

Memorandum



CITY OF DALLAS

Report #356

DATE: March 29, 2002

TO: Honorable Mayor and Members of the City Council

SUBJECT: Follow up report of the November 10, 2000, *Financial and Compliance Audit of TCI Cablevision Franchise Fees*, Report #288

We conducted this follow-up under the authority of City Council Resolution No. 920779 and according to applicable government auditing standards. We included tests of records and reviews of program guidelines and procedures that we considered necessary in the circumstances.

Our objective was to determine whether Management (the Office of Financial Services) and the cable franchisee (AT&T, formerly TCI) had implemented the audit's recommendations or taken other acceptable actions to remedy the control weaknesses identified in the original audit.

The original report contained seven findings, including eight distinct recommendations. Management and the franchisee have implemented five of the recommendations and partially implemented three.

The three partially implemented recommendations involve fees that the audit revealed were owed by the franchisee. The franchisee paid these fees, but it so strongly disagreed with these findings that Management and this office agreed to attempt to resolve the findings at a later date. As of this date, these issues have not been resolved.

Thomas M. Taylor, CPA
City Auditor

c: Teodoro J. Benavides, City Manager
David K. Cook, Director of the Office of Financial Services