

# Memorandum



CITY OF DALLAS

DATE: May 8, 2017

TO: Honorable Members of the Budget, Finance & Audit Committee –  
Jennifer S. Gates (Chair); Philip T. Kingston (Vice Chair);  
Deputy Mayor Pro Tem Erik Wilson; Rickey D. Callahan;  
Scott Griggs; Lee M. Kleinman

SUBJECT: Office of the City Auditor Preliminary Fiscal Year 2018 Budget Proposal

I will provide a briefing to the members of the Budget, Finance & Audit Committee on Monday, May 15, 2017 regarding:

- Office of the City Auditor Preliminary Fiscal Year 2018 Budget Proposal

Sincerely,

A handwritten signature in black ink that reads "Craig D. Kinton".

Craig D. Kinton  
City Auditor

[Attachment]

C: Honorable Mayor and Members of the City Council  
T.C. Broadnax, City Manager  
Larry Casto, City Attorney  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
M. Elizabeth Reich, Chief Financial Officer  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Raquel Favela, Chief of Economic Development & Neighborhood Services

Jo M. (Jody) Puckett, Interim Assistant City Manager  
Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Joey Zapata, Assistant City Manager  
M. Elizabeth Reich, Chief Financial Officer  
Cheritta Johnson, Interim Chief of Community Services  
Theresa O'Donnell, Chief of Resilience  
Directors and Assistant Directors

**Office of the City Auditor  
Preliminary Fiscal Year 2018  
Budget Proposal**

**Budget, Finance and Audit Committee  
May 15, 2017**

**Craig D. Kinton, City Auditor  
Office of the City Auditor  
City of Dallas**



## Preliminary Budget Proposal – City Charter

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- The Office of the City Auditor (Office) is established by the City of Dallas (City) Charter, Chapter IX as an independent audit function with the primary responsibility of serving at the direction of the City Council.
- **Proposition 5 (11-04-2014) Amended Ch. XI, Sec 2**  
The city auditor shall furnish a detailed budget estimate of the needs and requirements of the city auditor's office for the coming year directly to the city council, to be approved by the city council, and then consolidated with the city manager's annual budget estimate. (Amend. of 11-8-05, Prop. No. 13; Amend. of 11-4-14, Prop. No. 5)

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# Preliminary Budget Proposal – Mission and Purpose

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## Mission

To promote public trust and advance accountability through independent, objective, and useful professional services

## Purpose

To assist the Council with oversight responsibilities and management with operational responsibilities

Objective assessments provide information regarding:

- ❑ Accountability for City resources
- ❑ Adequacy of internal controls
- ❑ Accuracy of information
- ❑ Efficiency and effectiveness of City programs, projects, and departments

# Preliminary Budget Proposal - Overview

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	<b>FY 2016-2017 Budget</b>	<b>FY 2016-2017 Estimate (as of 03/31/2017)</b>	<b>FY 2017-2018 Total Proposed</b>
<b>Total Expenditures</b>	\$ 3,194,434	\$ 3,071,159	\$ 3,281,475
<b>Total FTEs</b>	25.8	23.2	26.0

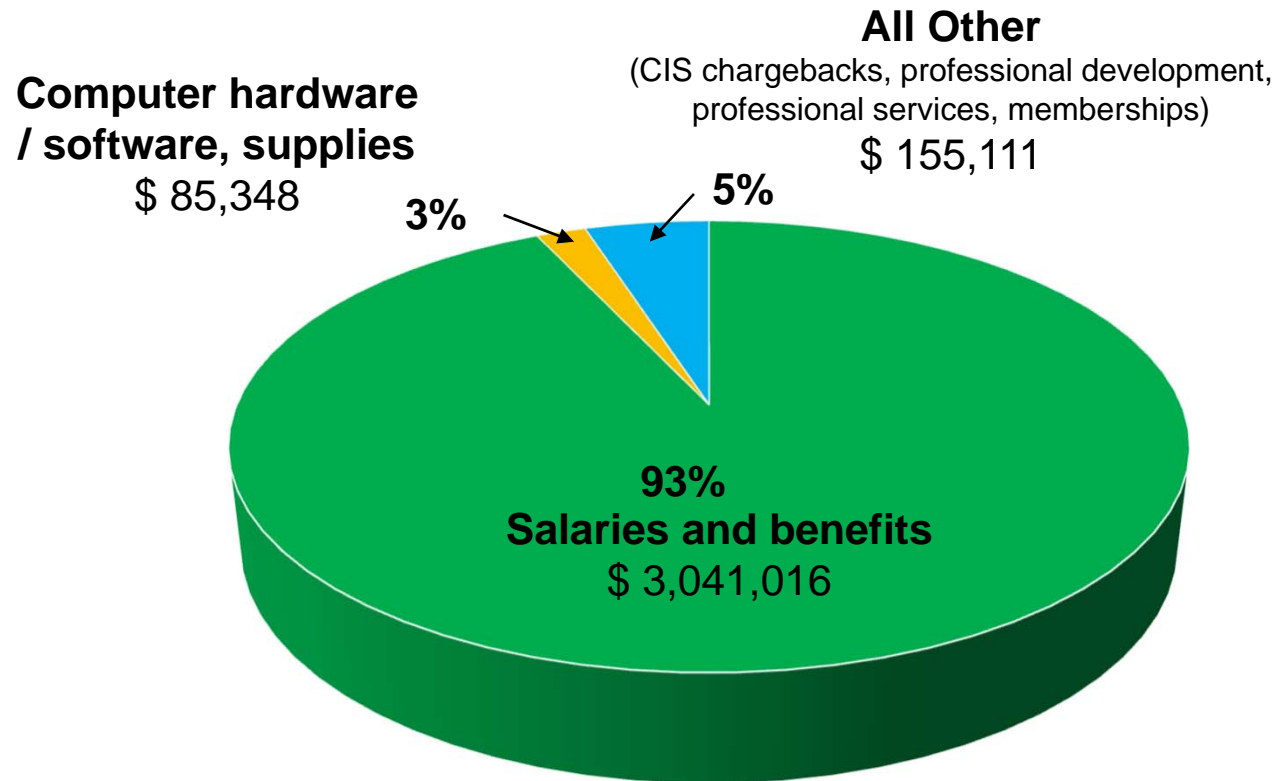


## Preliminary Budget Proposal – Notable Items

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- Full-year funding of FY 2017 merit increases that were effective November 2016
- Addition of TeamMate Cloud Office License

# Preliminary Budget Proposal – Breakdown



# Preliminary Budget Proposal – Final Adjustments Needed

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- Decision on merit increases
- Pension costs
- Health costs
- Worker's Comp rates
- Property, casualty, and public liability insurance
- CIS chargebacks

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## Preliminary Budget Proposal – Revenue Impact

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

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# Preliminary Budget Proposal – FY 2016 Results

	FY 2016 Target	FY 2016 Actual	FY 2017 Target	FY 2017 YTD Actual
<b>Outputs</b>				
Performance Audits	15	16	17	7
Attestations	13	2	0	0
Investigative Reports	7	8	8	4
Nonaudit Services	6	7	6	0
<b>Efficiency</b>				
% of Hours on Direct Projects	73%	78%	75%	74%
Hourly Billable Rate	\$80.94	\$83.13	\$86.63	\$88.24*

\* Projected annual Hourly Billable Rate (based on actual expenditures and direct project hours through March 31, 2017)

# Preliminary Budget Proposal

## Outcomes

City management’s implementation of Office recommendations improves city operations and delivery of city services

	FY 2016 Target	FY 2016 Actual	FY 2017 Target	FY 2017 YTD Actual
<b>Outcome Measures Include:</b>				
Percentage of Recommendations Management Agrees to Implement	90%	99%	93%	100%
Percentage of Recommendations Implemented by Management	90%	---	90%	---
Percentage of Substantiated Fraud/Waste/Abuse Complaints Resulting in Accountability Actions	100%	100%	100%	100%



## Next Steps

- Seeking approval from the Budget, Finance and Audit Committee for the Office of the City Auditor's proposed preliminary budget estimate of \$3,281,475 (subject to final citywide adjustments, such as staff benefits, insurance, Communication and Information Services charges, and other items that may affect all City departmental budgets) to be included in the City Manager's annual budget estimate for FY 2017-18
- Item will be on the City Council Agenda for Wednesday, June 14, 2017

# QUESTIONS?

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**Office of the City Auditor  
Preliminary Fiscal Year 2018  
Budget Proposal**

**Budget, Finance and Audit Committee  
May 15, 2017**

**Craig D. Kinton, City Auditor  
Office of the City Auditor  
City of Dallas**

