



# AUDIT REPORT

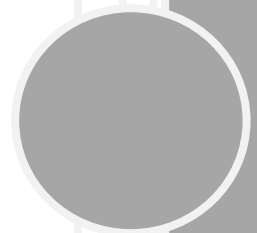
DALLAS COUNTY

Household Hazardous Waste - FY2021

Darryl D. Thomas  
Dallas County Auditor

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# Household Hazardous Waste - FY2021

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department



**DALLAS COUNTY**  
COUNTY AUDITOR

**MANAGEMENT LETTER**

Earle Blakney  
HHW Program Manager  
Dallas, Texas

Attached is the County Auditor's final report entitled "Household Hazardous Waste - FY2021" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

In you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

*Darryl D. Thomas*

Darryl D. Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

A review of the Household Hazardous Waste (HHW) department for fiscal year 2021 revealed the following significant observations listed below:

### **Summary of Significant Observations**

1. Department does not have an official change fund
2. No written procedures for tracking county property assigned to department

### **Repeat Observations from Previous Audits:**

- Manual receipts deposited more than five business days after being received.

**Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.**

## INTRODUCTION

**Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:**

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to: 1. Ensure compliance with statutory requirements 2. Evaluate internal controls 3. Verification of accuracy and completeness of reporting 4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2020 through September 30, 2021.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.



DETAILS

**Manual Receipts and Deposits**

A review of all 39 manual receipts issued during fiscal year 2021 revealed Household Hazardous Waste does not receipt payments to CWR. Payments are sent to Treasurer's Office to be receipted in CWR. As a result, several payments were receipted under the incorrect terminal; all 39 duplicate (pink) copies were retained in the manual receipt book and not provided with the deposit for posting to the receipting system; 21 manual receipts totaling \$1,995 were deposited more than five business days after being received; all 39 manual receipt numbers were not recorded on the computer receipt; two manual receipts totaling \$475 were written without dates; and 14 manual receipts totaling \$1,330 were recorded to CWR with a different payer name than is indicated on the manual receipt.

An Internal Control Walkthrough completed on May 25, 2022, revealed the HHW does not have an official Dallas County change fund.

A review of the Interlocal Agreement (ILA) Monthly billings revealed the department does not generate reports in CWR to identify receipts that were posted to the incorrect terminal and request the Treasurer's Office to correct errors.

Per Local Government Code, § 113.022, all monies received should be promptly receipted and deposited consistent with Local Government Code, § 113.022. Further, a county officer or other person who receives money shall deposit the money with the County Treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received. Dallas County Code Section 74-691, further states that an official receipt shall be written or generated immediately for all collections made in the official capacity of the various offices of the county. All manual receipts should be verified for accuracy, including the amount, tender type, transaction date and payer name field before issuing to a customer. All copies of void receipts should be retained, clearly marked "void", and affixed with a reason for the void. Adequate segregation of duties should exist between personnel authorized to receipt payments, void payments and prepare the deposit, so that no one user performs two or more business processes that could result in a compromise of the integrity of the process or allow that person to commit and conceal fraud.

Inconsistent supervisory review, lack of written receipting procedures, and incomplete controls related to manual receipts and deposits resulted in an incomplete audit trail, delayed revenue recognition, and increased potential that funds may be lost or misappropriated.

**Recommendation**

Manual Receipts and Deposits

Management should:



- Implement procedures for manual receipts to ensure funds are remitted to the County Treasurer's Office as specified in Local Government Code, § 113.022.
- Request access to the County-Wide Receipting (CWR) system for daily receipting.
- Perform a detailed supervisory review and signoff on receipts and deposits
- Provide the yellow copy of manual receipts with Treasurer's deposits
- Request that manual receipt numbers be included on the CWR receipt
- Provide prompt follow-up to Treasurer's Office for HHW receipts not found on DC6 account
- Request an approved changed fund for customer transactions

### Management Action Plan

- WE WERE ISSUED A RECEIPT BOOK WITHOUT ANY INSTRUCTIONS, SO WE WERE UNAWARE THAT THE PINK COPY WAS TO ACCOMPANY THE DEPOSIT. WE ARE SENDING THE RECEIPT COPY WITH THE DEPOSIT NOW AND NOTING THE RECEIPT NUMBER ON THE COMPUTER RECEIPTS.
- WE WILL MAKE SURE THE CUSTOMER NAMES EXACTLY MATCH ON THE DEPOSITS AND THE RECEIPT. WE WERE USING THE NAME OFF OF OUR CUSTOMER SURVEY FORM, WHICH AS AN EXAMPLE, MAY SAY TOM SMITH INSTEAD OF THOMAS SMITH WHICH WAS ON THE RECEIPT.
- WE DO NOT HAVE A CHANGE FUND, OFFICIAL OR UNOFFICIAL.
- WE ARE NOT FUNDED OUT OF THE DALLAS COUNTY GENERAL FUND, WE ARE TOTALLY OUTSIDE FUNDED, WE INQUIRED ABOUT GETTING A CHANGE FUND WITH THE DALLAS COUNTY AUDITOR. WE WERE UNABLE TO SECURE A FUNDING SOURCE FOR A CHANGE FUND.
- IF WE HAD CASH AWAITING WEEKLY DEPOSIT, WE COULD MAKE CHANGE FROM THAT AND IF NOT WE WERE TOLD TO REQUIRE EXACT CHANGE FROM THE CUSTOMER.
- WE DO NOT HOLD BACK ANY CASH FROM THE DEPOSIT FOR CHANGE, WE DEPOSIT ALL OF THE CASH.
- WE DO NOT HAVE FULL ACCESS RIGHTS TO THE CWR. IF WE COULD LOCATE A DEPOSIT, WE WORKED WITH AUDITOR'S OFFICE TO LOCATE AND CORRECT ANY MIS-DEPOSITED FUNDS.
- WE HAVE BEEN TOLD WITH THE NEW SYSTEM ,THAT IS COMING ONLINE, THAT WE WILL HAVE FULL RIGHTS.

### Auditors Response

- None

## County Property Inventory

Inquiry of department management regarding Dallas County property and inventory procedures revealed the department does not have written procedures related to tracking property inventory and relies on the County Auditor's Office for a property list and verification. Per Dallas County Code Sec. 90-373, all departments heads and elected officials are responsible for maintaining property assigned to their department, proper inventory records, and making appropriate reports as required. Lack of written procedures and knowledge regarding the Dallas County code has resulted in property records not being maintained and increased the potential for property items to be lost or misappropriated.



### **Recommendation**

County Property Inventory

Management should establish written property inventory procedures that include:

- Internal controls for inventory tracking in accordance with Dallas County Code Sec. 90-373
- Maintaining an accurate and current property inventory based on purchases and Oracle reports
- Reviewing the county property assets on at least an annual basis and resolving discrepancies

### **Management Action Plan**

- WE NOW HAVE WRITTEN INVENTORY PROCEDURES WITH WERE GIVEN TO THE AUDIT TEAM.

### **Auditors Response**

- None

## **Waste Disposal Contract Invoices Review**

A random sample review of 25 waste disposal contract invoices billed from Clean Earth during fiscal year 2021 revealed the department did not properly review eight invoices and did not contact the company to request revised invoices; position title on invoices reflected **Chemist I** at \$40/hour instead of **Chemist II** at \$40/hour. Contract fees should be billed and collected in compliance with the approved Court Orders 2017-0047 and CO 2020-0753 contract agreement for waste disposal costs including labor costs. Lack of detailed supervisory review of monthly waste disposal bills and inadequate staff training have resulted in a potential risk of an overpayment of invoices.

### **Recommendation**

Waste Disposal Contract Invoices Review

Management should:

- Ensure fees billed are correct according to fee amounts indicated per contact agreement
- Establish written procedures related to billing in accordance with the approved contract fee schedule
- Require detailed supervisory review of all waste disposal billings evidenced by signoff and date
- Return incorrect or improper invoices (not in accordance with the terms of the contract or order) to the vendor within five (5) calendar days from invoice receipt

### **Management Action Plan**



# DALLAS COUNTY



# COUNTY AUDITOR

- WE WILL WAIT ON CORRECTED INVOICES IN THE FUTURE.
- WE DO REQUEST CORRECTED INVOICES FOR THE IMPROPER BILLING FROM CLEAN EARTH, HOWEVER DALLAS COUNTY HAS BEEN SLOW TO PAY VENDOR DUE TO VARIOUS REASONS INCLUDING COVID, SO WE WENT AHEAD AND SUBMITTED THE INVOICES WITH THE INCORRECT TILES BUT CORRECT BILLING RATE, TO AVOID BEING PUT ON CREDIT HOLD WITH CLEAN EARTH.

### **Auditors Response**

- None

cc: Darryl Martin, Commissioners Court Administrator