



Audit of the TexasCityServices, LLC Contract

January 13, 2020

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 2019 are accurate and supported by the Texas State Comptroller of Public Accounts. The scope of our audit included TexasCityServices, LLC's Fiscal Year 2019 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.

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 2019 service periods, the Office of the City Auditor verified \$3,464,939 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 \$831,586 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 2019 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 2019: 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
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
Total			\$ 3,464,939	\$ 831,586	\$ 2,633,353

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	314,989	82,077	259,912
7/11/18	Apr – Jun 2018	88	1,051,432	252,344	799,088
10/11/18	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
Total			\$ 7,336,277	\$ 1,760,706	\$ 5,575,571

As of the invoice dated October 23, 2019, TexasCityServices, LLC has examined 36,510 Dallas Sales Tax Permits, identified 2,281 suspected businesses, completed 1,081 investigations of suspected businesses, and brought into compliance 161 businesses.

Exhibit 3:

Appendix A: Background and Methodology

Background

In October 2008, the Office of the City Auditor issued an *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 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 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on 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.

Major Contributors to the Report

Bob Smith, CPA – Project Manager

Lee Chiang, CIA, CISA – Audit Manager

Appendix B: Management's Acknowledgement

Memorandum



DATE: January 10, 2019
TO: Mark S. Swann, City Auditor
SUBJECT: Response to the Audit of the TexasCityServices, LLC Contract

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

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

Sincerely,

A blue ink signature of T.C. Broadnax, written in a cursive style.

T.C. Broadnax
City Manager

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

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

Memorandum



DATE: January 27, 2020

TO: Honorable Mayor and Members of the City Council

SUBJECT: Confidential Report: Audit of Payment Card Security Standard Compliance

The Office of the City Auditor released the *Confidential Report: Audit of Payment Card Security Standard Compliance* on January 27, 2020. The audit engagement started in March 2019 to evaluate the City's security controls for selected online payments. The audit scope included management operations and transactions from October 1, 2017 to the present.

Due to sensitive information in this report, the distribution was limited to City management responsible for payment card security standard compliance in accordance with *Government Auditing Standards* and the Texas Public Information Act – Texas Government Code, § 552.139: *Confidentiality of Government Information Related to Security or Infrastructure Issues for Computers*.

If you have any additional questions, please contact me at 214-670-3222.

Respectfully,



Mark Swann
City Auditor

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Memorandum



DATE: February 24, 2020

TO: Paula Blackmon, Council Member, District 9

SUBJECT: Independent Report on Agreed-Upon Procedures for the Notice of Funding Availability – Single-Family Housing Development – BUZ19-00010338

Attached for your review is the *Independent Report on Agreed-Upon Procedures for the Notice of Funding Availability - Single-Family Housing Development – BUZ19-00010338*. The agreed-upon procedures are included in [Attachment 1](#). Exceptions were noted for procedures (b) and (c). Management comments are included in [Attachment 2](#).

We have performed these procedures solely to assist City of Dallas City Council in evaluating compliance with the requirements of Housing and Neighborhood Revitalization Department, Development Division's *Notice of Funding Availability- Single-Family Housing Development – BUZ19-00010338*, relevant to the City's evaluation and recommendation for funding the: (1) Dallas Area Habitat for Humanity - Ideal & Joppa Infill and (2) Notre Dame Place- Five Mile Infill & Bonton project proposals.

Dallas City Charter, Chapter IX, Section 3, and the Office of the City Auditor's Fiscal Year 2020 Annual Audit Plan authorizes agreed-upon procedures attestation engagements on behalf of City Council Members.

If you have any questions, please contact me at (214) 670-3222 or by email at mark.swann@dallascityhall.com.

Sincerely,



Mark S. Swann
City Auditor

Attachment

C: Honorable Mayor and Members of City Council

T.C. Broadnax, City Manager

Christopher J. Caso, Interim City Attorney

Kimberly Bizer Tolbert, Chief of Staff

Michael Mendoza, Chief of Economic Development and Neighborhood Services

M. Elizabeth Reich, Chief Financial Officer

David Noguera, Director - Housing & Neighborhood Revitalization

Chhunmy Chhean, Director – Office of Procurement Services



Independent Report on Agreed-Upon Procedures for the Notice of Funding Availability – Single-Family Housing Development – BUZ19-00010338

February 24, 2020

Mark S. Swann, City Auditor

Mayor

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Omar Narvaez

Jaime Resendez

Casey Thomas, II

Chad West



Executive Summary

Objective and Scope

The objective of this attestation was to assist the City Council in evaluating compliance with the requirements of Housing and Neighborhood Revitalization Department, Development Division's *Notice of Funding Availability-Single-Family Housing Development – BUZ19-00010338*, relevant to the City's evaluation and recommendation for funding the: (1) Dallas Area Habitat for Humanity - Ideal & Joppa Infill; and, (2) Notre Dame Place- Five Mile Infill & Bonton project proposals.

Background

Council Member Paula Blackmon requested this attestation to assist City Council in evaluating the quality and accuracy of information received relevant to the City's evaluation and recommendation of funding the: (1) Dallas Area Habitat for Humanity - Ideal & Joppa Infill; and, (2) Notre Dame Place- Five Mile Infill & Bonton project proposals.

What We Found

Auditors performed the three agreed-upon procedures and identified exceptions for procedures (b) and (c). See [Attachment 1](#) for the full list of procedures.

Results:

Independent Agreed-Upon Procedures Report

The Office of the City Auditor conducted the procedures described in [Attachment 1](#), which were agreed to by Council Member Paula Blackmon, solely to assist the City of Dallas City Council in evaluating compliance with the requirements of Housing and Neighborhood Revitalization Department, Development Division's *Notice of Funding Availability- Single-Family Housing Development – BUZ19-00010338*, relevant to the City's evaluation and recommendation for funding the: (1) Dallas Area Habitat for Humanity - Ideal & Joppa Infill; and, (2) Notre Dame Place- Five Mile Infill & Bonton project proposals.

Exceptions were noted for agreed-upon procedures (b) and (c).

The exceptions pertain to required documentation, underwriting, and consistent scoring of the proposals. Department of Housing and Neighborhood Revitalization management provided comments to address the exceptions. [See Attachment 1](#) for the specific exceptions and a list of the procedures performed. Management's comments are provided in [Attachment 2](#).

Council Member Paula Blackmon requested this attestation on February 11, 2020 to assist City Council in evaluating the quality and accuracy of information received relevant to the City's evaluation and recommendation of funding the: (1) Dallas Area Habitat for Humanity - Ideal & Joppa Infill; and, (2) Notre Dame Place- Five Mile Infill & Bonton project proposals.

The purpose of this report on applying agreed-upon procedures is intended solely for the information and use of the City Council and City management and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. The Office of the City Auditor was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance. Accordingly, the Office of the City Auditor does not express such an opinion or conclusion. Had additional procedures been performed, other matters might have been identified that would have been reported.

Dallas City Charter, Chapter IX, Section 3 and the Office of the City Auditor's Fiscal Year 2020 Annual Audit Plan authorizes agreed-upon procedures attestation engagements. The agreed-upon procedures were conducted in accordance with the United States generally accepted government auditing standards.

Signature:

A handwritten signature in blue ink, reading "Mark S. Swann", followed by a long horizontal flourish.

Mark S. Swann, CPA
City Auditor
City of Dallas, Texas

February 24, 2020

ATTACHMENT 1: Agreed-Upon Procedures

Independent Report on Agreed-Upon Procedures for the Notice of Funding Availability – Single-Family Housing Development – BUZ19-00010338

February 24, 2020

Agreed-Upon Procedures

- (a) Confirm the City received the sealed proposals within the due date and time.

No Exceptions.

- (b) Confirm the proposals were responsive and responsible.

Exceptions.

Required documentation:

Notice of Funding Availability includes several lists of required documents to be submitted to the Department of Housing and Neighborhood Revitalization either with the initial proposal or after the initial scoring and prior to underwriting. However, both Dallas Area Habitat for Humanity and Notre Dame Place did not submit some of the required documents. [See Attachment 2.](#)

Underwriting:

Contrary to the procedure described in the Addendum No. 5 to the Notice of Funding Availability, underwriting was not performed by an external party for Dallas Area Habitat for Humanity. According to the Department of Housing and Neighborhood Revitalization, *"All developer proposals that did not require funding were reviewed in-house because there was no funding request to underwrite."*

- (c) Confirm the proposal's documentation supports the evaluation scoring and is consistent with the scoring rubrics set forth in the [Notice of Funding Availability- Single-Family Housing Development – BUZ19-00010338](#).

Exceptions.

Both proposals received scores (up to 7 points) on whether their previous developments *"were completed in a timely manner; have been maintained in accordance with city, state and federal regulations; offer Services, if applicable; and there are no outstanding deficiencies related to inspections,"* even though the proposers did not submit documents related to timelines, most recent inspection report, and property audits for their current/pending projects.

Despite the missing documents, four out of five scoring panelists for Dallas Habitat of Humanity and three out of five panelists for Notre Dame Place gave full 7 points for this category. According the Department of Housing and Neighborhood Revitalization, information was not provided in the specified forms but was extracted from the owner, developer, and general contractor experience tabs and from other documents submitted during the multi-family Notice of Funding Availability process.

ATTACHMENT 2: Comparison of NOFA Requirements to Submitted Documentation

Documents Required by the Notice of Funding Availability	Submitted Documents:		Housing and Neighborhood Revitalization Department Comments
	Dallas Area Habitat for Humanity - Ideal & Joppa Infill	Notre Dame Place- Five Mile Infill & Bonton project	
Executive Summary form	Yes	Yes	
Identification and Resumes of Proposer and Project Team form	Yes	Yes	
Owner's, Developer's and General Contractor's Experience form	Yes	Yes	
Timelines, most recent inspection report, and property audits for current/pending Projects.	No	No	These documents were not required unless the past projects were done with the City's funding.
Three or more professional references (related to past Projects).	Yes	Yes	
Project Sources and Uses of Funds (For Sale, Lease-Purchase or Rental) form	Yes	Yes	
Cash flow analysis and projected sales, including profit and loss statement (through sale of all homes and eligible homebuyers).	Yes	Yes	

Documents Required by the Notice of Funding Availability	Submitted Documents:		Housing and Neighborhood Revitalization Department Comments
	Dallas Area Habitat for Humanity - Ideal & Joppa Infill	Notre Dame Place- Five Mile Infill & Bonton project	
Rent, utility allowance, and operating cost projections for rental properties	No	Yes	Dallas Area Habitat for Humanity was not proposing rental housing. As such 20-year cashflow and rent/utility/allowance/operating costs were not needed.
20-year cash flow analysis for rental properties	No	Yes	
Commitments for other financing, both permanent and construction loan sources	Yes	Yes	
Documents of construction costs (e.g. estimate by qualified individual, bids, contract documents)	Yes	Yes	
Estimates/documentation of professional services and soft costs (e.g. architectural fees, construction period taxes/insurance, marketing expenses, realtor listing agreement, etc.)	Yes	Yes	
Identification of Housing Issues form	Yes	Yes	
Income bands served form	Yes	Yes	
Housing unit design principles form	Yes	Yes	
M/WBE and BI Form	Yes	Yes	

Chart continues on next page.

Documents Required by the Notice of Funding Availability	Submitted Documents:		Housing and Neighborhood Revitalization Department Comments
	Dallas Area Habitat for Humanity - Ideal & Joppa Infill	Notre Dame Place- Five Mile Infill & Bonton project	
Evidence of site control (e.g. option, deed, etc.). N.A if entire Project will be developed on Land Transfer parcels.	No	No	These documents were not required for Dallas Area Habitat for Humanity because they are only requesting to purchase land. These documents were not required for Notre Dame Place because there are currently no buildings on the land they request to purchase.
Preliminary title insurance commitment. N.A if entire Project will be developed on Land Transfer parcels.	No	No	
Documentation of existing/improved property value (e.g. tax assessment, appraisal, comparable developments etc.). N.A if entire Project will be developed on Land Transfer parcels.	No	No	
Maps demonstrating proximity to Site Amenities	Yes	Yes	
Plans and specifications including site plan and elevation drawings.	Yes	Yes	
Documentation of status of any necessary zoning, planning, and other approvals.	No	Yes	The information is included in "plans and specifications including site plan and elevation drawings."
Analysis of Project's proposed sale price, lease purchase, or rental rates versus comparable homes recently sold or leased in the neighborhood.	Yes	Yes	
Analysis of Project's proposed sale price, lease purchase, or rental rates versus comparable homes recently currently for sale/rent.	Yes	Yes	

Documents Required by the Notice of Funding Availability	Submitted Documents:		Housing and Neighborhood Revitalization Department Comments
	Dallas Area Habitat for Humanity - Ideal & Joppa Infill	Notre Dame Place- Five Mile Infill & Bonton project	
Analysis of Project's proposed sale price, lease purchase, or rental rates versus any planned housing developments in the area.	Yes	Yes	
Evidence of buyer and renter demand for the proposed housing unit type, size, design, and other unit specifications.	Yes	Yes	
Rental projects must provide evidence supporting proposed lease rates, cash flow assumptions, absorption rates, and unit mix.	Yes	Yes	
Provide sufficient evidence that sources of funds are available to be committed to the Project upon award.	Yes	Yes	
Certification of Financial Stability and Regulatory Compliance	Yes	Yes	
Proposer Disclosure and Explanation Form	Yes	Yes	
Proposer Identity and Interest Questionnaire	Yes	Yes	
Affidavit of Authorized Representative and Authorization to Obtain Information	Yes	Yes	
Authorization and Release to Obtain Personal Credit Information	Yes	Yes	
Acknowledgement and Certification of CHDO Requirements	Yes	Yes	

Documents Required by the Notice of Funding Availability	Submitted Documents:		Housing and Neighborhood Revitalization Department Comments
	Dallas Area Habitat for Humanity - Ideal & Joppa Infill	Notre Dame Place- Five Mile Infill & Bonton project	
Conflict of Interest Questionnaire	Yes	No	Notre Dame Place provided Proposer Identity and Interest Questionnaire document instead.
CHDO Application (if applicable)	No	Yes	Dallas Area Habitat for Humanity is not a CHDO.
Business Inclusion and Development Affidavit and/or History of MWBE and/or Section 3 Utilization Form	Yes	Yes	
Fair Housing Review Checklist	Incomplete/ Not Signed	Incomplete/ Not Signed	The Office of Fair Housing was provided with and reviewed all information. The Office of Fair Housing also provided comments to the Department of Housing and Neighborhood Revitalization where appropriate.
HUD 935.2A form	No	No	No comment
Last 2 years' audited or reviewed financial statements for Proposer, developer, or anyone having 20 percent or more ownership interest, and any guarantors.	Incomplete	Incomplete	Additional documents were required, but the provided audited financial statements were sufficient for them to move to underwriter.
Last 2 years' corporate audit or reviewed financial statements. If Proposer is a special purpose or single asset entity, also submit 2 years of audited financial statements for the controlling entity of the Proposer.	Incomplete	Incomplete	
Last 2 years' tax returns for developer (990s for nonprofit developers).	Yes	Yes	

Documents Required by the Notice of Funding Availability	Submitted Documents:		Housing and Neighborhood Revitalization Department Comments
	Dallas Area Habitat for Humanity - Ideal & Joppa Infill	Notre Dame Place- Five Mile Infill & Bonton project	
Certified copies of all organizational documents of all entities in the Project, including articles of incorporation, operating agreement, partnership agreement, as applicable.	Yes	Yes	
Site specific environmental record and estimate of remediation costs as applicable.	No	No	Both Dallas Area Habitat for Humanity and the Notre Dame Place requested purchasing of land and as such, they currently have no site control.
Environmental site assessment	No	No	
Documentation of utility availability and connection costs. Provide any engineering studies documenting availability.	No	No	To be done during the due diligence period. However, development budgets included cost estimates for utility connection/installation.
Waiting list of interested tenants	No	No	This is more for rental projects, as such, this doesn't necessarily apply to for-sale housing.
Completed CHDO application and required documentation	No	Yes	Dallas Area Habitat for Humanity is not a CHDO.
Documentation of Neighborhood Meeting	Yes	Yes	

Chart continues on next page.

Documents Required by the Notice of Funding Availability	Submitted Documents:		Housing and Neighborhood Revitalization Department Comments
	Dallas Area Habitat for Humanity - Ideal & Joppa Infill	Notre Dame Place- Five Mile Infill & Bonton project	
Marketing plan	No	No	This is a document/plan that the Housing and Neighborhood Revitalization Department will require once the scope of the project has been determined (this will be determined once the developer has completed the due diligence stage with the Land Transfer lots and the number of houses and the types of houses to be built has been confirmed).
Flood Hazard Determination Form (FEMA Form 086-0-32)	No	No	This form was not required with the initial proposal because the City already possesses the necessary Geographic Information Systems (GIS) layer to make the flood determinations.

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Audit of the City's Open Records Request Process – Dallas Police Department

February 26, 2020

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

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Executive Summary

Objective and Scope

The audit objective was to evaluate the effectiveness of the City's compliance with State law and identify cost-saving opportunities. The audit scope included the Dallas Police Department's open record request activities and transactions from January 1, 2018, through June 30, 2019.

What We Recommend

Compliance

- Conform to the City's information security standards.
- Complete and retain evidence of training.
- Update City procedures.
- Validate notification of delay.

Cost Recovery

- Identify costs to fulfill requests and determine cost-recovery options.

Efficiency

- Determine information patterns for open data posting.

Background

The Texas Public Information Act gives the public the right to request access to government information. The requests must be written and must ask for records of information already in existence.

The Dallas Police Department Open Records Unit coordinates all open record requests involving the Dallas Police Department. The Dallas Police Department requests require additional review and redaction verification to meet State and Federal considerations to protect Criminal Justice Information Service information.

The City Secretary's Office coordinates requests for all other City departments. A separate report addresses observations and associated recommendations for the City Secretary's Office.

What We Found

The Dallas Police Department is meeting its compliance obligations with minimal exceptions. The observations for noncompliance are related to:

- (1) User Access
- (2) Training
- (3) Procedures
- (4) Notification

The City's compliance costs will continue to rise as more entities seek information. The City can recover costs from individuals, per the Texas Public Information Act; the cost recovery and other efficiency opportunities should be evaluated.

Audit Results: Section 1 - Compliance

Observation A: User Accounts

Due to sensitive information in this observation, the distribution was limited to responsible City management in accordance with Government Auditing Standards 9.61: *Requirements: Reporting Confidential or Sensitive Information* and the Texas Public Information Act – 5 Texas Government Code § 552.139: *Confidentiality of Government Information Related to Security or Infrastructure Issues for Computers*.

Observation B: Training

Evidence of City personnel completing a required, one-hour educational course was not retained or available. Nonfulfillment of training within the appropriate timeframe increases the chances of releasing personally identifiable information or State-approved exclusions, such as criminal history.

The Texas Public Information Act requires a one-hour educational course be completed within 90 days after assuming open records request processing responsibilities. Review of 52 open records processors with privileged access in the GovQA System determined that 29 percent, or 15 personnel, did not complete the required training. In addition, for those open records processors who did complete training, information was not readily available to conclude if the training was completed within the 90-day timeframe.

A contributing factor to noncompliance is the high level of personnel turnover in the Dallas Police Department Open Records Unit.

Criteria

- ❖ 2018 Public Information Act Handbook, Part One, *Open Records Training*
- ❖ Standards for Internal Control in the Federal Government (Green Book), *Principle 4.05*

Assessed Risk Rating:

Moderate

We recommend the **Dallas Police Department**:

B.1: Complete training within 90 days of position verification and retain evidence in a centralized location.

Observation C: Procedures

The City procedures for open record request processing are incomplete. Incomplete procedures could result in misinterpretation of requirements and inadvertent release of information that is private and/or is an exclusion as defined by the Texas Public Information Act.

The Dallas Police Department Records Unit Standard Operating Procedures do not explain how City employees should handle requests received outside of normal channels or the use of formal letters and notices to ensure consistency. Also, the Dallas Police Department Records Unit's Standard Operating Procedures do not explain how consistency, redaction, and exclusions are processed uniformly.

Criteria:

- ❖ 2018 Public Information Act Handbook, *Part[s] One and Three*
- ❖ Standards for Internal Control in the Federal Government (Green Book), *Principles 12.02 – 12.05*

Assessed Risk Rating:

Low

We recommend the **Dallas Police Department**:

- C.1:** Update the Dallas Police Department Records Unit Standard Operating Procedures to incorporate the missing items and clarify requirements.
- C.2:** Provide annual training to Dallas Police Department personnel to reinforce their roles.

Observation D: Notification

The City did not formally notify three requestors of additional time needed to fulfill the request. If the City does not formally communicate additional time needed, requestors may believe that the City is hindering citizen's access to information.

The City met its obligation to formally notify and provide information for 93 percent of the 44 requests that were tested. Out of the 44 tested requests, three requests, or seven percent, did not receive formal notification of delay and were fulfilled after the tenth business day. The Dallas Police Department has a greater backlog of open records requests and takes longer (due to redaction and video review time restraints and high employee turnover) to respond to a request.

Criteria:

- ❖ 2018 Public Information Act Handbook, *Part Eight*
- ❖ Standards for Internal Control in the Federal Government (Green Book), *Principles 10.03, 10.10*

Assessed Risk Rating:

Low

We recommend the **Dallas Police Department**:

- D.1:** Validate formal notification of delay is sent to the requestor before the tenth business day.

Audit Results: Section 2 – Cost Recovery and Efficiency

Observation E: Cost Recovery

The City incurs on-going costs to process open record requests. With the increasing number of requests, the ability to service requestors free of charge and minimize the loss of employee productivity may not be attainable. The Dallas Police Department received over 50,000 open record requests for the 18-month audit period with an estimated salary cost of \$2.1 million for full-time records processors. Additional costs not tracked are:

- Direct and indirect costs. For example, direct costs associated with requests are research, collection, review and redaction. Indirect costs include legal review and opportunity cost. The City loses productivity when employees must transition between primary duties and responding to requests.
- Recurring time of City Attorney's Office and Information Technology Services leadership and personnel, who are almost always included in processing requests.
- Level of effort and time to process various types of requests. The City incurs an estimated average salary cost of \$40 per request received by the Dallas Police Department Open Records Unit.

In addition, the Dallas Police Department Open Records Unit incurs significant time to review dash cam and body cam video footage and police radio recordings for redaction purposes. Per Dallas Police Department, management review time could require over eight hours depending on the request, the number of officers and their associated cameras for each incident. The City invoices requestors for the physical costs of DVD's, cassette's, or copies of information. However, the labor cost to review and redact recordings is not included in the final invoice to the requestor. The Dallas Police Department estimates that a review of camera footage alone can cost the City upwards of \$2,000 per incident.

The Texas Public Information Act allows the City to recover costs within specific limitations as prescribed by the State of Texas Office of the Attorney General for charges such as copies, labor, and overhead. Charges of labor can include the actual time to locate, compile, manipulate data, and reproduce the requested information.

[Refer to Exhibit 1](#) on page 7 for an example of how one City estimates the time and cost by open request type.

Exhibit 1:

City of Albuquerque, New Mexico, Example of Cost and Time by Request Type

	Simple	Typical	Complex
Type of Request/ Description	A recurring request that involved running a query and attaching a report to an email	Involves one or more departments and significant review/redaction are not needed	Involves multiple departments, multiple levels of review, high ranking resources needed, review/redaction time is significant.
Estimated Time to Fulfill Request	15 minutes	2.5 hours	32 hours
Estimated Cost to Fulfill Request	\$7	\$67	\$1, 295

Source: City of Albuquerque, New Mexico, Inspection of Public Records Act, Report No 14-101, Finding #1

Criteria

- ❖ 2018 Public Information Act Handbook, Preface to the Handbook: *Rights of Requestors; Rights of Governmental Bodies*
- ❖ 1 Texas Administrative Code §70.3: *Charges for Providing Copies of Public Information*
- ❖ Standards for Internal Control in the Federal Government (Green Book), *Principles 10.10 – 10.11*

Assessed Risk Rating:

Moderate

We recommend the **City Manager**:

E.1: Identify costs and cost trends to fulfill requests and determine cost recovery options that support the City's values.

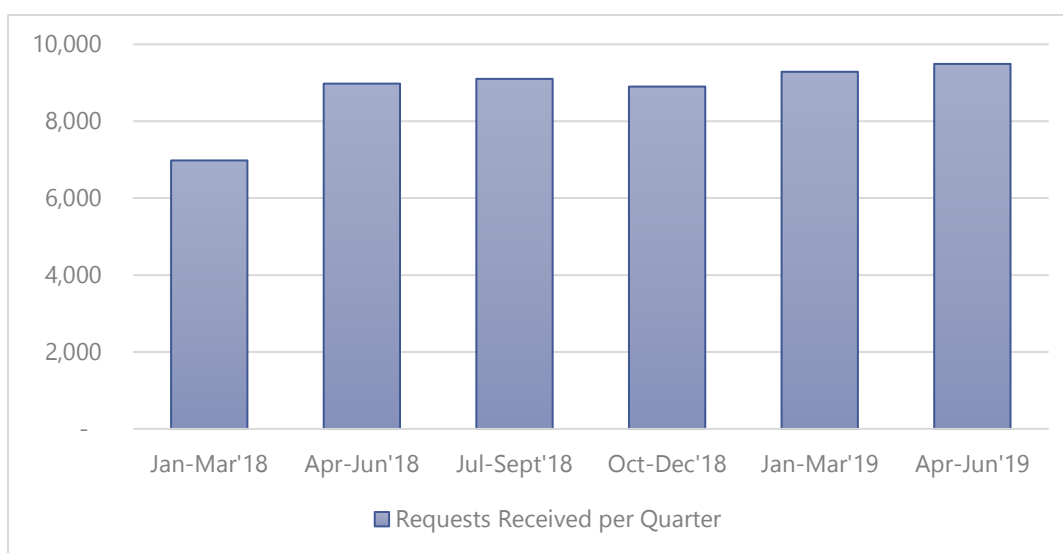
Observation F: Efficiency

The City is not maximizing its open data policy to make information readily available and minimize employee productivity loss. Not applying an open data policy could negatively impact employees' productivity.

During the audit period, the Dallas Police Department received over 50,000 requests at an average of 8,790 per quarter. [See Exhibit 2](#) below. The City might be responding to requests that are repetitive, already addressed in other City sources, or pre-approved legal exclusions.

Exhibit 2:

Dallas Police Department Open Records Requests Received by Quarter



Source: GovQA System

Processing efficiencies could be gained if word analysis tools are applied. For example, a word cloud analysis of the requests submitted from January 1, 2018, through August 26, 2019, showed that there are certain recurring themes in the requests. [Exhibit 3](#) on page 9 shows the most frequently used words in requests and provides an idea of what type of information could be used for open data.

Exhibit 3:

Dallas Police Department Word Cloud Analysis



Source: GovQA System

Criteria

- ❖ Administrative Directive 2-53, *Open Data*, Section 3
- ❖ Standards for Internal Control in the Federal Government (Green Book), *Principles 16.04 – 16.05*

Assessed Risk Rating:

Low

We recommend the **Dallas Police Department**:

F1: Determine information request patterns using word analysis tools for open data posting.

Appendix A: Background and Methodology

Background

The Texas Public Information Act was adopted in 1973, codified at chapter 552 of the Texas Government Code, and gives the public the right to request access to government information. The Texas Public Information Act is triggered when a person submits a written request. The request must ask for records of information already in existence as governmental bodies are not required to create new information or perform legal research. Governmental bodies are also provided with a pre-approved list of exclusions so that privacy and confidentiality are maintained.

A governmental body may impose financial charges for access to information under certain limited circumstances. All employees and public officials (or a coordinator designated by the public official) with open record request responsibilities must complete the online training within 90 days of position verification. The training covers background information, interpretation for exclusions, and penalties for noncompliance.

The City uses a third-party web-based portal, GovQA System, to track request activities. The Dallas Police Department Open Records Unit coordinates open record requests for only the Dallas Police Department. The City Secretary's Office coordinates requests for all other City departments. The review and redaction process for the Dallas Police Department involves additional State and federal considerations (Criminal Justice Information Services-Federal Bureau of Investigation).

Methodology

The audit methodology involved developing an understanding of processes and controls for receiving, tracking, and responding to requests. The audit procedures included review of key City, State and Federal guidance documents, walk-throughs, interviews, inspection for documentation, detailed tests of controls by analyzing the transactions.

Audit sampling software (IDEA) was used to generate statistical and random attribute test samples to accomplish audit objectives. Population data was derived from the department records of the GovQA System.

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

Major Contributors to the Report

Bob Smith, CPA – Project Manager

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

Rory Galter, CPA – Quality Control Review

Appendix B: Management's Response

Memorandum



DATE: February 21, 2020
TO: Mark S. Swann, City Auditor
SUBJECT: Response to Audit of the City's Open Records Request Process – Dallas Police Department

This letter acknowledges the City Manager's Office received the *Audit of the City's Open Records Request Process – Dallas Police Department* and submitted responses to the recommendations in consultation with the Dallas Police Department.

City Management and the Dallas Police Department believe it is important to provide transparency and accountability to our citizens. One way we accomplish this is through the Dallas Police Department's open record process.

While the audit found minimal exceptions, we recognize there are opportunities to improve the Dallas Police Department's open records process.

To further improve the open records process, the Dallas Police Department will:

- Enhance user access internal controls
- Ensure staff receive adequate training
- Enhance existing Standard Operating Procedures
- Promptly notify requestors when additional time is needed to fulfill a request

In addition, the Dallas Police Department will research equitable solutions for increasing efficiency in fulfilling open records requests, while maintaining transparency and accountability.

Sincerely,

A handwritten signature in blue ink, appearing to read "T.C. Broadnax", written over a blue circular stamp.

T.C. Broadnax
City Manager

C: Kimberly Bizer Tolbert, Chief of Staff

"Our Product is Service"
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M. Elizabeth Reich, Chief Financial Officer
Jon Fortune, Assistant City Manager
Chief U. Renee Hall, Chief of Police, Dallas Police Department

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

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Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
Recommendations – Section 1: Compliance					
Moderate	We recommend the Dallas Police Department :				
	B.1: Complete training within 90 days of position verification and retain evidence in a centralized location.	Agree:	DPD will ensure employees complete training within 90 days of position verification. DPD will ensure documentation is retained in a central location.	9/30/2020	3/31/2021
Low	We recommend the Dallas Police Department :				
	C.1: Update the Dallas Police Department Records Unit Standard Operating Procedures to incorporate the missing items and clarify requirements.	Agree:	DPD will include procedures on handling open record requests received outside of normal channels in the Record's unit's SOPs. The SOPs will also incorporate tools to ensure consistency and provide guidance on processing redactions and exclusions.	12/31/2020	06/30/2021
	C.2: Provide annual training to Dallas Police Department personnel to reinforce their roles.	Agree:	DPD will ensure DPD employees responsible for processing open records requests receive annual training.	12/31/2020	06/30/2021
Low	We recommend the Dallas Police Department :				
	D.1: Validate formal notification of delay is sent to the requestor before the tenth business day.	Agree:	DPD will ensure formal notifications of delay are sent to the requestor by the 10 th day.	12/31/2020	06/30/2021

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
Recommendations – Section 2: Cost Recovery and Efficiency					
Moderate	We recommend the City Manager :				
	E.1: Identify costs and cost trends to fulfill requests and determine cost recovery options that support the City's values.	Agree:	The City Manager will ensure DPD researches the cost associated with open records requests and evaluates cost recovery options.	12/31/2020	06/30/2021
Low	We recommend the Dallas Police Department :				
	F.1: Determine information request patterns using word analysis tools for open data posting.	Agree:	DPD will perform a word analysis to identify potential open data postings that could improve efficiency.	12/31/2020	6/30/2021



Audit of the City's Open Records Request Process – City Secretary's Office

February 26, 2020

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



City of Dallas

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Executive Summary

Objective and Scope

The audit objective was to evaluate the effectiveness of the City Secretary's Office compliance with State law and identify cost saving opportunities. The audit scope included the City Secretary's Office's open record request activities and transactions from January 1, 2018, through June 30, 2019.

What We Recommend

Compliance

- Conform to the City's information security standards.
- Complete and retain evidence of training.
- Update the Administrative Directive and City procedures.

Cost Recovery

- Identify costs to fulfill requests and determine cost-recovery options.

Efficiency

- Determine information patterns for open data posting.

Background

The Texas Public Information Act gives the public the right to request access to government information. The requests must be written and must ask for records of information already in existence.

The City Secretary's Office coordinates open record requests for all City departments except for the Dallas Police Department.

A separate report addresses observations and associated recommendations for the Dallas Police Department.

What We Found

The City Secretary's Office is meeting its compliance obligations with minimal exceptions. The observations for noncompliance are related to:

- (1) User Access
- (2) Training
- (3) Procedures

The City's compliance costs will continue to rise as more entities seek information. The City can recover costs from individuals, per the Texas Public Information Act; the cost recovery and other efficiency opportunities should be evaluated.

Audit Results: Section 1 - Compliance

Observation A: User Accounts

Due to sensitive information in this observation, the distribution was limited to responsible City management in accordance with Government Auditing Standards 9.61: *Requirements: Reporting Confidential or Sensitive Information* and the Texas Public Information Act – 5 Texas Government Code § 552.139: *Confidentiality of Government Information Related to Security or Infrastructure Issues for Computers*.

Observation B: Training

Evidence of City personnel completing a required, one-hour educational course was not retained or available. Nonfulfillment of training within the appropriate timeframe increases the chances of releasing personally identifiable information or State-approved exclusions.

The Texas Public Information Act requires a one-hour educational course be completed within 90 days after assuming open records request processing responsibilities. Review of 35 open records processors with privileged access in the GovQA System determined that 34 percent, or 12 personnel, did not complete the required training. In addition, for those open records processors who did complete training, information was not readily available to conclude if the training was completed within the 90-day timeframe.

Criteria

- ❖ 2018 Public Information Act Handbook, Part One, *Open Records Training*
- ❖ Standards for Internal Control in the Federal Government (Green Book), *Principle 4.05*

Assessed Risk Rating:

Moderate

We recommend the City Secretary's Office:

B.1: Complete training within 90 days of position verification and retain evidence in a centralized location.

Observation C: Procedures

The City procedures for open record request processing are incomplete. Incomplete procedures could result in misinterpretation of requirements and inadvertent release of information that is private and/or is an exclusion as defined by the Texas Public Information Act.

The City's draft Administrative Directive does not explain how City employees should handle requests received outside of normal channels or the use of formal letters and notices to ensure consistency. Also, the draft Administrative Directive does not include the following components of the *2018 Public Information Act Handbook*:

- Dismissing repetitious requests or readily available information (Section 552.232).
- Informing third parties if proprietary information is requested (Section 552.305).
- Excluding requests of tangible items such as tools and keys (Part One, Section III, B).
- Addressing City related information generated through personal notes, email and devices (Part One, Section III, C).

Criteria:

- ❖ 2018 Public Information Act Handbook, *Part[s] One and Three*
- ❖ Standards for Internal Control in the Federal Government (Green Book), *Principles 12.02 – 12.05*

Assessed Risk Rating:

Low

We recommend the City Secretary's Office:

- C.1:** Update the Administrative Directive to incorporate the missing items and clarify requirements.
- C.2:** Provide annual training to City employees to reinforce their roles.

Audit Results: Section 2 – Cost Recovery and Efficiency

Observation D: Cost Recovery

The City incurs on-going costs to process open record requests. With the increasing number of requests, the ability to service requestors free of charge and minimize the loss of employee productivity may not be attainable. The City Secretary's Office received over 17,000 open record requests for the 18-month audit period with an estimated salary cost over \$600,000 for full-time records processors. Additional costs not tracked are:

- Direct and indirect costs. For example, direct costs associated with requests are research, collection, review and redaction. Indirect costs include legal review and opportunity cost. The City loses productivity when employees must transition between primary duties and responding to requests.
- Recurring time of City Attorney's Office and Information Technology Services leadership and personnel, who are almost always included in processing requests.
- Level of effort and time to process various types of requests. The City incurs an estimated average salary cost of \$35 per request received by the City Secretary's Office.

The Texas Public Information Act allows the City to recover costs within specific limitations as prescribed by the State of Texas Office of the Attorney General for charges such as copies, labor, and overhead. Charges of labor can include the actual time to locate, compile, manipulate data, and reproduce the requested information.

Refer to [Exhibit 1](#) for an example of how one City estimates the time and costs to the City by open request type.

Exhibit 1:

City of Albuquerque, New Mexico, Example of Estimated Time and Cost by Request Type

	Simple	Typical	Complex
Type of Request/ Description	A recurring request that involved running a query and attaching a report to an email.	Involves one or more departments and significant review/redaction are not needed.	Involves multiple departments, multiple levels of review, high ranking resources needed, review/redaction time is significant.
Estimated Time to Fulfill Request	15 minutes	2.5 hours	32 hours
Estimated Cost to Fulfill Request	\$7	\$67	\$1, 295

Source: City of Albuquerque, New Mexico, Inspection of Public Records Act, Report No 14-101, Finding #1

Criteria

- ❖ 2018 Public Information Act Handbook, Preface to the Handbook: *Rights of Requestors; Rights of Governmental Bodies*
- ❖ 1 Texas Administrative Code §70.3: *Charges for Providing Copies of Public Information*
- ❖ Standards for Internal Control in the Federal Government (Green Book), *Principles 10.10 – 10.11*

Assessed Risk Rating:

Moderate

We recommend the City Secretary's Office:

D.1: Identify costs and cost trends to fulfill requests and determine cost recovery options that support the City's values.

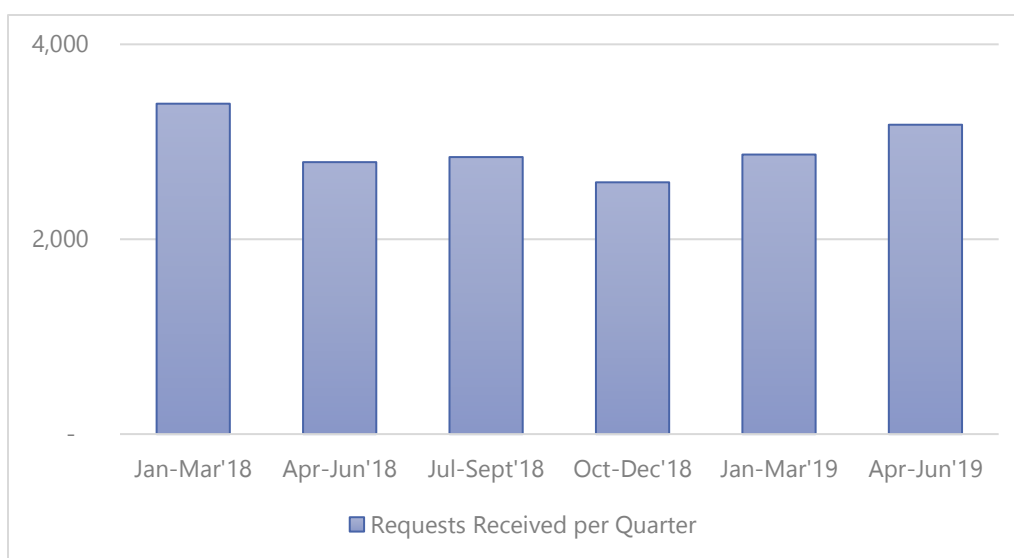
Observation E: Efficiency

The City is not maximizing its open data policy to make information readily available and minimize employee productivity loss. Not applying an open data policy could negatively impact employees' productivity.

During the audit period, the City Secretary's Office received over 17,000 requests at an average of 2,942 per quarter. See [Exhibit 2](#) below. The City might be responding to requests that are repetitive, already addressed in other City sources, or pre-approved legal exclusions.

Exhibit 2:

City Secretary's Office Open Records Requests Received by Quarter



Source: GovQA System

Processing efficiencies could be gained if word analysis tools are applied. For example, a word cloud analysis of the requests submitted from January 1, 2018, through August 26, 2019, showed that there are certain recurring themes in the requests. [Exhibit 3](#) shows the most frequent words used in requests and provides an idea of what type of information could be used for open data.

Exhibit 3: City of Dallas Word Cloud Analysis

City of Dallas Word Cloud Analysis



Source: GovQA System

Criteria

- ❖ Administrative Directive 2-53, *Open Data*, Section 3
- ❖ Standards for Internal Control in the Federal Government (Green Book) *Principles 16.04 – 16.05*

Assessed Risk Rating:

Low

We recommend the City Secretary's Office:

- E1:** Determine information request patterns using word analysis tools for open data posting.

Appendix A: Background and Methodology

Background

The Texas Public Information Act was adopted in 1973, codified at chapter 552 of the Texas Government Code, and gives the public the right to request access to government information. The Texas Public Information Act is triggered when a person submits a written request. The request must ask for records of information already in existence as governmental bodies are not required to create new information or perform legal research. Governmental bodies are also provided with a pre-approved list of exclusions so that privacy and confidentiality are maintained.

A governmental body may impose financial charges for access to information under certain limited circumstances. All employees and public officials (or a coordinator designated by the public official) with open record request responsibilities must complete the online training within 90 days of position verification. The training covers background information, interpretation for exclusions, and penalties for noncompliance.

The City uses a third-party web-based portal, GovQA System, to track request activities. The City Secretary's Office processes requests for all City departments except for the Dallas Police Department.

Methodology

The audit methodology involved developing an understanding of processes and controls for receiving, tracking, and responding to requests. The audit procedures included review of key City, State and Federal guidance documents, walk-throughs, interviews, inspection for documentation, detailed tests of controls by analyzing the transactions.

Audit sampling software (IDEA) was used to generate statistical and random attribute test samples to accomplish audit objectives. Population data was derived from the department records of the GovQA System.

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

Major Contributors to the Report

Bob Smith, CPA – Project Manager
Mamatha Sparks, CIA, CISA, COSO, CRISC – Audit Manager
Rory Galter, CPA – Quality Control Review

Appendix B: Management's Response

Memorandum



DATE: February 12, 2020
TO: Mark S. Swann, City Auditor
SUBJECT: Response to Audit of the City's Open Records Request Process

This letter acknowledges the City Secretary's Office received the *Audit of the City's Open Records Request Process* and submitted responses to the recommendations.

The City Secretary's Office believes it is important to provide transparency and accountability to all citizens. One way we accomplish this is through the City's open record process.


While the audit found minimal exceptions, we recognize there are opportunities to improve the City's open records process.

To further improve the open records process, the City Secretary's Office will:

- Enhance user access internal controls
- Ensure staff receive adequate training
- Enhance existing Standard Operating Procedures

In addition, the City Secretary's Office wishes to seek City Council support in its desire to streamline the open records process by aligning the two structures of both the City's and Dallas Police Department's (DPD) Open Records Request Process to ultimately achieve a singular operational structure.

Sincerely,



Bilierae Johnson
City Secretary

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Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
Recommendations – Section 1: Compliance				
Moderate	We recommend the City Secretary's Office:			
	B.1: Complete training within 90 days of position verification and retain evidence in a centralized location.	Agree: The City Secretary's Office will ensure employees complete Public Information Act (PIA) and GovQA trainings before access is granted into GovQA. The City Secretary's Office will ensure certification documentation is retained in a central location and available on the City Secretary's Office's website.	06/30/2020	03/31/2021
Low	We recommend the City Secretary's Office:			
	C.1: Update the Administrative Directive to incorporate the missing items and clarify requirements.	Agree: In anticipation of the completion of this audit, the City Secretary's Office will finalize the City's Open Records Process operating procedures and initiate the creation of an Administrative Directive; which will include the missing items and clarify requirements recommended in the audit report.	06/30/2020	03/31/2021
	C.2: Provide annual training to City employees to reinforce their roles.	Agree: The City Secretary's Office will continue to ensure employees responsible for processing open records requests receive annual training on any changes to the Public Information Act and quarterly GovQA New User/Refresher System Training.	06/30/2020	03/31/2021

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
Recommendations – Section 2: Cost Recovery and Efficiency				
Moderate	We recommend the City Secretary's Office:			
	D.1: Identify costs and cost trends to fulfill requests and determine cost recovery options that support the City's values.	Agree: The City Secretary's Office will research the cost associated with open records requests, evaluate cost recovery options and present a standard cost option to City Council.	06/30/2020	03/31/2021
Low	We recommend the City Secretary's Office:			
	E.1: Determine information request patterns using word analysis tools for open data posting.	Agree: The City Secretary's Office has already identified several City departments that have frequently requested information. We will work with those departments and the department of Information and Technology System (ITS) to get data published on the City's Open Data Portal. We will also use GovQA's proactive page, deflection tool, and continue the use of SnapEngage to determine open records request patterns.	06/30/2020	03/31/2021



Audit of the Office of Fair Housing and Human Rights' Complaint Process

March 6, 2020

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



City of Dallas

Executive Summary

Objective and Scope

The audit objective was to evaluate the Office of Fair Housing and Human Rights' complaint process, including intake, investigation, and timeliness of the complaint resolution.

The audit scope was October 1, 2018, to September 30, 2019.

What We Recommend

No recommendations were identified.

Methodology

To accomplish our audit objectives, we interviewed key personnel, and reviewed applicable documentation. 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.

Background

The City of Dallas Office of Fair Housing and Human Rights investigates complaints of housing discrimination on behalf of the U. S. Department of Housing and Urban Development. The collaborative effort involves funding and regular on-site performance assessments by the Federal government resulting in low risk to the City's complaint operations.

Since April 24, 1995, when the Dallas City Code was certified as substantially equivalent to the Federal Fair Housing Act, the Federal government periodically determines if the Office of Fair Housing and Human Rights, enforces a law that is substantially equivalent to the Federal Fair Housing Act. Upon successful completion of this review, the certification is renewed.

Approximately, 61 percent (\$818,905) of the approximately \$1.3 million Fiscal Year 2020 operating budget of the Office of Fair Housing and Human Rights is funded by Federal grants. Between July 1, 2017, and June 30, 2019; 134 complaints were closed: 25 percent were conciliated; 59 percent were "no cause;" monetary settlements of \$92,400 were received; and, 14 complaints received non-monetary relief.

What We Found

The City of Dallas Office of Fair Housing and Human Rights is processing complaints effectively. Federal regulators' on-site performance assessment in March 2019 identified minimal findings which are scheduled for follow-up in 2020. As a result, the Office of Fair Housing and Human Rights was recommended for continuing certification.

Major Contributors to the Report

Kimberly Bernsen – Project Manager
Rory Galter, CPA – Audit Manager

Appendix A: Management's Response

Memorandum



DATE: March 4, 2020
TO: Mark S. Swann, City Auditor
SUBJECT: Response to Audit of the Office of Fair Housing and Human Rights' Complaint Process

This letter acknowledges the City Manager's Office received the *Audit of the Office of Fair Housing and Human Rights' Complaint Process*.

We were pleased, but not surprised, that the audit determined the City of Dallas processes housing discrimination complaints effectively. We appreciate the professionalism and quality of work demonstrated by your staff throughout this engagement.

Sincerely,

A blue ink signature of T.C. Broadnax, written in a cursive style.

T.C. Broadnax
City Manager

C: Kimberly Bizzor Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Liz Cedillo-Pereira, Chief of Equity and Inclusion
Beverly Davis, Director

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Empathy | Ethics | Excellence | Equity

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Audit of City Park Maintenance and Safety

March 6, 2020

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 the audit was to evaluate the processes the Dallas Park and Recreation Department uses to ensure City parks are maintained and safety risks are managed to defined standards.

The audit scope included management operations from October 1, 2016, through June 30, 2019.

What We Recommend

The Park Maintenance and Operations Division should strengthen the management and monitoring of park maintenance and playground safety by developing and/or revising procedures and increasing the Ranger Program staffing as described in this report.

Background

The Dallas Park and Recreation Department's Park Maintenance and Operations Division:

- Is responsible for maintenance, infrastructure improvements, and public safety for over 5,000 developed acres.
- Employs approximately 210 employees.
- Had a Fiscal Year 2019 budget of approximately \$31 million.

What We Found

The Park Maintenance and Operations Division does not:

- Establish a maintenance service level for each park.
- Monitor maintenance to defined standards.
- Follow its procedures as stated in Core Function, *Section 7: Playground Operations*.
- Have sufficient staffing levels for Park Rangers compared to peer cities.
- Provide a complete history of repairs and maintenance performed from its computerized maintenance management system.

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: Park Quality Level

The Park Maintenance and Operations Division has not assigned a maintenance service level for each park. As a result, there is an increased risk that each park will not receive the appropriate level of maintenance service.

The Park Maintenance and Operations Division uses a maintenance service schedule of weekly, bi-weekly, semiannual, and annual with general guidance of the type of park that should be scheduled for each category. Though general guidance is provided, there is not a specific service level assigned to each park.

The maintenance service level is the basis for allocating maintenance resources among all parks and evaluation of maintenance performed. A maintenance service level is based on the park's mission and vision including the park type, size, and usage and outlines the maintenance activities required to achieve the maintenance service level.

Criteria

- ❖ Association of Higher Education Facilities Officers, National Recreational and Park Association Professional Grounds Management Society, Operational Guidelines for Grounds Management, *Chapter 3: Grounds Staffing Guidelines*
- ❖ Standards for Internal Control in the Federal Government,(Green Book), *Principle 6.02 - Definitions of Objectives*

Assessed Risk Rating:

Moderate

We recommend the **Director of the Department of Park and Recreation:**

- A.1.** Assign a maintenance service level to each park.

Observation B: Monitoring Maintenance

The Park Maintenance and Operations Division's procedures do not sufficiently address how to monitor and ensure proper maintenance in the areas described below. As a result, there is an increased risk that park maintenance will be inadequate, incomplete, or not performed according to procedures.

Expected Maintenance

Of the 36 parks sampled and inspected, maintenance exceptions were identified at approximately 75 percent, or 27 parks.

Park Quality Control Inspections

Park Quality Control Inspections were not consistently performed in accordance with the Park Maintenance and Operations Division's procedures.

- A review of park quality control inspections performed in three two-month periods during the audit period indicated:
 - Only 46 percent of the required inspections were performed – (1,453 out of the 3,132 required inspections).
 - Unauthorized personnel (not supervisors, crew leaders, or managers) performed 32 percent (466) of the inspections.
 - Park Quality Control Inspection forms with pre-filled standardized wording in the *"Describe Action Needed"* and *"Comments"* sections were used on 15 percent (225) of the inspections and did not clearly indicate the follow-up actions needed. Also, these forms were used in only one of the six districts.
- Park Quality Inspection forms were not always in a central location or filed in a binder titled, *"Park Quality Control Inspections."*

Park Quality Control Inspection Form Rating Guidance/Condition Detail

The Park Quality Control Inspection form lacks rating guidance and condition detail to be inspected for each item. The Park Quality Control Inspection form only states a rating of "one" means the inspection item is in poor condition and a rating of "ten" means that the inspection item is in excellent condition. In addition, the Park Quality Control Inspection form does not state the acceptable condition that should be observed and rated for each item listed.

Monitoring of Litter Contracts

The Park Maintenance and Operations Division has a contract with two contractors for removal of litter. Of the 36 parks sampled and inspected, approximately 42 percent (15), had litter, including parks where the litter contractors reportedly left the park within a 30-minute window preceding the inspection ([see Exhibit 1](#) on page 4).

Exhibit 1:



Source: Office of the City Auditor

Criteria

- ❖ Park and Recreation Policy, *Park Quality Control Inspection*
- ❖ U. S. Consumer Product Safety Commission, Public Playground Safety Handbook, Appendix A, *Suggested General Maintenance Checklists*
- ❖ The National Association of State Auditors, Comptrollers and Treasurers, *Best Practices in Contracting for Services*
- ❖ Standards for Internal Control in the Federal Government,(Green Book), *Principle 10.03–Design of Appropriate Types of Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **Director of the Department of Park and Recreation:**

- B.1.** Ensure that department procedures regarding park quality control inspections, as written, are followed.
- B.2.** Revise the Park Quality Control Inspection form to provide additional rating guidance and condition detail to inspect for each category.
- B.3.** Develop contract monitoring procedures to ensure that litter contractors meet the contract service requirements.

Observation C: Playground Safety

The Park Maintenance and Operations Division is not following its Core Function, Section 7: Playground Operations, subsection *Playground Operations*, 4.1.1 requirement that playground inspections are to follow the U.S. Consumer Product Safety Commission Handbook guidelines. As a result, there is an increased risk for playground injuries.

Subsection Playground Operations, *4. Function - Procedures* includes the following procedures that do not follow the U.S. Consumer Product Safety Commission Handbook guidelines:

- Instead of developing a comprehensive maintenance program for each playground, subsection 4.2 states that playground inspections are to be conducted monthly. The U.S. Consumer Product Safety Commission Handbook guidelines states, "*inspections alone do not constitute a program.*"
- Instead of establishing the frequency of inspection for each piece of equipment based on the type and age of equipment, the amount of use, and the local climate, subsection 4.2 states, "*Playground inspections are to be conducted monthly;*" and, subsection 4.6.2 explains, "*Audits should be conducted after installation of a new playground, new equipment, after major repairs or modifications [are] made, and when industry standards change.*" Subsection 4.6.2 does not define a major repair or modification.

Of the 36 parks sampled and inspected, approximately 44 percent (16), had instances of equipment damage and grounds maintenance issues such as: surface needs, litter, and graffiti.

In addition, service centers do not maintain folders for each playground that include: (1) pictures; (2) a drawing or sketch of the border with dimensions around the playground; (3) manufacturer information; (4) a copy of monthly playground inspections; (5) a copy of any playground audits; (6) a tracking sheet with dates and amount of fiber added to the playground; and, (7) a tracking sheet showing any repairs or replacements of playground parts.

Finally, there is no playground replacement schedule that includes the installation or recommended replacement date; and, there is no documentation of playground audits for each piece of playground equipment. The typical lifespan of playground equipment is around 15 to 20 years. Therefore, having no playground replacement schedule and/or failure to document the date new playground equipment is installed or replaced, reduces the level of dependability and suitability of the equipment.

Criteria

- ❖ U. S. Consumer Product Safety Commission's Public Playground Safety Handbook, section *4. Maintaining a Playground*
- ❖ Core Function Section 7: Playground Operations, subsection Playground Operations, *4. Function-Procedures*
- ❖ Standards for Internal Control in the Federal Government,(Green Book), *Principle 10.03 – Definitions of Appropriate Types of Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **Director of the Department of Park and Recreation:**

- C.1.** Revise the appropriate subsections of Core Function, Section 7: Playground Operations, subsection Playground Operations, *4. Function-Procedures* to comply with the U. S. Consumer Product Safety Commission's Public Playground Safety Handbook, section *4. Maintaining a Playground*.
- C.2.** Ensure service centers maintain folders in compliance with Core Function, Section 7: Playground Operations, subsection Playground Operations, 4. Function-Procedures, *4.8. Inventory and Tracking, 4.8.1*.
- C.3.** Develop a playground replacement schedule that includes the installation date, recommended replacement date, and the results of playground audits for each piece of playground equipment.

Observation D: Park Ranger Staffing

The Park Maintenance and Operations Division's current Ranger program staff level is lower than other comparable cities. As a result, there is an increased risk that the Park Ranger program is not meeting its objective.

Surveying the three other major State of Texas cities and four major cities outside of the State of Texas the following chart shows the low staff levels:

Exhibit 2:

Attribute Surveyed	City of Dallas	Cities Surveyed Low	Cities Surveyed High
Number of Full Time Employees	8	11	49
Parks Services by Park Rangers	397	36	380
Park and Recreation Acres	23,464	800	39,501
Average Number of Parks Assigned to One Park Ranger	50	2	29
Average Number of Acres Assigned to One Park Ranger	2,933	44	1905
Park Ranger Budget	\$641,268	\$152,944	\$8,300,000

Source: Office of the City Auditor – Survey Responses

The Dallas Park and Recreation Department has budgeted to increase the Park Ranger staff by eleven over the next three fiscal years. This increase will bring the City more in line with the cities surveyed.

Criteria

- ❖ Standards for Internal Control in the Federal Government by the Comptroller General of the United States (Green Book), *Principle 10.10 – Design of Control Activities at Various Levels*

Assessed Risk Rating:

Low

We recommend the **Director of the Department of Park and Recreation:**

- D.1.** Enact the plan to increase Park Ranger staffing levels by eleven over the next three fiscal years.

Observation E: Maintenance Management System

Micro-main, the computerized maintenance management system does not provide a complete history of repairs and maintenance performed. As a result, there is an increased risk that repair and maintenance issues are not properly addressed.

Specifically,

- Playground crews often make repairs to playgrounds without generating an on-demand work order.
- Maintenance Inspection Checklist findings are not entered on the original routine work order and tracked to any resulting on-demand work order.

Criteria

- ❖ Standards for Internal Control in the Federal Government by the Comptroller General of the United States (Green Book), *Principle 11.03 – Design of the Entity's Information System*

Assessed Risk Rating:

Low

We recommend the **Director of the Department of Park and Recreation:**

- E.1.** Develop procedures to ensure all repairs and maintenance work is recorded in the Micro-main system; and, when appropriate, link the original work order.

Appendix A: Background and Methodology

Background

The Dallas Park and Recreation Department's Park Maintenance and Operations Division: (1) is responsible for maintenance, infrastructure improvements, and public safety for over 5,000 developed acres from the Dallas Park and Recreation Department's 23,464 acres; (2) employs approximately 210 employees; and, (3) had a Fiscal Year 2019 budget of approximately \$31 million.

Park Maintenance

The Park Maintenance and Operations Division has six park districts each with a service center that houses various maintenance crews and equipment. Maintenance crews are assigned to one of the following maintenance category responsibilities:

- Amenities – park benches, picnic tables.
- Playgrounds – repair, needles, bottles, glass.
- Athletics – bleachers, fences, field mowing, benches.
- Pesticides – trees, shrubs.
- Irrigation – water related issues.
- Strike team - mowing, weed eating, edging, hedge trimming, and small tree trimming.

Micro-main, a computerized maintenance management system is used for managing work orders and workforce, and preventative maintenance scheduling.

Park Safety

Eight Park Rangers monitor parks, trails, and recreation facilities seven days a week to help decrease unwanted behavior, such as smoking, off-leash pets, unscheduled use of athletic facilities and vandalism. Additionally, Park Rangers provide community and educational services.

Methodology

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

- Interviewed personnel from the Park Maintenance and Operations Division.
- Reviewed Park Maintenance and Operations Division policies and procedures, and best practice guidance from the National Recreation and Park Association and U. S. Consumer Product Safety Commission.

- Performed park site inspections of 36 parks judgmentally sampled from all six park districts, covering all park categories.
- Performed various analyses and reviewed documentation as needed to support the analyses conclusions.
- Considered risk of fraud, waste, and abuse.
- Considered information technology risks.

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 enough, 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

Yzalida Hiley, MBA – Assistant City Auditor II
Lina Wang, CPA – Assistant City Auditor III
Julia Webb-Carter, MPA, CIA – Project Manager
Rory Galter, CPA – Audit Manager

Appendix B: Management's Response

Memorandum



DATE: March 4, 2020
TO: Mark S. Swann, City Auditor
SUBJECT: Response to Audit of City Park Maintenance and Safety

This letter acknowledges the City Manager's Office received the *Audit of City Park Maintenance and Safety* and submitted responses to the recommendations in consultation with the Department of Park and Recreation.

We agree it is important that the Park and Recreation Department should strengthen the management and monitoring of park maintenance and playground safety by developing and/or revising park maintenance operational procedures and increasing the Ranger Program staffing level.


To enhance park maintenance operations, Park and Recreation has already started increasing the Park Ranger staffing level for this fiscal year with a plan to reach a total of twenty-one (21) Park Rangers over the next two fiscal years.

Further, the Park and Recreation Department will:

- Enhance park maintenance schedules by transitioning from our current system, based on park type, to a system that uses multiple criteria to establish maintenance service levels;
- Develop contract monitoring procedures to ensure maintenance contractors consistently meet requirements; and
- Ensure operational procedures include best practices and are consistently performed.

However, the Park and Recreation Department will accept the risk that minor maintenance and repairs that occur in the field are not subsequently entered into Micro-main. Park will maintain organized records of minor maintenance and repairs in the maintenance district offices.

Sincerely,



T.C. Broadnax
City Manager

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

Response to Audit of City Park Maintenance and Safety
March 4, 2020
Page 2



John D. Jenkins, Interim Director
Park & Recreation Department

c: Kimberly Bizzor Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Joey Zapata, Assistant City Manager

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

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Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
Moderate	We recommend the Director of the Dallas Park and Recreation Department:				
	A.1. Assign a maintenance service level to each park.	Agree:	Park Maintenance and Operations currently uses a maintenance schedule with general guidance based on park type. Park Maintenance and Operations will assign maintenance service levels that consider the individual park's size, usage, and other relevant criteria.	03/31/2021	09/30/2021
Moderate	We recommend the Director of the Dallas Park and Recreation Department:				
	B.1. Ensure that department procedures regarding park quality control inspections, as written, are followed.	Agree:	Park Maintenance and Operations will ensure that the Park Quality Control Inspection procedures are followed.	03/31/2021	09/30/2021
	B.2. Revise the Park Quality Control Inspection form to provide additional rating guidance and condition detail to inspect for each category.	Agree:	Park Maintenance and Operations will revise the inspection form to include additional rating guidance and condition detail to inspect for each category.	03/31/2021	09/30/2021
	B.3. Develop contract monitoring procedures to ensure that litter contractors meet the contract service requirements.	Agree:	Park Maintenance and Operations will develop written procedures for monitoring contract litter services.	03/31/2021	09/30/2021

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
Moderate	We recommend the Director of the Dallas Park and Recreation Department:				
	C.1. Revise the appropriate subsections of Core Function, Section 7: Playground Operations, subsection Playground Operations, 4. <i>Function-Procedures</i> to comply with the U. S. Consumer Product Safety Commission's Public Playground Safety Handbook, section 4. <i>Maintaining a Playground</i> .	Agree:	Park Maintenance and Operations will develop a comprehensive playground maintenance program for each playground and that aligns with the US Product Safety Commission handbook guideline, as applicable to park maintenance operation.	12/31/2021	06/30/2022
	C.2. Ensure service centers maintain folders in compliance with Core Function, Section 7: Playground Operations, subsection Playground Operations, 4. Function-Procedures, 4.8. <i>Inventory and Tracking</i> , 4.8.1.	Agree:	Park Maintenance and Operations will create folders to maintain records of purchases, repair parts, maintenance of playground surfacing to be in compliance with the operational procedures.	12/31/2021	06/30/2022
	C.3. Develop a playground replacement schedule that includes the installation date, recommended replacement date, and the results of playground audits for each piece of playground equipment.	Agree:	Park and Recreation Department will develop a playground replacement schedule that includes the installation date, recommended replacement date, and Park Maintenance and Operation will provide the results of playground audits for each piece of playground equipment.	12/31/2021	06/30/2022
Low	We recommend the Director of the Dallas Park and Recreation Department:				
	D.1. Enact the plan to increase Park Ranger staffing levels by eleven over the next three fiscal Years.	Agree:	Park Maintenance and Operations will strive to increase Park Ranger staff by eleven over the next three fiscal years, subject to City Council appropriation.	09/30/2022	03/31/2023

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
Low	We recommend the Director of the Dallas Park and Recreation Department:				
	E.1. Develop procedures to ensure all repairs and maintenance work is recorded in the Micro-main system; and, when appropriate, link the original work order.	Accept Risk:	<p>Park Maintenance and Operations believes the benefit from implementing the low-risk recommendation is limited and the time required to subsequently enter minor repairs and maintenance into Micro-main is more effectively utilized providing service in the field.</p> <p>Park Maintenance and Operations will maintain organized records of minor maintenance and repairs in the maintenance district offices.</p>	N/A	N/A

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Audit of Library Facility Planning

March 26, 2020

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



City of Dallas

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Executive Summary

Objective and Scope

The objective of this audit was to evaluate the Dallas Public Library's strategic and operational planning in an era when the public's demands of libraries have changed, including programs and materials. The scope of the audit was operations in Fiscal Years 2017 through 2019 and strategic planning since 1999.

What We Recommend

To improve its strategic and operational planning, Dallas Public Library should:

- Revise or replace the Master Plan to reflect current needs, priorities, and trends.
- Develop a formal procedure to review and revise the Master Plan regularly and when conditions change.
- Monitor the implementation of the Master Plan and document decisions to change or not implement Master Plan recommendations.
- Revise performance measures to provide precise information regarding facility use.
- Conduct benchmarking of facility use with other large cities regularly or as conditions change.

Background

Modern public libraries are changing rapidly to meet a variety of new customer demands and to respond to new technology. Dallas Public Library aims to provide "*limitless possibilities*" to enrich the lives of 1.3 million residents through the Central Library, 28 branch libraries, and website/online resources.

The Dallas City Council approved a ten-year Master Plan in April 2001, charting a course for improving Dallas Public Library's facilities. The City Council and voters approved a combined \$117 million in bond funds in 2003, 2006, and 2017 to implement the Master Plan.

What We Found

The Master Plan is out of date and no longer reflects current facility priorities, in part because there is no process to update the Master Plan over time as priorities change and new needs and risks emerge.

Dallas Public Library needs better information to evaluate how well its facilities are performing and how it compares to peer cities.

Continued reliance on an outdated Master Plan and on inadequate performance measures and benchmarking can lead to uninformed decisions for using limited resources to improve library facilities.

Audit Results:

Observation A: Master Plan is Outdated

The Dallas Public Library's Master Plan, approved in April 2001, no longer reflects current needs. The Master Plan, approved by the City Council in 2001, recommended construction of new library branches and renovation of existing facilities to *"make them more attractive, accessible, and convenient to the public."* To this end, the City issued a combined \$101,725,000 for library projects in the 2003 and 2006 bond programs. However, following the 2007-2009 recession, the implementation of the Master Plan slowed until the 2017 bond program when the library projects received an additional \$15,589,000.

The Master Plan was intended to be completed in ten years. However, as of 2020, two branch library projects remain under construction (Forest Green and Vickery Meadow) and seven more await funding for completion (North Oak Cliff, Park Forest, Preston Royal, Lakewood, Martin Luther King, Renner Frankford, and Skyline).

As a result of the Master Plan no longer reflecting current needs, Library management created a separate document, the *"Needs Inventory"* (in use since 2016), to track emerging needs, such as renovations of the Kleberg Rylie, Mountain Creek, Oak Lawn, and Skillman-Southwestern branch libraries.

Reliance on out-of-date planning documents such as the *2001 Master Plan* can lead to uninformed decisions for using limited resources. Emerging risks and priorities not included on the Master Plan also may receive reduced consideration compared to those on the outdated Master Plan. See [Exhibit 1](#) on page 3.

Exhibit 1:

Branch Library Project Source and Status as of 2019

Branch Library	Source	Construction Funded	Expected Completion
Arcadia Park	2001 Master Plan	2003	Completed
Bachman Lake	2001 Master Plan	2003	Completed
Grauwyler Park	2001 Master Plan	2003	Completed
Hampton-Illinois	2001 Master Plan	2003	Completed
Lochwood	2001 Master Plan	2003	Completed
Pleasant Grove	2001 Master Plan	2003	Completed
Prairie Creek	2001 Master Plan	2003	Completed
Timberglen	2001 Master Plan	2003	Completed
White Rock Hills	2001 Master Plan	2006	Completed
Fretz Park	2001 Master Plan	2006	Completed
Polk-Wisdom	2001 Master Plan	2006	Completed
Highland Hills	2001 Master Plan	2006 Savings	Completed
Forest Green	2001 Master Plan	2017	2021
Vickery Meadow	2001 Master Plan	2017	2020
North Oak Cliff	2001 Master Plan	Postponed	Unknown
Park Forest	2001 Master Plan	Postponed	Unknown
Preston Royal	2001 Master Plan	Postponed	Unknown
Lakewood	2001 Master Plan	Postponed	Unknown
Martin Luther King	2001 Master Plan	Postponed	Unknown
Renner Frankford	2001 Master Plan	Postponed	Unknown
Skyline	2001 Master Plan	Postponed	Unknown
Kleberg Rylie	2016 Needs Inventory	No	Unknown
Mountain Creek	2016 Needs Inventory	No	Unknown
Oak Lawn	2016 Needs Inventory	No	Unknown
Skillman-Southwestern	2016 Needs Inventory	No	Unknown

Source: Dallas Public Library documents reviewed by the Office of the City Auditor.

Note: The source refers to the Dallas Public Library document identifying the project need. Construction Funded years refer to the bond program providing construction funding. Postponed projects are those the *2001 Master Plan* anticipated funding by 2008 that have not yet received funding.

There are several causes for the Master Plan being obsolete and no longer reflective of the current and emerging needs of the Dallas Library system:

1. No documented process to regularly review and update the Master Plan.

Dallas Public Library does not have a documented process for regularly updating Master Plan recommendations over time and as conditions change. Even though conditions changed significantly since 2001, including as a result of the 2007-2009 recession ([see Exhibit 2](#)); the emergence of other priorities such as the renovation of Kleberg Rylie, Mountain Creek, Oak Lawn, and Skillman-Southwestern branches and changes in the demand for the location and size of library branches; the library management did not update the Master Plan.

Exhibit 2:

Timeline for Master Plan – Branch Library Projects

2001	• Master Plan adopted.
2003 Bond Program	• \$55,525,000 - Eight branch library projects, land for more. Central Library renovations.
2006 Bond Program	• \$46,200,000 - Three branch library projects, land for six more. Central Library renovations.
2007 - 2009	• Recession.
2012 Bond Program	• No new funds for libraries; leftover 2006 funds used to build one branch library.
2017 Bond Program	• \$15,589,000 - Two branch library projects and Central Library renovations.
Current	• Seven projects remain unfunded; new needs are not in the Master Plan.

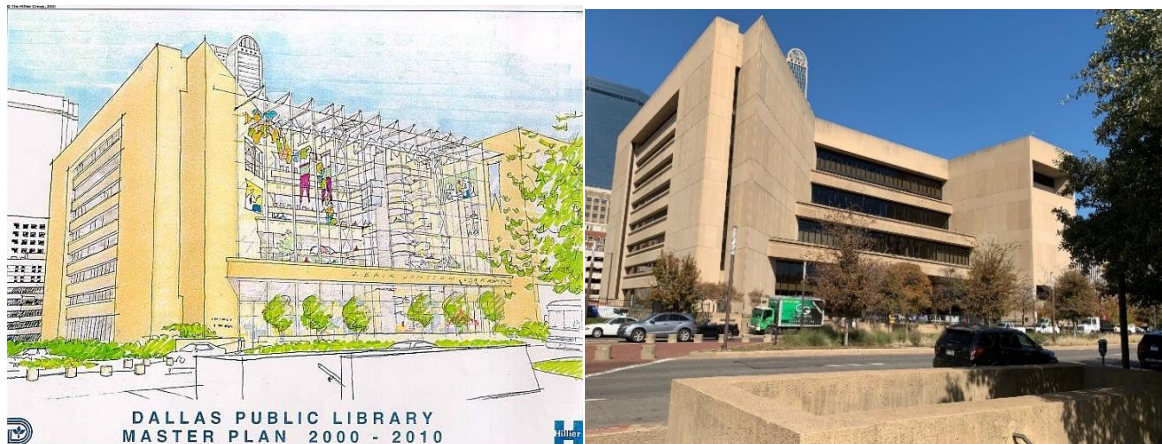
Source: Dallas Public Library documents reviewed by the Office of the City Auditor.

2. No documented process to monitor the implementation of the Master Plan and document deviations from the plan.

Dallas Public Library management did not monitor the implementation of the Master Plan over time and did not document decisions to deviate from recommendations, for example:

- The Master Plan recommended building or leasing two 4,000 square foot libraries in two communities with limited access to a branch library: Vickery Meadow and Spring Valley- Coit. Instead, an 18,000 square foot library is being built in Vickery Meadow and plans for the Spring Valley-Coit library were not pursued.
- The Master Plan recommended renovating the Preston Royal Library. Five years later, the plans had changed, and the City included funding in the 2006 bond program to buy land to replace the library. Then, in 2019, the decision was made to sell the acquired land and return to the Master Plan's recommendation and renovate the library.
- The Master Plan envisioned building a six-story atrium on the side of the J. Erik Jonsson Central Library. Management later decided against the atrium. (See Exhibit 3 below).¹

Exhibit 3:



¹ This illustration from the Master Plan published in 2001 shows a proposed atrium addition on the front of J. Erik Jonsson Central Library. The audit photo from November 2019 shows the J. Erik Jonsson Central Library. The atrium, which is no longer planned, was not constructed. Photo Sources: *2001 Dallas Public Library Master Plan website* screen capture – November 2019; *Office of the City Auditor photo* from November 2019.

3. Imprecise performance measures and limited benchmarking

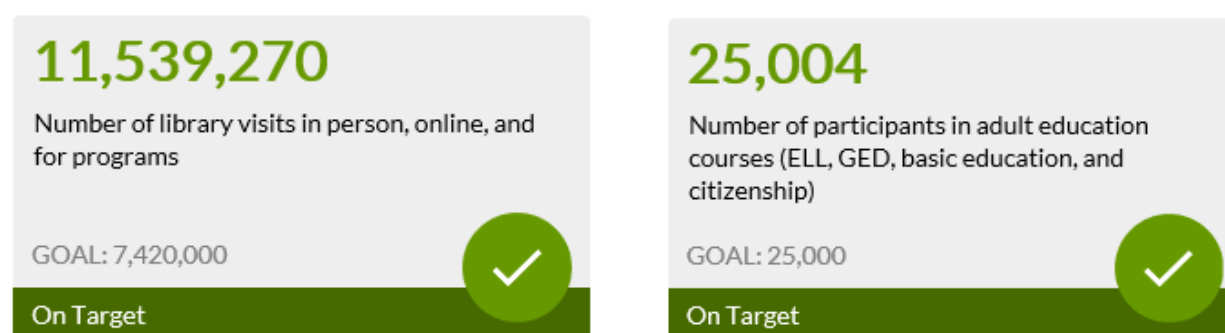
Dallas Public Library performance measures and limited documentation of benchmarking do not provide precise information regarding facility use, making it difficult to understand how facility use changes over time and how it compares with other large public libraries.

Dallas 365 Performance Measures

Dallas 365 is a City of Dallas website used to provide the public with monthly performance updates on 35 key performance measures, including two for Dallas Public Library. However, both of Dallas Public Library's Dallas 365 performance measures for Fiscal Year 2019 (see [Exhibit 4](#)) do not show a complete picture of library usage, and it is not clear they are consistent with similar metrics used by peer library systems.²

Exhibit 4:

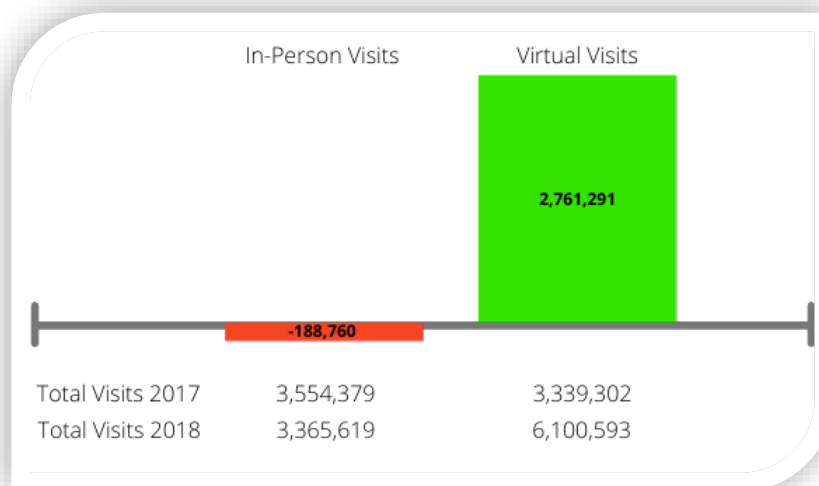
Dallas Public Library Performance Measures



Source: City of Dallas website, November 2019

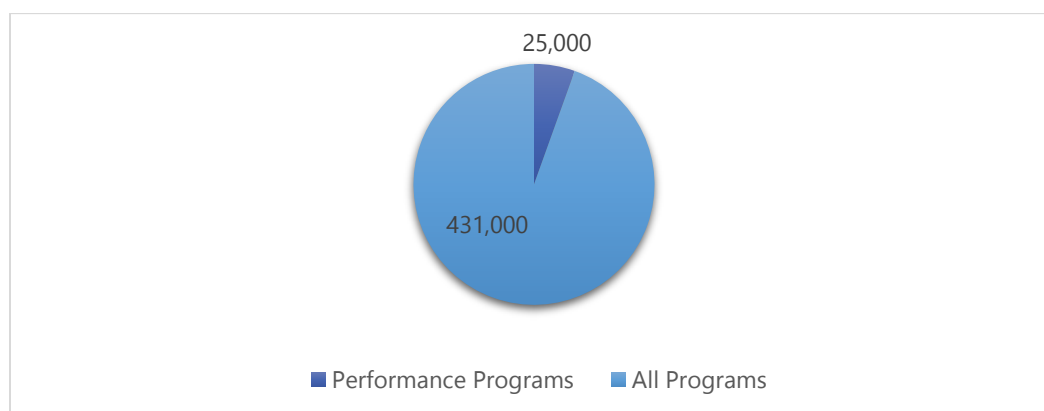
The “*Number of Library Visits*” performance measure incorporates in-person visits to library facilities and virtual user clicks and views on library websites, applications, and social media platforms such as Nextdoor, FaceBook, and Twitter. As social media engagement grew in Fiscal Year 2018 compared to the previous year, Dallas Public Library easily achieved its overall visitor goal even as physical visitors declined compared to the previous year. Online and social media visits surpass physical visits by nearly two to one. See [Exhibit 5](#) on page 7.

² In addition to the Dallas 365 performance measures, Dallas Public Library tracks other performance measures on a monthly and annual basis. See [Exhibit 10](#) on page 13 for an example of other Dallas Public Library performance measures.

Exhibit 5:**Dallas Public Library Visits Change from 2017 to 2018**

Source: Dallas Public Library documents reviewed by the Office of the City Auditor.

The “*Number of Participants in Adult Education Courses*” performance measure is focused on four programs that make up a small portion of the programs and participation at public libraries. The City set a goal of 25,000 visitors at programs for English language learners, General Educational Development training, basic education and citizenship. These programs require repeat attendance to be successful. Reporting a total number of repeat visits makes it difficult to tell how many individuals are attending. In Fiscal Year 2018, Dallas Public Library internally tracked 431,000 visits to all programs. By focusing on a small subset of about six percent of the program visits, it is difficult to tell how well the libraries are being used. [Refer to Exhibit 6](#) below.

Exhibit 6:**Performance Measure Program Visits Are a Small Component of Library Program Visits**

Source: Dallas Public Library documents reviewed by the Office of the City Auditor.

In addition, both measures in [Exhibit 4](#) are not used by other large library systems, making it difficult to tell how well Dallas compares to peer cities.

Benchmarking with Peer Cities

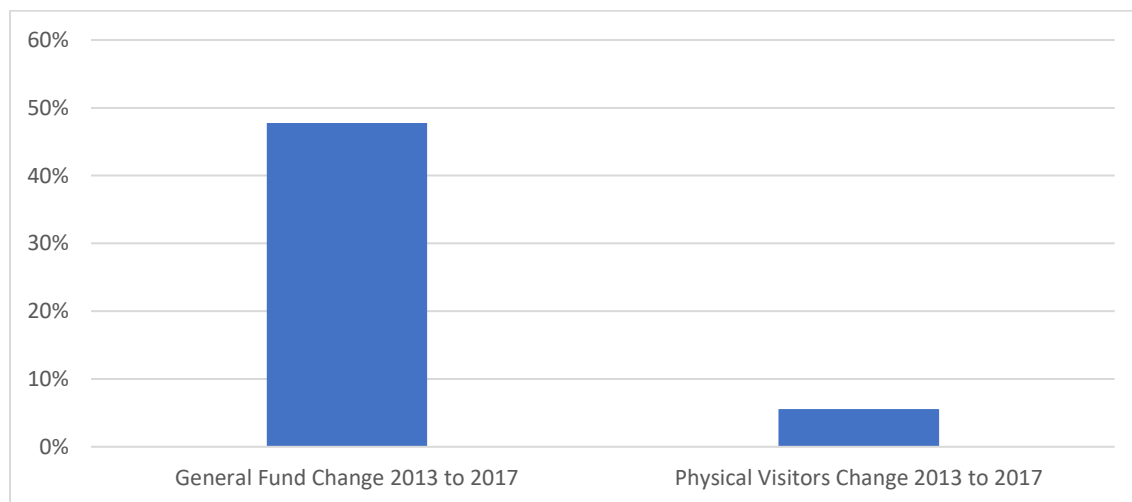
Dallas Public Library does not have a documented process to review how library facility use compares with other large public libraries. Dallas Public Library did not conduct facility-use benchmarking³ in Fiscal Years 2017 through 2019. A federal agency, the Institute of Museum and Library Services, provides annual benchmarking information that can be used to assess library performance over time. Dallas Public Library participates in the submission of data to the Institute of Museum and Library Services annually. The agency's 2016 survey report published in May 2019, *Public Libraries in the United States, Fiscal Year 2016*, noted that visits per person declined every year between 2009 and 2016.

A review of a selection of indicators from the Institute of Museum and Library Services data for the last five years shows a decline in the physical library visits and raises questions about the Master Plan's strategy of building more libraries, for example:

- Library use declined seven percent in peer cities from 2013 to 2017. While Dallas experienced a six percent increase in visitors, it coincided with a 48 percent increase in library general fund expenditures. [Refer to Exhibit 7](#) below.

Exhibit 7:

Growth in General Fund Expenditure and Physical Visitors 2013-2017



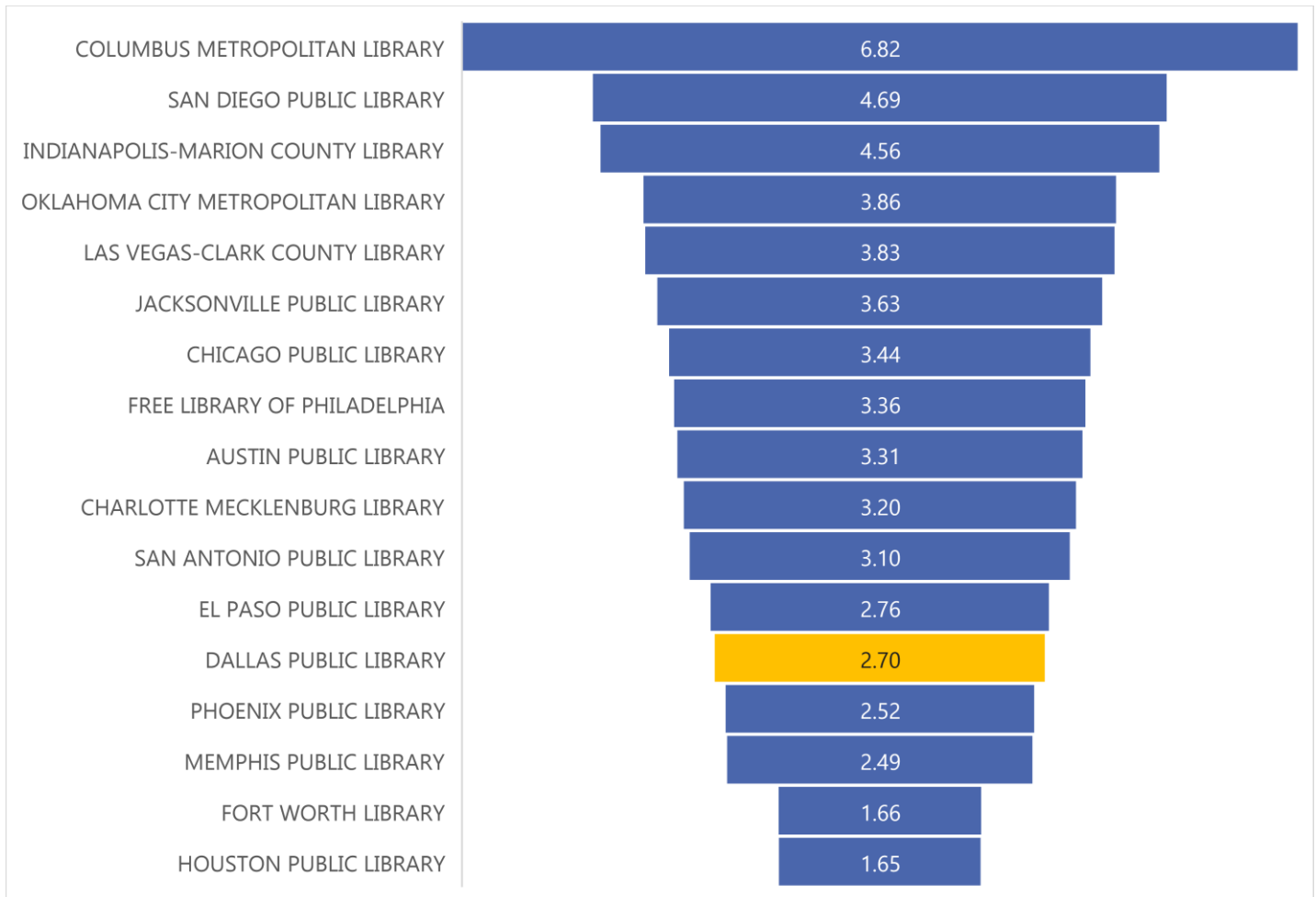
Source: City of Dallas budget documents and Dallas Public Library physical visitor information reported to the Institute of Museum and Library Services from 2013 to 2017 reviewed by the Office of the City Auditor.

³ Between 2017 and 2019, Dallas Public Library participated in technology benchmarking with other library systems through [Edge](#), a technology assessment tool of the Urban Libraries Council. [Edge](#) reports provide valuable comparative information not directly focused on facility use.

- Dallas has among the lowest numbers of physical library visits per person out of 17 peer cities. See [Exhibit 8](#) below.

Exhibit 8:

Library Visits Per Person in 2017



Source: Office of the City Auditor analysis of *Institute of Museum and Library Services* data from 2017.

Criteria

- ❖ In *“Strategic Planning Best Practices,”* the Government Finance Officers Association recommends that all government entities have a strategic planning process that includes interim reviews of the strategic plan every one to three years and more comprehensive reviews every five to ten years, depending on how quickly conditions change.
- ❖ The *Dallas Public Library Master Plan 2000 – 2010* recommends responsiveness to change, noting, *“the library system must be carefully planned so that it will have the capability and flexibility to respond to the rapidly changing needs of its patrons and environment.”*
- ❖ *The Texas Performance Measure Management Guide* states successful agencies are able to use performance information to effectively and efficiently manage their operations.
- ❖ The *ICMA* (formerly the International City County Management Association) identifies benchmarking as an effective method for charting performance compared to others across the industry.
- ❖ Standards for Internal Control in the Federal Government (Green Book):
 - *Principle 16 – Perform Monitoring Activities:* “Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.”
 - *Principle 9 – Identify, Analyze, and Respond to Change:* “Management should identify, analyze, and respond to significant changes that could impact the internal control system.”

Assessed Risk Rating:

High

We recommend the **Director of the Dallas Public Library:**

- A.1:** Revise or replace the Master Plan to reflect current needs, priorities, and trends.
- A.2:** Develop and implement a formal procedure to review and revise the Master Plan regularly and when conditions change.
- A.3:** Monitor the implementation of the Master Plan and document decisions to change or not implement Master Plan recommendations.
- A.4:** Revise performance measures to provide precise information regarding facility use.
- A.5:** Develop and implement a formal process to conduct benchmarking of facility use with other large cities on a regular basis or as conditions change.

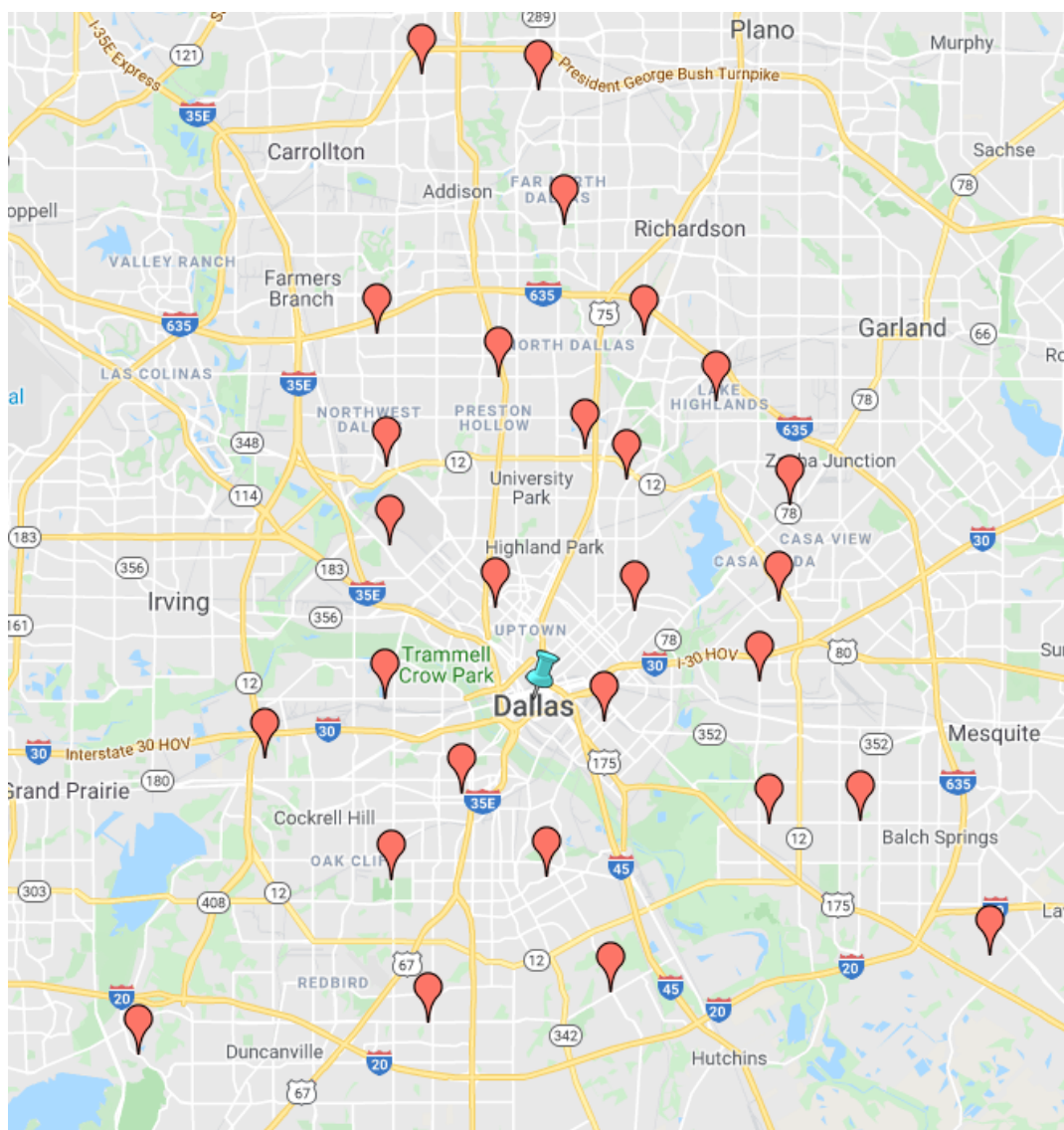
Appendix A: Background and Methodology

Background

The Dallas Public Library opened its first library in 1901 and its first branch library in 1914. Since then, Dallas Public Library has grown to operate 29 facilities, including: a central library in downtown Dallas, a children's library, and 27 branch libraries in the City of Dallas.

Exhibit 9:

Map of Dallas Public Library Locations



Note: The pin is the Central Library and the drops are the branch libraries.

Source: Dallas Public Library website November 2019

Dallas Public Library Vision and Mission

Dallas Public Library's vision statement is *"Limitless possibilities start at Dallas Public Library."* Its mission statement is *"The Dallas Public Library strengthens communities by connecting people, inspiring curiosity, and advancing lives."*

Dallas Public Library has moved toward larger branch library facilities and more flexible spaces in existing facilities to host a variety of meetings. The 2018 update to the [2001 Master Plan](#) recommendations for branch libraries wrote, *"As a resource rich community center, public libraries provide meeting rooms to accommodate library sponsored programs, community meetings, workforce development, educational opportunities, etc."*

Changes in the Public Library Industry

The library industry is experiencing a surge in digital and online information resources and a move toward more community center operations at public libraries.

The Pew Charitable Trusts report [The Library in the City: Changing Demands and a Challenging Future](#) published in 2012 found libraries serving as multi-purpose community centers in the recession's aftermath.

A 2014 [Aspen Institute Dialogue on Public Libraries](#) report promoted a new vision for public libraries as a trusted community resource and essential platform for learning, creativity, and innovation in the community. The report noted a move away from measuring a library's success through its circulation numbers and instead on outcomes related to helping individuals and the community achieve their goals.

In addition, the public library industry now includes more examples of leases as a successful alternative to land acquisition and construction. Examples include the following:

- Orange County (Florida) Public Library has leased a 13,160 square foot location at a former bookstore in Orlando since 1998.
- Anne Arundel County (Maryland) Public Library is completing a 10-year lease for a 12,000 square foot location at an Annapolis mall. The library is also considering leasing options in a site study for the upcoming replacement of a 50-year-old branch library.

Dallas Public Library Performance Measures

Two of the 35 performance measures on the City's Dallas 365 website are related to Dallas Public Library. In addition, Dallas Public Library monitors other performance measures. The Fiscal Year 2020 Budget included five performance measures Dallas Public Library is using for monitoring its performance. [See Exhibit 10](#) on page 13.

Exhibit 10:

Dallas Public Library Fiscal Year 2020 Budget Performance Measures

LIBRARY

PERFORMANCE MEASURES

Performance Measure	FY 2018-19 Budget	FY 2018-19 Forecast	FY 2019-20 Budget	FY 2020-21 Planned
Customers rating overall quality of service as “excellent” or “good” (internal survey)	98.90%	98.90%	98.90%	98.90%
Number of visitors in person, online, and for programs	7,420,000	10,615,481	7,531,299	7,644,264
Materials expenditure per capita	\$3.15	\$3.12	\$3.22	\$3.19
Percentage of library GED students who successfully pass all parts of the official GED subject tests and receive their GED certificate	42%	42%	42%	50%
Percentage of library ELL students who report feeling confident speaking English upon completing an ELL class	95%	96%	96%	96%

Methodology

The audit methodology included: (1) interviewing personnel from Dallas Public Library and other city departments; (2) reviewing policies and procedures, the *Texas Local Government Code*, applicable Administrative Directives, and best practices; and, (3) performing various analyses, including benchmarking with other library systems.

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

Frank Mayhew, CISA, CFE – Auditor
Daniel Genz, CIA – Project Manager
Anatoli Douditski, MPA, CIA, ACDA – Audit Manager

Appendix B: Management's Response

Memorandum



DATE: March 20, 2020

TO: Mark S. Swann, City Auditor

SUBJECT: Response to Audit of Library Facility Planning

This letter acknowledges the City Manager's Office received the *Audit of Library Facility Planning* and submitted responses to the recommendations in consultation with the Dallas Public Library.

We agree that decisions to adequately plan for improvements to Library facilities can be constrained by outdated data within the existing Library Master Plan, and further enhanced by data transparency of performance measures and documented benchmarking practices. It is also important to acknowledge and consider the commitments made to the community in the 2000-2010 Library Master Plan that was approved by the City Council on April 11, 2001.

The City has taken the following actions to help ensure the Dallas Public Library's facilities continue to serve the needs of the community needs:

- **November 26, 2013** – Master Plan modifications were submitted to Public Works in preparation for the execution of pending 2006 Bond funded capital projects
- **October 17, 2016** – Master Plan and Bond accomplishments update presented to the Arts, Culture, and Libraries Committee
- **June 4, 2018** – Master Plan modifications submitted to the Bond Program in preparation for the execution of 2017 Bond funded capital projects
- **February 27, 2020** – Current Needs Inventory submitted to Bond Program for review and update

The Dallas Public Library agrees to improve transparency and benchmarking practices by:

- Monitoring and documenting decisions to change or not implement Master Plan recommendations;
- Providing detailed library usage information as part of our published performance measures; and
- Benchmarking against peer cities and the library industry as a whole.

While we agree the 2000 – 2010 Master Plan should be revised or replaced, we are not able to agree to implement the recommendation as it requires funding that is not currently budgeted.

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

Sincerely,



T.C. Broadnax
City Manager

C: Kimberly Bizer Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Joey Zapata, Assistant City Manager
Jo Giudice, Director, Dallas Public Library

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

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Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
High	We recommend the Director of the Dallas Public Library :				
	A.1: Revise or replace the Master Plan to reflect current needs, priorities, and trends.	Accept Risk:	<p>The Dallas Public Library agrees it is important to revise or replace the 2000 - 2010 Master Plan. However, implementing the recommendation requires funding, either through the capital bond program or an operating budget enhancement, that is not currently budgeted.</p> <p>The Library is working with the Office of the Bond Program to ensure a current listing of Library facility priorities. The Library's list of facility priorities, known as a Needs Inventory, includes pending priorities from the 2000 - 2010 Master Plan as well as recently identified priorities.</p>	N/A	N/A
	A.2: Develop and implement a formal procedure to review and revise the Master Plan regularly and when conditions change.	Accept Risk:	<p>The Dallas Public Library agrees it is important to periodically review and update the Master Plan. However, implementing the recommendation is dependent upon a revised or replaced Master Plan and requires funding that is not currently budgeted.</p>	N/A	N/A
	A.3: Monitor the implementation of the Master Plan and document decisions to change or not implement Master Plan recommendations.	Agree:	<p>The Dallas Public Library will monitor the implementation of the 2000 - 2010 Master Plan and Needs Inventory.</p> <p>Further, the Library will document, as part of periodic management review meetings, decisions to revise the 2000 - 2010 Master Plan and Needs Inventory.</p>	12/31/2020	06/30/2021

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
High	We recommend the Director of the Dallas Public Library :			
	A.4: Revise performance measures to provide precise information regarding facility use.	Agree: The Dallas Public Library will continue to include in-person visits, online visits, and attendance at Library programs in our calculation of the "Library Visitors" performance measure. However, to ensure transparency for the public, the Library will publish the detailed attendance by category. In addition, the Library will continue to annually review performance measures and strive for measures that accurately reflect library usage.	12/31/2020	12/31/2021
	A.5: Develop and implement a formal process to conduct benchmarking of facility use with other large cities on a regular basis or as conditions change.	Agree: The Dallas Public Library will formalize its facility usage benchmarking, as part of the bi-annual management review meetings. The Library will also incorporate ongoing agenda topics related to facility usage in the management review meetings. The focus will be trends and innovations within the Library industry and at peer cities.	12/31/2020	12/31/2021