



CITY OF DALLAS

OFFICE OF THE CITY AUDITOR

**AUDIT PLAN
FISCAL YEAR 2012**

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CITY AUDITOR**



AUDIT PLAN FOR FISCAL YEAR 2012

The City of Dallas Office of the City Auditor (Office) performs work for and under the direction of the Dallas City Council. The Fiscal Year 2012 Audit Plan (Audit Plan) is designed to satisfy responsibilities established by the Dallas City Charter, meet the needs of the City Council, and outline the services that the Office plans to initiate and / or complete during Fiscal Year 2012.

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

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

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

AUDIT AND ATTESTATION SERVICES

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

Audits include:

- **Performance Audits**

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

- **Financial Audits**

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

- **Special Audits**

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

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

INVESTIGATIVE SERVICES

The Office maintains a Hotline as a tool for the confidential reporting of allegations of fraud, waste, and abuse. The Office evaluates allegations, conducts investigations, and may provide fraud training and support to City departments. Substantiated allegations of fraud are referred to law enforcement authorities and reported to the City Council and City management as required by the City Charter and Council Resolutions. Fraud investigations are conducted in accordance with Quality Standards for Investigations issued by the Council of the Inspectors General on Integrity and Efficiency.

NON-AUDIT SERVICES

The Office provides non-audit services which are professional services that are not performed in accordance with generally accepted government auditing standards. These non-audit services include:

- **City Council Support**

The Office performs certain non-audit services to support the City Council. The City Auditor is authorized to conduct reviews or provide analytical support for individual Council Members, provided the request will not impact the completion of the Audit Plan. If, in the judgment of the City Auditor, a request will impact completion of the Audit Plan, the City Auditor is to request that the Council Member submits the request in writing for consideration and approval by the Budget, Finance & Audit Committee and the City Council as an amendment to the Audit Plan. All work products will be produced at the direction of the City Auditor.

- **Management Assistance**

The Office performs certain non-audit services at the request of management to assist in carrying out its responsibilities. These non-audit services may include, but are not limited to, providing technical advice, such as participating on committees, task forces, panels, and focus groups. The Office provides Management Assistance Services based on consideration of the impact on auditor independence and audit plan completion.

- **Litigation Support**

The Office provides litigation support services at the request of the City Attorney. The type of support services provided by the Office depends on the needs of the City Attorney and may include providing audit services as well as non-audit services. Non-audit services may include, but are not limited to, research, analysis, and computer forensics.

- **Employees' Retirement Fund Trustee**

Section 40-A.2. (c) of the Dallas City Code designates the City Auditor as a voting member of the Employees' Retirement Fund (ERF) Board of Trustees.

INDEPENDENCE DISCLOSURES

Generally accepted government auditing standards require the Office to disclose impairments to independence. The Office lacks independence in relation to any audit work that might be conducted at the ERF. To the extent that audits and attestation engagements are performed in this area, the Office is not independent. The effects of this independence concern on audit work will be clearly identified in any final reports, if applicable.

#	Department	Key Focus Area**	Description	Objectives
1	ATT	E ³ Government	Litigation Support	Provide litigation support services, as requested by the City Attorney
2	BDPS	E ³ Government	Purchasing/Contracting Processes	Determine whether: <ul style="list-style-type: none"> Processing controls for purchasing/contracting for good/services are adequate Administrative Actions (AAs) issued: (1) Comply with applicable criteria and guidelines; (2) Were not used to bypass the competitive bid process; and, (3) All processed AAs were accounted for
3	BDPS	E ³ Government	Sole Source / Single Bid Procurements	Determine whether applicable purchasing rules have been followed for sole source or single bid procurements as required by Administrative Directive 4-5
4	Capital Projects	Capital Budget / Economic Vibrancy	Capital Programs	Determine whether budget, financial, and/or operational controls are adequate for selected capital expenditures for various Capital Projects
5	CCO	E ³ Government	Monthly Bank Reconciliations	Determine whether monthly bank reconciliations are accurate, timely, and efficiently completed
6	CCO / HR	E ³ Government	Payroll Audit	Assess internal controls and processes to determine the accuracy of the payroll system and the adequacy / reliability of controls
7	CIS	Public Safety	Disaster Recovery Plan	Evaluate the adequacy of the City's Disaster Recovery Plan and associated information technology / operations to continue to provide service in the event of a disaster
8	CIS	E ³ Government	Security of Database / Servers / Applications, and Electronic File and Data Transfer	Assess the adequacy of security for: <ul style="list-style-type: none"> Selected key database, servers, applications Electronic file and data transfer to / from external sources

#	Department	Key Focus Area**	Description	Objectives
9	CIS	E ³ Government	Software Licensing Agreements	Evaluate the City's management of, and compliance with the terms of, software licensing agreements and determine if the licensing programs are effective
10	CMO / HR	E ³ Government	City's Ethics Program	Assess and evaluate the design and effectiveness of the City's ethics program and activities
11	DPD	Public Safety	Drugs / Weapons Destructions	Ensure that confiscated drugs and weapons are destroyed in accordance with State law and City policies
12	DPD	Public Safety	Dallas Police Department Efficiency Study Follow-up	Follow-up and determine the status of selected aspects / components of the 2004 Dallas Police Department Efficiency Study
13	DWU	E ³ Government	Water Customer Billings	Determine whether Dallas Water Utilities' customers are accurately and timely billed for water and water related services
14	HR	E ³ Government	City's Self-Insurance Programs	Determine the adequacy of the processes used to administer and oversee the City's self-insurance programs which may include general, vehicle accident, and Workers' Compensation liability
15	OFS	Economic Vibrancy / E ³ Government	Ad Valorem Tax on Not-For-Profit Entities	Evaluate controls for ad valorem tax rolls related to certain properties owned by non-profit entities
16	OFS	E ³ Government	Bond Statement Reviews	Review Preliminary and Final Bond Official Statements and provide an Attestation-Agreed Upon Procedures report to City management and to City Council
17	OFS	E ³ Government	Revenue Estimates – Budgeted Revenues for Fiscal Year 2012-2013	Determine whether the City has effective processes to ensure reliable revenue estimates are included in the City Manager's proposed operating budget
18	Multiple	Public Safety	Business Continuity Plan	Evaluate whether the City's Business Continuity Plan can continue operating in the event of a disaster

#	Department	Key Focus Area**	Description	Objectives
19	Multiple	E ³ Government	Special Audits	Conduct audits, in accordance with Chapter IX, Section 4 of the City Charter, of officers who vacate their offices due to death, resignation, removal, or expiration of term
20	Multiple	Multiple	Council Assistance	Provide audit and non-audit support services, as requested by individual Council members
21	Multiple	Multiple	Fraud, Waste and Abuse Investigations	Evaluate allegations of fraud, waste and abuse, conduct investigations, and educate employees
22	Multiple	Multiple	Management Assistance	Provide audit and non-audit assistance as requested by Management
23	Multiple	Multiple	Prior Audit Recommendations Follow-Up	Evaluate management implementation of prior audit recommendations

** The Fiscal Year 2012 Audit Plan (Audit Plan) is based on a risk assessment updated for City Services approved in the Fiscal Year 2011 City of Dallas Adopted Budget. While this year's Audit Plan does not directly address Clean, Healthy Environment; Culture, Arts, and Recreation; and Educational Enhancements, three of the City Council's Fiscal Year 2011 Key Focus Areas, to the extent possible the Office will include these three Key Focus Areas in projects identified as "Multiple".