

Released Reports - Follow-Up

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Audit of City Boards and Commissions

August 4, 2021

Mark S. Swann, City Auditor

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Eric Johnson

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Chad West

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Executive Summary

Objective and Scope

The objectives of this audit were to determine if:

- 1) Boards and commissions are in compliance with the City's Charter and Code – specifically
(a) membership and vacancy;
(b) meetings; (c) racial and ethnic diversity; (d) annual reports;
(e) conflict of interest and financial disclosure; and, (f) protecting confidential information.
- 2) The City is monitoring the costs to operate boards and commissions.
- 3) All boards and commissions have members' roles and responsibilities defined in bylaws or another authoritative document.

The scope of the audit included management operations in Fiscal Years 2019 and 2020.

What We Recommend

We recommend City management:

- Establish a single authority that ensures compliance with City requirements.
- Improve procedures to ensure compliance with City requirements and capture all costs to operate the boards and commissions.

Background

Approximately 500 people serve on 52 boards and commissions established by City Council, providing direction and recommendations for City operations, such as economic development, parks, libraries, arts, police oversight, and planning.

The operating requirements for board and commission membership, activities, and operations are primarily established by the City's Charter and Code but may also be established by State laws.

For Fiscal Year 2020, the City will spend over \$800,000 to support the boards and commissions.

What We Found

Responsibility for ensuring compliance with City requirements is fragmented and shared among multiple offices, departments, and positions.

Processes are in place for the review of board and commission member qualifications, financial and conflict of interest disclosures, and the protection of confidential information.

Processes could be improved to ensure:

- Compliance with City requirements.
- Transparent documentation and communication of board and commission operations.
- Monitoring of the costs to operate boards and commissions.

Objectives and Conclusions

1. Are boards and commissions in compliance with the City's Charter and Code covering:
(a) membership and vacancy; (b) meetings; (c) racial and ethnic diversity; (d) annual reports;
(e) conflict of interest and financial disclosure; and, (f) protecting confidential information?

Partially achieved. Responsibility for ensuring compliance with City requirements is fragmented and shared among multiple offices, departments, and positions. This fragmentation makes it difficult to ensure compliance with City requirements. Testing samples indicated compliance can be improved for most requirements reviewed. See [Observation A](#) and [Section 2](#) for specific areas identified for improvement.

2. Is the City monitoring costs for Boards and Commissions?

Partially achieved. Only the City Secretary's Office and the Office of Community Police Oversight have budgeted and actual costs related to operating boards and commissions reported in the City's approved annual budget. Costs for all other offices, departments and positions responsible for ensuring compliance with City requirements and supporting boards and commission are not tracked and reported. See [Observation A](#) and [Observation B](#).

3. Do all boards and commissions have members' roles and responsibilities defined in bylaws or another authoritative document?

Generally, yes. Forty-two of the 52 boards and commissions have members' roles and responsibilities defined in bylaws or another authoritative document. See [Observation C](#).

Audit Results

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

SECTION 1 – GLOBAL OBSERVATIONS

Observation A: Responsibility for Compliance

Responsibility for ensuring boards and commissions are in compliance with the City's Charter and Code is decentralized. There is not one focal point with responsibility to ensure boards and commissions comply the City's Charter and Code. The City Secretary, City Manager, City Council, department directors and boards and commissions coordinators all have responsibilities ensuring that boards and commissions comply with the City's Charter and Code requirements. This increases the risk that boards

and commissions are not in compliance with the City's Charter and Code and achieving the objectives of each board and commission.

The lack of one focal point for boards and commissions oversight, with the responsibility for ensuring compliance with the City's Charter and Code, is a contributing factor for many of the observations identified in this audit report, including: racial and ethnic diversity, annual reports, member qualification reviews, and on-time reporting of meeting documentation.

According to the City Secretary's Office and City Manager's Office, the current training the City Secretary's Office provides to boards and commissions chairs, vice-chairs, and coordinators can be improved and expanded to more boards and commissions members and coordinators to increase awareness of the City's Charter and Code requirements for boards and commissions.

Criteria

- ❖ Government Accountability Office, *2020 Annual Report, Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions in Financial Benefits*
- ❖ Standards for Internal Control in the Federal Government, *Principle 3 – Establish Structure, Responsibility, and Authority*

Assessed Risk Rating:

Moderate

We recommend the **City Manager in consultation with the City Secretary and the City Attorney:**

A.1: Present to the City Council, a proposal, to assign overall responsibility for ensuring boards and commissions operations comply with the City's Charter and Code to one position.

We recommend the **City Secretary:**

A.2: Improve and expand training on compliance with boards and commissions requirements to more boards and commissions members and coordinators.

Observation B: Monitoring Operating Costs

The City does not track the total costs of operating board and commissions. As a result, the City Manager and City Council lack information that should be considered when assessing the performance of each board and commission and establishing new boards and commissions.

Only the City Secretary's Office and Office of Community Police Oversight, which supports the Community Police Oversight Board, have budgeted and actual costs related to operating boards and commissions reported in the City's approved annual budget. The following budgeted costs were reported during the audit period:

- City Secretary's Office Fiscal Year 2019 Budget - \$388,131
- City Secretary's Office Fiscal Year 2020 Budget - \$321,706
- Office of Community Police Oversight (new office) Fiscal Year 2020 Budget - \$475,000

Sixteen City departments and offices responsible for coordinating boards and commissions have costs related to staff time and materials to prepare for and facilitate meetings. These costs are not specific "line items" reported in the City's approved annual budget or reported individually by each board or commission to City Council.

Criteria

- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities* and *Principle 16 – Perform Monitoring Activities*

Assessed Risk Rating:

Moderate

We recommend the **City Manager**:

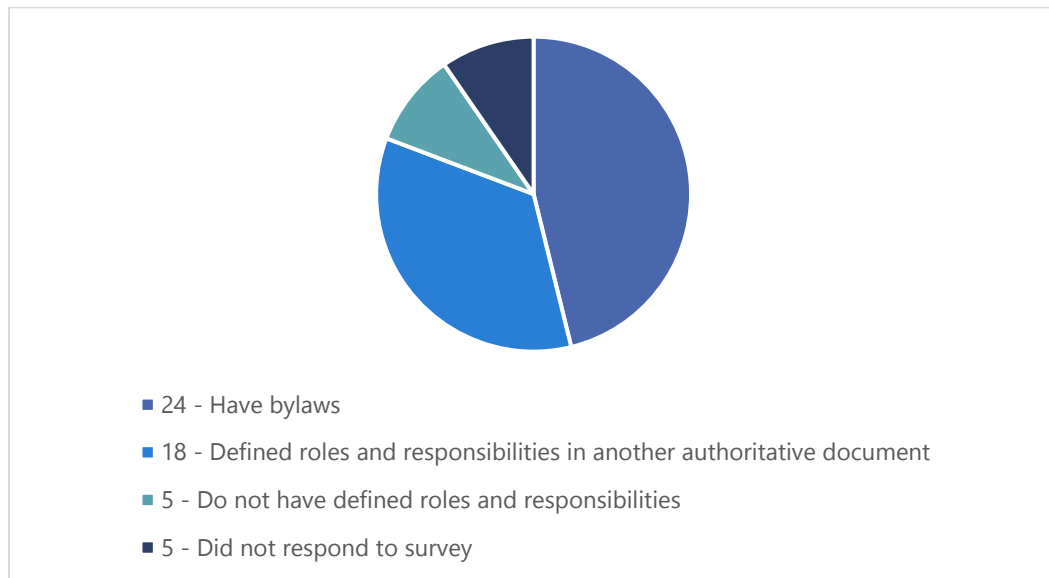
B.1: Establish procedures to account for all costs to operate each board and commission and report the total cost by board and commission to the City Council on an annual basis.

Observation C: Defining Members' Roles and Responsibilities

Of the 47 board and commissions that responded to a survey, five do not have members' roles and responsibilities defined in bylaws or another authoritative document. Without members' roles and responsibilities defined in bylaws or another authoritative document there is an increased risk that boards and commissions may not operate as intended. See [Exhibit 1](#) and [Appendix B](#) for more information.

Exhibit 1:

Boards and Commissions with Defined Roles and Responsibilities



Source: City Auditor's Office September 2020 survey of boards and commissions coordinators and additional documents provided by the City Attorney's Office in April 2021.

Criteria

- ❖ The City of Kansas City, Missouri- City Auditor's Office, Governance Assessment Performance Audit Report, 2019, *Governance Assessment Checklist*
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities* and *Principle 16 – Perform Monitoring Activities*

Assessed Risk Rating:

Moderate

We recommend the **City Manager**:

C.1: Ensure all boards and commissions have defined roles and responsibilities of members either in bylaws or another authoritative document.

SECTION 2 – COMPLIANCE WITH THE CITY'S CHARTER AND CODE

Observation D: Racial and Ethnic Diversity

The racial and ethnic make-up of boards and commissions is not representative of the City's population. As a result, there is an increased risk that boards and commissions will not proportionately represent the City's residents in recommendations and decisions.

There is no procedure to ensure the racial and ethnic make-up of boards and commissions reflects the racial and ethnic make-up of the City's population, as nearly as may be practicable, as required by City Charter, Chapter XXIV, *Sec. 13. Appointment and Tenure of Commissions and Boards (d)*. Although the City Secretary's Office provides the City Council a demographic report every two years as part of their on-boarding process or upon request, the report provided does not include comparative information on the City's population needed to determine compliance with the City Charter.

A high-level analysis shows Hispanic members have lower representation on boards and commissions than their percentage of the population, while white members have greater representation than their percentage of the population. Black and Asian members were represented at close to their percentage of the population. Women also have lower representation than their percentage of the population.

A detailed analysis was not performed due to differences in time period reported and how race was classified between the City Secretary's Office demographic reports and United States Census data. See [Exhibit 2](#) for a high-level analysis.

Exhibit 2:

Comparison of Boards and Commissions Members to City Residents

Population	Hispanic	White	Black	Asian	Other	Female	Male
City of Dallas Residents	41.7%	29.0%	24.3%	3.4%	1.6%	50.4%	49.6%
Boards and Commissions Members	11.8%	62.7%	22.5%	2.3%	0.7%	39.9%	60.1%

Sources: United States Census population estimates for July 1, 2019 based on the United States Census 2018 population survey and City of Dallas Board Member demographic report for 2017 through 2019.

Criteria

- ❖ City Charter, Chapter XXIV, Sec. 13, *Appointment and Tenure of Commissions and Boards (d)*
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

Assessed Risk Rating:

High

We recommend the **Director of the Mayor and City Council Office:**

D.1: Develop procedures to ensure the racial and ethnic membership of boards and commissions reflect the racial and ethnic make-up of the City's population, as nearly as may be practicable.

Observation E: Annual Reports

Not all City boards and commissions Fiscal Year 2019 annual reports comply with the City's Charter and Code requirements. Noncompliance with the City's Charter and Code requirements increases the risk that interested parties would not have enough information on activities relating to boards and commissions.

The City Manager's Office was able to provide five of the ten board and commission Fiscal Year 2019 annual reports selected for review. The annual report is required to communicate the missions, achievements, recommendations, and goals of the respective board or commission. Of the five annual reports reviewed:

- One complied with all applicable City Charter and Code requirements.
- Two did not have the required memo, including transmission to the City Council.
- All lacked documentation of the review and evaluation of the annual reports performed by the City Manager's Office.

In addition to the noncompliance with the City's Code requirements, three annual reports were not posted on the City's website.

Criteria

- ❖ City Charter, Chapter XXIV, Sec. 19, *Reports*
- ❖ City Code, Chapter 8, Sec. 8-1.1, *Reports to the City Council*
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **City Manager**:

E.1: Develop procedures to ensure compliance with requirements of City Code, Chapter 8, Sec. 8-1.1, *Reports to the City Council* for all applicable boards and commissions.

E.2: Develop procedures to ensure all board and commission annual reports are posted to the City's website.

Observation F: Meeting Documentation

Not all City boards and commissions meeting documentation complies with the City's Code requirements. Noncompliance with the City's Code requirements increases the risk that interested parties would not have enough information on activities relating to boards and commissions.

The following instances of noncompliance with the City's Code requirements were noted from a review of meeting documentation for ten boards and commissions during Fiscal Year 2019 and 2020:

- Eleven meeting minutes of a sample of 30 meetings (31 percent) were not sent to the City Secretary's Office within five days of approval.
- Six boards and commissions did not report meeting attendance during the period.
- Four boards and commissions reported meeting attendance within the required five days 60 percent of the time.

While not exceptions to the City's Code requirements, the following observations demonstrate opportunities to improve transparency:

- Meeting minutes for 56 meetings (45 percent) out of a sample of 125 meetings were not available online.
- Two of the seven executive sessions (29 percent) did not state the reason or relevant citation for the executive session in the meeting minutes.

Criteria

- ❖ City Code, Chapter 8, *Boards and Commissions*:
 - Sec. 8-4 (a)
 - Sec. 8-6 (a), (b), (c), (d)
 - Sec. 8-8 (a), (b)
 - Sec. 8-20 (a), (b), (c)
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **City Manager**:

F.1: Develop procedures to ensure compliance with requirements of City Code, Chapter 8, *Boards and Commissions*: Sec. 8-4 (a); Sec. 8-6 (a), (b), (c), (d); Sec. 8-8 (a), (b); and, Sec. 8-20 (a), (b), (c).

F.2: Develop procedures to ensure all meeting minutes are posted to the City's website.

Observation G: Acceptance of Appointment

A review of 77 boards and commissions members found 15 (19 percent) did not have documentation of acceptance within 15 days or were late in acceptance of the appointment. As a result, there is an increased risk that boards and commissions members are serving in positions that should have been declared vacant and required new appointments.

The following is a breakdown of the exceptions identified:

- No documentation of timely acceptance for ten of 77 members (13 percent).
- Documentation of late acceptance for five of 77 members (6 percent).

The City Secretary's Office converted to a new system in 2017 to document the appointment acceptance procedures. However, the system did not document the date of acceptance in all cases.

The appointee must return the signed acceptance of appointment to the City Secretary within 15 calendar days from the date of receiving notice of appointment, according to the requirement. The City Secretary's Office adds days (a grace period) to allow time for the appointee to receive the notice of appointment through the mail. The grace period is still used although notifications under the new system are sent electronically, without delays.

Criteria

- ❖ City Code, Chapter 8, Sec. 8-1.2, *Notice of Appointment; Acceptance, (a), (b)*
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **City Secretary**:

G.1: Establish procedures to ensure each appointed board member's vetting file includes documentation of acceptance of appointment within 15 days or the reason for late acceptance.

Observation H: Vacancies

Seven of the 52 boards and commissions (13.5 percent) had vacancy rates greater than 40 percent during fiscal years 2019 and 2020. As a result, there is an increased risk that high-vacancy boards or commissions will have to cancel meetings due to a lack of quorum and not represent the interests of the City's residents.

Special qualifications required for most of the high-vacancy boards and commissions make the positions difficult to fill. Two boards and commissions (Building Inspection Advisory, Examining and Appeals Board and Fire Code Advisory and Appeals Board) rely on members serving in holdover capacity after their terms have expired. Also, there is confusion among City offices and departments about their responsibilities for assisting the City Council and City Manager in the recruitment of boards and commissions members.

[Exhibit 3](#) lists the seven boards and commissions with a vacancy rate greater than 40 percent and their vacancy rates in fiscal years 2019 and 2020.

Exhibit 3:

Boards and Commissions with Vacancy Rates Greater Than 40 Percent

Board or Commission	Authorized Positions	Vacant Positions and Percentage In:	
		May 2019	May 2020
Building Inspection Advisory, Examining and Appeals Board	16	8 (50%)	9 (56%)
Fire Code Advisory and Appeals Board	9	4 (44%)	4 (44%)
North Oak Cliff Municipal Management District	9	4 (44%)	4 (44%)
North Texas Education Finance Corporation	11	10 (91%)	8 (73%)
Reinvestment Zone Five Board (City Center)	6	3 (50%)	3 (50%)
Reinvestment Zone Eleven Board (Downtown Connection)	6	3 (50%)	3 (50%)
Reinvestment Zone Twenty-One Board (University)	6	6 (100%)	3 (50%)

Source: City Auditor's Office analysis of City Secretary's Office vacancy reports as of May 31, 2019 and May 29, 2020.

The City Secretary's Office posts weekly boards and commissions vacancy reports to their website. While the boards and commissions vacancy reports are not required to be retained, the lack of past vacancy reports limited the vacancy rate analysis to the two reports used in [Exhibit 3](#).

Criteria

- ❖ City Charter, Chapter XXIV, Sec. 17, *Board and Commission Members (a)*
- ❖ City Code Chapter 8, Sec. 8-20, *Attendance (d)*
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **City Manager and the Director of the Mayor and City Council Office in consultation with the responsible Department and Office Directors:**

H.1: Review the qualifications and requirements for hard-to-fill boards and commissions positions and present to the City Council a proposal to revise the qualifications and requirements.

H.2: Establish procedures to identify boards and commissions with high vacancy rates and communicate these boards and commissions to City Council members for their actions.

We recommend the **City Secretary:**

H.3: Establish a retention period for boards and commissions vacancy reports.

Observation I: Compliance Requirements

There is no documented list of which boards and commissions must comply with the requirements of the City's Code Chapter 8, *Boards and Commissions*. As a result, there is an increased risk that City boards and commissions will not operate in a manner consistent with the City Council's and public's expectations, such as:

- Having qualified members who conduct themselves in the best interests of the City's residents.
- Conducting open and transparent meetings.
- Clearly reporting on activities and accomplishments.

City Code, Chapter 8, *Boards and Commissions* defines a board as *"a board or commission of the city that is established by ordinance or the Charter of the City of Dallas."* There is not a list of which boards and commissions meet that definition and must comply with City Code, Chapter 8, *Boards and Commissions* requirements.

The City Secretary's Office maintains a website which states the authority that established each board or commission. However, the website does not state whether the board or commission must comply with the City Code, Chapter 8, *Boards and Commissions* requirements.

Criteria

- ❖ City Code Chapter 8, Sec. 8-1, *Definitions (1)*
- ❖ Standards for Internal Control in the Federal Government, *Principle 2 – Exercise Oversight Responsibility and Principle 10 – Design Control Activities*.

Assessed Risk Rating:

Moderate

We recommend the **City Secretary**:

I.1: Establish and maintain a current list of all boards and commissions and whether the board or commission must comply with City Code, Chapter 8, *Boards and Commissions*.

Appendix A: Background and Methodology

Background

The City's Fiscal Year 2019-20 Annual Budget states on page 575, *"Civic participation in government is a cornerstone of representative democracy and boards and commissions offer residents an opportunity to actively participate in their local government."* Approximately 500 people serve on the City's 52 boards and commissions.

The boards and commissions are established by ordinance or the Charter of the City of Dallas to serve various roles. The roles served by the 52 boards and commissions are as follows:

- Advisory – Provides advice or recommendations to the City Council on issues or policies.
- Quasi-Judicial – Has the power to exercise sovereign functions of government, such as determining the rights of one or more parties under State law, city ordinances, regulations or general laws, largely independent of the controls of others (e.g. Park Board).
- Instrumentality – A subsidiary of local government created for a special purpose (e.g. Dallas Housing Finance Corp.).
- Municipal Management Districts – An example is Trinity River West.

Boards and commissions members are appointed by the following methods:

- The Mayor and each City Council member appoint one member and each member is confirmed by the City Council.
- The City Council collectively appoints and confirms the members. This is the method used for reinvestment zone advisory boards.
- The Mayor appoints members who are confirmed by the City Council.
- The City Manager appoints members who are confirmed by the City Council.
- Members serve on the basis of their position, such as the Mayor or Chief Financial Officer serving on certain boards and commissions.

The City Charter and Code assigns certain operational responsibilities for boards and commissions to the following City officials, offices and departments:

Mayor and City Council

The Mayor and City Council are responsible for appointing most board and commission members. The Mayor appoints the chair of each board subject to confirmation by the City Council. The vice-chair of every board and commission is appointed by the City Council, unless otherwise provided in State law, City Charter or City Code. The Mayor and City Council Office provides staff support to the City Council, for board and commission appointments. City Council can request boards and commissions reports.

City Manager

The City Manager appoints members to three boards and commissions. Assistant City Managers serve on Municipal Management District boards. The City Manager can request boards and commissions reports and is required to review and evaluate all board and commission annual reports and send them to the City Council.

City Secretary's Office

The City Secretary's Office is responsible for ensuring appointed board members meet specific qualifications for membership and obtaining the required documentation, such as appointment acceptance forms, conflict of interest disclosures, and financial disclosures. The City Secretary's Office also receives required documentation on board and commission activities including meeting schedules, annual reports, meeting agendas, meeting attendance records, and meeting minutes. The City Secretary's Office provides staff support to the Ethics Commission and Permit and License Appeal Board.

City Departments and Offices

Eighteen City departments and offices provide support to boards and commissions through coordinators. The coordinators are responsible for:

- Ensuring compliance with Texas Open Meetings Act requirements
- Providing the City Secretary's Office with the required documentation on board and commission activities, as noted in the [City Secretary's Office](#) section above.
- All other activities needed to facilitate the boards and commissions meetings.

Six organizations outside of the City government structure also provide support to boards and commissions.

City Attorney's Office

The City Attorney's Office provides legal opinions and guidance when needed.

Methodology

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

- Interviewed personnel from the various offices and departments responsible for performing boards and commissions functions.
- Reviewed policies and procedures, relevant City Charter and Code and State law compliance requirements, applicable Administrative Directives, and best practices guidance.
- Surveyed boards and commissions coordinators.
- Performed various analyses and reviewed documents as needed to support conclusions.
- Considered risk of fraud, waste and abuse.
- Considered all five internal control components of the *Standards for Internal Control in the Federal Government*.

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

Major Contributors to the Report

Dapo Juba, MBA, CISA – Auditor

Shino Knowles, CPA – Auditor

Dan Genz, CIA, CFE – In-Charge Auditor

Rory Galter, CPA – Audit Manager

Appendix B: Defining Members' Roles and Responsibilities

A survey of the coordinators for the 52 boards and commissions was conducted in September 2020. The responses were the basis for [Observation C](#). After the survey, the City Attorney's Office provided additional authoritative documents with roles and responsibilities that were incorporated in the results. The following is a listing of each board's and commission's response.

Members' Roles and Responsibilities Defined in Bylaws

- | | |
|---|--|
| 1. Dallas Area Partnership to End and Prevent Homelessness Local Government Corporation | 13. Reinvestment Zone Eleven Board (Downtown Connection) |
| 2. Dallas Area Rapid Transit Board | 14. Reinvestment Zone Twelve Board (Deep Ellum) |
| 3. Dallas Housing Authority Board – Housing Solutions for North Texas | 15. Reinvestment Zone Thirteen Board (Grand Park South) |
| 4. North Texas Education Finance Corporation | 16. Reinvestment Zone Fourteen Board (Skillman Corridor) |
| 5. Reinvestment Zone Three Board (Oak Cliff Gateway) | 17. Reinvestment Zone Fifteen Board (Fort Worth Avenue) |
| 6. Reinvestment Zone Four Board (Cedars Area) | 18. Reinvestment Zone Sixteen Board (Davis Gardens) |
| 7. Reinvestment Zone Five Board (City Center) | 19. Reinvestment Zone Seventeen Board (Transit-Oriented Development) |
| 8. Reinvestment Zone Six Board (Farmers Market) | 20. Reinvestment Zone Eighteen Board (Maple/Mockingbird) |
| 9. Reinvestment Zone Seven Board (Sports Arena) | 21. Reinvestment Zone Nineteen Board (Cypress Waters) |
| 10. Reinvestment Zone Eight Board (Design District) | 22. Reinvestment Zone Twenty Board (Mall Area Redevelopment) |
| 11. Reinvestment Zone Nine Board (Vickery Meadow) | 23. Reinvestment Zone Twenty-One Board (University) |
| 12. Reinvestment Zone Ten Board (Southwest Medical) | 24. Trinity Corridor Local Government Corporation |

Members' Roles and Responsibilities Defined in Another Authoritative Document

- | | |
|--|--|
| 1. Arts and Culture Advisory Commission | 10. Employees Retirement Fund Board |
| 2. Board of Adjustment | 11. Ethics Advisory Commission |
| 3. Building Inspection Advisory, Examining & Appeals Board | 12. Judicial Nominating Committee |
| 4. City Plan and Zoning Commission | 13. Landmark Commission and Task Force |
| 5. Civil Service Board | 14. North Oak Cliff Municipal Management District |
| 6. Community Development Commission | 15. Park and Recreation Board |
| 7. Cypress Waters Municipal Management District | 16. Permit and License Appeal Board |
| 8. Dallas-Fort Worth International Airport Board | 17. Senior Affairs Commission |
| 9. Dallas Police and Fire Pension System Board of Trustees | 18. Trinity River West Municipal Management District |

Members' Roles and Responsibilities not Defined

- | | |
|--|--|
| 1. Animal Advisory Commission | 4. South Dallas/Fair Park Opportunity Fund Board |
| 2. Citizen Homelessness Commission | |
| 3. Martin Luther King Jr. Community Center Board | 5. Youth Commission |

No Response to Survey

- | | |
|--|--------------------------------|
| 1. Community Police Oversight Board | 4. Housing Finance Corporation |
| 2. Dallas Central Appraisal District Board | 5. Municipal Library Board |
| 3. Fire Code Advisory and Appeals Board | |

Appendix C: Management's Response

Memorandum



DATE: July 30, 2021
TO: Mark S. Swann – City Auditor
SUBJECT: Response to Audit of City Boards and Commissions

This letter acknowledges the City Secretary's Office received the *Audit of City Boards and Commissions* and submitted responses to the recommendations.

Unfortunately, the Audit of City Boards and Commissions was not conducted in a cohesive and collaborative manner, which resulted in unrealistic recommendations. For example, a recommendation of: ***Develop procedures to ensure the racial and ethnic membership of boards and commissions reflect the racial and ethnic make-up of the City's population.*** Members to boards and commissions are selected, nominated, and appointed by city council members and/or mayor; therefore, for city staff to develop procedures for this action to control the racial and ethnic membership is unrealistic, as it is not within their control. A second example, a recommendation of: ***Present to the City Council, a proposal, to assign overall responsibility for ensuring boards and commissions operations comply with the City's Charter and Code to one position.*** The City Code, in conjunction with the City Charter is evident that the City Secretary is to ensure compliance of boards and commissions. In addition, the City Charter and Code also provide the officers of boards and commissions with operations of their respective board.

City Boards and Commissions responsibilities are across three different city structures (city secretary, city attorney and city manager). It would have been beneficial to have all parties initially provide a collaborative overview of the process, rather than the audit be solely conducted in an isolated format.

Sincerely,

Biliera Johnson
Biliera Johnson
City Secretary

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

Memorandum



CITY OF DALLAS

DATE: July 28, 2021

TO: Mark S. Swann – City Auditor

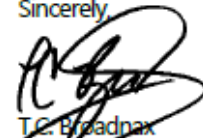
SUBJECT: Response to Audit of City Boards and Commissions

This letter acknowledges the City Manager's Office received the *Audit of City Boards and Commissions* and submitted responses to the recommendations in consultation with the City Secretary and the Mayor and City Council Office.

While the City Manager's Office respects the work and findings of the City Auditor's Office, we generally believe most of the recommendations are already sufficiently addressed through existing processes that the City Manager's Office and his departments follow to comply with the City Charter and the City Code. Further, we feel that any remaining risk is small and the cost to implement the controls recommended in the audit would exceed the benefit. However, the City Manager's Office and his departments will take additional steps as described in our responses to further reduce risk and facilitate effective boards and commissions.

The City Manager's Office agrees to implement the recommendations related to helping ensure boards and commissions have a quality and diverse candidate pool by reviewing the existing qualifications and requirements for hard-to-fill positions on boards and commissions with numerous vacancies and providing the City Council a proposal, as needed. Additionally, the City Manager's Office will review and edit vacancy requirements, including a review of the racial and ethnic make-up of boards and commissions, to help ensure boards and commissions can operate effectively and are representative of the City population.

Sincerely,



T.C. Broadnax
City Manager

C: Bilierae Johnson, City Secretary
Kimberly Bizer Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Carrie Rogers, Director, Mayor and City Council Office

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

City Auditor's Response

The Office of the City Auditor conducts audits in as open, transparent, and collaborative nature as possible. As the City Secretary notes and we note in [Observation A](#), *"City Boards and Commissions responsibilities are across three different city structures (city secretary, city attorney, and city manager)."* This structure made it challenging to conduct the audit collaboratively while performing the audit virtually. However, meetings were held, weekly status reports distributed, and two discussion draft audit reports were shared with all parties to help foster a collaborative approach.

The City Auditor is responsible for reporting the observation if it is reasonable and could improve the City's operational effectiveness, efficiency, equity, or safeguarding of assets. While the auditees disagreed with 10 of the 14 recommendations and accepted the risk, six of the compliance-related recommendations not accepted will be addressed through improved compliance training.

City Secretary's Responses to Recommendations

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
SECTION 1: GLOBAL OBSERVATIONS				
Moderate	We recommend the City Secretary:			
	A.2: Improve and expand training on compliance with boards and commissions requirements to more boards and commissions members and coordinators.	Agree: Continue to improve training on compliance with boards and commissions requirements to boards and commissions members and coordinators. Expansion will include an online training/informational video.	10/01/2021	07/01/2022
SECTION 2: COMPLIANCE WITH THE CITY'S CHARTER AND CODE				
Moderate	We recommend the City Secretary:			
	G.1: Establish procedures to ensure each appointed board member's vetting file includes documentation of acceptance of appointment within 15 days or the reason for late acceptance.	Agree: Update current procedures to ensure each appointed board member's vetting file includes <u>electronic</u> documentation of acceptance of appointment within 15 days or the reason for late acceptance.	10/01/2021	07/01/2022
	H.3: Establish a retention period for boards and commissions vacancy reports.	Accept Risk: A retention period for boards and commissions vacancy reports exists. (Considered a 'transitory record'.) They are produced or received in the course of routine actions, in the preparation of other records which replace them, or for convenient reference. NO RISK	N/A	N/A

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
	I.1: Establish and maintain a current list of all boards and commissions and whether the board or commission must comply with City Code, Chapter 8, <i>Boards and Commission</i> .	Accept Risk:	<p>A list of all boards and commissions, along with their appropriate authority (for compliance) is listed on the City Secretary's website.</p> <p>The City Attorney's Office needs to advise, as they develop/interpret ordinances and/or authority regulations. NO RISK/HANDLED INTERNALLY</p>	N/A	N/A

City Manager and Mayor and City Council Office Responses to Recommendations

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
SECTION 1: GLOBAL OBSERVATIONS				
Moderate	We recommend the City Manager in consultation with the City Secretary and the City Attorney:			
	A.1: Present to the City Council, a proposal, to assign overall responsibility for ensuring boards and commissions operations comply with the City's Charter and Code to one position.	Accept Risk: At this time, the City Manager does not see a need to present a proposal to the City Council and therefore is accepting the risk for this recommendation. However, the City Manager's Office will monitor respective departments to ensure compliance with the City's Charter and Code. Additionally, the City Manager's Office and the City Secretary's Office agree that the City Secretary will ensure City staff and board members will receive <i>training to help ensure compliance.</i>	N/A	N/A
Moderate	We recommend the City Manager:			
	B.1: Establish procedures to account for all costs to operate each board and commission and report the total cost by board and commission to the City Council on an annual basis.	Accept Risk: Currently, costs to operate boards and commissions are incorporated in the City's annual budget process. The City Manager's Office does not believe it is practical to establish additional procedures to account for and report total costs by board or commission and therefore will accept the risk for this recommendation.	N/A	N/A

Assessed Risk Rating	Recommendation		Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
	C.1: Ensure all boards and commissions have defined roles and responsibilities of members either in bylaws or another authoritative document.	Accept Risk:	We will accept the risk for this recommendation. Article III, Chapter 8-9 (Chair and Vice Chair) provides guidelines for the roles of the Chair and Vice Chair of most boards and commissions. Additionally, the City Secretary's Office ensures City staff and those board members will be trained on compliance with all authorities governing boards and commissions.	N/A	N/A
SECTION 2: COMPLIANCE WITH THE CITY'S CHARTER AND CODE					
High	We recommend the Director of the Mayor and City Council Office:				
	D.1: Develop procedures to ensure the racial and ethnic membership of boards and commissions reflect the racial and ethnic make-up of the City's population, as nearly as may be practicable.	Accept Risk:	While MCC will not be implementing the recommendation as written, we will coordinate with CMO as they implement recommendation H.2 to help mitigate the identified risk.	N/A	N/A
Moderate	We recommend the City Manager:				
	E.1: Develop procedures to ensure compliance with requirements of City Code, Chapter 8, Sec. 8-1.1, <i>Reports to the City Council</i> for all applicable boards and commissions.	Accept Risk:	The City Secretary's Office will ensure city staff and board members will be trained on compliance with all authorities governing boards and commissions and therefore, the City Manager does not see a need to develop separate procedures to ensure compliance. Additionally, the City Manager's Office will monitor respective departments to ensure compliance and can commit to distributing an annual directive city-wide as a reminder.	N/A	N/A

Assessed Risk Rating	Recommendation		Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
	E.2: Develop procedures to ensure all board and commission annual reports are posted to the City's website.	Accept Risk:	The City Secretary's Office will ensure city staff and board members will be trained on compliance with all authorities governing boards and commissions and therefore, the City Manager does not see a need to develop separate procedures to ensure compliance. Additionally, the City Manager's Office will monitor respective departments to ensure compliance and can commit to distributing an annual directive City-wide as a reminder.	N/A	N/A
	F1: Develop procedures to ensure compliance with requirements of City Code, Chapter 8, <i>Boards and Commissions</i> : Sec. 8-4 (a); Sec. 8-6 (a), (b), (c), (d); Sec. 8-8 (a), (b); and, Sec. 8-20 (a), (b), (c).	Accept Risk:	The City Secretary's Office will ensure City staff and board members will be trained on compliance with all authorities governing boards and commissions and therefore, the City Manager does not see a need to develop separate procedures to ensure compliance. Additionally, the City Manager's Office will monitor respective departments to ensure compliance and can commit to distributing an annual directive City-wide as a reminder.	N/A	N/A
	F.2: Develop procedures to ensure all meeting minutes are posted to the City's website.	Accept Risk:	The City Secretary's Office will ensure City staff and board members will be trained on compliance with all authorities governing boards and commissions and therefore, the City Manager does not see a need to develop separate procedures to ensure compliance. Additionally, the City Manager's Office will monitor respective departments to ensure compliance and can commit to distributing an annual directive City-wide as a reminder.	N/A	N/A

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
Moderate	We recommend the City Manager and the Director of the Mayor and City Council Office in consultation with the responsible Department and Office Directors:				
	H.1: Review the qualifications and requirements for hard-to-fill boards and commissions positions and present to the City Council a proposal to revise the qualifications and requirements.	Agree:	The City Manager's Office, in consultation with designated departments, will agree to review the qualifications and requirements for hard-to-fill board and commission positions will be considered should the board have numerous vacancies. The City Council will then receive a proposal to revise the qualifications and requirements when possible.	6/30/2022	9/30/2022
	H.2: Establish procedures to identify boards and commissions with high vacancy rates and communicate these boards and commissions to City Council members for their actions.	Agree:	The City Manager's Office will work with stakeholders to review and edit vacancy requirements including a review to ensure the racial and ethnic make-up of boards and commissions is representative of the City's population as nearly as many be practicable. This information will be provided to City Council when possible.	6/30/2022	9/30/2022

Released Reports - September to Date

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Audit of Senior Services

September 1, 2021

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Chad West

Deputy Mayor Pro Tem

Jaime Resendez

Council Members

Carolyn King Arnold

Tennell Atkins

Adam Bazaldua

Paula Blackmon

B. Adam McGough

Cara Mendelsohn

Jesse Moreno

Omar Narvaez

Paul E. Ridley

Jaynie Schultz

Casey Thomas, II

Gay Donnell Willis

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Executive Summary

Objective and Scope

The audit objectives were to determine if the Office of Community Care effectively: (1) coordinates resources to prevent duplication of senior services; and, (2) monitors senior services contracts to ensure documentation of contract performance is accurate, complete; and, in compliance with contract terms.

The audit scope covered the Dental Care Program, Employment Assistance Program, Ombudsman Program, and Transportation Program in Fiscal Year 2019 through 2020.

What We Recommend

We recommend the Office of Community Care update current written procedures to include work instructions specific to contract monitoring, and for:

- Verifying the accuracy of monthly requests for payment and reported contractor performance.
- Evaluating the effectiveness of senior services programs and contractor performance for each senior program.

Background

The Mission of the City of Dallas Office of Community Care Senior Services Program is to promote the quality of life for persons 60 and older in the City of Dallas with low-to-moderate income. There are approximately 155,000 seniors residing in the City of Dallas.

The annual operating budget for Fiscal Year 2020 was approximately \$1.3 million.

The Senior Services Program supports, through contractual agreements, the Dental Care Program, Employment Assistance Program Ombudsman Program, and Transportation Program.

In addition, the Senior Services Program provides case management and referral services through collaborations with City of Dallas departments and community agencies.

What We Found

The Office of Community care can improve its contract monitoring practices by:

- Formalizing written procedures for contract monitoring regarding monthly requests for payment and reported contractor performance.
- Better evaluating senior services programs for effectiveness.

Objectives and Conclusions

1. Does the Office of Community Care coordinate resources with other cities, counties, and City of Dallas departments/programs to prevent duplication of senior services?

No. However, the audit did not identify any feasible opportunities for the Office of Community Care to coordinate resources. Through contractual agreements, the Senior Services Program administers the following:

- Dental Care Program – audit research identified no other city or county program offering the same or similar dental program to senior residents of Dallas.
- Employment Assistance Program – audit research identified no other city or county program offering the same or similar employment assistance program to senior residents of Dallas.
- Ombudsman Program – sole source provider administered through the State of Texas.
- Transportation Program – coordinated with various local area cities indirectly as these cities also participate in the Dallas Area Rapid Transit (DART) program.

In addition, the audit did not identify any duplication of senior services within other City of Dallas departments or programs, nor any overlaps in services, for the above listed Office of Community Care senior services programs.

2. Does the Office of Community Care monitor senior services contracts to ensure documentation of contract performance is accurate, complete, and in compliance with contract terms?

Generally, yes. The Office of Community Care conducts some monitoring activities however, opportunities exist to improve and formalize current monitoring activities. See [Observation A](#).

In addition, the Office of Community Care can provide additional assurance that contractor performance complies with contract terms by evaluating and documenting the evaluation of the effectiveness of all of its contracted senior services. See [Observation B](#).

Audit Results

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

Observation A: Contract Monitoring

The Office of Community Care has no documented process for monitoring Dental Care, Employment Assistance, Ombudsman, and Transportation contracts. As a result, the Office of Community Care cannot provide assurance of: (1) payment verification for accuracy; or (2) contractor's outcome measures and performance data compliance with contract terms.

The Ombudsman Program's contract monitoring and payment verification processes were evaluated during the audit, and the sample months of October 2019 and June 2020 were judgmentally selected for testing. In the sample, the monthly requests for payment (monthly reports) were analyzed and determined to be supported, accurate, and complete. However, the Office of Community Care does not have written instructions for verifying that:

- Contractor requests for payment were verified for payment accuracy.
- Only eligible recipients received services.
- Service delivery numbers are a true representation of what occurred each month.
- Monthly reports are accurate.
- Ombudsman Program complaints are resolved.

Other contract monitoring and compliance concerns include:

- Payments that are not timely.
One of the two monthly requests for payment was late. The October 2019 Ombudsman Program monthly request for payment was received by the City in January 2020. The contract requires payment requests be submitted monthly, within (no more than) 15 days of the last day of the previous month in which services were provided. According to the Office of Community Care, the payment request was submitted more than two months late due to the contract not being executed until December 2019.
- Premature commencement of contract services.
Although the contract was not executed until December 2019, the Ombudsman Program commenced services on October 1, 2019 without a required approval from the City Manager. Administrative Directive 4-05, Contracting Standards and Procedures (Interim), Section 15.1, *Contract Monitoring* states, "In situations where the time in which a contract cannot be executed and signed by all parties prior to the date work must commence, written approval must be obtained from the City Manager to begin work prior to the signing of a contract."

Criteria

- ❖ Administrative Directive 4-05, Contracting Standards and Procedures (Interim), Section 15.1, *Contract Monitoring*
- ❖ Standards for Internal Control in the Federal Government:
 - *Principle 12.01– Implement Control Activities*
 - *Principle 12.02 – Documentation of Responsibilities Through Policies*
 - *Principle 12.05 – Periodic Review of Control Activities*
 - *Principle 16.01 – Perform Monitoring Activities*
 - *Principle 16.09 – Evaluation of Results*

Assessed Risk Rating:

Moderate

We recommend the **Director of the Office of Community Care:**

A.1: Update written procedures to include work instructions with descriptions of monitoring processes, documentation standards, and verification methods for ensuring the:

1. Accuracy of payments requested by contractors.
2. Compliance of contractor's outcome measures and performance data with contract terms. Specifically, address how to ensure:
 - a. Only eligible recipients received services.
 - b. Service delivery numbers are a true representation of what occurred each month.
 - c. Contractor monthly payment requests and supporting documents are accurate.
 - d. Ombudsman Program complaints are resolved.

A.2: Ensure that evidence of verifying the accuracy and timeliness of payments requests and the accuracy of contractor performance reports is documented, reviewed, and approved by management.

A.3: Ensure a written approval is obtained from the City Manager to begin work prior to the signing of contracts in accordance with Administrative Directive 4-05, *Contracting Standards and Procedures (Interim)*.

Observation B: Program Effectiveness

The Office of Community Care does not always evaluate whether: 1) senior services contracts have achieved the desired outcomes, or 2) the demand for particular senior services has changed. Specifically, there is limited historical or current data regarding the success of the senior Dental Care, Employment Assistance or Ombudsman programs or how recipients benefitted from such programs. As a result, the Senior Affairs Commission may not have accurate information to be able to recommend program improvements.

The Office of Community Care has: 1) no outcome-based performance measure to evaluate the success of senior services programs and contracts; and 2) no written procedures for determining the overall success for any of its senior services programs or evaluating contractors' performance.

Examples of outcomes-based performance evaluation standards include:

- Evaluating against a set of pre-established standard criteria.
- Retaining the documented evaluation of contract performance for future use.
- Analyzing the demand for program services based upon contractual outcomes.

Dental Care, Employment Assistance, and Ombudsman Programs

There are no retained records of prior contractor evaluations regarding the success or recipient benefit from the Dental Care, Employment Assistance, and Ombudsman programs. Specifically, there is no evidence to support: (1) the Dental Care Program was evaluated to determine how recipients benefitted from services; (2) the Employment Assistance Program was evaluated to determine the number or recipients who received employment after completing the program; or, (3) the Ombudsman Program was evaluated to determine the effectiveness of follow-up efforts to resolve complaints.

Transportation Program

The Transportation Program, on the other hand, underwent a rigorous evaluation in Fiscal Year 2018 which resulted in the implementation of the Dallas Area Rapid Transit (DART) Rider Assistance Program. Prior to DART, the Transportation Program was provided by another contractor. The Transportation Program evaluation included information related to:

- | | |
|---|--|
| • Program History | • Program Implementation Improvements |
| • Specific use of the program | • Program Development Updates |
| • Review of the senior medical transportation program | • DART Rides (subsidized fare program) |
| • Client Assessment | • Pilot Program Overview |
| | • Transportation Survey |

Criteria

- ❖ The National Association of State Auditors, Comptrollers, and Treasurers, *Best Practices in Contracting for Services* recommends evaluation of the contractor's performance against a set of pre-established, standard criteria.
- ❖ Standards for Internal Control in the Federal Government:
 - *Principle 16.01 – Perform Monitoring Activities*
 - *Principle 16.09 – Evaluation of Results*

Assessed Risk Rating:

Low

We recommend the **Director of the Office of Community Care:**

B.1: Update written procedures to include work instructions for evaluating outcome-based performance measures and the effectiveness of senior services programs and contractor performance for each senior services program.

B.2: Ensure the evaluation of the effectiveness of senior services programs and contractor performance is documented and retained.

Appendix A: Background and Methodology

Background

The Office of Community Care Senior Services Program promotes the quality of life for persons 60 and older in the City of Dallas with low-to-moderate income. Some areas of emphasis are: (1) health and safety, (2) housing, (3) public benefits, (4) social needs, and (5) trends in aging and transportation. These areas are addressed through community collaborations, coordination of services, educational programs, outreach, and casework based on referral and information. The Senior Affairs Commission addresses areas of emphasis for persons 60 and older and communicates concerns to City Council.

The Senior Affairs Commission

Members of the Senior Affairs Commission are council-appointed. Each member serves a two-year term on a 15-member advisory board tasked with identifying programs and addressing needs related to elderly issues. The Senior Affairs Commission is comprised of members who are over the age of 55, show a concern about senior affairs; and are willing to represent the senior community. The Senior Affairs Commission served a key role in the implementation of the Age-Friendly Dallas Plan.

Age-Friendly Dallas Plan

The Senior Service Program collaborates with community agencies to expand limited City of Dallas resources and enhance services offered to the senior population through contractual agreements and collaborating with community agencies through referral services and outreach activities.

Dallas City Council adopted the Age-Friendly Dallas Plan in Fiscal Year 2019. The Age-Friendly Dallas Plan focuses on enriching the lives of, and improving community livability for, Dallas seniors. The plan establishes the criteria for programs or support services, provided by the Senior Services Program. Through the Age-Friendly Dallas plan, the Office of Community Care identified a need for, and supports through contractual agreements, the following senior services programs:

- Dental Care
- Employment Assistance
- Ombudsman
- Transportation

Dental Care Program

Dental care is one of the top three unmet needs in the Dallas area, for seniors. The Dental Care Program provides free, basic dental health services to older Dallas residents who may not have access to or cannot afford dental care. Dental procedures are performed for low to moderate level income Dallas seniors, aged 60 and older, at North Dallas Shared Ministries Clinic and Agape Clinic. This program was included in the audit's evaluation of program effectiveness.

Employment Assistance Program

The Employment Assistance Program provides employment assistance offered at Mountain View College. Participants complete a 5-week course in areas focused on: (1) one-on-one career counseling; (2) resume-writing assistance; (3) interviewing skills; (4) job search technique training; (5) basic computer skills; and, (6) networking group meetings. The employment assistance program was placed on-hold during the COVID-19 pandemic. This program was included in the audit's evaluation of program effectiveness.

Ombudsman Program

The Ombudsman Program seeks to enhance the quality of life and quality of care for seniors in assisted living programs or nursing home facilities. The City's contractual agreement with the Ombudsman Program provides additional funding to help the Ombudsman be more active in the City of Dallas and provide more contacts to residents, in nursing homes and assisted living facilities, aged 60 and older. This program was included in the audit's evaluation of payment verification, contract monitoring and program effectiveness.

Transportation Program

The Transportation Program evaluated during this audit was implemented in May 2020. Through the DART program, seniors who are not eligible for existing transportation programs are eligible for the Senior Transportation Program. Participants are required to pay a percentage of the ride fee to remain eligible. This program was included in the audit's evaluation of program effectiveness.

Operation Water Share

Operation Water Share provides financial assistance to Dallas senior residents experiencing hardships due to water leaks or other unforeseen expenses related to water utilities. The Office of Community Care assesses and determines eligibility and makes recommendations to Dallas Water Utilities for financial assistance. This program was not evaluated during the audit.

Texas RAMP Project

The Texas RAMP Project is a statewide volunteer program that provides wheelchair ramps for low-income persons with disabilities. There is no cost for participants, but a referral must be completed on behalf of the recipient. This program was not evaluated during the audit.

Casework and Outreach

In addition to supporting programs through contractual agreements, financial assistance referrals, and statewide volunteer programs, the Senior Services Program provides referrals and information to at-risk seniors who have a need for elder abuse prevention, housing, health care or utility services resources. Seniors receive educational materials, training; and attend seminars and presentations facilitated through partnerships with community groups, neighborhood associations and senior centers. Through

the Senior Service Program's outreach activities, seniors, and the public, are informed on the issues affecting older adults and the resources available to them. Casework and outreach activities provided by the Senior Services Program were not evaluated during the audit.

Methodology

To achieve the audit objectives, the following steps were performed: (1) interviewed personnel from the Office of Community Care; (2) reviewed policies and procedures, vendor contracts, Administrative Directive 4-05, *Contracting Standards and Procedures (Interim)* and the *Standards for Internal Control in Federal Government*; and, (3) performed various analyses and reviewed documents as needed to support conclusions, including review of surrounding cities' participation in the DART Rider Assistance, Dallas County's Older Adult Services; and, Dental Care and Employment Assistance programs of other local area cities.

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

Major Contributors to the Report

Lina Wang, CPA – In-Charge Auditor
Anatoli V. Douditski, CIA, MPA, ACDA – Engagement Manager
Yzalida Hiley, MBA

Appendix B: Management's Response

Memorandum



DATE: August 30, 2021
TO: Mark S. Swann – City Auditor
SUBJECT: Response to Audit of Senior Services

This letter acknowledges the City Manager's Office received the *Audit of Senior Services* and submitted responses to the recommendations in consultation with the Office of Community Care.

We recognize the importance of providing equitable service and promoting a high quality of life for Dallas' senior residents. Further, we are proud of the Office of Community Care's efforts and accomplishments in providing and coordinating needed services for our City's residents.

While the Office of Community Care has thorough and effective contract compliance processes in place, we recognize there are opportunities for improvement. To continue improving our processes around contract compliance, the Office of Community Care's contract compliance staff has completed the first level of the Dallas Contracting Officer Representatives (D-COR) training and is currently completing the second level of D-COR training. Additionally, the Office of Community Care will document its existing processes in written procedures and has developed a revised checklist to ensure consistent documentation is reviewed and retained. Further, the new procedures and revised checklist will ensure that payments are processed timely and adherence to the City's administrative directives is clearly documented.

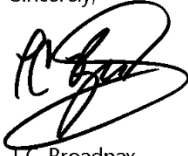
Similarly, the Office of Community Care has established a monthly performance checklist for staff to document their evaluation of the effectiveness of the contractor's performance.

While the Office of Community Care agrees in principle to the auditor's recommendation to retain documentation pertaining to evaluating the effectiveness of programs and contractors, the Office of Community Care will accept the risk associated with this recommendation. The Office of Community Care will retain the evaluation checklists and data for evaluating the program overall, as applicable. However, the Office of Community Care's review of client files during onsite contractor compliance reviews contains sensitive client information. Therefore, the Office of Community Care will observe but not retain documentation supporting the results of the checklists that contain sensitive client information.

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

Response to Audit of Senior Services
August 30, 2021
Page 2 of 2

Sincerely,

A handwritten signature in black ink, appearing to read 'T.C. Broadnax', enclosed within a large, loopy oval flourish.

T.C. Broadnax
City Manager

C: Kimberly Bizor Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Jessica Galleshaw, Director, Office of Community Care

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

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
Moderate	We recommend the Director of the Office of Community Care:			
	<p>A.1: Update written procedures to include work instructions with descriptions of monitoring processes, documentation standards, and verification methods for ensuring the:</p> <ol style="list-style-type: none"> 1. Accuracy of payments requested by contractors. 2. Compliance of contractor's outcome measures and performance data with contract terms. Specifically, address how to ensure: <ol style="list-style-type: none"> a. Only eligible recipients received services. b. Service delivery numbers are a true representation of what occurred each month. c. Contractor monthly payment requests and supporting documents are accurate. d. Ombudsman Program complaints are resolved. 	<p>Agree:</p> <p>The Office of Community Care (OCC) has been working to update various departmental protocols and work instructions to better outline the processes for monitoring and ensuring consistent documentation standards and verification methods of expenditures as part of our practice to continually improve service delivery and contract oversight. OCC has developed a draft, revised monitoring checklist to be put into place during FY 2022, following a thorough review. Additionally, OCC has developed a new monthly review checklist form for contract compliance staff to utilize in reviewing payments, performance metrics, client data, and other critical information, which will also be put into place during FY 2022.</p>	3/31/2022	9/30/2022
	<p>A.2: Ensure that evidence of verifying the accuracy and timeliness of payments requests and the accuracy of contractor performance reports is documented, reviewed, and approved by management.</p>	<p>Agree:</p> <p>OCC will implement this recommendation as part of the above-described checklists and work instructions.</p>	3/31/2022	9/30/2022

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
	A.3: Ensure a written approval is obtained from the City Manager to begin work prior to the signing of contracts in accordance with Administrative Directive 4-05, <i>Contracting Standards and Procedures (Interim)</i> .	Agree: OCC does not direct programs to begin offering services or authorize payments prior to contract execution. However, OCC has authorized payments, after the contract is fully executed, for services performed during the contract period but prior to execution with appropriate supporting documentation. OCC will consult with the City Manager's Office, as needed, and request written authorization in the event that billable contract work may begin prior to the completion of contract execution.	3/31/2022	9/30/2022
Low	We recommend the Director of the Office of Community Care:			
	B.1: Update written procedures to include work instructions for evaluating outcome-based performance measures and the effectiveness of senior services programs and contractor performance for each senior services program.	Agree: OCC has established a monthly performance checklist, inclusive of work instructions, for contract compliance staff to utilize upon receipt of each vendor's, contractor's, or subrecipient's Monthly Target Analysis Form. The checklist outlines allowable variances and will prompt compliance staff to follow up if a contractor is outside of the allowable variance. OCC will implement this added review to its monthly contract compliance process beginning FY2022.	3/31/2022	9/30/2022

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
	B.2: Ensure the evaluation of the effectiveness of senior services programs and contractor performance is documented and retained.	Accept Risk:	<p>OCC receives and maintains documentation of performance, expenditures, and client data through our monthly review process for each contract and maintains such data in accordance with records retention policies.</p> <p>Additionally, OCC performs onsite compliance testing of programs that includes reviewing client files. OCC does not retain individual client files for all programs for a variety of reasons, including concerns related to client privacy. Through its onsite monitoring activity, OCC compliance staff are able to view client records, client data, client files, etc. and confirm the metrics presented by the contractor in their reporting.</p> <p>OCC will enhance its checklist used for onsite monitoring to better illustrate the activity performed, but will not be retaining copies of sensitive client files.</p> <p>OCC believes that the strengthening of our program monitoring protocols, including the checklist, will enable us to adequately ensure client records' accuracy.</p>	N/A	N/A



Audit of Proposed Budget Revenues Included in the Fiscal Year 2021-22 Proposed Annual Budget for the City of Dallas

September 10, 2021

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Chad West

Deputy Mayor Pro Tem

Jaime Resendez

Council Members

Carolyn King Arnold

Tennell Atkins

Adam Bazaldua

Paula Blackmon

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Executive Summary

Objective and Scope

The audit objective was to determine whether the City of Dallas has effective processes to ensure reasonable proposed budget revenues are included in the City Manager's *Fiscal Year 2021-22 Proposed Annual Budget*.

The audit scope was the major revenue sources included in the *Fiscal Year 2021-22 Proposed Annual Budget* and the associated supporting documentation.

What We Recommend

There are no audit recommendations associated with this report.

Background

The City Council approved *Fiscal Year 2021 Audit Work Plan* prescribed the City Auditor to review and verify the reasonableness of the proposed budget revenues included in the City Manager's *Fiscal Year 2021-22 Proposed Annual Budget*. The \$282.5 million budgeted from the American Rescue Plan Act of 2021 for the *Fiscal Year 2021-22 Proposed Annual Budget* was not part of the review since the funds have been granted and are not estimated.

What We Found

The City of Dallas has effective processes to ensure reasonable proposed budget revenues are included in the *Fiscal Year 2021-22 Proposed Annual Budget*. Further, the revenue forecast methodologies and material assumptions used in developing the proposed budget revenues are reasonable and adequately supported.

Audit Results

The Office of the City Auditor reviewed major revenue sources totaling \$2.72 billion, or 78 percent of the \$3.49 billion of the proposed budget revenues included in the *Fiscal Year 2021-22 Proposed Annual Budget*. The remaining \$772 million, which are mainly derived from department reimbursements, and City of Dallas employee and retiree contributions for retirement and health benefits, were excluded from the review. The major revenue sources reviewed are identified in [Exhibit 1](#).

Exhibit 1:

Revenue Sources Included in the Office of the City Auditor's Review

Revenue Sources	Fiscal Year 2020-21 Amended Budget	Fiscal Year 2020-21 Forecast Revenues	Fiscal Year 2021-22 Proposed Revenues
General Fund			
Ad Valorem Taxes	\$825,006,993	\$842,253,328	\$876,483,968
Sales Tax	305,073,041	336,011,501	344,283,066
Franchise Fees	83,444,095	85,412,871	85,146,984
Enterprise Fund			
Water Utilities	692,146,200	672,903,109	713,732,650
Aviation - Concessions & Rentals	94,234,713	92,427,523	111,964,255
Sanitation Services	127,062,910	125,943,184	137,982,207
Convention and Event Services - Hotel Occupancy Tax	36,500,000	36,438,189	58,310,171
Storm Water Fees	66,355,747	66,332,748	69,314,586
Debt Service			
Ad Valorem Taxes	301,028,221	306,222,303	\$321,279,574
Revenue Sources Reviewed	\$2,530,851,920	\$2,563,944,756	\$2,718,497,461
Revenue Sources Not Included	750,799,171	729,777,705	772,268,150
Total Revenues	\$3,281,651,091	\$3,293,722,461	\$3,490,765,611

Source: Fiscal Year 2021-22 Proposed Annual Budget (Unaudited)

The City of Dallas has methodologies in place for forecasting revenues. The common methodologies used by the City of Dallas consist of regression analyses and/or historical trends, professional judgements, along with expertise from external consultants. [Exhibit 2](#) (on pages 3 and 4) shows the total General Fund variance between budgeted revenues compared to actual revenues for Fiscal Years 2018 through 2020 were less than 3 percent for all three years.

While common methodologies were used to forecast revenues for Fiscal Year 2021-22 revenues, the methodologies were adjusted as appropriate to consider the effects the COVID-19 pandemic could have throughout the remainder of Fiscal Year 2020-21 and all of Fiscal Year 2021-22. A conservative approach was taken to forecast the revenues.

Exhibit 2:

Fiscal Years 2018 Through 2020 General Fund Budgeted Revenues
Compared To Actual Revenues
(in thousands)

General Fund	Fiscal Year 2017-18	Fiscal Year 2017-18	— Variance —	
	Budgeted Revenue	Actual Revenue	Dollar	Percent
Ad Valorem Taxes	\$652,068	\$652,462	\$394	0.1%
Sales Tax	303,349	305,398	2,049	0.7%
Franchise Fees and Other Tax	135,320	141,897	6,577	4.9%
License and Permits	4,669	4,824	155	3.3%
Intergovernmental	9,548	10,194	646	6.8%
Service to Others	116,117	126,963	10,846	9.3%
Fines and Forfeitures	36,515	35,171	-1,344	-3.7%
Investment Income	2,017	4,450	2,433	120.6%
Other Revenues	6,580	9,640	3,060	46.5%
Total Revenues	\$1,266,183	\$1,290,999	\$24,816	2.0%

General Fund	Fiscal Year 2018-19	Fiscal Year 2018-19	— Variance —	
	Budgeted Revenue	Actual Revenue	Dollar	Percent
Ad Valorem Taxes	\$727,886	\$729,596	\$1,710	0.2%
Sales Tax	311,645	313,461	1,816	0.6%
Franchise Fees and Other Tax	133,348	135,697	2,349	1.8%
License and Permits	5,671	6,349	678	12.0%
Intergovernmental	9,563	10,178	615	6.4%
Service to Others	122,048	114,016	-8,032	-6.6%
Fines and Forfeitures	34,245	35,823	1,578	4.6%
Investment Income	2,435	8,236	5,801	238.2%
Other Revenues	6,320	9,744	3,424	54.2%
Total Revenues	\$1,353,161	\$1,363,100	\$9,939	0.7%

General Fund	Fiscal Year 2019-20	Fiscal Year 2019-20	— Variance —	
	Budgeted Revenue	Actual Revenue	Dollar	Percent
Ad Valorem Taxes	\$787,420	\$789,114	\$1,694	0.2%
Sales Tax	325,566	310,737	-14,829	-4.6%
Franchise Fees and Other Tax	129,340	120,944	-8,396	-6.5%
License and Permits	5,154	4,486	-668	-13.0%
Intergovernmental	11,383	15,670	4,287	37.7%
Service to Others	127,077	104,353	-22,724	-17.9%
Fines and Forfeitures	27,222	24,313	-2,909	-10.7%
Investment Income	4,664	5,544	880	18.9%
Other Revenues	6,685	7,530	845	12.6%
Total Revenues	\$1,424,511	\$1,382,691	-\$41,820	-2.9%

Source: City of Dallas 2018-2020 Comprehensive Annual Financial Reports

In preparing the proposed budget revenues, City management develops revenue forecast methodologies, such as regression analyses and/or historical trends, and documents significant assumptions used to support the methodologies. The Office of the City Auditor's assessment considers the reasonableness of these revenue forecast methodologies; however, neither City management nor the Office of the City Auditor guarantees the achievement of the Fiscal Year 2021-22 proposed budget revenues.

Methodology

We interviewed department personnel, reviewed revenue forecast methodologies and material assumptions for reasonableness, verified consistency of the budget documents, and performed various analyses. The five internal control components of the *Standards for Internal Control in the Federal Government* were considered in this engagement.

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

Major Contributors to the Report

Lee Chiang, CIA, CISA, ACDA – In-Charge Auditor

Rory Galter, CPA – Engagement Manager

Enrique J. Fuentes, CFE

Carron Perry, CIA

Mamatha Sparks, CIA, CISA, CRISC

Management's Response

Memorandum



DATE: September 2, 2021

TO: Mark S. Swann – City Auditor

SUBJECT: Response to Audit of Proposed Budget Revenues Included in the Fiscal Year 2021-22 Proposed Annual Budget for the City of Dallas

This letter acknowledges the City Manager's Office and the Office of Budget & Management Services received the *Audit of Proposed Budget Revenues Included in the Fiscal Year 2021-22 Proposed Annual Budget for the City of Dallas*.

The City has strong internal controls in place to ensure reasonable proposed budget revenues are included in the proposed annual budgets. We are pleased, but not surprised, that the City Auditor concluded that the City's revenue forecast methodologies are reasonable and adequately supported.

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

Sincerely,



T.C. Broadnax
City Manager

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

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



Audit of Dallas Police Department Overtime – Interim Report

September 10, 2021

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Chad West

Deputy Mayor Pro Tem

Jaime Resendez

Council Members

Carolyn King Arnold

Tennell Atkins

Adam Bazaldua

Paula Blackmon

B. Adam McGough

Cara Mendelsohn

Jesse Moreno

Omar Narvaez

Paul E. Ridley

Jaynie Schultz

Casey Thomas, II

Gay Donnell Willis

Executive Summary

Objective and Scope

The audit objective of this interim report was to determine whether any unusual employee overtime usage indicates waste or abuse at the Dallas Police Department.

The scope of the audit was uniform and civilian overtime from October 1, 2018 to December 31, 2020.

The Office of the City Auditor will issue a full report in the first quarter of Fiscal Year 2022 that includes the objective of whether the Dallas Police Department manages overtime in a way that limits the financial and operational impact to Department service delivery objectives.

What We Recommend

No recommendations were identified.

Background

During the audit period of October 1, 2018 to December 31, 2020, The City's payroll system shows that the Dallas Police Department incurred a total of 1,305,750 overtime hours, and the City of Dallas paid a total of \$78,695,699 in overtime pay to both uniform and civilian Dallas Police Department employees. In addition, during the same period, Dallas Police Department uniform employees earned 316,166 hours of compensatory time with an estimated cost to the City of \$13,848,954.

According to the Dallas Police Department, overtime peaks in Fiscal Year 2020 and Fiscal Year 2021 are due to civil protests, natural disasters, and COVID-19. Over 1,200 officers were personally impacted by COVID-19 from March 2020 to February 2021.

What We Found

Interviews with Dallas Police Department unit supervisors and a review of supporting documentation for a judgmental sample of 339 overtime and compensatory time transactions showed:

- There was an overtime card for 260 of 339 transactions, or 76.7 percent.
- Of the 260 transactions that had a card, 257, or 98.9 percent were properly requested.
- Of the 257 transactions that were properly requested, 206, or 80.2 percent were approved by an appropriate supervisor.
- Of the 206 transactions that were approved by an appropriate supervisor, 151, or 73.3 percent had supporting documentation.
- Of the 151 transactions with supporting documentation, zero looked suspicious in terms of waste or abuse.

Objective and Conclusion

1. Was there any unusual employee overtime usage that indicates waste or abuse at the Dallas Police Department during the audit period of October 1, 2018 to December 31, 2020?

No. Interviews with Dallas Police Department unit supervisors and a review of supporting documentation for a judgmental sample of 339 overtime and compensatory time transactions showed:

- There was an overtime card for 260 of 339 transactions, or 76.7 percent.
- Of the 260 transactions that had a card, 257, or 98.9 percent were properly requested.
- Of the 257 transactions that were properly requested, 206, or 80.2 percent were approved by an appropriate supervisor.
- Of the 206 transactions that were approved by an appropriate supervisor, 151, or 73.3 percent had supporting documentation.
- Of the 151 transactions with supporting documentation, zero looked suspicious in terms of waste or abuse.

See [Appendix A](#) for more information about overtime procedures at the Dallas Police Department.

Appendix A: Background and Methodology

Background

As of September 30, 2020, there were a total of 3,656 employees at the Dallas Police Department. This number includes a total of 3,149 uniform employees.

[Exhibit 1](#) below illustrates the Dallas Police Department's staffing levels in Fiscal Year 2019 through Fiscal Year 2021, broken down by employee classification (uniform and civilian).

Exhibit 1:

Dallas Police Department Staffing Levels: Uniform Employees

Fiscal Year	Authorized	Year Begin	Year End
Fiscal Year 2019	3,094	3,028	3,067
Fiscal Year 2020	3,053	3,067	3,149
Fiscal Year 2021	3,095	3,149	3,095

Dallas Police Department Staffing Levels: Civilian Employees

Fiscal Year	Authorized	Year Begin	Year End
Fiscal Year 2019	762	571	550
Fiscal Year 2020	761	550	507
Fiscal Year 2021	856	507	651

During the audit period of October 1, 2018 to December 31, 2020, The City's payroll system shows that the Dallas Police Department incurred a total of 1,305,750 overtime hours, and the City of Dallas paid a total of \$78,695,699 in overtime pay to both uniform and civilian Dallas Police Department employees. In addition, during the same period, Dallas Police Department uniform employees earned 316,166 hours of compensatory time with an estimated cost to the City of \$13,848,954.

Overtime Trends

[Exhibit 2](#) below illustrates the Dallas Police Department's overtime expenditures in Fiscal Year 2019 through Fiscal Year 2021, broken down by employee classification (uniform and civilian). According to the Dallas Police Department, overtime peaks in Fiscal Year 2020 and Fiscal Year 2021 are due to civil protests, natural disasters, and COVID-19. Over 1,200 officers were personally impacted by COVID-19 from March 2020 to February 2021.

Exhibit 2:

Overtime Trends: Uniform Employees – General Fund

Fiscal Year	Budget	Actual	Variances		Overtime Hours	Compensatory Hours Earned
Fiscal Year 2019	\$25,631,301	\$30,060,429	\$4,429,128	17%	463,078	142,113
Fiscal Year 2020	\$26,497,894	\$33,134,326	\$6,636,432	25%	500,162	136,730
Fiscal Year 2021	\$17,284,425	*\$34,799,348	\$17,514,923	101%	**	**

Overtime Trends: Civilian Employees – General Fund

Fiscal Year	Budget	Actual	Variances	Overtime Hours
Fiscal Year 2019	\$2,243,415	\$2,764,950	\$521,535	23%
Fiscal Year 2020	\$2,327,071	\$3,276,055	\$948,984	41%
Fiscal Year 2021	\$3,659,615	*\$3,384,487	(\$275,128)	-8%

Notes: * Fiscal Year 2021 actual data in the charts above are projections.

** Overtime and compensatory hours earned time entry for the complete Fiscal Year 2021 are not within the audit scope period.

Dallas Police Department Overtime Procedures

Uniform Dallas Police Department employees ranked Captain and below are eligible to receive compensation of 1.5 times their regular rate of pay for any time worked in excess of 40 hours per work week after the deduction of only sick leave and leave without pay taken during the same work week.¹

Uniform Dallas Police Department employees ranked Captain and below are also eligible to earn compensatory time (instead of overtime pay) at 1.5 times for every hour worked in excess of 40 hours per week.

Non-exempt civilian Dallas Police Department employees are eligible to receive compensation of 1.5 times their regular rate of pay for any time worked in excess of 40 hours per week after the deduction of all leave taken during the same work week except for holiday leave, mandatory city leave, and court leave.² Non-exempt civilian Dallas Police Department employees are not eligible to earn compensatory time. Different approaches to calculating overtime hours for uniform and civilian personnel at the Dallas Police Department are illustrated in [Exhibit 3](#) on page 4:

¹ Dallas City Code § 34-19 (a) (3)

² Dallas City Code § 34-17 (b)

Exhibit 3:

Overview of Overtime or Compensatory Leave Earned for Uniform and Civilian Employees

Type of Work	Counts as Time Worked for Overtime or Compensatory Leave Earned		Non Exempt Employee Example in Hours	
	Uniform	Civilian	Uniform	Civilian
Regular Hours	✓	✓	38	38
Holiday Leave	✓	✓		
Court Leave	✓	✓		
Mandatory City Leave	✓	✓		
Vacation Leave	✓	✗	16	16
Compensatory Leave	✓	✗		
Attendance Incentive Leave	✓	✗		
Military Leave	✓	✗		
Death-in-family Leave	✓	✗		
Approved Leave With Pay (Excused Absence)	✓	✗		
Approved Leave Without Pay (Excused Absence)	✗	✗		
Sick Leave	✗	✗		
Hours Paid for Week			54	54
Hours Worked for Computation of Overtime Pay or Compensatory Leave Earned			54	38
Overtime Hours Earned			14	0
Compensatory Leave Earned (instead of overtime pay for uniform only)			21	0

Source: Office of the City Auditor

Overtime Request, Authorization, and Recording

Most overtime at the Dallas Police Department is unplanned and therefore does not require a formal pre-authorization. Only planned overtime is usually part of a crime fighting initiative or grant funded overtime. Dallas Police Department employees must record all overtime or compensatory time earned by the employee's next work day. The majority of Dallas Police Department employees record overtime manually on handwritten overtime cards (pink) and compensatory time on compensatory (white) cards.

Employees are required to write down the following information on the cards:

- Name
- Badge number
- Date and time overtime was worked
- The reason for overtime
- Employee signature

Employees' supervisors then must review and sign the cards. At some Dallas Police Department units, employees record their overtime and compensatory time, and supervisors approve it electronically in the Intelligent Workforce Management system (IWM).

Daily attendance records are maintained on manual timecards and detail sheets and in a city-wide payroll system, Workday, depending on the unit the officer is assigned to. Prior to the end of a bi-weekly payroll period, Dallas Police Department employees or designated timekeepers (such as first level supervisors and station sergeants in the Patrol Division) enter time worked by each employee into the city-wide payroll system Workday. Dallas Police Department employees or designated timekeepers enter payroll codes and hours into Workday and use overtime cards, compensatory cards, and entries in IWM as a source of information about how many hours of overtime (or compensatory time) an employee worked and what activity an employee performed on overtime during the pay period. All entries in Workday must be approved by Dallas Police Department payroll managers (usually unit commanders) prior to payroll processing.

Dallas Police Department Efforts to Minimize Overtime

According to the Dallas Police Department, the following procedures to minimize overtime have been initiated:

- Supervisors review overtime records to ensure that overtime was justified.
- Supervisors can alter work schedules of their employees to avoid overtime.
- Supervisors monitor their employees' total work hours to make sure that a total of regular time worked, overtime, and off duty employment is limited to 16 hours per 24 hour period and 112 hours per work week.
- The Chief's Office and unit commanders have performed budget versus actual comparisons of overtime hours and a review of the reasons for excessive overtime.
- A number of KPMG recommendations were implemented to optimize staffing and limit overtime to 140 hours per week per station.
- Civilian to uniform employee ratio was increased.
- Additional staff were hired for the 911 Communications Unit.

Methodology

To accomplish our audit objectives, we interviewed key personnel, analyzed payroll records, and reviewed applicable documentation. The risk of fraud, waste, and abuse was also considered along with all five internal control components of *Standards for Internal Control in Federal Government*.

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

Major Contributors to the Report

Lina Wang, CPA – In-Charge Auditor
Anatoli Douditski, MPA, CIA, ACDA – Engagement Manager
Yzalida Hiley, MBA
Shino Knowles, CPA

Appendix A: Management's Response

Memorandum



DATE: September 10, 2021
TO: Mark S. Swann – City Auditor
SUBJECT: Response to the Audit of Dallas Police Department Overtime – Interim Report

This letter acknowledges the City Manager's Office and the Dallas Police Department received the *Audit of Dallas Police Department Overtime – Interim Report*.


The City of Dallas, including the Dallas Police Department, maintains high standards for employee ethics and takes allegations of fraud, waste, and abuse seriously. We are pleased that the interim audit report found no instances of waste or abuse, or suspicious overtime transactions.

The Dallas Police Department believes their numerous internal controls for recruiting and maintaining an ethical workforce contributed to the auditor's finding there to be no instances of waste or abuse, including:

- Conducting rigorous background checks on potential employees;
- Requiring officers to complete a minimum of 40 hours of continuing education biennially, including an ethics component; and
- A robust Internal Affairs Division that takes allegations of officer misconduct seriously.

However, as the City of Dallas seeks excellence in our processes, the Dallas Police Department will continue to look for opportunities to improve the overtime process, including the possibility of future technology enhancements that can further strengthen the efficiency and consistency of the process.

Sincerely,



T.C. Broadnax
City Manager

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

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

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Audit of the Office of Homeless Solutions

September 17, 2021
Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Chad West

Deputy Mayor Pro Tem

Jaime Resendez

Council Members

Carolyn King Arnold

Tennell Atkins

Adam Bazaldua

Paula Blackmon

B. Adam McGough

Cara Mendelsohn

Jesse Moreno

Omar Narvaez

Paul E. Ridley

Jaynie Schultz

Casey Thomas, II

Gay Donnell Willis

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Executive Summary

Objective and Scope

The objective of this audit was to evaluate if: (1) the Office of Homeless Solutions Rapid ReHousing Program aligns with governance requirements and meets the City's objectives for the program; and, (2) the Coronavirus Aid, Relief, and Economic Security (CARES) Act federal funding has been used appropriately. The scope of the audit was the office's operations from March 1, 2020, through February 28, 2021.

What We Recommend

Management should:

- Require documentation of background checks for Rapid ReHousing Program participants.
- Develop and implement policies and procedures for the Rapid ReHousing Program.
- Pursue resolution of payments for unused hotel rooms, which may include requesting reimbursement.

Background

This audit was requested to review Office of Homeless Solutions operations during the one-year period of interim leadership prior to the start of a new permanent Director of the Office of Homeless Solutions in March 2021.

During the period, the Office of Homeless Solutions was involved in the City's response to the COVID-19 pandemic by:

- Creating a new Rapid ReHousing Program that contracted with seven non-profit organizations, called subrecipients, to provide case management and housing units to about 300 homeless residents and families.
- Overseeing the use of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds, including \$19.4 million in federal Department of Housing and Urban Development funds.

What We Found

The Office of Homeless Solutions Rapid ReHousing Program and CARES Act spending generally met requirements and have opportunities to improve.

The Rapid ReHousing Program did not have policies and procedures, and its process for requiring background checks was not effective or fully documented.

In addition, the Office of Homeless Solutions spent more than \$281,000 in CARES Act funds on unused hotel room charges not allowed by its contract with the hotel.

Objectives and Conclusions

1. Does the Office of Homeless Solutions Rapid ReHousing Program align with governance requirements and meet the City's objectives for the programs?

Generally, yes. The Rapid ReHousing program provided housing units for people and families experiencing homelessness during the COVID-19 pandemic. The program process for ensuring background checks were performed was not effective or fully documented. The program also did not have policies and procedures until after the audit period. (See [Section 1 – Rapid ReHousing Program](#)).

2. Was the United States Department of Housing and Urban Development Coronavirus Aid, Relief, and Economic Security (CARES) Act funding overseen by the Office of Homeless Solutions used appropriately?

Generally, yes. Most CARES Act fund payments reviewed were fully supported by documentation. However, the City spent more than \$281,000 on unused hotel rooms at one hotel. The City's contract with the hotel did not allow for charges to the City for unused rooms. (See [Section 2 – Use of CARES Act Funding](#)).

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.

SECTION 1 – RAPID REHOUSING PROGRAM

Observation A: Background Checks

The Office of Homeless Solutions did not ensure subrecipients performed background checks on Rapid ReHousing Program participants prior to approval. As a result, ineligible participants may have received program services.

The subrecipients submitting applications were asked to state if they have *"confirmed that the applicant is not a registered sex offender and does not have outstanding felony warrants or prior violent felony convictions."*

A review of a sample of 40 approved applications and interviews with six of the seven subrecipients determined this process was not effective due to the following:

1. For 30 applicants (75 percent), subrecipients confirmed their applicants were eligible on the application. Subrecipients said they confirmed their applicants were eligible without performing background checks because they understood another party had or would perform background checks. As a result, it is not clear that these applicants met the eligibility requirements.
2. For ten applicants (25 percent), the application did not include the confirmation. As a result, it is not clear that these applicants met the eligibility requirements.

Policies and procedures for this program were not developed until after the audit period, which is a potential contributing factor for this observation and is separately addressed in [Observation B](#).

Criteria

- ❖ *Office of Homeless Solutions Rapid Re-Housing Program Requests for Proposals – “Participants must not: be registered as Sexual Offenders, have outstanding felony warrants, have prior violent felony convictions.”*
- ❖ The City’s contracts with subrecipients for the program in [Section 2: Services](#) required services to “conform in every respect” to the Requests for Proposals.
- ❖ Standards for Internal Control in the Federal Government, [Principle 10 – Design Control Activities](#)

Assessed Risk Rating:

High

We recommend the **Director of the Office of Homeless Solutions**:

A.1: Require Rapid ReHousing Program subrecipients to provide documentation that a background check is performed for current participants and for future applicants prior to approval.

Observation B: Policies and Procedures

The Office of Homeless Solutions developed policies and procedures for the Rapid ReHousing Program in March 2021, after the scope period for this audit. Multiple subrecipients described inadequate written guidance on program requirements. As a result, the program may not operate as intended. This observation was identified as a contributing factor in [Observation A](#).

For example, the Office of Homeless Solutions did not have a formal and documented process during the audit period for reviewing the timely spending of prepaid program funds, which were required to be spent within seven to ten days of receipt.

The Office of Homeless Solutions used other guidance documents, including the overall Office of Homeless Solutions policies and procedures, a Rapid ReHousing Program Subrecipient Toolkit, and the Rapid ReHousing Program Requests for Proposals. These other documents either did not provide specific guidance for operating the program or were not available to all parties responsible for complying with the program requirements.

Multiple subrecipients said the Office of Homeless Solutions provided training on program operations and was responsive to questions regarding program implementation, which reduced, but did not eliminate the impact of not providing written policies and procedures.

Criteria

- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **Director of the Office of Homeless Solutions**:

- B.1:** Develop, implement, and communicate policies and procedures for the Rapid ReHousing Program.

SECTION 2 – USE OF CARES ACT FUNDING

Observation C: Payments for Unused Hotel Rooms

The City of Dallas paid for unused hotel rooms as part of an emergency contract to temporarily house people affected by homeless shelter COVID-19 outbreaks. Charges on these rooms were not allowed by the City's contract with the hotel and may have been better used on other expenses authorized by CARES Act funding.

The City paid one hotel \$281,776 for unused rooms from July 13, 2020, to October 9, 2020.

Office of Homeless Solutions staff raised concerns about the payments and identified contract language not allowing charges for unused rooms, however, department management approved the invoices. Prior to approving payments that included charges for unused rooms, Office of Homeless Solutions management noted that they had instructed the hotel to set aside a specific number of rooms each week based on anticipated need. Office of Homeless Solutions management also said they paid for all rooms on any floor on which the City had guests to prevent the spread of COVID-19 to other hotel guests.

Criteria

- ❖ *Section 3A* of the hotel contract states, "There will be no charges to the City for any rooms or services not used in the room block."
- ❖ *Section 27* of the hotel contract states:

This Contract embodies the entire agreement of both parties, superseding all oral or written previous and contemporary agreements between the parties relating to matters set forth in this Contract. Except as otherwise provided elsewhere in this Contract cannot be modified without written supplemental agreement executed by both parties.
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

Assessed Risk Rating:

High

We recommend the **Director of the Office of Homeless Solutions:**

C.1: Review the invoices and contract with the hotel and resolve the payments for unused hotel rooms. Resolution may involve seeking reimbursement for unused hotel room payments and/or using other funds to pay for these rooms.

Appendix A: Background and Methodology

Background

The Office of Homeless Solutions was established in October 2017 by consolidating the services of Street Outreach, Community Mobilization and Contract Administration into one office. The office is designed to prevent and intervene in homelessness by combating the complexity of homelessness with innovative and effective solutions.

Casey Thomas, II, Chair of the City Council's Committee on Housing and Homelessness Solutions, requested this audit on January 25, 2021. Mr. Thomas requested the audit cover the one-year period of interim leadership prior to the start of a permanent Director of Homeless Solutions in March 2021.

This audit focused on two components of the Office of Homeless Solutions' operations: The Rapid ReHousing Program and the use of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds.

Rapid ReHousing Program

The Office of Homeless Solutions developed a program to provide housing to about 300 people experiencing homelessness. The program's goals were to *"Rapidly re-house homeless individuals and families, prevent families and individuals from becoming homeless, provide housing relocation and stabilization services, and provide short and/or medium-term rental assistance while transitioning toward independence."*

The Rapid ReHousing Program contracts have a two-year cost of about \$7.1 million and were paid for with federal funds and \$500,000 in City general funds. The program received \$5.3 million in CARES Act funds and about \$1.3 million in Emergency Solutions Grant funds.

The City Council authorized contracts on June 24, 2021, with seven non-profit organizations, called subrecipients, to provide housing and case management services over a 24-month period with the possibility for two one-year extensions. The clients included individuals and families experiencing homelessness. See [Exhibit 1](#) for more information on the organizations providing housing and other assistance through the Rapid ReHousing program.

Exhibit 1:

Rapid ReHousing Program Subrecipients

Organization	Number of Clients	Maximum Contract Amount
Under 1 Roof	156	\$3,602,400
Union Gospel Mission	49	\$1,137,600
Austin Street Center	28	\$758,400
Salvation Army	22	\$521,400
Shared Housing Services	23	\$521,400
Family Gateway	12	\$284,400
The Family Place	12	\$284,400
Total	302	\$7,110,000

Source: Office of Homeless Solutions' roster of program participants as of March 2021 and the maximum allowed spending from contracts authorized by the Dallas City Council on June 24, 2020.

Use of CARES Act Funds

The Office of Homeless Solutions oversaw the spending of more than \$19.4 million in CARES Act funds administered by the United States Department of Housing and Urban Development. These funds had to meet the following requirement in the grant agreement:

"The funds under this Agreement may only be used to prevent, prepare for, and respond to coronavirus among individuals and families who are homeless or receiving homeless assistance, and to support additional homeless assistance and homeless prevention activities to mitigate the impacts created by coronavirus. People experiencing homelessness shall not be required to receive treatment or perform any other prerequisite activities as a condition for receiving assistance."

The funds were spent on a variety of activities, with 62 percent paying for hotels and other facilities that could be used to provide housing for homeless residents. See [Exhibit 2](#) for more information on CARES Act expenses.

Exhibit 2:

CARES Act Expenses by Expense Category

Expense Category	Amount Spent	Percent of Total Spent
Buying Hotels and Facilities	\$12,147,299	62%
Other Non-Payroll Expenses (Most were related to hotel or shelters)	\$3,471,558	18%
Hotel Sheltering Expenses	\$2,451,506	13%
Office of Homeless Solutions Payroll	\$838,900	4%
Rapid ReHousing Program Furnishing and Administration Expenses	\$527,623	3%
Total	\$19,436,886	100%

Source: Office of Homeless Solutions documentation of U.S. Department of Housing and Urban Development CARES Act spending as of February 28, 2021.

Methodology

The audit methodology included: (1) interviewing personnel from Office of Homeless Solutions 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. All five internal control components of the *Standards for Internal Control in the Federal Government* were considered in this engagement.

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

Major Contributors to the Report

Matthew Cheadle, CIA, CFE, CGAP – In-Charge Auditor

Dan Genz, CIA, CFE – Engagement Manager

Appendix B: Management's Response

Memorandum



DATE: September 13, 2021
TO: Mark S. Swann – City Auditor
SUBJECT: Response to Audit of the Office of Homeless Solutions

This letter acknowledges the City Manager's Office received the *Audit of the Office of Homeless Solutions* and submitted responses to the recommendations in consultation with the Office of Homeless Solutions.

We recognize the critically important role that comprehensive, written procedures and policies have in ensuring a consistent process that aligns with governance requirements and an effective response to help end homelessness in Dallas.

The Office of Homeless Solutions (OHS) has made great strides in strengthening and enforcing policies and procedures. For example, in March 2021, OHS finalized and implemented comprehensive policies and procedures for the Rapid Rehousing Program.

Additionally, OHS has addressed participant background checks noted in the audit by:

- Ordering background checks for 38 of the 40 clients in the sample (2 are victims of domestic violence whose identities are protected); and
- Reviewing Human Management Information Systems (HMIS) information to verify that all other current program participants successfully completed a background verification and are ordering background checks for those who have not.

Further, to help ensure only qualified individuals participate in the Rapid Rehousing Program, OHS will:

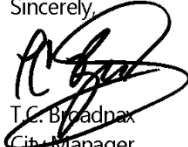
- Monitor vendors to ensure background checks are performed on all clients for whom the City is paying rental subsidies; and
- Require documentation that a background check was performed prior to the approval of payment.

Finally, OHS will request a reimbursement for the monies spent on unused hotel rooms.

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Response to Audit of the Office of Homeless Solutions
September 13, 2021
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Sincerely,



T. C. Broadnax
City Manager

C: Kimberly Bizar Tolbert, Chief of Staff
M. Elizabeth Reich, Chief Financial Officer
Christine Crossley, Director, Office of Homeless Solutions

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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 Office of Homeless Solutions:			
	A.1: Require Rapid ReHousing Program subrecipients to provide documentation that a background check is performed for current participants and for future applicants prior to approval.	Agree: To promptly mitigate the risk identified by the auditors, OHS has performed background checks for the clients sampled by the auditor. Additionally, OHS is reviewing Human Management Information Systems (HMIS) information to ensure that all other current program participants successfully completed a background check. Additionally, OHS will ensure Rapid Rehousing Program participants eligibility by: <ul style="list-style-type: none"> Contractually requiring subrecipients to perform background checks on program participants; Monitoring vendors to ensure background checks are performed on all of the clients for whom the City is paying rental subsidies; and Requiring documentation that a background check was performed prior to approval of payment. Lastly, OHS will ensure the eligibility of future participants in programs with similar eligibility restrictions prior to approval.	3/31/2022	9/30/2022

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
Moderate	We recommend the Director of the Office of Homeless Solutions:			
	B.1: Develop, implement, and communicate policies and procedures for the Rapid ReHousing Program.	Agree: OHS finalized and implemented policies and procedures for the Rapid Rehousing Program in March 2021. Staff were subsequently trained on the procedures. Additionally, OHS will thoroughly test the procedures and make any necessary enhancements.	12/31/2021	06/30/2022
High	We recommend the Director of the Office of Homeless Solutions:			
	C.1 Review the invoices and contract with the hotel and resolve the payments for unused hotel rooms. Resolution may involve seeking reimbursement for unused hotel room payments and/or using other funds to pay for these rooms.	Agree: OHS is in the process of moving the charges for unused hotel rooms from the Coronavirus Relief Fund to the General Fund. Additionally, OHS is in the process of submitting a request to the hotel for reimbursement.	12/31/2021	09/30/2022