seek Council adoption of a revised Voluntary Noise Abatement Program that is consistent with Federal Law as well as consistent with the City's commitment to equity for all of the residents that live around the airport.

However, we will accept the risk associated with limiting the affected area and population impacted by higher levels of noise at Dallas Love Field. The current City building code requires sound insulation for new construction in areas exposed to higher levels of noise. We feel this is a preferable solution that ensures comfortable noise levels while allowing continued development of needed residences in the City.

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Additionally, we will accept the risk associated with developing performance measures for nighttime preferential runway usage. Instead, we will further study the issue to ensure an equitable approach for managing noise of nighttime flight operations.

Sincerely

A handwritten signature in black ink, appearing to read 'T.C. Broadnax', written over a horizontal line.

T.C. Broadnax
City Manager

C: Kimberly Bizer Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Majed A. Al-Ghafry, Assistant City Manager
Mark Duebner, Director, Department of Aviation

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Assessed Risk Rating	Recommendation		Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
Low	We recommend the City Manager :				
	A.1: Develop a plan of action aimed at reversing, slowing down, or holding steady the growing land area and population exposed to excessive noise.	Accept Risk:	The City Manager accepts the risk as revised building codes now include requirements for sound insulation for all new buildings and some modified buildings, which require soundproofing to achieve a DNL of 45 or less inside the building.	N/A	N/A
	We recommend the Director of the Department of Aviation :				
	B.1: Develop and implement documented work procedures for investigating excessive noise complaints.	Agree:	The Department of Aviation will update the existing procedure and develop a checklist for staff to follow and detailed instructions for the training of future staff.	6/30/2021	12/31/2021
	B.2: Develop and implement documented work procedures for monitoring airline participation in the following program components — Trinity departure, prohibition of engine maintenance run-ups, and optimal take-off profile.	Agree:	Trinity Departure: Aviation will initiate reporting on level of use using the Casper Flight Tracking System. However, until the RNAV procedures are implemented by the FAA, the use of the Trinity Departure will remain low. Maintenance run-ups: Aviation will log maintenance run-ups to track compliance with the current measure. Optimal Takeoff Profile: Aviation will receive a written acknowledgment from airlines stating that they are flying the optimal takeoff profile.	6/30/21	6/30/2022

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
	B.3: Create performance measures specifying the participation percentage for the nighttime preferential runway usage that would initiate an escalation to next level of actions.	Accept Risk: The City Council has not formally reviewed and re-adopted the noise program, including the preferential runway component, in 30 years. The program has some policies which are no longer applicable. In order to update the program to align with the current legal environment, the Department of Aviation will review the Noise Program and make recommendations to Council to revise the program as needed and sunset outdated practices.	N/A	N/A

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Audit of Coronavirus Aid, Relief, and Economic Security (CARES) Act - Interim Report 01

March 4, 2021

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Adam Medrano

Deputy Mayor Pro Tem

B. Adam McGough

Council Members

Carolyn King Arnold

Tennell Atkins

Adam Bazaldua

Paula Blackmon

David Blewett

Jennifer S. Gates

Lee M. Kleinman

Cara Mendelsohn

Omar Narvaez

Jaime Resendez

Casey Thomas, II

Chad West



Executive Summary

Objective and Scope

The audit objectives were to determine if: (1) expenditures claimed for CARES Act funding comply with the Act's expense eligibility requirements; (2) documentary evidence support expenditures claimed for CARES Act funding; and, (3) CARES Act periodic reports are accurate. The scope of the audit began on March 1, 2020 and is ongoing until the CARES Act funding has ended. The interim report covers the Airport Grants for the period June 10, 2020, through January 15, 2021.

What We Recommend

No recommendations were identified.

Background

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The CARES Act provided federal funding for COVID-19 pandemic relief efforts in various forms. The City of Dallas received approximately \$388.4 million from the CARES Act. The interim report covers the Airport Grants, which is one of the largest sources of funding received by the City of Dallas. Approximately \$53.8 million was awarded to the City of Dallas for operating, maintenance, and debt service expenses of Dallas Love Field Airport. The money is received on a reimbursement basis through June 10, 2024.

What We Found

The expenditures tested comply with the CARES Act's eligibility requirements, and there is documentary evidence to support these expenditures. The Airport Grants periodic reports were materially correct and filed timely.

Appendix A: Background and Methodology

Background

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The CARES Act provided federal funding for relief efforts in various forms. The City of Dallas received approximately \$388.4 million from the CARES Act. The following discusses the Airport Grants, which is one of the largest sources of funding received by the City of Dallas.

Airport Grants – The Federal Aviation Administration awarded the City of Dallas a grant in the amount \$49,813,334, that was later amended to \$53,813,334 to prevent, prepare for, and respond to COVID-19 pandemic impact, including support for continuing operations for the Dallas Love Field Airport. The funds are available to keep:

- The airport in reliable, safe operation to serve the traveling public.
- Airport workers employed.
- The airport credit rating stable.

The grant agreement requires the City drawdown the awarded funds within four years from the execution of the grant agreement, which was on June 10, 2020. However, the Federal Aviation Administration encourages spending the funds expeditiously to reduce the adverse impacts of the current public health emergency. The City of Dallas can use the funds for any purpose for which airport revenues may be lawfully used.

The Airport Grants money is received on a reimbursement basis and can be used as follows:

- For operating and maintenance expenses incurred from January 20, 2020 through June 10, 2024.
- Debt service payments directly related to the airport, and where such payments occurred on or after April 14, 2020 through June 10, 2024.
- Airport development in some cases.

By accepting the grant, the City agreed to continue to employ, through December 31, 2020, at least 90 percent of the number of individuals employed by the airport as of March 27, 2020. The City is required to provide reports on employment totals quarterly to the Federal Aviation Administration within ten business days of the end of each report period.

Methodology

To accomplish our audit objectives, we interviewed department personnel, reviewed procedures for processing CARES Act expenditures, tested a sample of expenditures for completeness of supporting documentation, and tested the accuracy of CARES Act reports. The risk of fraud, waste, and abuse was also considered.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Shino Knowles, CPA – In-Charge Auditor

Rory Galter, CPA – Audit Manager

Appendix B: Management's Response

Memorandum



DATE: March 4, 2021

TO: Mark S. Swann, City Auditor

SUBJECT: Response to Audit of Coronavirus Aid, Relief and Economic Security (CARES) Act - Interim Report 01

This letter acknowledges the City Manager's Office and the Department of Aviation received the *Audit of Coronavirus Aid, Relief and Economic Security (CARES) Act - Interim Report 01*.

We recognize the importance of utilizing grant funds for their intended purposes and retaining adequate documentation to demonstrate the appropriate use of the funds.

As an on-going recipient of FAA grants, the Department of Aviation is subject to routine audits. For the last several years, the Department of Aviation has maintained appropriate controls via ISO work instructions and procedures for all aspects of FAA grant receipt and reimbursement. As part of Aviation's standard operating procedures, staff in the Infrastructure and Development group conduct on-going reviews of eligible project work and invoices to ensure appropriate use of grant funds. Additionally, Aviation has maintained a payment routing process to ensure proper levels of internal approval/review, including adequate separation of duties in the accounts payable process.

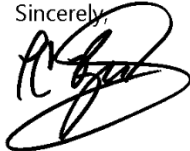
Aviation routinely communicates with the FAA regarding grants to ensure all project assurances and financial requirements are met. Last year Aviation improved their airport financial risk status from Moderate to Nominal (top ranking available) via the FAA's Sponsor Risk Assessment Tool. As a result, Aviation is no longer required to provide supplemental invoices/documents for AIP grant reimbursement requests due to the nominal status.

The CARES Act was passed in an expedited manner in March 2020. Because this was an unprecedented event, there were not detailed instructions available at the time the CARES Act was passed. However, Aviation staff worked closely with the FAA to create work instructions that would ensure consistent and compliant process for the receipt and reimbursement of the grant.

Any future grants the Department of Aviation may receive from the FAA will follow the same basic policies and procedures to help ensure that we comply with the spirit, intent, and letter of the law.

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Sincerely,

A handwritten signature in black ink, appearing to read 'T.C. Broadnax', written over a large, stylized circular flourish.

T.C. Broadnax
City Manager

C: Kimberly Bizer Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Majed Al-Ghafry, Assistant City Manager
Mark Duebner, Director, Department of Aviation

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Audit of Police Property and Evidence

March 11, 2021

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Adam Medrano

Deputy Mayor Pro Tem

B. Adam McGough

Council Members

Carolyn King Arnold

Tennell Atkins

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Chad West



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Executive Summary

Objective and Scope

The objective of this audit was to evaluate the adequacy and effectiveness of internal controls over the Dallas Police Department's property and evidence, including policies and procedures, physical security and access controls, inventory management, and storage controls. The scope of the audit included management operations for Fiscal Years 2018 to October 2020.

What We Recommend

We recommend the Dallas Police Department:

- Revise and update *Standard Operating Procedures*.
- Implement a solution for automatically notifying responsible personnel of item review for potential disposition.
- Ensure property and evidence is protected from potential theft, tampering, and environmental exposure at auxiliary locations.

Background

The Dallas Police Department's Property Unit is responsible for maintaining a centralized location and two auxiliary locations to manage the receipt, storage, transfer, and disposal of property and evidence.

The Property Unit oversees the storage of over 2 million items of property and evidence. Reviews of items and data stored in the department's tracking system are performed by Property Unit personnel and the Dallas Police Department Internal Affairs Division.

The Office of the City Auditor completed an Audit of Internal Controls at the Dallas Police Department Property Unit in Fiscal Year 2008, with a follow-up audit issued in 2009. The follow-up audit concluded lack of physical space, system functionality, and climate controls for high-risk inventory remained a concern.

What We Found

The Dallas Police Department's Property Unit data elements stored in the Evidence Manager inventory management system regarding location, tag, and invoice number are reliable. However, the Property Unit does not have an effective and efficient review process for property and evidence item disposition or release. In addition, the Property Unit:

- Does not always dispose of items authorized for disposal or release to the owner.
- Has outdated and incomplete *Standard Operating Procedures* regarding disposition activities.
- Stores property and evidence items at locations not suitable for that purpose.

Audit Results

As required by *City Council Resolution 88-3428*, departments will establish internal controls in accordance with the standards established by the Comptroller General of the United States pursuant to the *Federal Managers' Financial Integrity Act of 1982*. Administrative Directive 4-09, *Internal Control* prescribes the policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Dallas Police Department Property Unit – Disposition Process

The Dallas Police Department Property Unit does not have an effective and efficient review process for property and evidence inventory item disposition or release from the Property Unit. As a result, warehouse space is not efficiently cleared for incoming inventory, contributing to the unit's reaching of its storage capacity. Overflow items are stored at offsite auxiliary locations that do not maintain the same level of security controls and environmental protection as the main Property Unit location (see [Observation C](#)).

For example, 99 out of 141 randomly sampled items (70 percent) of Found Property¹ were still in storage at the Property Unit even though the items had either: (1) expired statute of limitations for an associated offense; (2) no clear offense linked to the item to warrant prolonged storage; (3) exceeded storage lengths established per the Property Unit's *Standard Operating Procedures*;² or, (4) no request for hold of the item by a case detective (see [Exhibit 1](#) on page 3).

¹ *Found Property* is defined by the International Association for Property and Evidence as non-evidentiary property that has been determined to be lost or abandoned and is not known to be connected with any criminal offense. Found Property was sampled for review by auditors due to its nature of low or non-evidentiary value and specified disposal timelines in the Property Unit's *Standard Operating Procedures*.

² The Property Unit's *Standard Operating Procedures* specify disposal of property and guns found property after 61 days when no owner is located, and identification of drug related items for destruction that have been in the Property Unit for over three years.

Exhibit 1:**Evaluation of Found Property Inventory as of July 27, 2020**

Category	Storage Justified (%)	Storage Not Justified (%)
Found Property – Guns	28	72
Found Property – Drugs	30	70
Found Property Other than Guns or Drugs	32	68
Average	30	70

Source: Office of the City Auditor. All items sampled have been stored in the Property Unit over 61 days from tag date.

As of July 27, 2020, there were 148,615 items of Found Property stored in the Property Unit. Applying the sample average of 70 percent of Found Property items with storage not justified yields the potential for 104,031 items of Found Property with storage at the unit not justified and in need of review for disposition or release.

Disposition Process

The Property Unit's disposition process is a manual process that begins with property unit management selecting items to review for potential disposition based on level of offense. Items with lesser offenses are targeted for review, such as Found Property, panhandling, shoplifting, or graffiti, etc., because they have low evidentiary value. [Exhibit 2](#) shows the main elements of the Dallas Police Department's disposition process.

Exhibit 2:

Source: Office of the City Auditor

Items selected for review are then reviewed for potential disposition by limited-duty officers or crime technicians using the Dallas Police Department's case management system. If an item is not known to be associated with a crime, has exceeded a statute of limitations, or has exceeded the length of storage specified in the *Standard Operating Procedures* or other directives, the technician creates a request letter to the assigned detective or investigator to obtain authorization for disposal or release of the item.

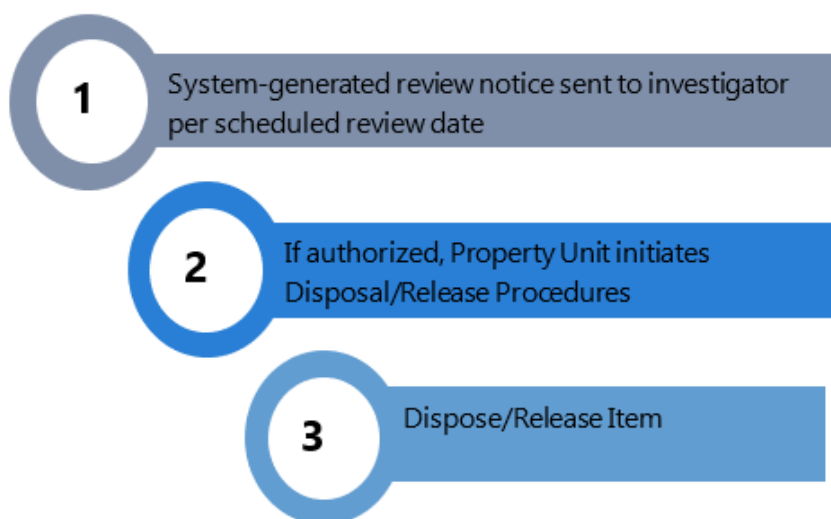
reviewed. If authorization is obtained, the Property Unit initiates the procedures for disposal or release of the item (see [Observation B](#)).

This informal review of items for disposition based on charge, as well as the technician's review and decision-making processes, are not documented in the unit's *Standard Operating Procedures* or other manuals. Therefore, there is no formal guidance for the department personnel to carry out review of items for disposition, and management cannot ensure consistent monitoring of the process.

A survey of peer city police department property units shows that three of five peers³ use a system-generated review and notification process to select inventory items for potential disposition instead of the manual approach used by the Dallas Police Department. Such a review is not limited to lesser offenses, but determined by established review dates, a practice recommended by the International Association for Property and Evidence.

The International Association for Property and Evidence also suggests the most efficient process to review items for disposal is for the property unit to generate a review notice requiring evaluation of the related case for potential item disposition. [Exhibit 3](#) depicts this streamlined approach to item review for potential disposition.

Exhibit 3:



Source: Office of the City Auditor

The Dallas Police Department's *Evidence Manager* can send system-generated notifications to relevant personnel to alert them of expired timelines or review dates and obtain authorization for disposal. However, this notification ability (based on scheduled review dates) is not enabled in *Evidence Manager*.

³ Survey responses received from peer city police department units include the cities of Austin, Columbus, Houston, Philadelphia, and San Antonio.

Criteria

- ❖ *“Professional Standards,”* International Association for Property and Evidence states:
 - *“Law enforcement agencies should have a systematic review process assuring that each item of property and evidence is evaluated for possible purging.”*
 - *“In order to establish an effective purging system, certain criteria must be established to provide guidance in how long property and evidence should be retained before being reviewed... After establishing the time limits that are most suitable for the department, a system should be developed to add a review date to every item of evidence.”*
 - *“The purging process can best be accomplished by requiring an annual review by the assigned case investigating officer. The most efficient process is for the property room to generate a review notice requiring the investigating officer to evaluate each case for potential purging.”*
- ❖ Standards for Internal Control in the Federal Government:
 - *Principle 10 – Design Control Activities*
 - *Principle 16 – Perform Monitoring Activities*

Assessed Risk Rating:

High

We recommend the **Chief of Police**:

- A.1:** Revise *Standard Operating Procedures* to schedule review dates for disposition of each category of property and evidence stored at the Property Unit.
- A.2:** Implement a solution for automatically notifying case detectives and investigators to review items for potential disposition based on scheduled review dates for each category of property and evidence.
- A.3:** Revise *Standard Operating Procedures* to ensure management monitoring of personnel's compliance with revised Standard Operating Procedures related to review and disposition of property and evidence.

Observation B: Dallas Police Department Property Unit – Disposition Procedures

The Dallas Police Department Property Unit does not always dispose of items that have been authorized for disposal or release to the owner by case detectives or investigators per the Property Unit's disposition process. For example, [Exhibit 4](#) below shows that 23 percent of sampled Found Property was denoted as "Authorized for Disposal" (AFD) in *Evidence Manager* but is still on location in the Property Unit.

Exhibit 4:

Found Property Authorized for Disposal

Category	Items Designated "AFD"	Total Items Sampled	Percent (%)
Found Property – Guns	7	47	15
Found Property – Drugs	6	47	13
Found Property Other than Guns or Drugs	20	47	43
Total	33	141	23

Source: Office of the City Auditor.

As a result, warehouse space is not efficiently cleared for incoming inventory, contributing to the unit's reaching of its storage capacity.

Furthermore, the Property Unit's *Standard Operating Procedures* specify disposal of Found Property after 61 days when no owner is located. However, procedures do not establish thresholds of quantity that when met would initiate timely removal or destruction of items as recommended by the International Association for Property and Evidence.

Disposition Standard Operating Procedures

The Property Unit's *Standard Operating Procedures* regarding the disposition process are outdated and incomplete. As a result, there is:

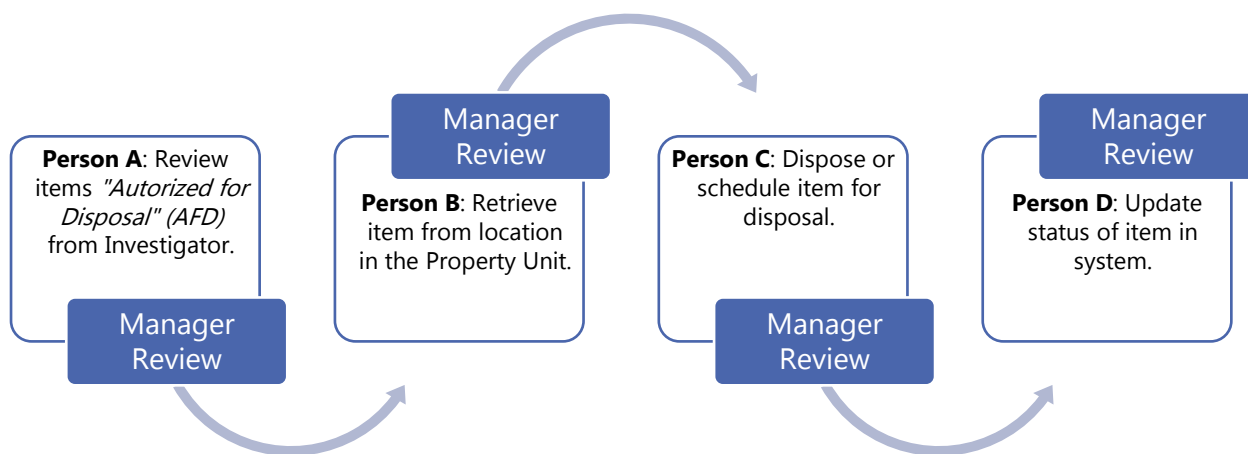
- Missing written guidance for the department personnel to carry out disposition activities.
- No way to ensure consistent and effective management monitoring of the disposition process.

Disposition procedures for property and evidence are described in [Section 410.02](#) of the Property Unit's *Standard Operating Procedures*. However, there are differences between current disposition procedures

as practiced and the department's *Standard Operating Procedures* as written. [Exhibit 5](#) details the Property Unit's current disposition procedures in practice.

Exhibit 5:

Current Disposition Procedures in Practice⁴



Source: Office of the City Auditor process walkthrough with Property Unit management.

In particular, the *Standard Operating Procedures* do not prescribe:

- Management or other designated personnel's review, monitoring, and quality control performed at each stage of the disposition process. In practice, the Property Unit management or designated personnel review the item authorized for disposal at each stage of the process to prevent disposal or release errors.
- Segregation of duties for disposition activities. In practice, different designated personnel perform each critical activity of the disposition process.

Criteria

- ❖ *"Professional Standards,"* International Association for Property and Evidence states:
 - *"In order to clarify and standardize the procedures for the disposition of... property and evidence, it is imperative that directives be used to guide the operation of an agency's property and evidence handling. Written directives should establish rules that apply to all employees of the agency as they pertain to property and evidence and include such areas as requiring employees to comply with purging and review notices that have been disseminated from the property officer [manager]."*

⁴ "Manager Review" includes review and quality control procedures performed by the Property Unit Manager or designated personnel.

- *"Policy should define a threshold that, when met, will initiate the destruction process. A threshold can be based upon the calendar... or may also be based upon quantity."*
- ❖ Commission on Accreditation for Law Enforcement Agencies (CALEA) Standard 84 states that a written directive establishes procedures for the final disposition or destruction of found, recovered, and evidentiary property after legal requirements have been satisfied.
- ❖ Standards for Internal Control in the Federal Government:
 - *Principle 10 – Design Control Activities*
 - *Principle 16 – Perform Monitoring Activities*

Assessed Risk Rating:

Moderate

We recommend the **Chief of Police**:

B.1: Update the Dallas Police Department Property Unit's *Standard Operating Procedures* to align with the department's current disposition processes to include:

- Detailed review and quality control procedures
- Management monitoring procedures, and
- Proper segregation of duties for all personnel involved in the process.

B.2: Revise the *Standard Operating Procedures* to define time and quantity thresholds for removal or destruction of inventory items authorized for disposition.

Observation C: Security and Environmental Exposure of Property and Evidence

Some of the property and evidence inventory is stored at locations not suitable for that purpose. As a result, this inventory is exposed to potential theft, tampering, and environmental damage. Property and evidence are stored at a decommissioned patrol station and the Dallas Auto Pound due to space limitations at the main warehouse and because there is no suitable storage at the main warehouse for combustible items, such as gas-powered equipment.

Neither location is equipped with video surveillance equipment to monitor who accesses property and evidence. At the decommissioned patrol station, there are exposed pipes, missing ceiling tiles, and evidence of prior water leaks near areas where property and evidence are stored. At the Dallas Auto Pound, combustible property and evidence is exposed directly to the weather elements. In one area of this location, property and evidence is stored on wood pallets with muddy surroundings from rainwater that floods the area. As a result, heat, cold, humidity, and rain could damage the items rendering them unrecognizable or unusable for evidence purposes.

Exhibit 6:

Observation of Auxiliary Locations



Source: Office of the City Auditor

Due to lack of video surveillance equipment, there is no visual record of who enters these auxiliary locations and accesses the items, which may jeopardize the safety of the property. Video surveillance equipment would also dissuade unauthorized entry without detection. According to Property Unit management, funding for security cameras for the auxiliary locations was requested but has not been approved.

Criteria

- ❖ *"Professional Standards,"* International Association for Property and Evidence states:
 - *"Property facilities should be constructed to provide levels of security that will deny unauthorized entry and provide a safe work environment."*
 - *"Video surveillance cameras should be utilized whenever enhanced security or a long-term record of ingress, movement, and egress is desired."*
 - *"Evidence held in the custody of a law enforcement agency should be stored in a manner that facilitates efficient use of space, permits quick retrieval, minimizes safety hazards, prevents cross-contamination, and facilitates conducting an inventory."*
- ❖ Standards for Internal Control in the Federal Government:
 - *Principle 7 – Identify, Analyze, and Respond to Risks*
- ❖ The Dallas Police Department Property Unit *Standard Operating Procedures* state that the Property Unit is responsible for safeguarding the integrity of property and evidence by maintaining strict security and safety measures.

Assessed Risk Rating:

Moderate

We recommend the **Chief of Police**:

- C.1:** Ensure property and evidence is protected from potential theft and tampering by installing video surveillance equipment and other protective measures at auxiliary locations to enhance security and maintain a record of access to property and evidence.
- C.2:** Ensure property and evidence at auxiliary locations is protected from exposure to environmental conditions and potential damage.

Appendix A: Background and Methodology

Background

The Dallas Police Department's Property Unit maintains a centralized location to manage the receipt, storage, transfer, and disposal of property and evidence. Property is also stored at two auxiliary locations apart from the main centralized location: the Dallas Auto Pound and a decommissioned patrol station. According to the Property Unit, it is their mission to *"ensure that all property retained is properly inventoried, packaged, and stored; regardless of its evidentiary value, subsequent release, or disposal."*

The Property Unit is responsible for:

1. Maintaining a system to manage the receipt, storage, transfer, and disposal of property and evidence.
2. Safeguarding the integrity of property and evidence by maintaining strict security and safety measures, proper packaging and storage methods, proper chain-of-custody tracking, current standards and training, and supplies associated with the documentation and storage of property and evidence.

In order to meet these responsibilities, the Property Unit must adhere to various chapters of the Texas Code of Criminal Procedure, including Chapter 12, *Limitation*, and sections of Chapter 18, *Search Warrants* related to disposition of seized property, as well as departmental policies and guidelines regarding the packaging, storage, and disposition of seized or found property and evidence.

Property Unit Organization and Staffing

The Property Unit is headed by a civilian Manager III who reports to a Dallas Police Department Captain that oversees the Property Unit, Auto Pound, Detention Services, and Records/Open Records Divisions. The Captain reports to the Assistant Chief of the Administrative Support Bureau.

The Manager III oversees three separate intake teams, the Gun Team, the Drug Team, the Disposition Team, and the Internal Control Division of the Property Unit. All teams are headed by sworn Sergeants except for the Internal Control Division. A total of 39 personnel, when all vacancies are filled, operate the Property Unit for the Dallas Police Department.

Computer Systems

The Property Unit uses a browser-based inventory management system, *Evidence Manager*, implemented in 2008. This system tracks property and evidence through its life cycle, from intake to release or disposal. Personnel also review case information in the Dallas Police Department's case tracking system, the *Records Management System*, to determine a property and evidence item's potential for disposition or release.

Prior Audits Conducted by the Office of the City Auditor

In Fiscal Year 2008, the Office of the City Auditor completed the Audit of Internal Controls at the Dallas Police Department Property Unit, with a follow-up audit issued in 2009. At the time, auditors concluded that lack of physical space, Evidence Manager functionality, and climate controls for high-risk inventory remained a concern.

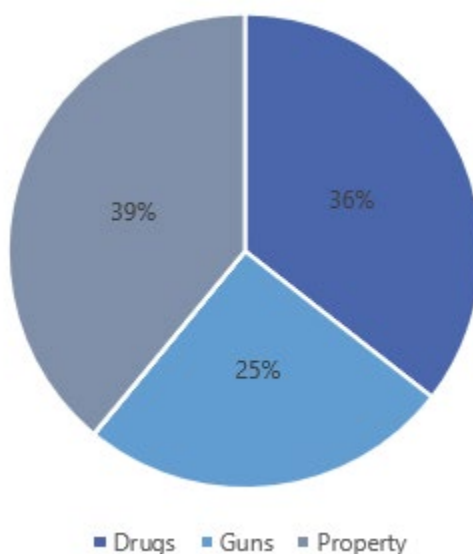
Property and Evidence Aging and Composition

As of July 27, 2020, there were 2,099,222 items of stored property and evidence in Evidence Manager. The following table shows the breakdown of items by classification and age of storage from tag date:

Exhibit 7:

Aging and Composition

Classification	3 Yrs or less	3 to 6 Yrs	6 to 10 Yrs	10 Yrs or Longer	Total Items
Drugs	152,047	153,562	247,474	193,005	746,088
Guns	139,036	94,444	119,439	181,290	534,209
Money	421	173	9	4	607
Property	202,841	196,942	139,794	278,739	818,316
Total	494,345	445,121	506,716	653,038	2,099,220



Source: Evidence Manager Database

Accuracy of Data

The Inspections Unit of the Dallas Police Department Internal Affairs Division conducts periodic inventory, weapons destruction, and deposit bag audits. The Property Unit also conducts internal reviews of property and evidence stored in *Evidence Manager* by selecting specific locations to perform comparisons of data stored in the system to the physical item.

Testing of the reliability of inventory data⁵ tracked in *Evidence Manager* concluded that data elements stored in the system regarding location, tag, and invoice number are reliable.

Methodology

The audit methodology included: (1) interviewing personnel from the Dallas Police Department; (2) reviewing Property Unit's *Standard Operating Procedures*, Dallas Police Department General Orders, applicable local and state laws and regulations, and best practices from the International Association for Property and Evidence; (3) observing the physical location of the Property Unit and auxiliary locations; (4) observing the inventory tracking system, Evidence Manager; and, (5) performing various analyses, including data reliability testing of the Evidence Manager system, evaluation of randomly selected sample items of found property; and comparison of disposition operations to peer property units and best practices.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Enrique Fuentes – Auditor
Holly Hart, CPA – In-Charge Auditor
Anatoli Douditski – Audit Manager

⁵ Testing of data reliability in Evidence Manager included random sampling of inventory items stored at the main centralized Property Unit and two auxiliary locations (the decommissioned patrol station and the Dallas Auto Pound).

Appendix B: Management's Response

Memorandum



DATE: March 8, 2021
TO: Mark S. Swann, City Auditor
SUBJECT: Response to Audit of Police Property and Evidence

This letter acknowledges the City Manager's Office received the *Audit of Police Property and Evidence* and submitted responses to the recommendations in consultation with the Dallas Police Department.

We recognize the importance of maintaining an efficient and effective process for managing the receipt, storage, transfer, and disposal of property and evidence. We concur with the City Auditor's observation that DPD has maintained reliability over property and evidence, which we believe is paramount.

While we agree with the recommendations to improve the processes related to reviewing property and evidence for potential disposition, we believe the risk is moderate as the current process has not affected the property's and evidence's reliability.

To improve the current process, DPD has taken several actions, including:

- Adding 6 additional civilian staff to assist with property and evidence, and is in the advanced hiring process for an additional 3 civilian staff;
- Making repairs and adding fencing at the auxiliary locations; and
- Obtaining priority for the procurement of video surveillance equipment with anticipated installation this year.

Additionally, DPD will work to revise the Standard Operating Procedures and will research a solution for automatically notifying detectives to review property and evidence for potential disposition.

Sincerely,
A handwritten signature in black ink, appearing to read 'T.C. Broadnax'.

T.C. Broadnax
City Manager

"Our Product is Service"
Empathy | Ethics | Excellence | Equity

C: Kimberly Bizer Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Jon Fortune, Assistant City Manager
Eddie Garcia, Chief of Police, Dallas Police Department

"Our Product is Service"
Empathy | Ethics | Excellence | Equity

Assessed Risk Rating	Recommendation		Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
High	We recommend the Chief of Police:					
	A.1: Revise <i>Standard Operating Procedures</i> to schedule review dates for disposition of each category of property and evidence stored at the Property Unit.	Agree:	DPD will revise the Standard Operating Procedures to include scheduled review dates for disposition of each category of property and evidence stored at the Property Unit.	06/30/2021	06/30/2022	
	A.2: Implement a solution for automatically notifying case detectives and investigators to review items for potential disposition based on scheduled review dates for each category of property and evidence.	Accept Risk:	At this time, due to undetermined feasibility and costs, DPD is unable to agree to implement a solution. However, DPD will research solutions for automatically notifying case detectives and investigators to review items for potential disposition based on scheduled review dates for each category of property and evidence.	N/A	N/A	
	A.3: Revise <i>Standard Operating Procedures</i> to ensure management monitoring of personnel's compliance with revised <i>Standard Operating Procedures</i> related to review and disposition of property and evidence.	Agree:	DPD will revise the Standard Operating Procedures to ensure compliance with the revised Standard Operating Procedures related to review and disposition of property and evidence.	06/30/2021	06/30/2022	

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
Moderate	We recommend the Chief of Police:				
	B.1: Update the Dallas Police Department Property Unit's <i>Standard Operating Procedures</i> to align with the department's current disposition processes to include: <ul style="list-style-type: none">Detailed review and quality control proceduresManagement monitoring procedures, andProper segregation of duties for all personnel involved in the process.	Agree:	DPD will update the unit's Standard Operating Procedures to align with the current disposition processes.	06/30/2021	06/30/2022
	B.2: Revise the <i>Standard Operating Procedures</i> to define time and quantity thresholds for removal or destruction of inventory items authorized for disposition.	Agree:	DPD will update the unit's Standard Operating Procedures to define time and quantity thresholds for removal or destruction of inventory items authorized for disposition.	06/30/2021	06/30/2022
Moderate	We recommend the Chief of Police:				
	C.1: Ensure property and evidence is protected from potential theft and tampering by installing video surveillance equipment and other protective measures at auxiliary locations to enhance security and maintain a record of access to property and evidence.	Agree:	The City has gathered quotes for video surveillance equipment and DPD has confirmed funding is available for cameras. Additionally, the property and evidence facilities have been recognized as a priority for the deployment of video surveillance equipment. DPD is currently in the procurement phase and anticipates the video surveillance equipment will be procured, installed, and functioning this year.	12/31/2021	12/31/2022

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
	C.2: Ensure property and evidence at auxiliary locations is protected from exposure to environmental conditions and potential damage.	Agree: DPD has added fencing to the auto pound auxiliary location and made roof repairs to address water damage at the decommissioned patrol station auxiliary location. DPD will continue to work on ensuring an appropriate environment for property and evidence at auxiliary locations.	12/31/2021	12/31/2022



Audit of Landfill Closure and Post-Closure Liability and Monitoring Expense

March 17, 2021

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Adam Medrano

Deputy Mayor Pro Tem

B. Adam McGough

Council Members

Carolyn King Arnold

Tennell Atkins

Adam Bazaldua

Paula Blackmon

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Casey Thomas, II

Chad West



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Executive Summary

Objective and Scope

The objective of this audit was to evaluate the City of Dallas' landfill closure and post-closure liability and monitoring expenses to ensure:

- Contractors are selected on a competitive basis.
- Contractor charges align with the contract, purchase agreements, or other terms.
- Recorded financial liability is determined by a methodology consistent with industry practices.

The scope of the audit was landfill post-closure activities and operations from October 1, 2018, through September 30, 2020.

What We Recommend

We recommend management:

- Complete quarterly reviews of actual expenses to vendor's estimated costs.
- Document delivery orders completely and accurately.
- Rotate vendor and employee contract monitoring activities.
- Ensure internal accountability.
- Monitor vendor performance.

Background

The City of Dallas received a final judgment from the U.S. District Court on November 3, 2006, regarding the Deepwood and Loop 12 landfill sites for not being protective of human health and the environment. The landfill sites were remediated under the Voluntary Clean Up Program, and the Texas Commission of Environmental Quality issued a Conditional Certificate of Completion as of April 2007. To maintain the certification, the City of Dallas must perform routine and continued operational activities such as monitoring of the groundwater and landfill gas collection system and inspection of landfill caps.

The City of Dallas has worked with Terracon Consultants Inc. for 13 years to perform monthly, quarterly, and annual monitoring activities and reporting to the Texas Commission of Environmental Quality annually. The Office of Environmental Quality & Sustainability monitors the vendor's services; the Department of Sanitation Services ensures funds are available and invoices are paid; and, the City Controller's Office demonstrates financial liability assurance for the estimated \$4.7 million for the next 17 years.

What We Found

Opportunities exist to improve:

- Review of variances between actual and estimated costs.
- Monitoring vendor performance for consistency and internal reviews for accountability.

Objectives and Conclusions

1. Are monitoring contractors selected on a competitive basis?

Yes. The procurement process for the non-environmental engineering services follows the City's process.

2. Do monitoring contractor charges align with the contract, purchase agreement, or other terms?

Generally, yes. Opportunities exist to improve contractor's reporting, invoicing, and monitoring. (See Observations A and B.)

3. Is the booked financial liability determined by a methodology consistent with industry practice?

Yes. The estimated \$4.7 million financial liability for the next 17 years was determined by a methodology consistent with industry practice.

Audit Results

As required by *City Council Resolution 88-3428*, departments will establish internal controls in accordance with the standards established by the Comptroller General of the United States pursuant to the *Federal Managers' Financial Integrity Act of 1982*. Administrative Directive 4-09, *Internal Control* prescribes the policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Invoicing

Invoice billing amounts do not match the vendor's estimated amounts per the *Post Response Action Care Plan* statement of work. As a result, the City of Dallas may be paying for services not rendered or not agreed to in the *Post Response Action Care Plan* statement of work.

Estimates vs. Actual

A review of the fiscal year 2019 and 2020 monthly billing amounts showed that actual fee codes, billing amounts per fee code, and services rendered did not match the *Post Response Action Care Plan* statement of work and cost estimate provided by the vendor Terracon Consultants Inc.

Fiscal Year 2019

Actual invoice billings for fiscal year 2019 indicated a cost of \$30,710 was associated with fee codes that were not part of the vendor's estimate. Of the \$30,710, \$26,594 was attributed to fee codes *3001 Principal* and *3002 Project Manager*, both of which were not identified in the 2019 *Post Response Action Care Plan* statement of work.

Although the vendor's *Post Response Action Care Plan* statement of work and actual invoice amount and fee codes did not match, the actual annual amount for fiscal year 2019 remained within the estimated amount.

Fiscal Year 2020

- Actual invoice billings for fiscal year 2020 indicated a cost of \$5,962 was associated with fee codes that were not part of the vendor's original estimate in the *Post Response Action Care Plan* statement of work. The cost is attributed to fee codes 3057 (*various descriptions*) and 3056 *Subcontractor plus 10 percent*.
- Actual to date cost for fiscal year 2020 indicated a cost of \$8,792 over the vendor's estimated amount. For fee codes 3001 *Principal* and 3002 *Project Manager*, the estimated cost was \$30,115. The current actual cost for these same fee codes is \$38,853.
- In August 2020, Terracon Consultants Inc. noted in email communications that there would be a reserve of funds for 2020 that could be used for repairs that were not identified in the annual 2019 report. Since 2020 monthly reports are in review, there does not appear to be support for the repairs.

According to the Office of Environmental Quality & Sustainability, since the fee codes were included in the master services agreement, the use of the fee codes was reasonable and permissible despite not being included in the original proposal. Per the Office of Procurement Services, the master service agreement acts as a menu of services that the vendor can provide and includes all fee codes the vendor uses. Therefore, the delivery order and the statement of work (in this case, the *Post Response Action Care Plan*) should specify the fee codes and cost estimates prior to initiating work, as these are the tools that the City of Dallas relies on to hold vendors accountable.

Delivery Orders

Key information fields are missing from delivery orders used to establish the annual cost for services and formally receive approval for payment by the Department of Sanitation Services.

- Fiscal Year 2021 Delivery Order: The description of services states, "*Laboratory and Field-Testing Services: Air Quality Monitoring*." Air quality is not one of the post-closure activities identified in the *Post Response Action Care Plan* statement of work or site remediation services by the Texas Voluntary Cleanup Program. Also, the delivery order does not indicate the service dates.
- Fiscal Year 2020 Delivery Order: The description of services states, "*Deepwood PA Groundwater Monitoring Post Closure (1st Quarter)-\$245, 872*." However, the delivery order should be for the entire year, as the cost indicates. The delivery order does not indicate whether it includes gas monitoring or all post-closure activities. Additionally, the delivery order does not indicate service dates.
- Fiscal Year 2019 Delivery Order: There are no service dates.

Criteria

- ❖ Administrative Directive 4-05 Contracting Policy, *Section 15.4.2*
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **Director of the Department of Sanitation Services:**

A.1: Complete quarterly reviews of the monthly invoice billings to the *Post Response Action Care Plan* statement of work details for accuracy, identify gaps between actual and estimates, and reconcile variances prior to payment.

A.2: Document delivery orders completely and accurately to reflect the *Post Response Action Care Plan* statement of work to ensure accountability.

Observation B: Monitoring

The Office of Environmental Quality & Sustainability does not proactively monitor the vendor Terracon Consultants Inc. In addition, internal monitoring responsibilities are distributed between the Office of Environmental Quality & Sustainability and the Department of Sanitation Services, without sufficient documentation of responsibilities. As a result, the City of Dallas could have difficulty holding the vendor and/or internal personnel accountable for expected operations.

Vendor Monitoring

The Office of Environmental Quality & Sustainability does not monitor the routine pre-determined vendor's activities through deliverables, regular meetings, random site visits, or unscheduled audits of daily operations.

Deliverables

Terracon Consultants Inc. does not provide deliverables (monthly and annual reports) timely. Supporting email communications indicate that deliverables were behind schedule consistently. For example:

1. Annual reports for 2017 and 2018 were not submitted until March 2020. The 2019 annual report was not submitted until November 2020, seven months after the vendor's *Post Response Action Care Plan* statement of work's stated date. Although, the City of Dallas did receive a confirmation from the Texas Commission on Environmental Quality that reports could be submitted as of November 2020, the letter did not comment on current compliance.
2. Quarterly reports sent to the Texas Commission on Environmental Quality were not timely. The fiscal year 2020 fourth quarter (September 2020) report states that work will be performed. The next quarterly report, which is due in the first quarter of fiscal year 2021 (December 2020), was sent in November 2020 and using August 2020 dates. Additionally, fiscal year 2020 third quarter (June 2020) was not submitted.
3. Monthly reports for all of 2018 were provided in February 2019. Monthly reports for 2020 were in review as of August 2020. In general, monthly reports are provided once towards the end of the year. It is not clear why monthly reports are provided annually and not monthly.

Regular Meetings

Email communications and meeting invites (regular meetings), which are used as primary mechanisms to monitor the vendor and the status of the landfill operations, do not demonstrate consistency.

- A review of 12 email discussion threads for fiscal years 2019 and 2020 do not discuss the status of the landfill operations. Most of the emails were related to Terracon Consultants Inc., stating the vendor was behind schedule on deliverables (see *Deliverables* section for details).
- Of the seven meeting invites between Terracon Consultants Inc. and the City of Dallas for fiscal years 2019 and 2020, two meeting invites were consistent and requested annual site visits.

The remaining meeting invites did not demonstrate consistency:

- In fiscal year 2019, one meeting invite was titled *"Discuss Deepwood"* (December 2018), one meeting invite was for *"report review"* (June 2019), and one meeting invite was for *"invoice review"* (May 2019).
- In fiscal year 2020, one meeting invite was titled *"discuss report"* (October 2019), and the other meeting invite was titled *"Texas Commission on Environmental Quality call"* (May 2020).

Internal Monitoring

There are no internal procedures or a memo of understanding between the Office of Environmental Quality and Department of Sanitation Services to ensure that both departments complete all required routine activities to maintain compliance. The Administrative Directive 4-05 Contracting Policy, [Section 15.4.2](#) states, *"In the event multiple departments use a vendor, each City department still has the primary responsibility for monitoring..."* Since the landfill monitoring activities are distributed across multiple departments, there is a risk that key compliance aspects will not be met.

Per the Office of Environmental Quality & Sustainability management, the contractor has provided support for the routine activities for 13 years and was the original contractor who proposed the [Post Response Action Care Plan](#). The Office of Environmental Quality & Sustainability management stated the manager, with various other employees in the division, had administered the contract for the past 13 years, creating a reliance on one key employee to fulfill this task. The Committee of Sponsoring Organizations of the Treadway Commission suggests an organization can improve controls with regular rotation of duties among personnel.¹

Criteria

- ❖ Administrative Directive 4-05 Contracting Policy, [Section 15.4.2](#)
- ❖ Standards for Internal Control in the Federal Government, [Principle 10 – Design Control Activities](#)

Assessed Risk Rating:

Moderate

We recommend the **Director of the Department of Sanitation Services**:

B.1: Consider rotating the vendor providing services using other pre-approved vendors in the master services agreement.

¹ Committee of Sponsoring Organizations of the Treadway Commission (COSO), [Fraud Risk Management Guide](#) (September 2016), *"Implement Segregation of Duties,"* p. 46.

B.2: Develop internal procedures, in consultation with the Office of Environmental Quality & Sustainability, for accountability such as a checklist of routine activities that are expected from the vendor and from the Office of Environmental Quality & Sustainability internal personnel for post-closure activities completion.

We recommend the **Director of the Office of Environmental Quality & Sustainability:**

B.3: Consider rotating the employee monitoring task to other employees to reduce familiarity and train additional employees on contract monitoring activities.

B.4: Monitor the vendor's performance proactively through activities such as regular meetings, random site visits, or unscheduled audits of daily operations.

Appendix A: Background and Methodology

Background

The City of Dallas has a combination of landfills and transfer stations that it owns, manages, and operates. Of these landfills and transfer stations, Deepwood, an illegally operated private landfill turned over to the City by a federal judgment, and Loop 12 landfills are closed. The City of Dallas received a final judgment from the U.S. District Court on November 3, 2006, regarding the Deepwood and Loop 12 landfill sites for not being protective of human health and the environment. The landfill sites were remediated under the Voluntary Clean Up Program and the Texas Commission of Environmental Quality issued a Conditional Certificate of Completion as of April 2007. The site of the Deepwood landfill is now part of the Trinity River Audubon Center.

To maintain the certification, the City of Dallas must perform routine and continued operational activities such as monitoring the groundwater and landfill gas collection system and inspecting landfill caps. The landfill sites consist of two capped areas, about 44 acres, containing consolidated solid waste, construction debris, and soil overburden from mining operations. The wastes were capped with a clay landfill cap in 2003. The landfill sites have an active landfill gas (LFG) control system that includes collection trenches, blower, flare (B/F) station, sewer easement ventilation system, soil gas vents, and monitoring wells.

The City of Dallas has worked with Terracon Consultants Inc. for 13 years to ensure compliance. Compliance involves performing monthly, quarterly, and annual monitoring activities and reporting to the Texas Commission of Environmental Quality annually.

Sanitation Services

The Department of Sanitation Services is responsible for ensuring that funds are available for post-closure activities. This means that the Department of Sanitation Services ensures that invoices are paid timely and sufficient funds are available annually and for future liability. The Department of Sanitation Services is not involved in verifying whether the City of Dallas maintains compliance with the Texas Commission on Environment Quality.

Office of Environmental Quality & Sustainability

The Office of Environmental Quality & Sustainability monitors the vendor's activities and is responsible for verifying that the vendor is delivering in accordance with compliance requirements. The Office of Environmental Quality & Sustainability is responsible for verifying that the monthly, quarterly, and annual monitoring activities are performed and reported timely to the Texas Commission of Environmental Quality. The Office of Environmental Quality & Sustainability must retain records to demonstrate compliance with the Texas Commission on Environment Quality about the status of landfill monitoring activities.

City Controller's Office

Per federal and state requirements, the City of Dallas must support post-closure activities and show financial assurance that these post-closure activities can be performed. Per the City of Dallas' Comprehensive Annual Financial Report 2019, the post-closure liability is estimated at \$4.7 million for landfill sites for the remainder of the compliance program. The City Controller's Office sets these financial liabilities.

Methodology

The audit methodology included: (1) interviewing personnel from the Department of Sanitation Services, Office of Environmental Quality & Sustainability, Office of Procurement Services, and the City Controller's Office; (2) reviewing policies and procedures, federal and state compliance requirements, applicable Administrative Directives, and best practices; and (3) performing various analyses and documents as needed to support conclusions. All five internal control components of the *Federal Internal Control Standards* were considered in this engagement.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Bob Smith, CPA – In-Charge Auditor
Mamatha Sparks, CIA, CISA, CRISC – Audit Manager

Appendix B: Management's Response

Memorandum



DATE: March 15, 2021
TO: Mark S. Swann, City Auditor
SUBJECT: Response to Audit of Landfill Closure and Post Closure Liability and Monitoring Expense

This letter acknowledges the City Manager's Office received the *Audit of Landfill Closure and Post Closure Liability and Monitoring Expense* and submitted responses to the recommendations in consultation with the Department of Sanitation Services and the Office of Environmental Quality & Sustainability.

The City recognizes the importance of effectively monitoring the City's contracts to ensure our residents and community receive value and quality service. While the Department of Sanitation Services and the Office of Environmental Quality & Sustainability perform significant vendor monitoring, there are opportunities to better document the monitoring activity.

To ensure consistent and effective contract monitoring across the City, the City developed and launched the Dallas Contracting Officer Representatives (D-COR) training program last year and has invested in more robust contract monitoring tools.

Additionally, the City is pleased with the efforts to transform the Deepwood landfill, an illegally operated private landfill turned over to the City in a federal judgement, into the 120 acre Trinity River Audubon Center. Restoration and on-going management efforts through the TCEQ Voluntary Cleanup Program have ensured protection of human health and the environment while providing an aesthetic landscape integrated with the Trinity River Audubon Center, AT&T Trail, and surrounding Great Trinity Forest.

Sincerely,



for
T.C. Broadnax
City Manager

"Our Product is Service"
Empathy | Ethics | Excellence | Equity

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
Moderate	We recommend the Director of the Department of Sanitation Services:			
	A.1: Complete quarterly reviews of the monthly invoice billings to the <i>Post Response Action Care Plan</i> statement of work details for accuracy, identify gaps between actual and estimates, and reconcile variances prior to payment.	Agree: Sanitation will compare monthly invoices to the Post Response Action Care Plan statement of work details quarterly to ensure accuracy, identify gaps between actual and estimates, and reconcile variances.	9/30/2021	6/30/2022
	A.2: Document delivery orders completely and accurately to reflect the <i>Post Response Action Care Plan</i> statement of work to ensure accountability.	Agree: Sanitation will document delivery orders completely and accurately to reflect the Post Response Action Care Plan statement of work.	9/30/2021	6/30/2022
	B.1: Consider rotating the vendor providing services using other pre-approved vendors in the master services agreement.	Agree: The City is in the process of soliciting vendors for inclusion on the pre-approved master services agreement. Sanitation will consider rotating vendors, in accordance with the City's procurement process, in its selection of a vendor or vendors to assist in ensuring environmental monitoring compliance for closed landfills.	3/31/2022	9/30/2022
	B.2: Develop internal procedures, in consultation with the Office of Environmental Quality & Sustainability, for accountability such as a checklist of routine activities that are expected from the vendor and from Office of Environmental Quality & Sustainability internal personnel for post-closure activities completion.	Agree: Sanitation will develop, in consultation with the Office of Environmental Quality & Sustainability, a checklist of routine activities and deliverables that are expected from the vendor and the Office of Environmental Quality & Sustainability for post closure activities completion.	9/30/2021	6/30/2022

Assessed Risk Rating	Recommendation		Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
Moderate	We recommend the Director of the Office of Environmental Quality & Sustainability:					
	B.3: Consider rotating the employee monitoring task to other employees to reduce familiarity and train additional employees on contract monitoring activities.	Agree:	The Office of Environmental Quality & Sustainability will consider rotating the employee monitoring task to other employees to reduce familiarity and train additional employees on contract monitoring activities.	9/30/2021	6/30/2022	
	B.4: Monitor the vendor's performance proactively through activities such as regular meetings, random site visits, or unscheduled audits of lab reports.	Agree:	The Office of Environmental Quality & Sustainability will monitor the vendor's performance proactively through activities such as regular meetings, random site visits, or unscheduled audits of lab reports.	9/30/2021	6/30/2022	

Released Reports - Quarter 3 (To date)

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Audit of Fuel Services Planning, Procurement, Deployment, and Delivery

April 16, 2021

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Adam Medrano

Deputy Mayor Pro Tem

B. Adam McGough

Council Members

Carolyn King Arnold

Tennell Atkins

Adam Bazaldua

Paula Blackmon

David Blewett

Jennifer S. Gates

Lee M. Kleinman

Cara Mendelsohn

Omar Narvaez

Jaime Resendez

Casey Thomas, II

Chad West



Executive Summary

Objective and Scope

The audit objective was to determine if the Department of Equipment and Fleet Management has adequate controls over fuel services. The scope of the audit primarily focused on compliance with fuel storage tank inspection requirements, fuel purchases, fuel deliveries, and inventory control.

The audit period covered transactions and management activities from October 1, 2018, to September 30, 2020.

What We Recommend

No recommendations were identified.

Background

The Department of Equipment and Fleet Management (EFM) is responsible for fuel operations, and related management systems and technology. The Department manages eight fueling stations with a total storage capacity of over 720,000 gallons. The fuel pumps at these eight stations are activated by a device called a Vehicle Identification Box (VIB) installed on most City-owned vehicles. The VIB authorizes the sale and creates a record of each transaction in Fleet Focus M5 software system.

The City has a master agreement with five fuel suppliers for the purchase of fuels based on Platts index rates. The average annual fuel usage is approximately 6.7 million gallons of unleaded gasoline, diesel fuel, and compressed natural gas. Total fuel expenditures for fiscal years 2019 and 2020 were \$14.1 million and \$11.5 million, respectively.

What We Found

The Department of Equipment and Fleet Management has adequate controls over fuel operations. In particular, the Department:

- Maintains a perpetual inventory system and performs month-end reconciliation between the fuel tank readings and the Fleet Focus M5 software system.
- Performs delivery reconciliations when receiving fuel at fuel stations.

In addition, the Department's staff:

- Reviews invoices for properly billed amounts and appropriately approves payments.
- Inspects the underground fuel storage tanks annually to comply with the State's inspection requirements.

Objectives and Conclusions

1. Does EFM have inventory controls to account for fuel purchases, receipts, usage, and inventory on-hand?

Yes. The Veeder-Root automatic tank gauge system provides real-time fuel inventory data. The Department reconciles the physical inventory of fuel to the records in the Fleet Focus M5 inventory system. The EFM fuel station on-site staff conduct daily inventory and document the results on the Daily Inventory Worksheets. At month-end, EFM staff reconcile fuel tank readings against the Fleet Focus M5 records to resolve the variance between the physical inventory and booked inventory.

2. Does EFM verify the amount of fuel received?

Yes. The Department performs fuel delivery reconciliation. The fuel station on-site staff perform fuel delivery reconciliation to verify the amount of fuel received and forward delivery documents to EFM management.

3. Does EFM track fuel purchases and verify correct invoiced amounts?

Yes. The Department maintains a fuel ordering and receiving log to track fuel purchases. The EFM staff verify that vendor invoices have correct per-gallon prices based on the Platts daily index prices. In addition, the fuel payments are reviewed and approved by appropriate supervisors.

4. Are fuel stations inspected and fueling activities monitored?

Yes. Fuel stations are inspected annually to meet the Texas Commission on Environmental Quality underground storage tank inspection requirements. Security cameras monitor the underground fuel tanks and fuel islands. The EFM technical support team utilizes the Fleet Focus M5 dashboard to monitor unusual activities such as high frequency of refueling.

Appendix A: Methodology

Methodology

To accomplish our audit objectives, we interviewed key personnel, reviewed applicable City and State compliance requirements, reviewed written policies and procedures, tested a random sample of fuel orders and payments, and reviewed monthly perpetual inventory control documentation. The risk of fraud, waste, and abuse was also considered. All five internal control components of the *Federal Internal Control Standards* were considered in this engagement.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Lee Chiang, CIA, CISA – In-Charge Auditor
Anatoli V. Douditski, CIA, MPA, ACDA – Audit Manager

Appendix B: Management's Response

Memorandum



DATE: April 14, 2021
TO: Mark S. Swann, City Auditor
SUBJECT: Response to Audit of Fuel Services Planning, Procurement, Deployment, and Delivery

This letter acknowledges the City Manager's Office and the Department of Equipment and Fleet Management received the *Audit of Fuel Services Planning, Procurement, Deployment, and Delivery*.

We would like to thank the Auditor for confirming proper controls are in place and performing as designed within the Department of Equipment and Fleet Management's fuel operations.

Sincerely,



T.C. Broadnax
City Manager

C: Kimberly Bizer Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Donzell Gipson, Director, Department of Equipment and Fleet Management

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Audit of the Interlocal Agreement for Public Health Services

May 14, 2021

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Adam Medrano

Deputy Mayor Pro Tem

B. Adam McGough

Council Members

Carolyn King Arnold

Tennell Atkins

Adam Bazaldua

Paula Blackmon

David Blewett

Jennifer S. Gates

Lee M. Kleinman

Cara Mendelsohn

Omar Narvaez

Jaime Resendez

Casey Thomas, II

Chad West



Executive Summary

Objective and Scope

The objectives of this audit were to determine if:

- The Interlocal Agreement is administered and monitored by the City to ensure compliance with the agreement requirements.
- The City wrote the Interlocal Agreement in the best interests of the City.

The scope of the audit included management operations during the term of the Interlocal Agreement, specifically from October 1, 2019, through March 31, 2021.

What We Recommend

No reportable recommendations were identified.

Background

The City of Dallas and Dallas County entered into the *Interlocal Agreement for Public Health Services* (Interlocal Agreement), for the Dallas County Health and Human Services Director (Health Authority) to act on behalf of the City as its health authority for the limited purposes stated in the Interlocal Agreement. The City's Director of the Office of Emergency Management administers the Interlocal Agreement and coordinates with the Health Authority on the Health Authority's duties and tasks. For the services to be provided by Dallas County, the City agreed to pay no more than \$20,000 during the two-year Interlocal Agreement term at \$10,000 per year.

In the event of a public health disaster involving the City, the City and Dallas County may act in a unified command structure in accordance with the Standard Operating Procedure, *Health Emergencies Unified Command* that is attached to the Interlocal Agreement. The purpose of the unified command is to ensure effective communication between the City and Dallas County, a coordinated response to a public health emergency and the efficient utilization of local, state, and federal resources and assistance.

What We Found

Focusing on the use of the Interlocal Agreement in response to the novel Coronavirus public health emergency, the Interlocal Agreement and specifically the Standard Operating Procedure, *Health Emergencies Unified Command*, the City administered and monitored the Interlocal Agreement to ensure compliance with the agreement requirements.

The Interlocal Agreement was written in the best interests of the City.

Objectives and Conclusions

1. Is the Interlocal Agreement administered and monitored by the City to ensure compliance with the agreement requirements?

Yes. In response to the the novel Coronavirus public health emergency, the Interlocal Agreement and specifically the Standard Operating Procedure, *Health Emergencies Unified Command*, the City administered and monitored the Interlocal Agreement to ensure compliance with the agreement requirements.

2. Did the City write the Interlocal Agreement in the best interests of the City.

Yes. The Interlocal Agreement was written in the best interests of the City.

Appendix A: Methodology

Methodology

To accomplish our audit objectives, we performed the following steps:

- Interviewed personnel from the City.
- Reviewed policies and procedures, federal and state compliance requirements, applicable Administrative Directives, and best practices guidance.
- Performed various analyses and reviewed documents as needed to support conclusions.
- Considered risk of fraud, waste, and abuse.
- Considered all five internal control components of the *Federal Internal Control Standards*.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Dapo Juba, MBA, CISA – Auditor

Jamie Renteria – Auditor

Shino Knowles, CPA – In-Charge Auditor

Rory Galter, CPA – Audit Manager

Appendix B: Management's Response

Memorandum

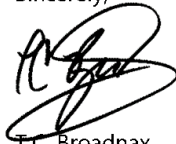


DATE: May 4, 2021
TO: Mark S. Swann, City Auditor
SUBJECT: Response to Audit of the Interlocal Agreement for Public Health Services

This letter acknowledges the City Manager's Office and the Office of Emergency Management received the *Audit of the Interlocal Agreement for Public Health Services*

We recognize the importance of ensuring that the interlocal agreements the City enters into are in the best interest of the residents of Dallas. Additionally, we understand it is essential to implement a robust contract monitoring program around each contract. We concur with the City Auditor's observation that the City administered and monitored the interlocal agreement to ensure compliance.

Sincerely,



T.C. Broadnax
City Manager

C: Kimberly Bizer Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Jon Fortune, Assistant City Manager
Rocky Vaz, Director, Office of Emergency Management

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Audit of Mobile Devices - Smartphones

May 14, 2021

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Adam Medrano

Deputy Mayor Pro Tem

B. Adam McGough

Council Members

Carolyn King Arnold

Tennell Atkins

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Chad West



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Executive Summary

Objective and Scope

The objectives of this audit were to determine if:

- Directives and guidance address smartphone usage and risk.
- Smartphones are:
 - Justified for use and formally approved prior to issuance.
 - Physically secured on-site and when held by individuals.
 - Configured to mitigate common threats and vulnerabilities.
 - Monitored through a centralized mobile device management system.
- Smartphone charges are verified and reviewed for reasonableness.

The scope of the audit was smartphone usage from June 2020 to March 2021.

What We Recommend

- Update management directives and governance to reflect emerging risks with the use of smartphones.
- Establish minimum default configuration requirements for smartphones.
- Implement a mobile device management system to validate smartphone configurations.
- Develop easy-to-do monitoring and inventory procedures.

Background

The City of Dallas uses a myriad of mobile devices in daily operations and smartphones were chosen as the mobile device for consideration. Smartphones are approved and paid for by the City of Dallas either as *City Owned* or *City Approved* (Bring Your Own Device) as reimbursement through paycheck. For the fiscal years 2019 and 2020, the cost for *City Owned* smartphones was approximately \$6,670,000 and *City Approved* (Bring Your Own Device) reimbursements were approximately \$859,000.

Smartphone program, provisioning and lifecycle management is decentralized.

What We Found

Opportunities exist to improve smartphone governance, security, and user management. Specifically,

- Improvements are needed to monitor management's expectations for smartphone usage and limiting potential privacy and data breach vulnerabilities.
- Approval and justification processes are dependent upon each department's procedure, and each department's phone coordinator executes based on their understanding.
- Smartphones are generally issued out of the box with no modifications or restrictions on applications installed, hardware usage, installation of anti-virus or anti-malware agents, disabling Bluetooth services, or remote disabling features.
- Billing accuracy reasonableness is difficult to determine because the billing process is separate from the activation/ordering process.

Objectives and Conclusions

1. Do the City of Dallas' directives and guidance address smartphone usage and risk?

Generally, yes. Administrative Directive 4-08, *Mobile Telephone Services* (last effective date March 1, 2004) and *ITS Enterprise Security Standard* (next review date 10/1/2019), which establish the design elements for the smartphone program's execution, are mostly complete. Improvements are needed to monitor management's expectations for smartphone usage and limit potential privacy and data breach vulnerabilities associated with smartphones. See [Observation A](#).

2. Are smartphones justified for use and formally approved prior to issuance?

Generally, yes. The process for smartphone approvals and justification is partially achieved. Justification is sometimes documented, and approvals come in various formats: verbally, via email, or internal department form. See [Observation C](#).

3. Are smartphones physically secured on-site and when held by individuals?

Generally, no. Guidance for smartphones on-premises physical security does not exist and off-site physical security is difficult to determine. Departments handle off-site physical security and reporting of stolen smartphones differently, making it difficult for off-site physical security. See [Observation B](#).

4. Are smartphones configured to mitigate common threats and vulnerabilities?

No. Smartphones are generally issued out of the box with no modifications or restrictions on applications installed, hardware usage installation of anti-virus or anti-malware agents, disabling Bluetooth services, or remote disabling features. See [Observation A](#).

5. Is smartphone usage monitored through a centralized mobile device management system to validate compliance with City of Dallas approved configurations for applications, operating systems, and patch fixes?

No. The City of Dallas has not configured smartphones with centralized mobile device management agents. See [Observation A](#).

6. Are smartphone charges verified and reviewed for reasonableness?

Indeterminable. Billing accuracy reasonableness was difficult to determine because the billing process is separate from the activation/ordering process. While the phone coordinators are responsible for initiating a request and activating a phone, they are often not the person who receive the bills. See [Observation C](#).

Audit Results

As required by *City Council Resolution 88-3428*, departments will establish internal controls in accordance with the standards established by the Comptroller General of the United States pursuant to the *Federal Managers' Financial Integrity Act of 1982*. Administrative Directive 4-09, *Internal Control* prescribes the policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Smartphone Design, Enforcement, and Configuration

The smartphone program's design, enforcement, and configuration does not facilitate monitoring of management's expectations for smartphone usage and limiting potential privacy and data breach vulnerabilities associated with smartphones. As a result, management may unknowingly support multiple payment methods for a single user's smartphone or foster existing data security vulnerabilities.

Design

Administrative Directive 4-08, *Mobile Telephone Services* allows individuals to use smartphones for City of Dallas business activities in two methods. These methods are executed independently of each other without procedures to determine if users participate in both methods. For instance, an employee can obtain smartphones as follows:

- *City Owned*: Employees can obtain smartphone devices and related plans upon approval and authorization, and all user activity is billed directly to the City of Dallas. The purchase, activation, and billing process are executed solely by department management and is referred to as *City Owned*.
- *City Approved (Bring Your Own Device)*: Employees can also use their smartphones and receive a reimbursement/ allowance through their paycheck. This process involves the employee's department supervisor, the City Controller's Office, and the Payroll Division and is referred to as *City Approved* and works similar to a "Bring Your Own Device" program.

Smartphones are approved by department management in both methods and the approval and justification process may not confirm that employees assigned a *City Owned* smartphone are not receiving a *City Approved* payroll allowance simultaneously (see [Observation C](#)). Since *City Owned* smartphones are allocated to a department and *City Approved* are managed by the Payroll Division without the department's purview, an employee could participate in both methods.

Verification of the Verizon smartphone listing against the Workday inventory demonstrated that 60 of the 768 *City Approved* personnel also had devices and accounts as *City Owned*. The average cost per month of a smartphone plan is \$42 and this could mean the cost for the 60 accounts is \$30,240 annually. (\$42 x 60 x 12).

Enforcement

Administrative Directive 4-08, *Mobile Telephone Services*, which establishes the design elements for smartphone program's execution, and the *ITS Enterprise Security Standard*, which is used to carry out these responsibilities, are mostly complete but not consistently enforced.

For instance, Administrative Directive 4-08, *Mobile Telephone Services, Section 5.1* states: "...*The City will only provide cell phones which will be shared by two or more employees, any cell phone assigned to one employee will only be allowed via cell phone allowance program regardless of use.*" This requirement does not match actual practices. As of September 2020, there were approximately 3,400 devices identified as payments for smartphones. With 13,000 employees across the City, the Verizon contract accounts for 26 percent (3,400/13,000) of smartphones in use. The number of smartphones on the AT&T Wireless or FirstNet contract could not be obtained to validate the total number of smartphones in use.

Additionally, Administrative Directive 4-08, *Mobile Telephone Services* and the *ITS Enterprise Security Standard* do not include current security elements for an effective smartphone program. Refer to [Exhibit 1](#) on page 5 to identify threats and vulnerabilities that can be mitigated through the use of available technology features or additional direction on usage of smartphones.

Finally, although the *City Approved* process works like a "Bring Your Own Device" program, the City does not have a Bring Your Own Device policy regulating security and usage of *City Approved* smartphones. *City Approved* smartphones do not currently follow the same security requirements as *City Owned* devices. Refer to [Exhibit 1](#) on Page 5 for further details on missing elements.

Exhibit 1:

Table 1 – Threats and Vulnerabilities

Threats and Vulnerabilities	Administrative Directive 4-08, <i>Mobile Telephone Services</i> does not:	ITS Enterprise Security Standard does not:
Untrusted Applications, Network, and Content	Specify the type of information employees can access from their smartphones. ¹	Specify the type of information that can be accessed, stored, or transmitted.
	Address risks of downloading unapproved applications, using hardware on smartphones, and using untrusted networks and contents.	Establish rules for downloading unapproved applications, use of hardware, use of untrusted networks, and contents.
Physical Security Weakness	Enforce authentication protocols and establish a specific timeframe for reporting lost, stolen, or damaged smartphones used for City business.	Require minimum authentication protocols. The <i>ITS Enterprise Security Standard</i> suggests controls, but they are not required.
	Apply remote wiping/locking of smartphones to all smartphones.	Enforce patching of operating systems.
Improper Provisioning, Management, and Deletion	Address limits of personal usage on a device. ¹	Enforce the approval, justification, and acceptable use of smartphones before issuance through the <i>Mobile Consent Use Form</i> , <i>Cell Phone Allowance Authorization Form</i> , and confirmation of usage requirements.
Inconsistent Standardization	Specify the types of devices, the security requirements, enrollment/registration of <i>City Owned</i> and <i>City Approved</i> devices for consistent enforcement.	Specify the types of devices, security requirements, enrollment/registration of <i>City Owned</i> and <i>City Approved</i> devices to encourage standardization for consistent and improved monitoring.

Sources: Administrative Directive 4-08, *Mobile Telephone Services*; ITS Enterprise Security Standard, Section 21, *General Policy for Mobile Computing Devices*

Configuration

Smartphones are generally issued out of the box with no modifications or restrictions on applications installed, hardware usage installation of anti-virus or anti-malware agents, disabling Bluetooth services, or remote disabling features. Furthermore, the City of Dallas has not configured smartphones with centralized mobile device management agents to validate compliance with City of Dallas approved configurations for applications, operating systems, and patch fixes.

¹ **References:** Dallas City Code, Chapter 34, Personnel Rules, Section 34-36, *Rules of Conduct (b) (9) (C)* and Administrative Directive 2-33, *Acceptable Use of City Provided E-Mail and Internet Services*.

A compensating control is the Department of Information and Technology Services provides annual training to all employees regarding cybersecurity risk; however, the frequency of this training might not sufficiently compensate for the configuration limitations.

Criteria

- ❖ National Institute of Standards and Technology 800-124, *Guidelines for Managing the Security of Mobile Devices in the Enterprise*
- ❖ Administrative Directive 4-08, *Mobile Telephone Services*
- ❖ ITS Enterprise Security Standard, Section 21, *General Policy for Mobile Computing Devices*
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 - Control Activities*

Assessed Risk Rating:

High

We recommend the **Director of the Department of Information and Technology Services**:

A.1: Update the smartphone program to consider centralized governance of cost evaluation, work improvement benefits through continued use of smartphones (e.g., improved efficiency, faster response to problems), and justification of smartphone usage at the department or employee level (e.g., role, position, business need).

A.2: Revise Administrative Directive 4-08, *Mobile Telephone Services* to include centralized governance of elements listed in [Exhibit 1](#) and any additional due diligence requirements to demonstrate City of Dallas' accountability of smartphone program.

A.3: Formalize the *City Approved* process as a Bring Your Own Device policy and reinforce management's expectations through Administrative Directive 4-08, *Mobile Telephone Services* and the *ITS Enterprise Security Standard*. If necessary, a separate policy should be created to provide clarity to employees and ensure consistent execution.

A.4: Revise the *ITS Enterprise Security Standard* to address daily execution and administration of smartphone device management including monitoring for privacy and security breaches.

A.5 Establish minimum default configuration requirements for smartphones before issuance for both *City Owned* and *City Approved* devices.

A.6: Implement a centralized mobile device management system that incorporates enterprise ID to validate compliance with smartphone configurations for *City Owned* and *City Approved* devices.

A.7: Consider additional training needs based on employees' smartphone program roles and responsibilities.

Observation B: Lifecycle Management

Smartphone procurement, inventory management, physical security, and disposition processes need to improve. Without additional attention, governance of the smartphone program may be diminished.

Procurement

The City of Dallas has several smartphone contracts, and these contracts are not governed to support cost efficiency, transparency, and consistency. Specifically:

- Cost efficiency: There are eight smartphone contracts with approved contract values of \$14,155,298 distributed across the Department of Information and Technology Services, Dallas Water Utilities, Library, and City Attorney's Office. Not all of them are managed by the Department of Information and Technology Services. Therefore, the ability to negotiate a low cost for smartphone procurement is diminished.
- Consistency: Three contracts are providing similar cellular devices and programs. The contracts do not stipulate which cell phone plans, accessories, or optional services (hotspots) apply to the City of Dallas or individual departments, making it difficult to determine which pricing factor will be used for invoice verification. Without an established pricing index, the City cannot hold the vendor or user accountable, and excessive charges will go undetected or ignored for extended periods.

Inventory

A central inventory of smartphones is not available. The Department of Information and Technology Services relies on the vendors Verizon, AT&T Wireless Communication, and FirstNet to track inventory details such as username, assigned phone number, city personnel contact information, and type of device. An analysis of all the Verizon inventory as of September 2020 showed the following:

- 477, or 14 percent of the cell phone accounts have generic names such as *SECURITY PH#4*, *Spare*, and *VACANT OSE LINE*.
- 224, or 6 percent have duplicate user assignments.
- 1,621, or 47 percent are for emergency-related departments. According to the Department of Information Technology and Services, all emergency-related departments must be on the FirstNet contract and emergency network. The Dallas Police Department, Department of Dallas Fire-Rescue, Office of Emergency Management, and the Department of Information and Technology Services were identified as emergency-related departments.

Further review of a random sample of 25 accounts on the Verizon September 2020 listing demonstrated that:

- Nine of the contact email addresses are not current, as these employees no longer serve as phone coordinators.

- Eight additional accounts have the same person but with two different email addresses.
- Three of the usernames are generic accounts. The Department of Information and Technology Services provided information for one of the three generic accounts. The generic account *COVID19 ISSUE 21* has 50 smartphones purchased as spare inventory for the Dallas Police Department.

Physical Security

Guidance for smartphones on-premises physical security does not exist and off-site physical security is difficult to determine. Each phone coordinator can store up to ten new smartphones for immediate use and may receive additional smartphones for safekeeping. The physical security of devices on-site may not be ideal due to limited options for the phone coordinator. Also, departments may handle the off-site physical security and reporting of stolen smartphones differently, making it difficult for off-site physical security.

Disposal

Smartphone scrubbing and/or destruction is not in place. There are no procedures that dictate the baseline for data scrubbing and destruction of chips for certain departments/users of smartphones. This procedural weakness could allow malicious insiders to obtain unauthorized information.

Criteria

- ❖ National Institute of Standards and Technology 800-124, *Guidelines for Managing the Security of Mobile Devices in the Enterprise*
- ❖ Administrative Directive 4-08, *Mobile Telephone Services*
- ❖ Administrative Directive 4-05, Contracting Standards and Procedures (Interim), *Section 15.4.1*.
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

Assessed Risk Rating:

High

We recommend the **Director of the Department of Information and Technology Services:**

- B.1:** Consider centralized governance of procurement of smartphones to support cost efficiency, transparency, and consistency.
- B.2:** Implement a mobile device management system which would incorporate the use of an enterprise ID to manage inventory, provide continuous monitoring, and enable emergency shut down for device as deemed necessary.

B.3: Minimize on-site storage locations for smartphones to ensure physical security till they are issued, stored for emergencies, or readied for disposal or destruction.

B.4: Conduct physical security inventories of smartphones at least annually or on a rotating basis.

B.5: Establish destruction procedures for smartphones.

Observation C: User Management

Procedures for approval, justification, deletion, and monitoring of user accounts are not consistently performed. Thus, making it difficult to hold employees accountable if violations of procedures occur.

Justification, Approval, and Deletion

The process for smartphone approvals and justification is partially achieved. Justification is sometimes documented, and approvals come in various formats: verbally, via email, or internal department form.

A random sample of 25 personnel smartphone requests determined that 14 requests were not justified for use. Approvals for the same 25 personnel showed that:

- Fifteen requests for approval were not supported with documentation.
- Eight requests had a form but it was not the form subscribed by Administrative Directive 4-08, *Mobile Telephone Services*.
- One approval was completed through email, and supporting documentation was not available.
- One approval was completed retroactively after the issuance of the smartphone.

A complete population review of all smartphone accounts as of September 2020 identified 174 accounts are associated with employees who are no longer with the City. The City of Dallas is paying on average \$42 per account and these accounts are estimated to cost \$87,700 annually (\$42 x 174 x 12).

Invoice Verification

Billing accuracy reasonableness was difficult to determine because the billing process is separate from the activation/ordering process. While the phone coordinators are responsible for initiating a request and activating a phone, they are often not the person who receive the bills. The bills are sent to other financial coordinators who do not know whether the ordered product and billing amounts match.

Monitoring

Annual reviews of smartphones to verify current device assignments are not performed consistently. A survey of six phone coordinators indicated limited monthly reviews are completed, but the reviews are not similar. Some reviews are focused on excessive usage, and other reviews are focused on the number of accounts. Some are knowledge-based on who should be removed from the list of accounts.

Criteria

- ❖ Administrative Directive 4-08, *Mobile Telephone Services*
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **Director of the Department of Information and Technology Services:**

C1: Ensure an appropriate level of management reviews the approval and justification for smartphone requests before issuance.

C.2: Develop easy-to-do monitoring procedures that phone coordinators can complete to provide a minimum level of assurance of user accounts through a combination of user access reviews related to provisioning, re-provisioning, and the deletion of user accounts (e.g., checklists, unscheduled reviews with the help of the Department of Information and Technology Services).

Appendix A: Background and Methodology

Background

Mobile device is a broad term, and the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-124, Section 2.1, *Defining Mobile Device Characteristics* defines mobile devices as:

- Small form factors.
- One/more wireless network interface(s) for network access (Wi-Fi, cellular networking).
- Non-removable data storage.
- An operating system that is not a full-fledged desktop or laptop operating system.
- Applications are available through multiple methods (web browser, downloads, or installation).

Other characteristics of mobile devices include network services (Bluetooth), Global Positioning Systems (GPS), digital cameras/video recording, microphones, built-in features, and storage.

The primary threats and risks to mobile devices are: (1) lack of physical security controls; (2) use of untrusted mobile devices; (3) use of untrusted networks; (4) use of untrusted applications; and, (5) use of untrusted content. Examples of threats include social engineering attacks such as eavesdropping and shoulder surfing. Other threats are more pervasive: sharing files using Bluetooth, browsing/clicking on the incorrect links, or storing inappropriate content on the mobile device.

Smartphones

The City of Dallas uses mobile devices in various formats, and the characterization of a mobile device can vary across departments, functions, and processes. The list below shows some of the breadth of devices in use:

- Dallas Police Department has e-citation readers.
- Sustainable Development uses iPads for compliance and building specifications.
- Employees and Executives who use cellular devices.
- Dallas Water Utilities has water meter readers.
- Office of Emergency Management has smartphone emergency kits.

Each device provides different services and is designed to meet different activities. To narrow the scope of the audit, the auditor chose cellular devices (smartphones.) Smartphones are ubiquitous in the City of Dallas and can be readily accessed and reviewed.

Design and Structure

The smartphone program is decentralized. Employees can obtain smartphones upon approval and authorization from the City of Dallas and are referred to as *City Owned*. All user activity from *City Owned* smartphones will be billed directly to the City of Dallas. The process of smartphone purchase, activation, and billing is completed solely by the department and its assigned personnel.

Employees can also use their smartphones and receive a reimbursement/allowance through their paycheck. The smartphone allowance process involves the employee's department supervisors, the City Controller's Office, and the Payroll Division. This process is referred to as *City Approved* and works similar to a "Bring Your Own Device" program.

The City of Dallas has eight contracts for cellular devices procurement and relies on the vendor(s) to provide an inventory of smartphones in use. The City of Dallas does not track smartphones in use or available for use. The Department of Information Technology Services estimates that approximately 13,000 devices and related plans are in use.

Operations

The smartphone approval and justification process are dependent upon each department's procedures. As smartphones are provided, each smartphone is equipped with Microsoft Outlook and Workday mobile applications. The employee is asked to acknowledge that the smartphones will not be misused, and internet safety will be followed. There is a recognition that Open Records does apply. The City of Dallas allows employees to use public Wi-Fi and networks and places no Bluetooth technology restrictions. Users can activate and employ basic authentication procedures.

Each department has a phone coordinator responsible for ordering smartphones and delivering them to end-users, activating the smartphones, and disposal of smartphones (e-cycling). Physical security of smartphones on-premises is dependent on the physical location and available physical security measures to the phone coordinator. Financial coordinators of each department complete verification.

Methodology

The audit methodology included: (1) interviewing personnel from the Department of Information and Technology Services and other City departments; (2) reviewing policies and procedures, applicable Administrative Directives, and best practices; and (3) performing various analyses, including benchmarking invoice analysis. All five internal control components of the *Federal Internal Control Standards* were considered in this engagement.

The following documents formed the basis for the audit program's nature and profile, internal controls assessment, and further testing of fieldwork.

- ❖ Administrative Directive 4-08, *Mobile Telephone Services*
- ❖ ITS Enterprise Standard, Section 21, *General Policy for Mobile Computing Devices*

- ❖ Administrative Directive 4-05, *Contracting Standards and Procedures (Interim)*
- ❖ Government Accountability Office Report to Congressional Committee 12-757, *Information Security Better Implementation of Controls for Mobile Devices Should be Encouraged*
- ❖ National Institute of Standards and Technology (NIST) Special Publication (SP) 800-124, *Guidelines for Managing the Security of Mobile Devices in the Enterprise*

The primary testing methodologies for the selected objectives (see above) include confirmation, verification, review of policies and documents. Additionally:

- Analyzing the population of users from different vendors to determine duplicates, generic and multiple users.
- Reviewing a sample of invoices for select employees for accuracy in billing.
- Comparing stipend users with purchases for duplication.
- Reviewing the department procedures for annual reviews.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Bob Smith, CPA, ISA – In-Charge Auditor
Mamatha Sparks, CISA, CRISC, CIA, ISA, – Audit Manager

Appendix B: Management's Response

Memorandum



DATE: May 14, 2021
TO: Mark S. Swann, City Auditor
SUBJECT: Response to Audit of Mobile Devices - Smartphones

This letter acknowledges the City Manager's Office received the *Audit of Mobile Devices - Smartphones* and submitted responses to the recommendations in consultation with the Department of Information and Technology Services.

We recognize the importance of maintaining controls over the security and management of smartphones. We concur with the City Auditor's observations that the City provides guidance on smartphone usage and risk, and that smartphones are justified and formally approved prior to issuance.

Additionally, we agree there are opportunities to further align the City's controls over smartphones with industry best practices. To improve the management of smartphones, ITS agrees to:

- Consider centralized governance over the City's smartphone program; and
- Further strengthen City directives and policies related to the procurement and security of smartphones.

However, ITS is unable to agree at this time to four recommendations that require unbudgeted funds to implement. ITS will further research the feasibility of acquiring the tools necessary to successfully implement the recommendations. Additionally, ITS will accept the risk associated with minimizing on-site storage locations for smartphones.

Sincerely,



T.C. Broadnax
City Manager

C: Kimberly Bizer Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
William Zielinski, Director, Information & Technology Services

"Our Product is Service"
Empathy | Ethics | Excellence | Equity

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
High	We recommend the Director of the Department of Information and Technology Services:				
	A.1: Update the smartphone program to consider centralized governance of cost evaluation, work improvement benefits through continued use of smartphones (e.g., improved efficiency, faster response to problems), and justification of smartphone usage at the department or employee level (e.g., role, position, business need).	Agree:	The ITS Department shall update and address through AD 4-08 the need and provisioning of smartphones and mobile devices based upon the guidelines, any regulatory compliance need, and security access controls. ITS shall include the centralization of the managed ID to address governance. In addition, ITS shall evaluate the governance of cost evaluation and work improvements, with those document evaluations added to the procedures based upon management approval.	12/31/22	09/30/23
	A.2: Revise Administrative Directive 4-08, <i>Mobile Telephone Services</i> to include centralized governance of elements listed in Exhibit 1 and any additional due diligence requirements to demonstrate City of Dallas' accountability of smartphone program.	Agree:	The ITS Department shall work with the other appropriate departments, including Budget and Management Services and the Office of Procurement Services to clarify within AD 4-08 the procurement directives for mobile devices. This shall include removal of any security directives from AD 4-08 and place those within the security standards. The revisions to the security standards will address the issues identified within Exhibit 1.	12/31/22	09/30/23

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
	A.3: Formalize the <i>City Approved</i> process as a Bring Your Own Device policy and reinforce management's expectations through Administrative Directive 4-08, <i>Mobile Telephone Services</i> and the <i>ITS Enterprise Security Standard</i> . If necessary, a separate policy should be created to provide clarity to employees and ensure consistent execution.	Agree:	The ITS Department shall add a component within the AD 2-24 to specifically address Bring Your Own Device (BYOD), including drafting BYOD standards that will need to be maintained for the BYOD & City owned devices city data may reside upon.	12/31/22	9/30/23
	A.4: Revise the ITS Enterprise Security Standard to address daily execution and administration of smartphone device management including monitoring for privacy and security breaches.	Accept Risk:	<p>The ITS Department agrees in principle to the recommendation, but is unable to agree at this time due to the unbudgeted expenses associated with a Mobile Device Management (MDM) system, necessary for the effective implementation of the recommendation.</p> <p>The ITS Department shall include reference within the Information Security Standard (ISS) to specific standards for the addition of BYOD and the management of data. Additionally, the ITS Department will seek funding for an MDM system and update the ISS to address monitoring activity on BYOD and City-owned devices.</p>	N/A	N/A
	A.5: Establish minimum default configuration requirements for smartphones before issuance for both <i>City Owned</i> and <i>City Approved</i> devices.	Agree:	ITS Security & Compliance Services shall draft MDM Standards to cover City-owned devices and BYOD minimum standards to maintain City data and use on those devices.	09/30/23	6/01/24

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
	A.6: Implement a centralized mobile device management system that incorporates enterprise ID to validate compliance with smartphone configurations for both <i>City Owned</i> and <i>City Approved</i> devices.	Accept Risk:	The ITS Department agrees in principle to the recommendation, but is unable to agree at this time due to the unbudgeted expenses associated with an MDM system, necessary for the effective implementation of the recommendation. Subject to funding, ITS shall evaluate MDM platforms to address the controls on City owned and BYOD data use within those devices. ITS will work with the Office of Budget and Procurement to evaluate those platforms for budget and necessary procurement.	N/A	N/A
	A.7: Consider additional training needs based on employees' smartphone program roles and responsibilities.	Agree:	ITS shall consider additional trainings to assign those users that are allowed BYOD and City owned devices to better address security and compliance with City data existing in on those devices.	09/30/22	09/30/23
High	We recommend the Director of the Department of Information and Technology Services:				
	B.1: Consider centralized governance of procurement of smartphones to support cost efficiency, transparency, and consistency.	Agree:	ITS shall consider and evaluate the centralization of management of mobile device procurement for cost efficiency, transparency, and consistency.	12/31/22	9/30/23

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
	B.2: Implement a mobile device management system which would incorporate the use of an enterprise ID to manage inventory, provide continuous monitoring, and enable emergency shut down for device as deemed necessary.	Accept Risk:	The ITS Department agrees in principle to the recommendation, but is unable to agree at this time due to the unbudgeted expenses associated with an MDM system, necessary for the effective implementation of the recommendation. Subject to funding, ITS shall create a centralized Enterprise ID to manage the device that will be used within the MDM solution for management and reclamation, including disablement of City-owned devices and the ability to reclaim City data after separation of employment in BYOD data use.	N/A	N/A
	B.3: Minimize on-site storage locations for smartphones to ensure physical security till they are issued, stored for emergencies, or readied for disposal or destruction.	Accept Risk:	ITS shall review the current physical storage and attempt to minimize storage locations, including following Recommendation B4 and B5, for all areas.	N/A	N/A
	B.4: Conduct physical security inventories of smartphones at least annually or on a rotating basis.	Agree:	ITS shall develop and implement a Standard Operating Procedure for physical inventory evaluation and management.	12/31/22	9/30/23
	B.5: Establish destruction procedures for smartphones.	Agree:	ITS shall develop and implement a Standard Operating Procedure for physical inventory evaluation and the destruction of City-owned mobile devices	3/31/23	9/30/23
Moderate	We recommend the Director of the Department of Information and Technology Services:				
	C.1: Ensure an appropriate level of management reviews the approval and justification for smartphone requests before issuance.	Agree:	As stated above in A.1, ITS shall evaluate the and include the appropriate management approval based upon justification documented in the AD 4-08, with any exceptions identified and documented.	12/31/22	9/30/23

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
	C.2: Develop easy-to-do monitoring procedures that phone coordinators can complete to provide a minimum level of assurance of user accounts through a combination of user access reviews related to provisioning, re-provisioning, and the deletion of user accounts (e.g., checklists, unscheduled reviews with the help of the Department of Information and Technology Services).	Accept Risk:	<p>The ITS Department agrees in principle to the recommendation, but is unable to agree at this time due to the unbudgeted expenses associated with an MDM system, necessary for the efficient implementation of the recommendation.</p> <p>ITS shall develop an easy-to-do monitoring subsequent to implementation of an MDM solution to allow phone coordinators the ability to perform deprovision, deletion of users, and data reclamation, allowing the secure re-provisioning or decommission of a device.</p>	N/A	N/A

Office of the City Auditor

FISCAL YEAR 2021 – QUARTER 2 UPDATE: JANUARY 1 – MARCH 31, 2021

Page 1

REPORTS ISSUED

During Quarter 2 the Office of the City Auditor released the following six reports (click on the hyperlinks below for the full report):

- [Audit of the TexasCityServices, LLC Contract](#)
- [Audit of Department of Information and Technology Services' AT&T Datacomm LLC Contract Monitoring Process](#)
- [Audit of the Department of Aviation's Noise Abatement Program](#)
- [Audit of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act – Interim Report 01](#)
- [Audit of Police Property and Evidence](#)
- [Audit of Landfill Closure and Post Closure Liability and Monitoring Expense](#)

MANAGEMENT AGREEMENT

One of the performance measures for the Office of the City Auditor is to add value by achieving over 90 percent agreement to audit recommendations.

In Quarter 2, the Office of the City Auditor achieved agreement to 88 percent of audit recommendations (see [Exhibit 2](#) on page 2).

PROJECTS IN PROGRESS

19 Projects are in progress. Audits already released or on the horizon for release in Quarter 3 of Fiscal Year 2021 include:

- [Audit of Fuel Services Planning, Procurement, Deployment, and Delivery](#)
- [Audit of Mobile Devices - Smartphones](#)
- [Audit of Census 2020 Interlocal Agreement with Dallas County](#)
- [Audit of City Boards and Commissions](#)
- [Audit of the Interlocal Agreement for Public Health Services](#)

INVESTIGATIVE SERVICES

Exhibit 1:

Fraud, Waste, and Abuse Speak Up Line Alerts			
Quarter	Received	Closed	Outstanding
1	25	25	35
2	39	28	43
Total:	64	53	43*

In Quarter 2 Investigative Services closed 28 complaints. Of those closed, one was substantiated.

*Not all previously outstanding cases remain outstanding. 43 total cases were outstanding as of March 31, 2021.

6

Reports Issued

88%

Management Agreement
to Recommendations

19

Projects In Progress

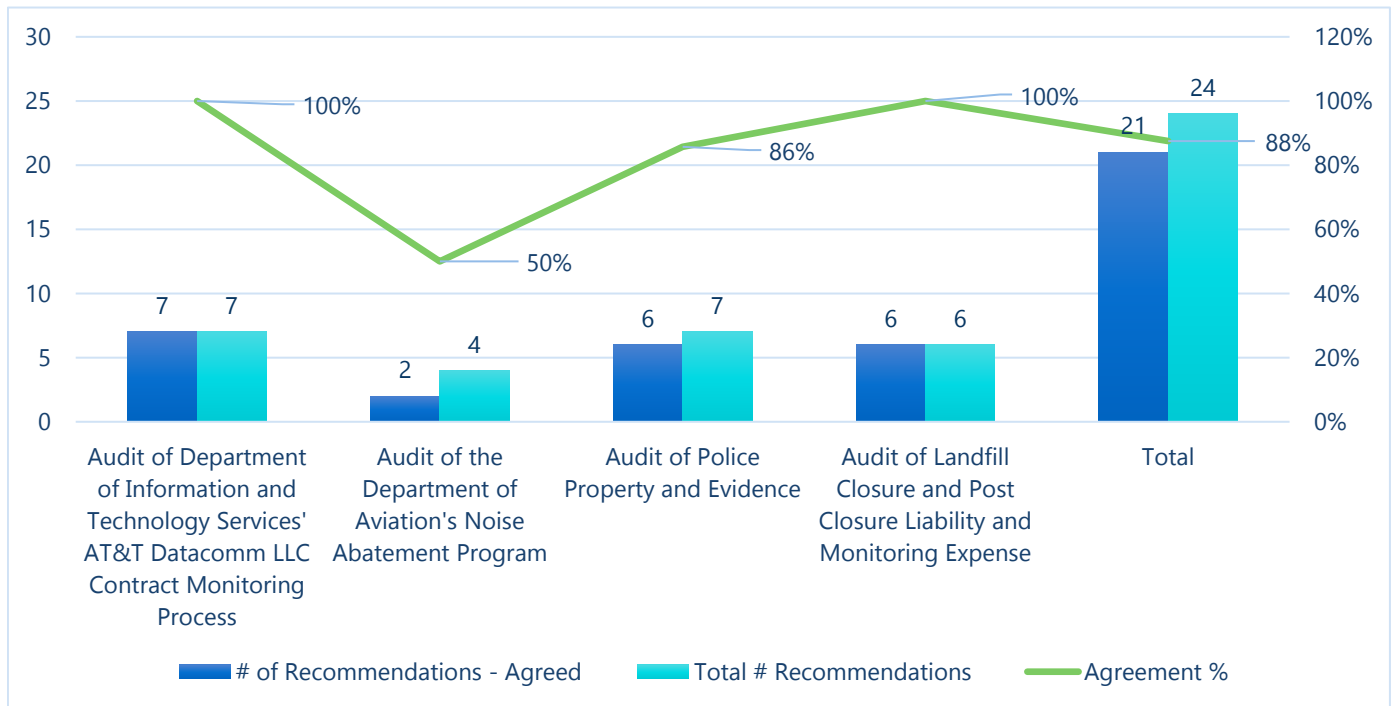
Office of the City Auditor

FISCAL YEAR 2021 – QUARTER 2 UPDATE: JANUARY 1 – MARCH 31, 2021

Page 2

MANAGEMENT AGREEMENT

Exhibit 2:



Note: Two of six reports were not included in Exhibit 2 as there were no recommendations associated with these reports:

- [Audit of the TexasCityServices, LLC Contract](#)
- [Audit of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act – Interim Report 01](#)

6

Reports Issued

88%

Management Agreement
to Recommendations

19








Projects In Progress

APPENDIX A: PROJECTS OVERVIEW

[Exhibit 3](#) provides an overview of management's agreement to recommendations for reports released to date, and [Exhibit 4](#) shows the current project status for pending and upcoming audit engagements.

Exhibit 3:

City Management's Agreement to Implement Audit Recommendations

Quarter Issued	#	Audit Plan Year October 2020 to September 2021	Release Date	No. Recommendations	No. Management Agreed to Implement	Agreement %
1	1	 Audit of the Dallas County Motor Vehicle Child Safety Fee	October 26, 2020	0	N/A	N/A
2	2	 Audit of the TexasCityServices, LLC Contract	January 15, 2021	0	N/A	N/A
2	3	 Audit of Department of Information and Technology Services' AT&T Datacomm LLC Contract Monitoring Process	February 4, 2021	7	7	100
2	4	 Audit of the Department of Aviation's Noise Abatement Program	March 2, 2021	4	2	50
2	5	 Audit of the Coronavirus Aid, Relief, and Economic Security (CARES) Act – Interim Report 01	March 4, 2021	0	N/A	N/A
2	6	 Audit of Police Property and Evidence	March 11, 2021	7	6	86
2	7	 Audit of Landfill Closure and Post Closure Liability and Monitoring Expense	March 17, 2021	6	6	100


Quarter Issued	#	Audit Plan Year October 2020 to September 2021	Release Date	No. Recommendations	No. Management Agreed to Implement	Agreement %
3	8	 Audit of Fuel Services Planning, Procurement, Deployment, and Delivery	April 16, 2021	0	N/A	N/A
Running Total (Q1-Q3):				24	21	88

Exhibit 4:

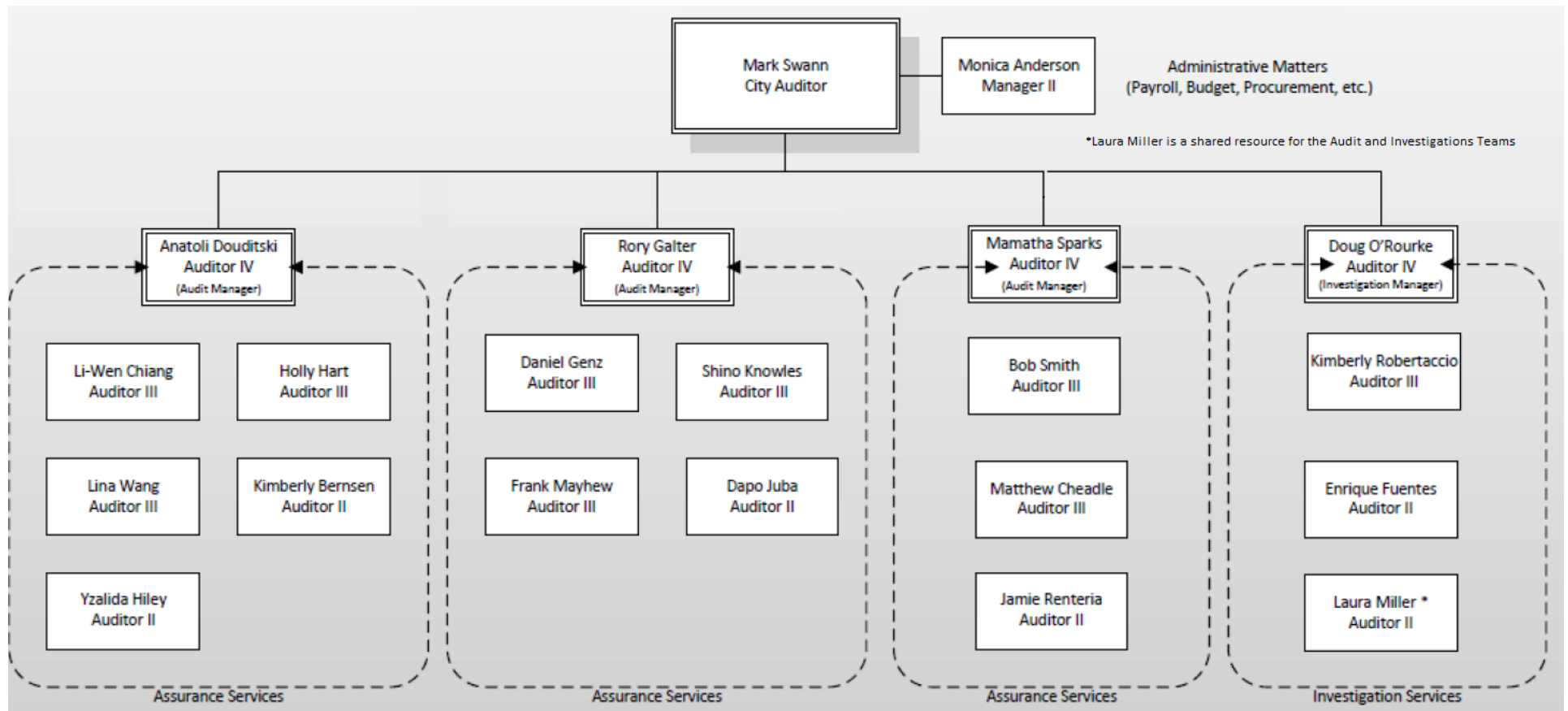
Audit Reporting Updates

#	Audit Plan Year October 2020 to September 2021	Planning	Field-work	Report	Report Phase		
					Draft	City Official	Final
Engagements In Progress							
1	Department of Dallas Water Utilities – Stormwater Billing Calculations		✓				
2	Mayor and City Council Office – City Advisory Boards and Commissions			✓	Apr-21		
3	City Controller's Office – Investment Pool Management		✓				
4	Office of Community Care – Senior Services		✓				
5	Department of Public Works – Road Paving		✓				

#	Audit Plan Year October 2020 to September 2021	Planning	Field-work	Report	Report Phase		
					Draft	City Official	Final
Engagements In Progress							
6	Department of Transportation – Traffic Controls and Maintenance		✓				
7	Department of Information and Technology Services – Mobile Devices			✓	Mar-21	Apr-21	
8	Office of Emergency Management – Memorandum of Understanding with Dallas County Health Agency			✓	Apr-21		
9	Franchise Fees Reviews (Ongoing)		✓				
10	Sales and Use Tax Compliance Review (Ongoing)		✓				
11	City Attorney's Office – Community Courts		✓				
12	Multiple Departments - Coronavirus Aid, Relief and Economic Security (CARES Act; Ongoing)		✓				
13	Department of Strategic Partnerships and Government Affairs - Census 2020 Interlocal Agreement with Dallas County			✓	Apr-21		
14	Office of Community Police Oversight (Mayor and City Council Request)		✓				
15	Dallas Police Department – Police Overtime (Mayor and City Council Request)		✓				
16	Department of Housing & Neighborhood Revitalization – Home Buying and Preservation Assistance		✓				

#	Audit Plan Year October 2020 to September 2021	Planning	Field-work	Report	Report Phase		
					Draft	City Official	Final
Engagements In Progress							
17	Office of Homeless Solutions – Homeless Solutions-Rapid Rehousing		✓				
18	Multiple Departments – Agreed-Upon Procedures for Department of Water Utilities Construction Project Procurement – Elm Fork Water Treatment Plant Filter Complex Project		✓				
19	Department of Human Resources – Language Incentive and Court Leave Pay		✓				

APPENDIX B: OFFICE OF THE CITY AUDITOR ORGANIZATION CHART



APPENDIX C: DEPARTMENT GOALS UPDATE

MISSION

We collaborate with elected officials and employees to elevate public trust in government by providing objective assurance, investigation, and advisory services.

FISCAL YEAR 2021 GOALS

PERFORMANCE MEASURE	GOAL	ACTUAL (As of April 27, 2021)
Publish 19 audit/attestation reports.	19 reports	8 Reports (1 report pending City Manager Response).
Report recommendations accepted.	90 percent	88 percent - 21 of 24 recommendations accepted.
Staff with professional certifications (CIA, CPA, CISA, or CFE).	80 percent	79 percent
Focus on mission with available time.	82 percent	80 percent
ADDITIONAL GOALS		
Percentage of initial response for Fraud, Waste, and Abuse alerts within three workdays.	95 percent	100 percent
Migrate City Auditor's computer servers to Information Technology Services support.	2nd Quarter	TeamMate migration completed; personal drives migrated to OneDrive; migration of Office share drives completed.
Upgrade TeamMate AM Software to TeamMate + Audit.	3rd Quarter	Administrative Action approved January 2021; Project cancelled.
Subject Matter Expert development.	3 SMEs	In-progress.
Update City Auditor's Responsibilities and Administrative Procedures.	2nd Quarter	Completed February 24, 2021.
Percent of audit report recommendations implemented within 18 Months of report issue date.	60 Percent	Not applicable. Follow-up audits not started.
Identify other entities (external auditors, grant reviewers, federal and state auditors, etc.) providing assurance service coverage and consolidate their reports on the Office of the City Auditor website.	4th Quarter	Not started.



City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1144

Item #: 4.

State of Cyber Security

[Bill Zielinski, Chief Information Officer, and Dr. Brian Gardner, Chief Information Security Officer,
Information and Technology Services]



City of Dallas

State of Cybersecurity

ITS Risk Management, Security,
and Compliance Services

Dr. Brian Gardner, CISO
ITS Risk Management, Security,
and Compliance Services
The City of Dallas



Executive Summary

IT Services & Cybersecurity



DFW Technology Leader



- DFW ranks second on a list of the best tech towns in the U.S., with both Silicon Valley and San Francisco slipping in the third annual ranking.
- CompTIA then ranked the metros on cost of living, number of postings for IT jobs, and projected IT job growth over the next year as well as the next five years.
- DFW jumped from No. 7 last year to No. 2

“The conventional technology enterprises have set the tone for the Dallas tech scene, while emerging technology companies are taking it to the next level.”

CompTIA- August 2019 to July 2020



Municipalities & Critical Infrastructure at Risk



Municipalities

- Tulsa – May 2021 ??
- Atlanta - Estimate of \$9.5 Million Cost
- Baltimore - \$18.2 Million in Recovery Costs
- Lake City, Florida – First City to Pay Ransom

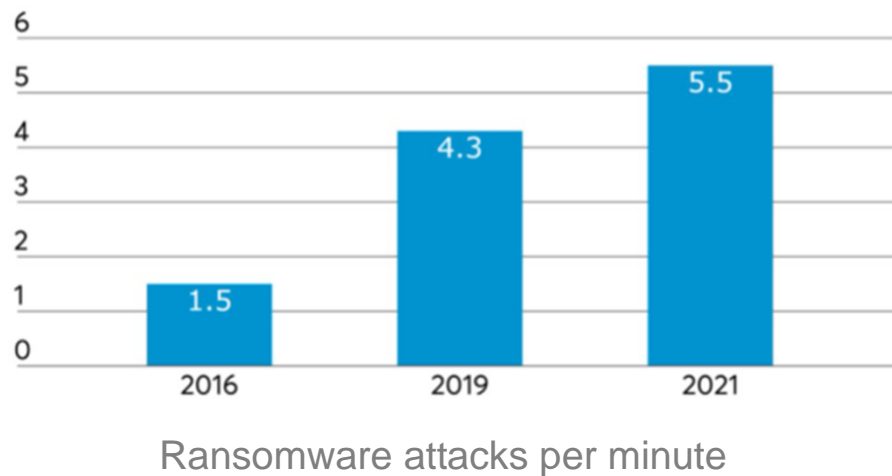


Critical Infrastructure

- Colonial Pipeline – \$4.4 Million
- Oldsmar, Florida – Breached Water System



Factors Leading to Successful Attacks



- Lack of Spending on IT Upgrades & Practices
- Lack of Appropriate Security Expenditures
- Poorly Maintained Systems
- Decentralized Control of Technology
- Decentralized Budget Control
- Poor Resiliency Planning

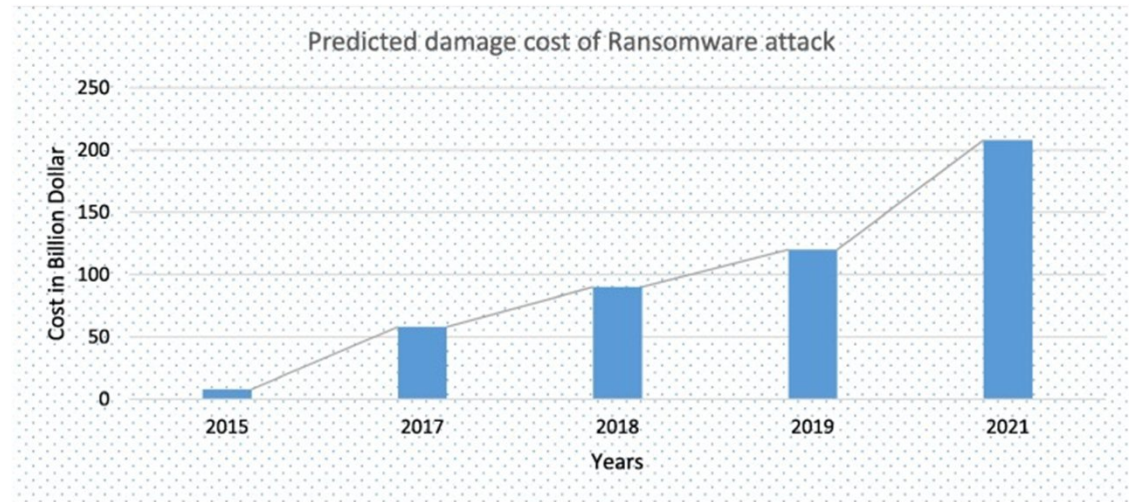
#1 Core Cybersecurity practices – *Including Resiliency*



Impact in Texas



- 78% of states had at least one municipality attacked; Texas led all states in attacks by a wide margin.
- Over the past 2 years, there were 177 reported ransom attacks on government entities in 39 states.
- Three Texas entities, Laredo, Robstown, and Grayson County, were hit twice.

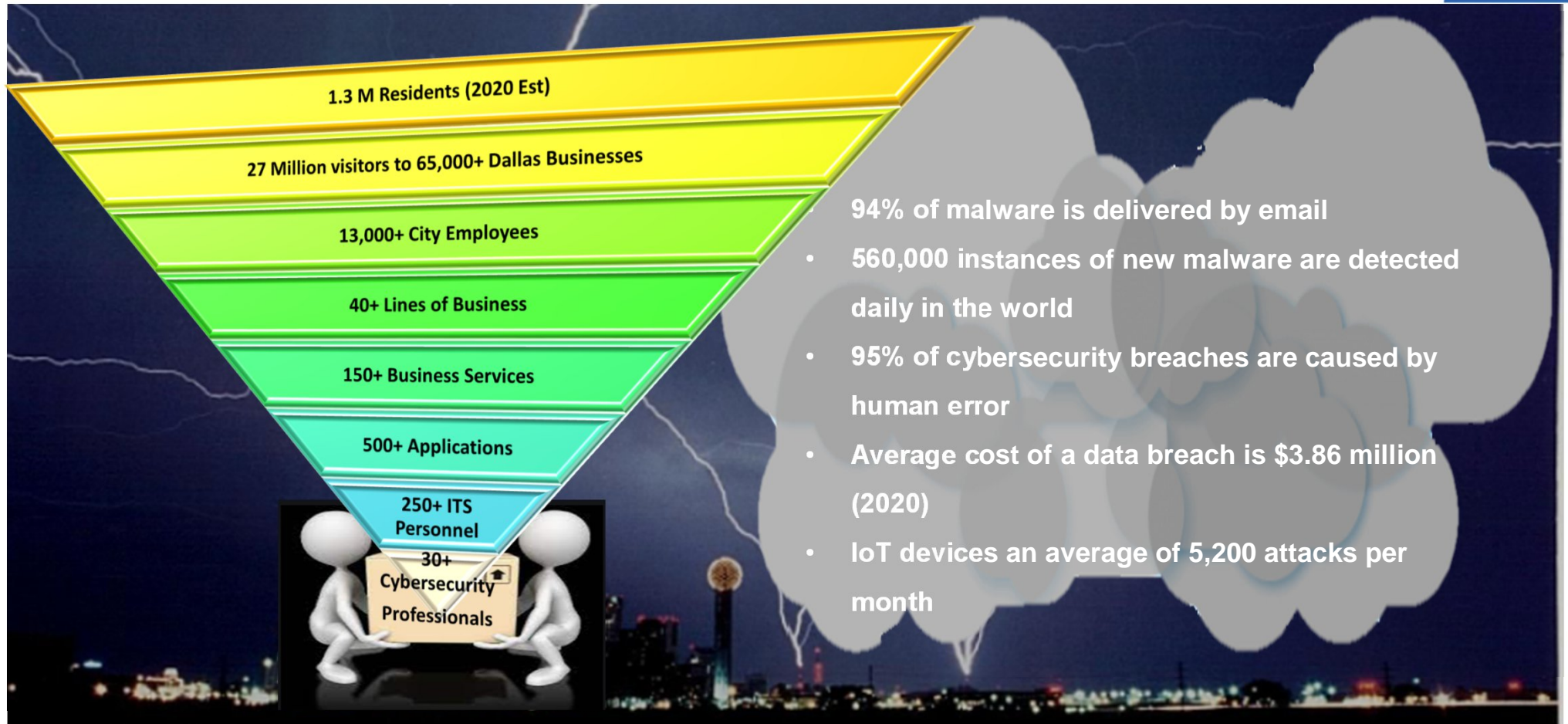


Cost of Ransomware Increasing

Most of these attacks occurred through phishing emails and compromised third-party partners.



City of Dallas ITS Security Division



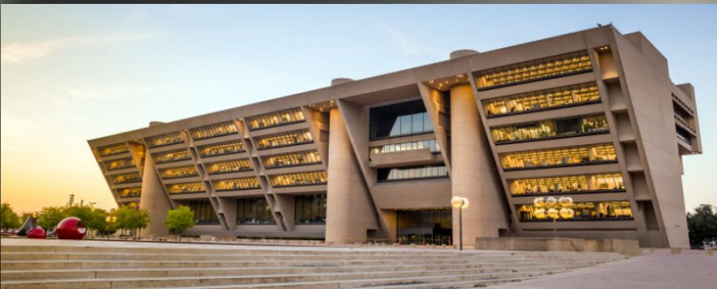
94% of malware is delivered by email

- 560,000 instances of new malware are detected daily in the world
- 95% of cybersecurity breaches are caused by human error
- Average cost of a data breach is \$3.86 million (2020)
- IoT devices an average of 5,200 attacks per month

City of Dallas Employees



Cyber-aware Culture



City of Dallas





Everyone is
responsible for the
security of information
within the Organization





Prevention & Resiliency

Policy, Standards, & Technology



G20 Smart City Resolution



- Leadership and Accountability
- Security of information assets
- Security of IoT devices
- Revision of information security measures
- Security incident prevention
- Incident Response



G20
Global
Smart Cities
Alliance



National Institute of Standards and Technology Frameworks

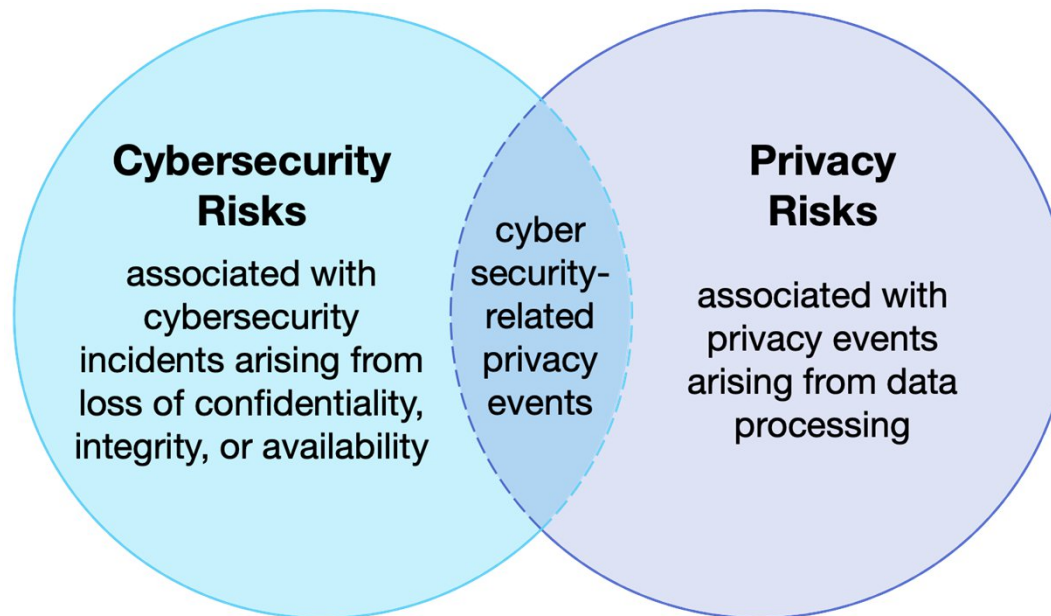


“Provides a common language that allows staff at all levels within an organization—and at all points in a supply chain—to develop a shared understanding of their cybersecurity risks.”

As we become data centric, we are processing huge volumes of personal data while complying with a complex patchwork of regulations and responding to resident concerns around how information is used



Security & Privacy



“Privacy protection and cybersecurity should be thought of as interconnected: as more and more personal information is processed or stored online, privacy protection increasingly relies on effective cybersecurity implementation by organizations to secure personal data both when it is in transit and at rest.”



Dallas a Cybersecurity Center of Excellence



Cyber Fusion Center

Unifies security functions such as threat intelligence, security automation, threat response, security orchestration, and incident response.

A single connected unit with the capability to coalesce all comprising units for detecting, managing, and responding to threats in an integrated and collaborative manner.



@dallas.gov



- Digital space only available to genuine U.S.-based government organizations
- Improve residents' trust in their government's online presence
- Nearly impossible to imitate or fake

Residents look to government websites for information that's useful, timely, and informative.



Disaster Recovery - Texas Winter Storm



- Major impact to Critical Infrastructure
- Overwhelmed the state's electricity infrastructure and created a water supply issue.
- City's operational resilience is of the utmost importance.
 - ✓ including our third-party partners to meet those requirements.



“Preparation includes table-top exercises and drills to ensure that all members of the organization are aware of protocols and procedures ahead of a significant weather event. Often, a professional meteorologist is asked to develop a mock weather scenario, provide briefings, and answer questions throughout the drill”



Resiliency

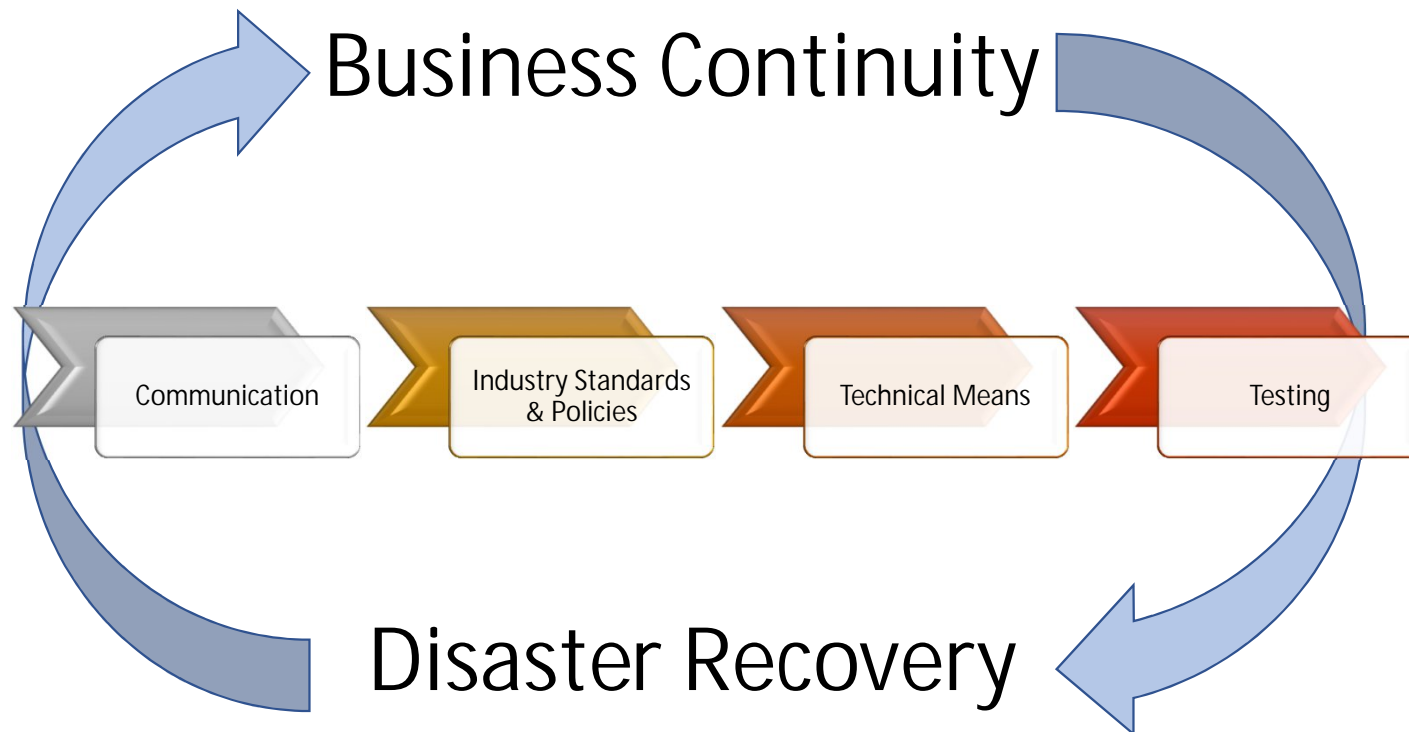


- More resilient to ransomware ahead of attacks
- Make sure that we have the ability to survive an attack and to continue critical operations
- Reduce the recovery time to zero; we won't need to pay ransoms - we will be able to ignore them

“The ultimate goal for defenders has to be maintaining resilience and removing fragility.”



Resiliency





Dallas as a Technology Leader

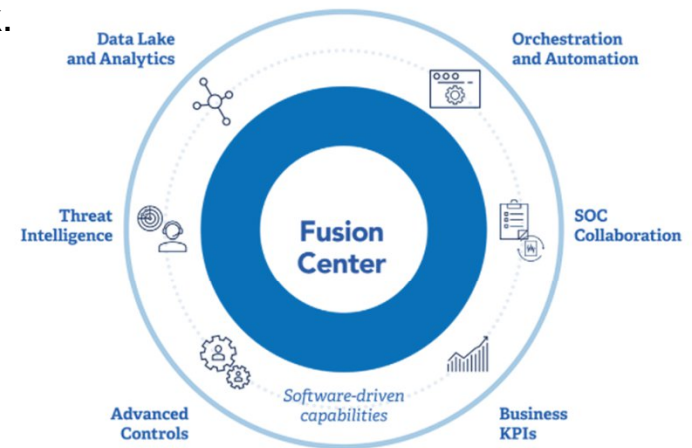
Policy, Standards, & Technology



Leader in Cybersecurity



1. Provide more cybersecurity services to City of Dallas residents and businesses.
2. Sharing information can be key to the “herd immunity”
 - o Local governments to coordinate outside of their typical state silos through the establishment of cyber monitoring and incident response services provided across jurisdictions.
3. As the City adopts more and more technology footprint e.g., IoT, Artificial Intelligence, Cloud, 5G, Quantum, and Mobile, all lead to cybersecurity risk.



Cybersecurity Program Objectives



In Information and Technology Services, our mission is to provide a secure, responsive, resilient, and reliable network enabling city departments to better serve the residents of Dallas.

- **Lead and Support Dallas as a Global Cybersecurity Principal**
- **Encouragement to bring Technology Infrastructure as a Technology Leader**
 - ✓ Data Center
 - ✓ City Wide Fiber Ring
 - ✓ Cyber Fusion Center
- **Funding for Technology must include Cybersecurity investment to manage Risk**



Future City Council Action



- **Adoption of the G20 policy as resolution for Technology & Cybersecurity (target Q1 2021-22)**
- **Support Budget requests for Technology Infrastructure & Cybersecurity improvements to provide:**
 - **Communication and Cooperation**
 - **Resident cyber-awareness programs**
 - **A resilient technology infrastructure**
- **Recognize the roadmap to resiliency does NOT mean “Bad things won’t happen”**
- **Support the cybersecurity conversation as a mission critical initiative**





State of Cybersecurity

ITS Risk Management, Security,
and Compliance Services

Dr. Brian Gardner, CISO
ITS Risk Management, Security,
and Compliance Services
The City of Dallas





City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1141

Item #: 5.

City Website Redesign Project

[Catherine Cuellar, Director, Communications, Outreach, and Marketing; and Bill Zielinski, Chief Information Officer, Information and Technology Services]



City of Dallas

City Website Redesign Project

GPFM

June 8, 2021

Bill Zielinski

Chief Information Officer
Information and Technology Services

Catherine Cuellar

Director
Communications, Outreach & Marketing

Presentation Overview



- City Manager's Objective
- Goals and Objectives
- Approach
- Phase 1A – Human-Centered Design Study
- Phase 1B – Incremental Improvements
- Phase 1C – New Website Platform
- Phase 2
- Project Timeline
- Roles & Responsibilities



City Manager's Objective



“Redesign and refresh the City's website with a focus on resident and visitor experience.”

T.C. Broadnax – City Manager



Goals and Objectives



The Information & Technology Services (ITS) Department in collaboration with Communications, Outreach and Marketing (COM) will redesign and refresh the City of Dallas City website to meet the following goals and objectives:

- Increase usability,
- Make it easier for users to find relevant content,
- Create a connected and consistent look & feel across City departments,
- Increase accessibility, digital equity and inclusivity,
- Be more flexible and responsive to evolving needs.



Approach



Project will take a multi-year, multi-phased approach to redesigning the City's website:

- Phase 1:
 - Selection and testing of new website platform
 - Human-centered design and digital equity study
 - Short term, immediate improvements
- Phase 2:
 - Rolling conversion to new website platform
 - Implementation of recommendations from HCD and equity study



Phase 1A – Human-Centered Design Study



City will partner with the Master of Arts in Design & Innovation (MADI) program from SMU and Dallas College on a Human-Centered Design (HCD) study:

- Conduct data-driven research and surveys around website utilization rates across the City
- Perform community outreach, working with/through Council Districts, utilizing HCD techniques and principles to elicit requirements to better understand resident and visitor needs from the City's website
- Launch Dallas.gov, marketing to increase brand awareness
- May include follow-up testing & feedback from community upon prototypes developed



Phase 1B – Incremental Improvements



City will complete a series of incremental improvements in the short term based upon documented feedback:

- Work with departments to update incorrect or outdated information contained in informational website
- Continue building City Calendar functionality to include linking additional departments
- Address accessibility issues to ensure compliance with Americans with Disability Act requirements
- Improve documented navigation and usability issues



Phase 1C – New Website Platform



City will conduct market research, testing and evaluation activities on a new web development and hosting platform:

- The current web platform used by the City has limited functionality and deemed insufficient to meet the current needs
- ITS will gather requirements from City departments and conduct market research on viable replacement platforms



Phase 2



During Phase II of the Website Redesign project the City will implement and launch the newly redesigned website:

- Current websites will be converted to the new platform on a rolling/phased basis
- Recommendations from the Human-Centered Design and equity study will be incorporated into new website
- Follow-up studies/surveys conducted to measure utilization and usability of new website
- Performance metrics established and tracked to determine effectiveness against goals/objectives



Project Timeline



Official Project Kickoff: June 24, 2021

Phase 1:

- Selection of New Platform: June 2021 – Dec. 2021
- HCD/Equity Study: June 2021 – March 2022
- Short term improvements: Quarterly June 2021 - Aug. 2022

Phase 2: March 2022 – Sep. 2022



Roles & Responsibilities



Executive Sponsors:

- Bill Zielinski: Chief Information Officer – Information and Technology Services
- Catherine Cuellar: Director – Communications, Outreach & Marketing

Human Centered Design/Research:

- Jessica Burnham: Master of Arts in Design and Innovation, SMU
- Cristin Thomas: Dallas College
- Benjamin Magill: Dallas College

Equity and Inclusion:

- Genesis Gavino, Resilience Officer





QUESTIONS?





City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1148

Item #: 6.

Dallas 365: Annual Performance Measures Review

[Jack Ireland, Director, and Brittany Burrell, Assistant Director, Budget and Management Services]



City of Dallas

Dallas 365: Annual Performance Measures Briefing

Government Performance & Financial Management Committee

June 8, 2021

Jack Ireland, Director
Budget & Management Services

Brittany Burrell, Executive
Budget & Management Services

Overview



- Provide overview of Dallas 365
- Provide update on FY21 Dallas 365 Measures
- Review preliminary FY22 Dallas 365 Measures
- Discuss Next Steps



Dallas 365



- Dallas 365 launched in FY18
- Dallas 365 informs City Council, residents, businesses, and visitors about progress on specific City programs and services
- Reported in monthly Budget Accountability Report (BAR)
- Progress on Dallas 365 measures are updated monthly at dallas365.dallascityhall.com



Dallas 365 – Measure Selection



- All measures should:
 - Hold value for the department
 - Create a direct link between department mission and the day-to-day work of front-line employees
 - Demonstrate department efficiency or effectiveness
 - Show impact of work for customers
- Dallas 365 measures are:
 - Proposed by departments and City leadership
 - Important services to residents
 - New initiatives and/or initiatives that receive additional resources
 - Reported on a monthly basis








FY21 Dallas 365 Measures

FY21 Dallas 365 Measures – Status



	 On Target	 Near Target	 Not on Target
Economic Development	3	0	1
Environment and Sustainability	2	0	1
Government Performance and Financial Management	1	0	1
Housing and Homeless Solutions	3	0	1
Public Safety	4	2	1
Quality of Life, Arts, and Culture	6	0	1
Transportation and Infrastructure	5	0	0
Workforce, Education, and Equity	3	0	0
	27	2	6



Meet or exceed target



Within 5% of target



More than 5% from target



End of year forecast based on information through March 31, 2021

FY21 Dallas 365 Measures



Economic Development

Measure	FY19 Actual	FY20 Actual	FY21 Annual Target	FY21 YTD Actual	FY21 Forecast
Percentage of dollars spent with local M/WBE businesses (Economic Development)	91.1%	70%	65%	73%	73%
Percentage of businesses from low- to moderate-income (LMI) census tracts connected to the B.U.I.L.D. ecosystem (Economic Development)	N/A	N/A	40%	97.8%	97.8%
Percentage of single-family permits reviewed in three days (Sustainable Development)	86.6%	93.8%	85%	0%	0%
Percentage of inspections performed same day as requested (Sustainable Development)	96.4%	96.8%	98%	97.4%	98%

Environment and Sustainability

Measure	FY19 Actual	FY20 Actual	FY21 Annual Target	FY21 YTD Actual	FY21 Forecast
Percentage of annual Comprehensive Environmental and Climate Action Plan (CECAP) milestones completed	N/A	N/A	92%	16.9%	92%
Monthly residential recycling diversion rate (Sanitation Services)	17.9%	20%	19%	18.9%	19%
Missed refuse and recycling collections per 10,000 collection points/service opportunities (Sanitation Services)	13.8	14.7	12.5	13.3	14.1



End of year forecast based on information through March 31, 2021

FY21 Dallas 365 Measures



Government Performance and Financial Management

Measure	FY19 Actual	FY20 Actual	FY21 Annual Target	FY21 YTD Actual	FY21 Forecast
Percentage of 311 calls answered within 90 seconds (311 Customer Service Center)	56%	35.7%	75%	28.1%	40.4%
Percentage of vehicles receiving preventive maintenance on schedule (Equipment and Fleet Management)	N/A	76.7%	70%	85.4%	86.2%

Housing and Homeless Solutions

Measure	FY19 Actual	FY20 Actual	FY21 Annual Target	FY21 YTD Actual	FY21 Forecast
Average number of days to contract signing for Home Improvement and Preservation Program (HIPP) applications (Housing & Neighborhood Revitalization)	N/A	N/A	120	151	180
Percentage of development funding contributed by private sources (Housing & Neighborhood Revitalization)	N/A	90%	60%	69.3%	69.3%
Percentage of unduplicated persons placed in permanent housing who remain housed after six months (Homeless Solutions)	92.2%	75%	85%	98.6%	98.6%
Percentage of individuals who exit to positive destinations through the Landlord Subsidized Leasing Program (Homeless Solutions)	N/A	N/A	80%	72.7%	80%



End of year forecast based on information through March 31, 2021

FY21 Dallas 365 Measures



Public Safety

Measure	FY19 Actual	FY20 Actual	FY21 Annual Target	FY21 YTD Actual	FY21 Forecast
Percentage of responses to structure fires within 5 minutes and 20 seconds of dispatch (Fire-Rescue)	84.3%	85.5%	90%	84.2%	87%
Percentage of EMS responses within nine minutes (Fire-Rescue)	91.7%	89%	90%	98.4%	90%
Percentage of responses to Priority 1 calls within eight minutes (Police)	52.1%	52.8%	60%	57.5%	60%
Percentage of 911 calls answered within 10 seconds (Police)	93.2%	81.9%	90%	66.1%	85%
Crimes against persons (per 100,000 residents) (Police)	1,920.5	2,028.9	1,999	1,026.6	2,053.3
Percentage of crisis intervention calls handled by the RIGHT Care team (Integrated Public Safety Solutions)	N/A	N/A	45%	22%	45%
Complaint resolution rate (Community Police Oversight)	N/A	N/A	70%	84.9%	70%



End of year forecast based on information through March 31, 2021

FY21 Dallas 365 Measures



Quality of Life, Arts, and Culture

Measure	FY19 Actual	FY20 Actual	FY21 Annual Target	FY21 YTD Actual	FY21 Forecast
Percentage of cultural services funding to ALAANA (African, Latinx, Asian, Arab, Native American) artists and organizations (Office of Arts & Culture)	N/A	N/A	30%	29.2%	30%
Percentage of litter and high weed service requests closed within SLA (Code Compliance)	N/A	54.4%	65%	69.3%	65%
Live release rate for dogs and cats (Animal Services)	86.4%	90.6%	90%	89.2%	90%
Percentage of technology devices checked out (hot spots and Chromebooks) (Library)	N/A	N/A	85%	60.9%	85%
Percentage of users who reported learning a new skill through adult learning or career development programs (Library)	N/A	N/A	90%	93.0%	90%
Percentage of planned park visits completed by Park Rangers (Park & Recreation)	N/A	N/A	95%	101.5%	95%
Participation rate at late-night Teen Recreation (TRec) sites (Park & Recreation)	N/A	6.8%	100%	0.0%	20%



End of year forecast based on information through March 31, 2021

FY21 Dallas 365 Measures



Transportation and Infrastructure

Measure	FY19 Actual	FY20 Actual	FY21 Annual Target	FY21 YTD Actual	FY21 Forecast
Percentage of bond appropriation awarded ITD (Bond & Construction Management)	70%	90%	90%	76.9%	90%
Percentage of work orders for emergency maintenance (Building Services)	N/A	N/A	4%	0.7%	2%
Percentage of planned lane miles improved (726 out of 11,800 miles) (Public Works)	82%	100%	100%	16.3%	100%
Percentage of potholes repaired within three days (Public Works)	N/A	95.4%	98%	99.2%	98%
Percentage of signal malfunction responses within 120 minutes (Transportation)	N/A	91.6%	91%	94.9%	91%

Workforce, Education, and Equity

Measure	FY19 Actual	FY20 Actual	FY21 Annual Target	FY21 YTD Actual	FY21 Forecast
Percentage increase in Senior Medical Transportation Program trips (Community Care)	N/A	N/A	10%	13.5%	10%
Percentage of Fresh Start clients who maintain employment for six months (Economic Development)	N/A	55%	25%	50%	57%
Percentage of City departments participating in the Equity Indicators alignment process (Equity & Inclusion)	N/A	N/A	80%	15%	82%

End of year forecast based on information through March 31, 2021





FY22 Preliminary Dallas 365 Measures

FY22 Dallas 365 Measures



Economic Development

Measure	Current D365?	FY21 Target	FY21 Forecast	FY22 Target	FY23 Target
Percentage of certified M/WBE spend with vendors located in Dallas (Economic Development)	Y	65%	73%	65%	65%
Percentage overall City spend with vendors located in Dallas (Economic Development)	N	N/A	N/A	40%	40%
Percentage of inspections performed same day as requested (Sustainable Development)	Y	98%	98%	98%	98%
Average number of days to first prescreen of Single-Family permits (Sustainable Development)	N	N/A	N/A	3	3
Average number of days to first plan review of Single-Family permits (Sustainable Development)	N	N/A	N/A	15	15

Environment and Sustainability

Measure	Current D365?	FY21 Target	FY21 Forecast	FY22 Target	FY23 Target
Percentage of annual Comprehensive Environmental and Climate Action Plan (CECAP) milestones completed	Y	92%	92%	92%	92%
Monthly residential recycling diversion rate (Sanitation Services)	Y	19%	19%	19%	19%
Percentage decrease in missed refuse and recycling collection calls (Sanitation Services)	N	N/A	N/A	5%	5%



FY22 Dallas 365 Measures



Government Performance and Financial Management

Measure	Current D365?	FY21 Target	FY21 Forecast	FY22 Target	FY23 Target
Percentage of 311 calls answered within 90 seconds (311 Customer Service Center)	Y	75%	40.4%	75%	75%
Percentage of vehicles receiving preventive maintenance on schedule (Equipment and Fleet Management)	Y	70%	86.2%	85%	85%
Percentage of invoices paid within 30 days (City Controller)	N	90%	81.9%	90%	90%
Percentage decrease in preventable city vehicle and equipment incidents (Risk Management)	N	N/A	N/A	3.3%	3.3%

Housing and Homeless Solutions

Measure	Current D365?	FY21 Target	FY21 Forecast	FY22 Target	FY23 Target
Percentage of development funding contributed by private sources (Housing & Neighborhood Revitalization)	Y	60%	69.3%	60%	60%
Percentage of unduplicated persons placed in permanent housing who remain housed after six months (Homeless Solutions)	Y	85%	98.6%	85%	85%
Percentage of beds utilized under the Pay-to-Stay program (Homeless Solutions)	N	N/A	N/A	80%	80%



FY22 Dallas 365 Measures



Public Safety

Measure	Current D365?	FY21 Target	FY21 Forecast	FY22 Target	FY23 Target
Percentage of responses to structure fires within 5 minutes and 20 seconds of dispatch (Fire-Rescue)	Y	90%	87%	90%	90%
Percentage of EMS responses within nine minutes (Fire-Rescue)	Y	90%	90%	90%	90%
Percentage of responses to Priority 1 calls within eight minutes (Police)	Y	60%	60%	60%	60%
Percentage of 911 calls answered within 10 seconds (Police)	Y	90%	85%	90%	90%
Crimes against persons (per 100,000 residents) (Police)	Y	1,999	2,053.3	2,000	2,000
Percentage of crisis intervention calls handled by the RIGHT Care team (Integrated Public Safety Solutions)	Y	45%	45%	80%	85%
Complaint resolution rate (Community Police Oversight)	Y	70%	70%	70%	70%



FY22 Dallas 365 Measures



Quality of Life, Arts, and Culture

Measure	Current D365?	FY21 Target	FY21 Forecast	FY22 Target	FY23 Target
Percentage of cultural services funding to ALAANA (African, Latinx, Asian, Arab, Native American) artists and organizations (Office of Arts & Culture)	Y	30%	30%	30%	33%
Percentage of litter and high weed service requests closed within SLA (Code Compliance)	Y	65%	65%	65%	65%
Percentage increase in dogs and cats fostered (Animal Services)	N	N/A	N/A	5%	5%
Percentage of technology devices checked out (hot spots and Chromebooks) (Library)	Y	85%	85%	75%	75%
Satisfaction rate with Library programs (Library)	N	N/A	N/A	93%	93%
Average number of recreation programming hours per week (youth, seniors, and athletic leagues) (Park & Recreation)	N	1,604	1,935	1,604	1,604
Participation rate at late-night Teen Recreation (TRec) sites (Park & Recreation)	Y	100%	20%	80%	80%



FY22 Dallas 365 Measures



Transportation and Infrastructure

Measure	Current D365?	FY21 Target	FY21 Forecast	FY22 Target	FY23 Target
Percentage of bond appropriations spent/awarded ITD (Bond & Construction Management)	Y	90%	90%	90%	100%
Percentage of planned lane miles improved (Public Works)	Y	100%	100%	100%	100%
Percentage of potholes repaired within three days (Public Works)	Y	98%	98%	98%	98%
Percentage of signal malfunction responses within 120 minutes (Transportation)	Y	91%	91%	91%	91%

Workforce, Education, and Equity

Measure	Current D365?	FY21 Target	FY21 Forecast	FY22 Target	FY23 Target
Number of WIC clients receiving nutrition services (Community Care)	N	N/A	N/A	62,000	63,400
Percentage increase of original multicultural and multilingual content (on public, educational, and government) (Communication, Outreach, & Marketing)	N	N/A	N/A	25%	25%



Next Steps

- Receive feedback on FY22 suggested Dallas 365 measures
- Confirm final Dallas 365 measures for inclusion in the City Manager's Recommended Budget
- Establish a quarterly report to provide updates in FY22 on citywide performance measures – Dallas 365, Budget Book





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Appendix

FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
1	Aviation	Transportation and Infrastructure	Overall customer satisfaction index (scale 1-5)	yes	no
2	Aviation	Transportation and Infrastructure	Sales per enplaned passenger (SPEP)	yes	no
3	Aviation	Transportation and Infrastructure	Percentage of customer complaints resolved within 15 days of submission	yes	no
4	Aviation	Transportation and Infrastructure	Increase in square footage of new development at DEA	yes	no
5	Aviation	Transportation and Infrastructure	Percentage increase of community attendance DEA-sponsored events and educational programs	yes	no
6	Budget & Management Services	Government Performance & Financial Management	Percentage of residents reporting grant-related presentations were helpful and informative	yes	no
7	Budget & Management Services	Government Performance & Financial Management	Number of compliance reviews completed	yes	no
8	Budget & Management Services	Government Performance & Financial Management	Percentage of departmental measures that are efficiency or outcome measures	yes	no
9	Budget & Management Services	Government Performance & Financial Management	Number of Budget Accountability Reports produced annually	yes	no
10	Budget & Management Services	Government Performance & Financial Management	Percentage of citywide budget staff trained in performance measures management	yes	no
11	Budget & Management Services	Government Performance & Financial Management	Dollar savings implemented through process improvement initiatives	yes	no
12	Building Services	Transportation and Infrastructure	Number of custodial work orders requested	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
13	Building Services	Transportation and Infrastructure	Number of quality inspections at contracted custodial facilities each month	yes	no
14	Building Services	Transportation and Infrastructure	Number of HVAC preventative maintenance hours	yes	no
15	Building Services	Transportation and Infrastructure	Percentage of emergency work orders on Building Services maintained facilities	yes	no
16	City Attorney's Office	Public Safety	Number of cases prosecuted	yes	no
17	City Attorney's Office	Public Safety	Number of cases handled by Community Courts	yes	no
18	City Attorney's Office	Government Performance & Financial Management	Number of ordinances, resolutions, and legal opinions prepared	yes	no
19	City Attorney's Office	Government Performance & Financial Management	Number of claims and lawsuits resolved	yes	no
20	City Attorney's Office	Government Performance & Financial Management	Amount of money collected by Litigation	yes	no
21	City Attorney's Office	Government Performance & Financial Management	Number of open records requests completed	yes	no
22	City Attorney's Office	Quality of Life, Arts, & Culture	Number of cases, code cases, and nuisance abatements prosecuted and resolved	yes	no
23	City Attorney's Office	Government Performance & Financial Management	Number of civil forfeitures	yes	no
24	City Attorney's Office	Government Performance & Financial Management	Number of contracts/agreements/AAs completed	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
25	City Auditor's Office	Government Performance & Financial Management	Number of Audit/Attestation reports	yes	no
26	City Auditor's Office	Government Performance & Financial Management	Percentage of department hours spent on direct project services	yes	no
27	City Auditor's Office	Government Performance & Financial Management	Percentage of audit report recommendations agreed to by management	yes	no
28	City Controller's Office	Government Performance & Financial Management	Percentage of invoices paid within 30 days	yes	yes
29	City Controller's Office	Government Performance & Financial Management	Percentage of permanent employees enrolled in City's Voluntary Deferred Compensation Plan	yes	no
30	City Controller's Office	Government Performance & Financial Management	Average number of days to complete bank reconciliation after month-end	yes	no
31	City Manager's Office	Government Performance & Financial Management	Composite satisfaction index (Community Survey)	yes	no
32	City Manager's Office	Government Performance & Financial Management	Percentage completion of submitted performance goals	yes	no
33	City Secretary's Office	Government Performance & Financial Management	Percentage of background checks initiated within three business days	yes	no
34	City Secretary's Office	Government Performance & Financial Management	Percentage of City Council voting agendas processed within 10 working days	yes	no
35	City Secretary's Office	Government Performance & Financial Management	Percentage of service requests completed within 10 business days	yes	no
36	City Secretary's Office	Government Performance & Financial Management	Percentage of Open Records Requests responded within 10 business days	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
37	City Secretary's Office	Government Performance & Financial Management	Percentage of campaign finance reports locked down within one business day	yes	no
38	City Secretary's Office	Government Performance & Financial Management	Percentage of public meeting notices processed and posted within one hour	yes	no
39	Civil Service	Government Performance & Financial Management	Percentage of hiring managers reporting a satisfaction rating of at least "satisfied" to post-hire questionnaire	yes	no
40	Civil Service	Public Safety	Percentage of certified registers to hiring authority within three business days – online uniform examinations	yes	no
41	Civil Service	Government Performance & Financial Management	Percentage of certified registers to hiring authority within five days – civilian positions	yes	no
42	Civil Service	Public Safety	Percentage of certified registers to hiring authority within three business days – on-site uniform examinations	yes	no
43	Civil Service	Government Performance & Financial Management	Percentage of civilian applications processed within 30 days of receipt	yes	no
44	Civil Service	Government Performance & Financial Management	Percentage of Civil Service trial board appeal hearings heard within 90 business days	yes	no
45	Code Compliance	Quality of Life, Arts, & Culture	Percentage of mosquito control activities completed within 48 hours	yes	no
46	Code Compliance	Quality of Life, Arts, & Culture	Number of food establishment inspections conducted per FTE	yes	no
47	Code Compliance	Quality of Life, Arts, & Culture	Percentage of food establishments inspected timely	yes	no
48	Code Compliance	Quality of Life, Arts, & Culture	Percent of 311 service requests completed within estimated response time	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
49	Code Compliance	Quality of Life, Arts, & Culture	Percentage of violations in compliance within 180 days by the Intensive Case Resolution Team	yes	no
50	Code Compliance	Quality of Life, Arts, & Culture	Percentage of illegal dumping sites abated within 10 days	yes	no
51	Code Compliance	Quality of Life, Arts, & Culture	Percentage of litter and high weed service requests closed within SLA	yes	yes
52	Code Compliance	Quality of Life, Arts, & Culture	Percentage of open and vacant structures abated within 48 hours	yes	no
53	Code Compliance	Quality of Life, Arts, & Culture	Percentage of graffiti violations abated within 10 days	yes	no
54	Code Compliance	Quality of Life, Arts, & Culture	Average number of days to demolish a substandard structure after receiving a court order	yes	no
55	Convention & Event Services	Economic Development	Number of planned safety repairs underway or completed	yes	no
56	Convention & Event Services	Economic Development	Percentage of pro-forma based revenue increase (Spectra)	yes	no
57	Convention & Event Services	Economic Development	Percentage of client survey respondents rating their overall experience at KBHCCD as "excellent" or "good"	yes	no
58	Convention & Event Services	Economic Development	Percentage of permit holder survey respondents who rated their overall experience with the Office of Special Events as "excellent" or "good"	yes	no
59	Court and Detention Services	Environment and Sustainability	Pounds of debris abated	yes	no
60	Court and Detention Services	Public Safety	Percentage of parking adjudication hearings conducted virtually	yes	no
61	Court and Detention Services	Public Safety	Average Prisoner Processing Time	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
62	Court and Detention Services	Public Safety	Number of prisoners processed at City Detention Center	yes	no
63	Court and Detention Services	Public Safety	Number of prisoners transferred by outside agency	yes	no
64	Court and Detention Services	Public Safety	Number of warrants cleared by City Marshals	yes	no
65	Court and Detention Services	Public Safety	Percentage of dockets finalized within 14 days	yes	no
66	Court and Detention Services	Public Safety	Average response time to security incidents (minutes)	yes	no
67	Court and Detention Services	Public Safety	Average wait time at Municipal Court (minutes)	yes	no
68	Dallas Animal Services	Quality of Life, Arts, & Culture	Percentage decrease in loose/loose owned bites	yes	no
69	Dallas Animal Services	Quality of Life, Arts, & Culture	Combined field and shelter dog return to owner success rate	yes	no
70	Dallas Animal Services	Quality of Life, Arts, & Culture	Percentage of timely responses to service requests	yes	no
71	Dallas Animal Services	Quality of Life, Arts, & Culture	Percentage decrease in non-live outcomes for dogs and cats	yes	no
72	Dallas Animal Services	Quality of Life, Arts, & Culture	Percentage increase in dogs and cats fostered	yes	no
73	Dallas Fire Rescue	Public Safety	Percentage of EMS responses within nine minutes or less	yes	yes
74	Dallas Fire Rescue	Public Safety	Percentage increase of reimbursements for EMS services	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
75	Dallas Fire Rescue	Public Safety	Number of high-risk multi-family dwellings inspected	yes	no
76	Dallas Fire Rescue	Public Safety	Percentage of first company responding to structure fires within five minutes and 20 seconds of dispatch (NFPA Standard 1710)	yes	yes
77	Dallas Fire Rescue	Public Safety	Percentage of apparatus pumps tested and passed annually (NFPA Standard 1911)	yes	no
78	Dallas Police Department	Public Safety	Number of community events attended	yes	no
79	Dallas Police Department	Public Safety	Homicide clearance rate	yes	no
80	Dallas Police Department	Public Safety	Crimes against persons (per100,000 residents)	yes	yes
81	Dallas Police Department	Public Safety	Percentage of 911 calls answered within 10 seconds	yes	yes
82	Dallas Police Department	Public Safety	Percentage of responses to Priority 1 calls within 8 minutes or less	yes	yes
83	Dallas Water Utilities	Environment and Sustainability	Compliance with state and federal standards and regulations for drinking water	yes	no
84	Dallas Water Utilities	Environment and Sustainability	Main breaks per 100 miles of main	yes	no
85	Dallas Water Utilities	Environment and Sustainability	Number of sanitary sewer overflows per 100 miles of main	yes	no
86	Dallas Water Utilities	Environment and Sustainability	Average response time to emergency sewer calls (minutes)	yes	no
87	Dallas Water Utilities	Government Performance & Financial Management	Meter reading accuracy rate	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
88	Dallas Water Utilities	Transportation and Infrastructure	Total value of capital projects awarded	yes	no
89	Dallas Water Utilities	Transportation and Infrastructure	Number of miles of small diameter pipelines replaced annually	yes	no
90	Dallas Water Utilities - Storm Drainage Management	Transportation and Infrastructure	Percentage of pump station uptime	yes	no
91	Equipment & Fleet Management	Government Performance & Financial Management	Percentage of fleet that is replacement eligible	yes	no
92	Equipment & Fleet Management	Government Performance & Financial Management	Percentage of vehicles receiving preventive maintenance on schedule	yes	yes
93	Express Business Center	Government Performance & Financial Management	Percentage of reprography completed within 3 business days	yes	no
94	Express Business Center	Government Performance & Financial Management	Customer satisfaction rate	yes	no
95	Housing & Neighborhood Revitalization	Economic Development	Percentage of development funding contributed by private sources	yes	yes
96	Housing & Neighborhood Revitalization	Housing and Homelessness Solutions	Average number of days to review HIPP applications and sign contract	yes	no
97	Housing & Neighborhood Revitalization	Housing and Homelessness Solutions	Average number of days to close DHAP loans	yes	no
98	Human Resources	Government Performance & Financial Management	Percentage increase of civilian employee retention rate	yes	no
99	Human Resources	Government Performance & Financial Management	Percentage of IDPs created through the SERVE executive leadership program	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
100	Human Resources	Government Performance & Financial Management	Percentage of civilian investigations completed within 25 days	yes	no
101	Human Resources	Government Performance & Financial Management	Number of days from offer to hire date for labor positions	yes	no
102	Human Resources	Government Performance & Financial Management	Number of days from offer to start date for executive position	yes	no
103	Human Resources	Government Performance & Financial Management	Percentage increase in wellness program participation from prior year	yes	no
104	Human Resources	Government Performance & Financial Management	Percentage increase in annual physical completion from prior year	yes	no
105	Information & Technology Services - 911	Public Safety	Percentage of 911 system availability (Vesta)	yes	no
106	Information & Technology Services - Data	Government Performance & Financial Management	Percentage of network (telephone and data) availability (excluding planned City-approved outages)	yes	no
107	Information & Technology Services - Data	Government Performance & Financial Management	Percentage of service desk issues resolved within SLA	yes	no
108	Information & Technology Services - Radio	Government Performance & Financial Management	Percentage of availability of public safety radio network (excluding planned City- approved outages)	yes	no
109	Information & Technology Services - Radio	Government Performance & Financial Management	Percentage of Priority 1 repair requests resolved within 24 hours – Radio Devices	yes	no
110	Judiciary	Public Safety	Number of jury trials held	yes	no
111	Judiciary	Public Safety	Percentage of case dispositions per new cases filed (Case Clearance Rate)	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
112	Judiciary	Public Safety	Percentage of cases disposed of within 60 days of citation	yes	no
113	Judiciary	Public Safety	Percentage of capias warrants per cases filed	yes	no
114	Judiciary	Public Safety	Percentage of alias warrants per cases filed	yes	no
115	Judiciary	Public Safety	Number of cases docketed	yes	no
116	Judiciary	Public Safety	Number of cases handled by Community Courts	Yes	No
117	Library	Quality of Life, Arts, & Culture	Number of library materials used	yes	no
118	Library	Quality of Life, Arts, & Culture	Number of visitors (in-person, online, and for programs)	yes	no
119	Library	Quality of Life, Arts, & Culture	Percent of technology devices checked out monthly (Hotspots + Chromebooks)	yes	yes
120	Library	Quality of Life, Arts, & Culture	Satisfaction rate with Library programs	yes	yes
121	Library	Quality of Life, Arts, & Culture	Number of attendees at children's literacy programs	yes	no
122	Library	Quality of Life, Arts, & Culture	Number of participants in adult education courses	yes	no
123	Library	Quality of Life, Arts, & Culture	Percentage of users who reported learning a new skill through adult learning or career development programs	yes	no
124	Mayor and City Council	Government Performance & Financial Management	Percentage increase in public participation at council district budget townhall meetings	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
125	Mayor and City Council	Government Performance & Financial Management	Number of communications distributed for City Initiatives	yes	no
126	Mayor and City Council	Government Performance & Financial Management	Percentage decrease in Council District generated 311 Services Requests	yes	no
127	Mayor and City Council	Government Performance & Financial Management	Hours of professional development for Mayor and City Council staff	yes	no
128	MGT - 311 Customer Service Center	Government Performance & Financial Management	Percentage of 311 calls answered within 90 seconds	yes	yes
129	MGT - 311 Customer Service Center	Government Performance & Financial Management	Percentage of non-311 calls answered in 90 seconds (water, courts, auto pound)	yes	no
130	MGT - 311 Customer Service Center	Government Performance & Financial Management	Percentage of customers satisfied with call experience	yes	no
131	MGT - 311 Customer Service Center	Government Performance & Financial Management	Average speed of calls answered monthly (seconds)	yes	no
132	MGT - Communications, Outreach, and Marketing	Government Performance & Financial Management	Percentage increase of original multicultural and multilingual content (on public, educational, and government)	yes	yes
133	MGT - Communications, Outreach, and Marketing	Government Performance & Financial Management	Percentage increase employee engagement with City communications	yes	no
134	MGT - Communications, Outreach, and Marketing	Government Performance & Financial Management	Percentage increase engagement with City of Dallas social media content	yes	no
135	MGT - Communications, Outreach, and Marketing	Government Performance & Financial Management	Percentage increase of GovDelivery text notification subscribers	yes	no
136	MGT - Communications, Outreach, and Marketing	Government Performance & Financial Management	Percentage increase of subscribers to City of Dallas social media channels	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
137	MGT - Communications, Outreach, and Marketing	Government Performance & Financial Management	Value of positive earned media mentions (million)	yes	no
138	MGT - Office of Community Care	Workforce, Education, & Equity	Number of unduplicated individuals accessing financial coaching	yes	no
139	MGT - Office of Community Care	Workforce, Education, & Equity	Percentage increase in Senior Transportation Program trips	yes	no
140	MGT - Office of Community Care	Workforce, Education, & Equity	Percentage of users who rate Senior Transportation as good or excellent	yes	no
141	MGT - Office of Community Care	Workforce, Education, & Equity	Percentage of long-term Housing Opportunities for Persons With AIDS (HOPWA) clients adhering to service plan	yes	no
142	MGT - Office of Community Care	Workforce, Education, & Equity	Number of clients receiving ESG-Homelessness Prevention and HOPWA Short-term Rental Mortgage Utility (STRMU) assistance	yes	no
143	MGT - Office of Community Care	Workforce, Education, & Equity	Number of monthly clients accessing meals initiative through community centers	yes	no
144	MGT - Office of Community Care	Workforce, Education, & Equity	Percentage of over-the-counter Vital Stats applications processed within 15 minutes	yes	no
145	MGT - Office of Community Care	Workforce, Education, & Equity	Number of WIC clients receiving nutrition services	yes	yes
146	MGT - Office of Community Care	Workforce, Education, & Equity	Number of children in child care program	yes	no
147	MGT - Office of Community Police Oversight	Public Safety	Number of public events	yes	no
148	MGT - Office of Community Police Oversight	Public Safety	Percentage of mediation program project milestones complete	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
149	MGT - Office of Community Police Oversight	Public Safety	Complaint resolution rate	yes	yes
150	MGT - Office of Community Police Oversight	Public Safety	Percentage of completed independent investigations received from civilians	yes	no
151	MGT - Office of Community Police Oversight	Public Safety	Percentage of DPD's general orders reviewed	yes	no
152	MGT - Office of Emergency Management	Public Safety	Percentage of compliance with Department of Homeland Security funding guidelines	yes	no
153	MGT - Office of Emergency Management	Public Safety	Percentage of OEM emergency managers trained in Emergency Operation Center response procedures	yes	no
154	MGT - Office of Emergency Management	Public Safety	Percentage of participants rating training as excellent or good	yes	no
155	MGT - Office of Emergency Management	Public Safety	Percentage increase in number of virtual and in-person preparedness education events and presentations	yes	no
156	MGT - Office of Environmental Quality & Sustainability	Environment and Sustainability	Percentage of annual Comprehensive Environmental and Climate Action Plan (CECAP) milestones completed	yes	yes
157	MGT - Office of Environmental Quality & Sustainability	Environment and Sustainability	Number of emissions reduced (lbs. CO2)	yes	no
158	MGT - Office of Environmental Quality & Sustainability	Environment and Sustainability	Percentage of Municipal Setting Designations (MSDs) reviewed and completed within eight months	yes	no
159	MGT - Office of Environmental Quality & Sustainability	Environment and Sustainability	Percentage increase of outreach events attendance	yes	no
160	MGT - Office of Environmental Quality & Sustainability	Environment and Sustainability	Number of construction tailgate consultation events	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
161	MGT - Office of Environmental Quality & Sustainability	Environment and Sustainability	Percentage of departments demonstrating continual improvement on environmental objectives	yes	no
162	MGT - Office of Environmental Quality & Sustainability	Environment and Sustainability	Number of single-family residential households evaluated for recycling participation and compliance	yes	no
163	MGT - Office of Environmental Quality & Sustainability	Environment and Sustainability	Number of gallons saved through incentive-based water conservation programs	yes	no
164	MGT - Office of Environmental Quality & Sustainability	Environment and Sustainability	Percentage of service requests responded to within SLA	yes	no
165	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Percentage of non-litigated cases closed within 120 days	yes	no
166	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Number of Fair Housing education and outreach programs	yes	no
167	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Number of Dallas residents connected with WCIA vis-à-vis social media and community engagement activities	yes	no
168	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Attendance at Citizenship Workshop events	yes	no
169	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Dollar value of WCIA volunteers	yes	no
170	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Number of grant services via Dallas service organizations to provide civil legal services to immigrant families	yes	no
171	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Number of resident inquiries processed and/or referred annually	yes	no
172	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Number of WCIA community engagements undertaken	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
173	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Percent of resilience strategies completed	yes	no
174	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Percentage of survey respondents who rated the impact of equity community programming as good or excellent	yes	no
175	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Percentage increase of active employees on the Government Alliance on Race and Equity (GARE) portal	yes	no
176	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Percentage of supervisors and managers that have received equity training	yes	no
177	MGT - Office of Equity & Inclusion	Workforce, Education, & Equity	Percentage of City Departments participating in the Equity Indicators alignment process	yes	no
178	MGT - Office of Government Affairs	Government Performance & Financial Management	Percentage of legislative priorities achieved (federal and state)	yes	no
179	MGT - Office of Government Affairs	Government Performance & Financial Management	Competitive grant dollars received per General Fund dollar spent on fund development salaries	yes	no
180	MGT - Office of Historic Preservation	Environment and Sustainability	Percentage of routine maintenance certificates of appropriateness completed within seven days	yes	no
181	MGT - Office of Historic Preservation	Environment and Sustainability	Number of historical preservation outreach events (education and awareness presentations/publications)	yes	no
182	MGT - Office of Historic Preservation	Environment and Sustainability	Number of grant applications submitted to support historic preservation projects	yes	no
183	MGT - Office of Historic Preservation	Environment and Sustainability	Number of training sessions provided to landmark commissioners	yes	no
184	MGT - Office of Homeless Solutions	Housing and Homelessness Solutions	Percentage of beds utilized under the Pay-to-Stay program	yes	yes



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
185	MGT - Office of Homeless Solutions	Housing and Homelessness Solutions	Percentage of unduplicated persons placed in permanent housing who remain housed after six months	yes	yes
186	MGT - Office of Homeless Solutions	Housing and Homelessness Solutions	Percentage of persons exited to positive destinations through the Landlord Subsidized Leasing Program	yes	no
187	MGT - Office of Homeless Solutions	Housing and Homelessness Solutions	Percentage of households with permanent housing through the Rapid Rehousing Program	yes	no
188	MGT - Office of Homeless Solutions	Housing and Homelessness Solutions	Percentage of persons connected to services through street outreach	yes	no
189	MGT - Office of Integrated Public Safety Solutions	Public Safety	Percentage of crisis intervention calls handled by the RIGHT Care team	yes	yes
190	MGT - Office of Integrated Public Safety Solutions	Public Safety	Percentage reduction in DPD calls after implementation of Risk Terrain Modeling	yes	no
191	Municipal Radio	Quality of Life, Arts, & Culture	Total audience (as measured by Nielsen PPM)	yes	no
192	Municipal Radio	Quality of Life, Arts, & Culture	Average time spent listening (TSL hours, as measured by Nielsen)	yes	no
193	Office of Arts and Culture	Quality of Life, Arts, & Culture	Number of attendees at City-owned cultural facilities	yes	no
194	Office of Arts and Culture	Quality of Life, Arts, & Culture	Attendance at Office of Arts and Culture supported events	yes	no
195	Office of Arts and Culture	Quality of Life, Arts, & Culture	Dollars leveraged by partner organizations	yes	no
196	Office of Arts and Culture	Quality of Life, Arts, & Culture	Percentage of cultural services funding to ALAANA artists and organizations (African, Latinx, Asian, Arab, Native American)	yes	yes



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
197	Office of Arts and Culture	Quality of Life, Arts, & Culture	Number of Public Art community events to engage Dallas residents in the creation and care of their Public Art collection	yes	no
198	Office of Data Analytics & Business Intelligence	Government Performance & Financial Management	Percentage of students who successfully complete the Data Academy course	yes	no
199	Office of Data Analytics & Business Intelligence	Government Performance & Financial Management	Percentage of project milestones complete to improve data accessibility city wide	yes	no
200	Office of Data Analytics & Business Intelligence	Government Performance & Financial Management	Number of major research, analytics, and visualization projects completed	yes	no
201	Office of Economic Development	Economic Development	Dollars in capital investment fostered	yes	no
202	Office of Economic Development	Economic Development	Number of business outreach visits	yes	no
203	Office of Economic Development	Economic Development	Number of jobs created or retained through written commitment	yes	no
204	Office of Economic Development	Workforce, Education, & Equity	Percentage of individuals who complete workforce skills training from contracted, City partner/non-profit entity	yes	no
205	Office of Economic Development	Economic Development	Percentage overall certified M/WBE participation of City of Dallas procurements (by spend)	yes	no
206	Office of Economic Development	Economic Development	Percentage of City spend with vendors located in Dallas	yes	yes
207	Office of Economic Development	Economic Development	Percentage of certified M/WBE spend with vendors located in Dallas	yes	yes
208	Office of Risk Management	Government Performance & Financial Management	Average cost per workers' compensation claim	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
209	Office of Risk Management	Government Performance & Financial Management	Claimant contact within 24 Hours of New Claim Notice Rate	yes	no
210	Office of Risk Management	Government Performance & Financial Management	Commercial Driver's License (CDL) Workforce Drug Test Rate	yes	no
211	Office of Risk Management	Government Performance & Financial Management	Subrogation Monies Recovered	yes	no
212	Office of Risk Management	Government Performance & Financial Management	Percentage of monies recovered from subrogation claims	yes	no
213	Office of Risk Management	Government Performance & Financial Management	Percentage decrease in preventable city equipment incidents	yes	yes
214	Bond & Construction Management	Transportation and Infrastructure	Percentage of bond appropriations spent/awarded (ITD)	yes	yes
215	Bond & Construction Management	Transportation and Infrastructure	Percentage of appropriated projects completed	yes	no
216	Bond & Construction Management	Transportation and Infrastructure	Percentage of projects awarded for design and construction	yes	no
217	Bond & Construction Management	Transportation and Infrastructure	Number of projects awarded for design or construction	yes	no
218	Park and Recreation	Quality of Life, Arts, & Culture	Annual number of daily visits to partnership programs/facilities including the Arboretum, Cedar Ridge Preserve, Zoo Children's Aquarium, and Audubon Center	yes	no
219	Park and Recreation	Quality of Life, Arts, & Culture	Percentage of residents within half mile of a park	yes	no
220	Park and Recreation	Quality of Life, Arts, & Culture	Operating Expenditures per Acre of Land Managed or Maintained	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
221	Park and Recreation	Quality of Life, Arts, & Culture	Percentage of park visits completed by Park Rangers	yes	no
222	Park and Recreation	Quality of Life, Arts, & Culture	Average number of recreation programming hours per week (youth, seniors, and athletic leagues)	yes	yes
223	Park and Recreation	Quality of Life, Arts, & Culture	Participation rate at late-night Teen Recreation (TRec) sites	yes	yes
224	Park and Recreation	Quality of Life, Arts, & Culture	Annual value of volunteer hours for park system	yes	no
225	Planning and Urban Design	Economic Development	Percentage of development projects receiving policy/design review within 14 days	yes	no
226	Planning and Urban Design	Economic Development	Percentage of annual Comprehensive Plan project milestones completed	yes	no
227	Planning and Urban Design	Economic Development	Number of participants engaged in planning/capacity building projects	yes	no
228	Procurement Services	Government Performance & Financial Management	Percentage of contracts renewed before expiration	yes	no
229	Procurement Services	Government Performance & Financial Management	Average number of bids received per solicitation	yes	no
230	Procurement Services	Government Performance & Financial Management	Percentage of spend captured on contract	yes	no
231	Procurement Services	Government Performance & Financial Management	Department completion rate of the Dallas Contracting Officer Representative Program	yes	no
232	Public Works	Transportation and Infrastructure	Percentage of planned lane miles in areas of inequity	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
233	Public Works	Transportation and Infrastructure	Percentage of planned lane miles improved	yes	yes
234	Public Works	Transportation and Infrastructure	Percentage of potholes repaired within 3 days	yes	yes
235	Public Works	Transportation and Infrastructure	Percentage of Sidewalk Master Plan completed	yes	no
236	Public Works	Transportation and Infrastructure	Number of lane miles completed through Onyx preservation (In-House)	yes	no
237	Public Works	Transportation and Infrastructure	Percentage of asphalt service requests completed within SLA	yes	no
238	Public Works	Transportation and Infrastructure	Percentage of concrete service requests completed within SLA	yes	no
239	Sanitation Services	Environment and Sustainability	Residential recycling diversion rate	yes	yes
240	Sanitation Services	Environment and Sustainability	Residential recycling tons collected	yes	no
241	Sanitation Services	Environment and Sustainability	Percentage decrease in missed refuse and recycling collection calls	yes	yes
242	Sanitation Services	Environment and Sustainability	Percentage of automated fleet availability	yes	no
243	Sanitation Services	Environment and Sustainability	Percentage of on-time collection pickups	yes	no
244	Sanitation Services	Environment and Sustainability	Percentage rear loader availability	yes	no



FY22 Preliminary Performance Measures



	Department	Budget Strategic Priority	Performance Measure	Budget Book	D365
245	Sanitation Services	Environment and Sustainability	Missed refuse and recycling collections per 10,000 service opportunities	yes	no
246	Sustainable Development & Construction (GF)	Economic Development	Percentage of abandonment/license applications routed within five days	yes	no
247	Sustainable Development & Construction (EF)	Economic Development	Percentage of commercial reviews completed within 15 days	yes	no
248	Sustainable Development & Construction (EF)	Economic Development	Overall permit value in dollars	yes	no
249	Sustainable Development & Construction (EF)	Economic Development	Percentage of Express Projects Reviewed in 15 days	yes	no
250	Sustainable Development & Construction (EF)	Economic Development	Percentage of inspections performed same day as requested	yes	yes
251	Sustainable Development & Construction (EF)	Economic Development	Percentage of plat technical reviews completed in 15 days	yes	no
252	Sustainable Development & Construction (EF)	Economic Development	Average number of business days to first plan review of Single-Family permits	yes	yes
253	Sustainable Development & Construction (EF)	Economic Development	Average number of days for first prescreen of Single-Family permits	yes	yes
254	Transportation	Transportation and Infrastructure	Percentage of signal malfunction responses within 120 minutes	yes	yes





City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1149

Item #: 7.

Quarterly Investment Report (information as of March 31, 2021)



CITY OF DALLAS

March 31, 2021

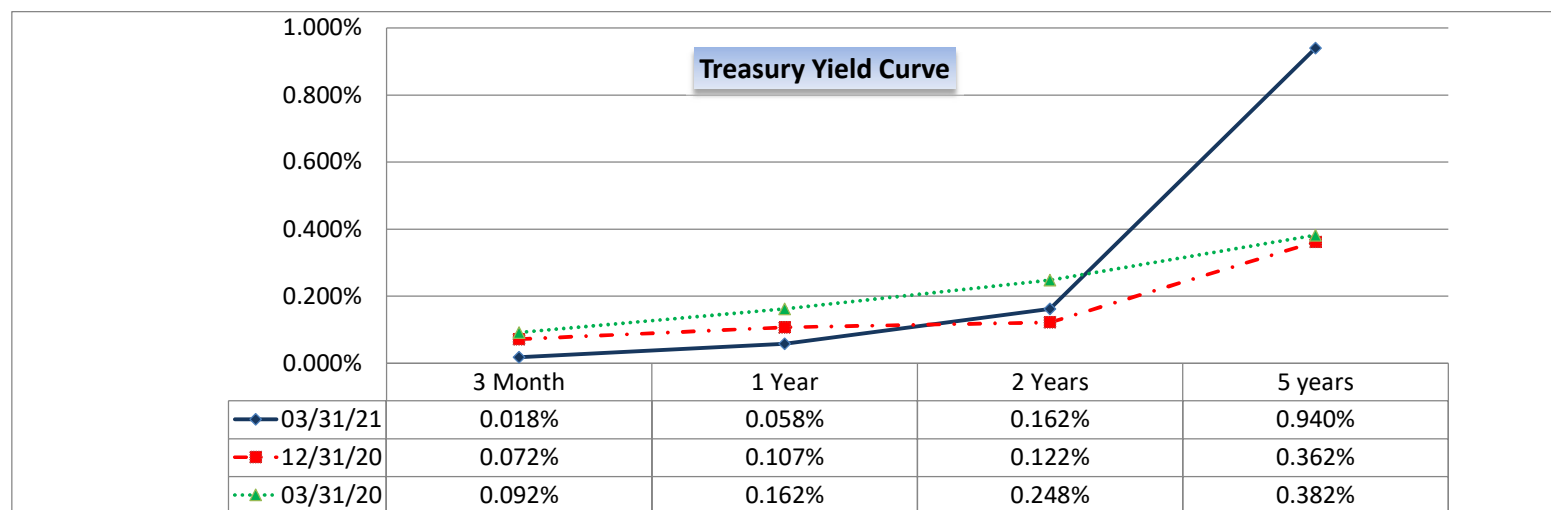
QUARTERLY INVESTMENT REPORT

Quarterly National Economic and Market Update
Quarter Ended March 31, 2021

- The COVID-19 pandemic was causing tremendous human and economic hardship across the United States and around the world. Amid progress on vaccinations and strong policy support, indicators of economic activity and employment had strengthened.
- Overall financial conditions remained accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.
- The ongoing public health crisis continued to weigh on economy, and risks to the economic outlook remain.
- Federal Open Market Committee (FOMC) decided to keep the target range for the federal funds rate at 0.00% - 0.25%.

Source: FOMC April 28, 2021 Statement

National Economic Data	3/31/2020	3/31/2021
Fed Funds Effective Rate Target Range	0.00% - 0.25%	0.00% - 0.25%
2 Years Treasury Note Yield	0.248%	0.162%
10 Years Treasury Note Yield	0.700%	1.742%
Monthly Unemployment Rate	4.40%	6.00%
Weekly Initial Jobless Claims	6,867,000	728,000
Monthly Change in Nonfarm Payrolls	-870,000	770,000
Monthly New Housing Starts	1,276,000	1,739,000



Source: Bloomberg

City of Dallas
Portfolio Holdings
Combined Investment Summary
As of 03/31/2021

Portfolio Description	Face Amount	Book Value	Market Value	Accrued Interest	Market Value + Accrued Interest	*Unrealized Gain/(Loss)	Weighted Average Yield To Maturity
01 The City's Investment Pool	2,715,515,305	2,715,246,656	2,716,311,584	1,960,111	2,718,271,695	1,064,928	0.32%
02 Convention Center Reserve	-	-	-	-	-	-	-
03 Water Reserve	90,000,000	90,000,000	90,000,000	67,959	90,067,959	-	0.15%
04 Arts Endowment	2,235,000	2,235,000	2,235,000	1,157	2,236,157	-	0.14%
05 Ida Green Library Fund	1,000,000	1,000,000	1,000,000	18	1,000,018	-	0.13%
10 DWU Commercial Paper Program	13,960	13,960	13,960	-	13,960	-	0.03%
11 GO Commercial Paper Program	46,446,502	46,446,502	46,446,502	-	46,446,502	-	0.03%

*Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the unrealized gains and losses due to market changes occurring prior to an investment's maturity are unlikely to be realized.

City of Dallas
Trade Activity by Portfolio
As of: 12/31/2020 - 03/31/2021

Portfolio Description	Beginning Face Amount	Beginning Weighted Average Yield To Maturity	Purchased/Deposited	Matured	Ending Face Amount	Ending Weighted Average Yield To Maturity
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City's Investment Pool*						
Federal Agricultural Mortgage Corp.	265,000,000	0.55%	335,000,000	20,000,000	580,000,000	0.27%
Federal Farm Credit Bank	345,000,000	0.33%	293,000,000	-	638,000,000	0.24%
Federal Home Loan Bank	190,000,000	0.18%	25,000,000	-	215,000,000	0.18%
Federal National Mortgage Assoc.	90,000,000	0.26%	-	-	90,000,000	0.26%
Treasury Bond	240,000,000	1.65%	-	-	240,000,000	1.65%
Total Portfolio	1,130,000,000	0.63%	653,000,000	20,000,000	1,763,000,000	0.44%

*Trade activity excludes bank investment holding account, local government investment pools and money market mutual funds.

Convention Center Reserve**						
None	-	0.00%	-	-	-	0.00%
Total Portfolio	-	0.00%	-	-	-	0.00%

**Trade activity excludes local government investment pools.

Water Reserve***						
None	-	0.00%	-	-	-	0.00%
Total Portfolio	-	0.00%	-	-	-	0.00%

***Trade activity excludes local government investment pools.

Arts Endowment						
None	-	0.00%	-	-	-	0.00%
Total Portfolio	-	0.00%	-	-	-	0.00%

****Trade activity excludes local government investment pools.

DWU Commercial Paper Program						
Money Market	13,960	0.02%	-	-	13,960	0.03%
Total Portfolio	13,960	0.02%	-	-	13,960	0.03%

GO Commercial Paper Program						
Money Market	46,457,673	0.03%	127,720	138,890	46,446,502	0.03%
Total Portfolio	46,457,673	0.03%	127,720	138,890	46,446,502	0.03%

City of Dallas
Summary Statement by Portfolio
As of: 12/31/2020 - 03/31/2021

Portfolio Description	Beginning Face Amount	Ending Face Amount	Beginning Book Value	Ending Book Value	Beginning Market Value	Ending Market Value	Net Deposits/ (Redemptions)	Change in Market Value	Accrued Interest	Ending Weighted Average Yield To Maturity
City's Investment Pool¹										
*Public Funds Interest Checking (PFIC) Account	100,168,727	100,213,192	100,168,727	100,213,192	100,168,727	100,213,192	44,465	-	-	0.18%
Local Govt. Investment Pool	852,193,742	822,302,113	852,193,742	822,302,113	852,193,742	822,302,113	(29,891,629)	-	66,786	0.11%
Money Market	299,000,000	30,000,000	299,000,000	30,000,000	299,000,000	30,000,000	(269,000,000)	-	-	0.04%
US Agency	890,000,000	1,523,000,000	889,786,650	1,522,802,314	891,053,868	1,522,978,679	633,000,000	(992,850)	861,618	0.24%
Treasury Bond	240,000,000	240,000,000	239,889,905	239,929,037	241,647,640	240,817,600	-	(830,040)	1,031,707	1.65%
**Total Portfolio	2,381,362,469	2,715,515,305	2,381,039,024	2,715,246,656	2,384,063,977	2,716,311,584	334,152,836	(1,822,890)	1,960,111	0.32%
Convention Center Reserve²										
Local Govt. Investment Pool	-	-	-	-	-	-	-	-	-	
Total Portfolio	-	-	-	-	-	-	-	-	-	
Water Reserve²										
Local Govt. Investment Pool	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	-	-	67,959	0.15%
Total Portfolio	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	-	-	67,959	0.15%
Arts Endowment³										
Local Govt. Investment Pool	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	-	-	1,157	0.14%
Total Portfolio	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	-	-	1,157	0.14%
Ida Green Library Endowment⁴										
Local Govt. Investment Pool	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-	18	0.13%
Total Portfolio	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-	18	0.13%
DWU Commercial Paper⁵										
Money Market	13,960	13,960	13,960	13,960	13,960	13,960	-	-	-	0.03%
Total Portfolio	13,960	13,960	13,960	13,960	13,960	13,960	-	-	-	0.03%
GO Commercial Paper⁵										
Money Market	46,457,673	46,446,502	46,457,673	46,446,502	46,457,673	46,446,502	(11,171)	-	-	0.03%
Total Portfolio	46,457,673	46,446,502	46,457,673	46,446,502	46,457,673	46,446,502	(11,171)	-	-	0.03%

Notes 1-5: See Page 6 for Strategy Statement by Portfolio.

*Public Funds Interest Checking (PFIC) Account is fully collateralized, interest-bearing account with liquidity equal to that of a money market mutual fund

**Numbers may not sum due to rounding

City of Dallas
Strategy Statement and Compliance by Portfolio
As of: 12/31/2020 - 03/31/2021

STRATEGY COMPLIANCE STATEMENT

For the quarter ended March 31, 2021 the portfolios are in compliance with the relevant provisions of the Public Fund Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

STRATEGY STATEMENT BY PORTFOLIO

1) City's Investment Pool

The City's Investment Pool is an aggregation of the majority of City funds that includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years.

2) Convention Center Bond Reserve and Water Bond Reserve

Non-pooled reserve funds for outstanding revenue bonds (Convention Center and Water) are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest at final maturity or if called prior to final maturity.

3) Arts Endowment

The Arts Endowment Fund was created by the City from a \$1,285,026 repayment to the General Fund from the Convention Center. Pursuant to Resolution No. 84-311 dated September 26, 1984, this endowment fund was created to provide additional monies for the arts, not to replace the current level of support. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return.

4) Ida Green Library Endowment

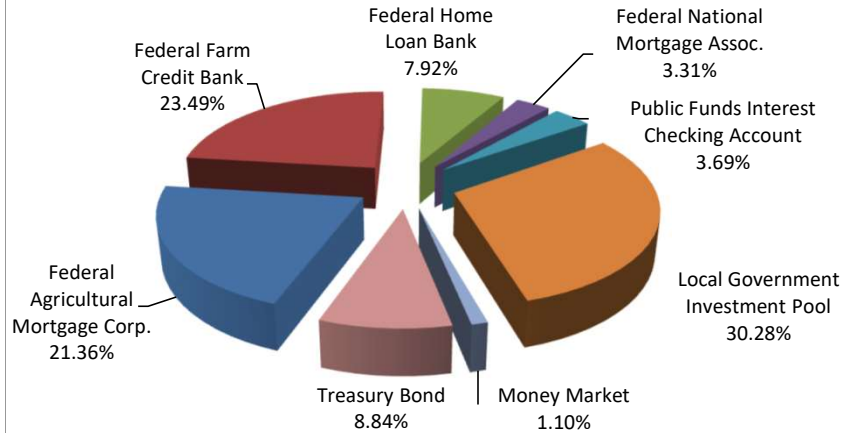
The Ida M. Green Endowment Fund was created with the proceeds from the sale of stock from the estate of Ms. Green pursuant to Resolution No. 87-0836. Its purpose is to provide funds for the operating and capital expenses of the library's Texas Center for the Book and Children's Center. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return.

5) DWU Commercial Paper Program and GO Commercial Paper Program

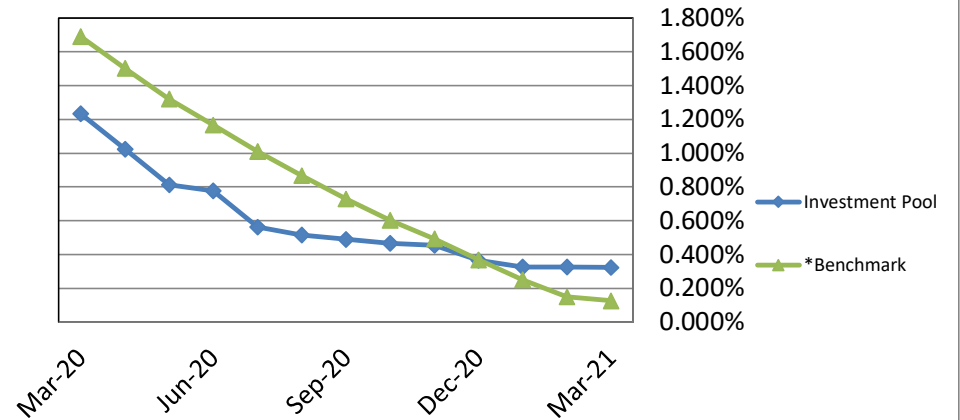
The City issues tax-exempt commercial paper notes as an interim financing tool for construction of capital projects. The investment of the proceeds from the issuance of commercial paper debt should have a high degree of liquidity in order to fund payments to contractors.

City of Dallas
City's Investment Pool Portfolio Allocation
Investment Summary
As of 03/31/2021

City's Investment Pool Portfolio Allocation



Yield Comparison



Description	Face Amount	Book Value	Market Value	**Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Weighted Average Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	580,000,000	580,000,000	580,092,148	92,148	505	0.27%	21.36%
Federal Farm Credit Bank	638,000,000	637,889,392	637,949,195	59,803	456	0.24%	23.49%
Federal Home Loan Bank	215,000,000	214,972,324	214,925,608	(46,716)	288	0.18%	7.92%
Federal National Mortgage Assoc.	90,000,000	89,940,598	90,011,727	71,129	479	0.26%	3.31%
Public Funds Interest Checking Account	100,213,192	100,213,192	100,213,192	-	1	0.18%	3.69%
Local Government Investment Pool	822,302,113	822,302,113	822,302,113	-	21	0.11%	30.28%
Money Market	30,000,000	30,000,000	30,000,000	-	1	0.04%	1.10%
Treasury Bond	240,000,000	239,929,037	240,817,600	888,563	86	1.65%	8.84%
***Total Portfolio	2,715,515,305	2,715,246,656	2,716,311,584	1,064,928	268	0.32%	100.00%

*As per Section 17.1 of the City's Investment Policy, the benchmark for the Investment Pool is the 12-month moving average yield on treasury 1-year constant maturities as reported by Federal Reserve Statistical Release H.15.

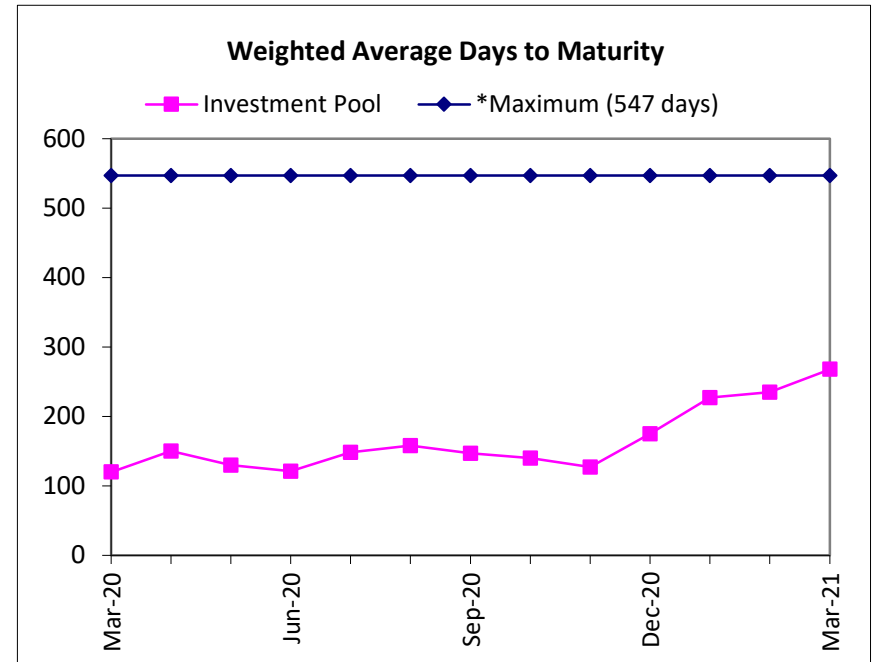
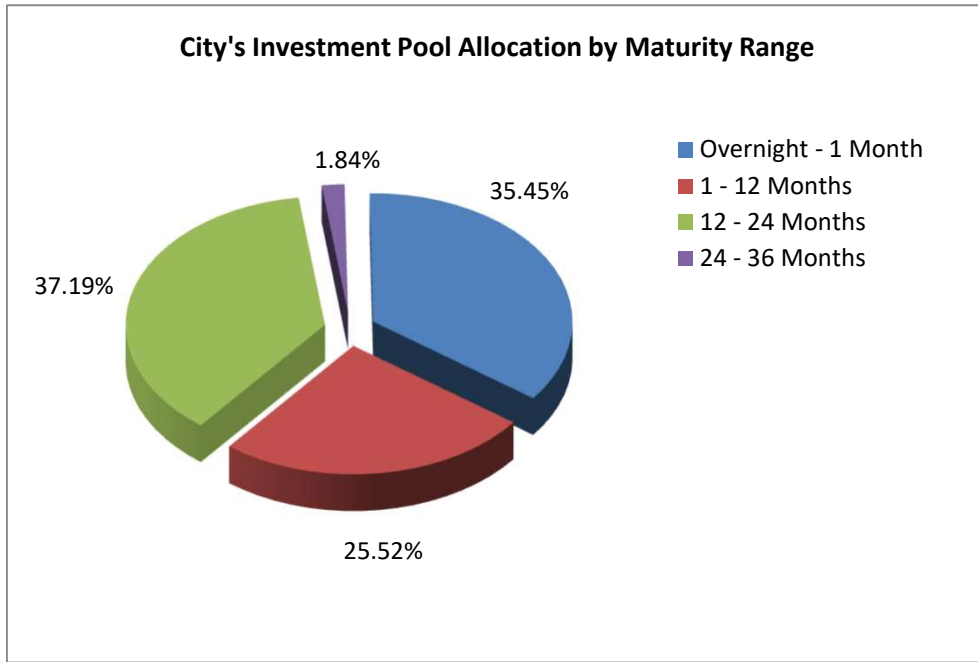
** Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the unrealized gains and losses due to market changes occurring prior to an investment's maturity are unlikely to be realized.

*** Numbers may not sum due to rounding

City of Dallas

City's Investment Pool Allocation by Maturity Range

As of 03/31/2021



Description	Face Amount/Shares	Book Value	Market Value	Weighted Average Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight - 1 Month	962,515,305	962,510,139	962,555,065	0.17%	3	35.45%
1 - 12 Months	693,000,000	692,922,310	694,011,148	0.75%	161	25.52%
12 - 24 Months	1,010,000,000	1,009,814,207	1,009,840,445	0.18%	568	37.19%
24 - 36 Months	50,000,000	50,000,000	49,904,925	0.16%	824	1.84%
**Total Portfolio	2,715,515,305	2,715,246,656	2,716,311,584	0.32%	268	100%

*As per Section 13.0 of the City's Investment Policy, the dollar-weighted average stated maturity of the Investment Pool shall not ex .

** Numbers may not sum due to rounding

City of Dallas
Date To Date
Broker/Dealer Activity
As of: FY 20-21 Year to Date

FY 20-21 Year to Date		
Description	Awarded	%
Primary Dealers		
Bank of America	\$265,000,000	10.52%
Jefferies & Co.	50,000,000	1.99%
RBC Capital Markets, LLC	0	0.00%
Wells Fargo	0	0.00%
Secondary Dealers		
FHN Financial	95,000,000	3.77%
Hilltop Securities Inc.	190,000,000	7.55%
Multi Bank Securities	745,000,000	29.59%
Piper Sandler & Co.	265,000,000	10.52%
Samco Capital Market	215,000,000	8.54%
Truist Securities, Inc.	0	0.00%
Vining Sparks	410,000,000	16.28%
Secondary Dealers - M/WBE		
Capital Institutional Services, Inc.	0	0.00%
Loop Capital	50,000,000	1.99%
Rice Financial	0	0.00%
Stern Brothers & Co.	233,000,000	9.25%
Total	\$2,518,000,000	100.00%

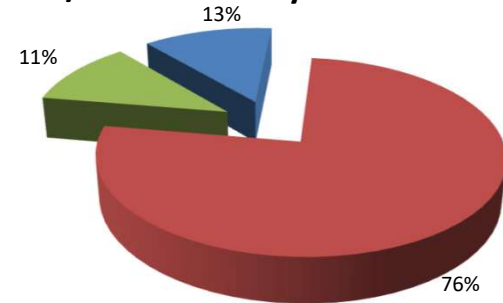
Notes:

Section 9 of the City's investment Policy requires the investment committee to annually review and adopt a list of qualified broker/dealers. These firms represent the broker dealer firms that are currently approved by the Investment Committee as of March 2021.

It is the City's policy to solicit three or more competitive bids/offers each trade except for agency securities purchased at issue.

Q2 FY 20-21		
Description	Awarded	%
FHN Financial	65,000,000	9.95%
Multi Bank Securities	280,000,000	42.88%
Piper Sandler & Co.	25,000,000	3.83%
Stern Brothers & Co. - M/WBE	43,000,000	6.58%
Vining Sparks	240,000,000	36.75%
Total	653,000,000	100.00%

Broker/Dealer Activity FY 20-21 to Date



- Primary Dealers \$315,000,000
- Secondary Dealers \$1,920,000,000
- Secondary Dealers (M/WBE) \$283,000,000

CITY OF DALLAS

March 31, 2021

QUARTERLY INVESTMENT REPORT

For the quarter ended March 31, 2021 the portfolios are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

Chief Financial Officer:

M. Elizabeth Reich

City Controller:

Shari P. Kowalski

Treasury Manager:

Bry Plank



City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1142

Item #: 8.

Minimum Reserves for City Properties at Auction

[Kris Sweckard, Director, Sustainable Development and Construction]

Memorandum



CITY OF DALLAS

DATE June 8, 2021

Honorable Members of the Government Performance and Financial Management
Committee: Cara Mendelsohn (Chair), Jennifer S. Gates (Vice Chair), Adam Bazaldua,
TO Adam McGough, Casey Thomas, II

SUBJECT **Minimum Reserves for City Properties at Auction**

This memo is in response to questions at the April 28, 2021 Council Agenda meeting on setting reserve amounts for the sale of City-owned property through the public auction process. The purpose of this memo is to further clarify the procedures of Section 2-24.1(b) of the Dallas City Code relating to the establishment of a reserve amount and provide further details on staff's proposed process moving forward in establishing the reserve amount on all City-owned property offered for sale through the public auction process.

Section 2-24.1(b) of the Dallas City Code currently provides for the establishment of a reserve amount prior to offering a property for sale by public auction. The City Council, by resolution, shall authorize the sale and establish a reserve amount for the property that will be the minimum price acceptable to the City for that property. Establishing a reserve amount may be waived by City Council resolution.

At the April 28, 2021, Council Agenda meeting, Item No. 21-466, staff recommended the waiver of the reserve amount requirement for the Forest Green Library; thereby resulting in the property being sold absolute. Historically, staff has made this recommendation unless a reserve amount is specifically requested or factors warrant the need for a reserve amount to be established. Some of the typical factors considered include the condition of the property or facility, the building life cycle, time span from original acquisition date, as well as any other pertinent information about the property.

The City has seen positive returns on value, both with a reserve amount and sold absolute. The results from the City's most recent auction held on May 26, 2021, are as follows:

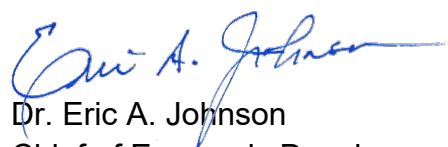
1. Forest Green Library (sold absolute): \$2.1M (appraised value: \$1.1M)
2. 17800 Dickerson (sold with a reserve): \$8.2M (appraised value: \$6M)

Based on the discussion at the April 28, 2021 City Council meeting, staff (SDC – Real Estate Division) will heretofore establish and recommend a reserve amount on all property offered for sale through the public auction process, not seeking a waiver as frequently done in the past. Staff will establish the reserve amount by reviewing appraisal evaluations, as well as any other pertinent information relevant in making an informative

DATE June 8, 2021
SUBJECT **Minimum Reserves for City Properties at Auction**

recommendation. The established reserve amount is not published or disclosed to the public, and will be provided to the Council, upon request.

If you require additional information or have any questions, please contact me or Kris Sweckard at 214-671-9273.



Dr. Eric A. Johnson
Chief of Economic Development and Neighborhood Services

c: Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors