



AUDIT REPORT

DALLAS COUNTY

DALLAS COUNTY WELLNESS CENTER

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Dallas County Wellness Center

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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

Tonyeka Drake
Dallas County Chief of Staff
Dallas, Texas

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

If 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,

Wendwessen Stefanos

Wendwessen Stefanos, CPA
First Assistant County Auditor/Interim County Auditor

EXECUTIVE SUMMARY

A review was performed in accordance with statutory guidelines on the records and reports of the Dallas County Wellness Center for January 1, 2021 through March 6, 2023. Priority areas of risk that need consideration by management are:

Summary of Significant Observations:

- The Wellness Center did not set up CLASS (County-wide Receipting system) prior to August 1, 2022. This resulted in delays in depositing funds with the Treasurer's Office.

Status: Access to CLASS was established on January 18, 2023.

- The Wellness Center did not use official Dallas County manual receipts. This increased the potential for loss of Dallas County revenue.

Status: Wellness Center obtained an official Dallas County manual receipt book on January 13, 2023, after the cash count was performed. All unused receipts from the unofficial manual receipt book were voided.

- Thirteen payments were not deposited timely in accordance with the Local Government Code 113.022. This resulted in delayed revenue recognition.

Status: Cash collections were deposited with the County Treasurer on January 18, 2023, once access to CLASS was established.

Repeat observations from Previous Audits:

- Not Applicable.

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 January 1, 2021 through March 6, 2023.



DETAILS

Cash Count

Criteria

Local Government Code Sec 113.022 establishes that 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 70-464 also establishes the timeliness of making deposits by the departments.

Standard internal control procedures require that manual receipts should only be written during system downtime. Additionally, manual receipts used should be official Dallas County receipts. These can be obtained from the Dallas County Supply Room.

Dallas County uses the CLASS system to generate computer receipts and the deposit form 98. New departments should ensure system receipting capabilities have been configured prior to commencing operations.

Review

Inquiry of department personnel and a cash count performed on January 13, 2023 revealed:

- The Wellness Center did not set up CLASS (County-wide Receipting system) prior to its August 1, 2022 opening.

Status: Access to CLASS was established on January 18, 2023.

- The department issued unofficial manual receipts.

Status: The Wellness Center obtained an official Dallas County manual receipt book from the Dallas County Supply Room on January 13, 2023 after the cash count was performed. All unused receipts from the unofficial manual receipt book were voided.

- As of January 13, 2023, 13 of the 14 payments receipted between November 11, 2022 and December 30, 2022 totaling \$260 had not been deposited with the County Treasurer in accordance with applicable statutes.

Status: The receipts totaling \$260 were deposited with the County Treasurer on January 18, 2023 once system receipting access was established.



- Department adopted a policy to submit deposits every two weeks.

On March 7, 2023, we performed additional testing to determine if the Wellness Center had begun to use system generated receipts instead of manual receipts and to determine if deposits were being made timely.

We determined that the Wellness Center continued to issue manual receipts and did not generate system receipts until a deposit was processed.

Out of the 17 payments receipted between January 19, 2023 and March 6, 2023 we identified:

- 16 payments totaling \$210 were not deposited with the County Treasurer before the fifth business day after its collection.
- One payment for \$25 had not been deposited. The receipt could not be located in the system.

Status: Department management provided the computer receipt number to show that the payment was deposited in June.

Cause/Effect

Noncompliance with applicable statutes and County wide receipting operating procedures increased the potential for a loss of Dallas County revenue.

Recommendation

Cash Count

Management should:

- Ensure compliance with applicable statutes and deposit funds timely with the County Treasurer.
- Use official Dallas County manual receipts when unable to receipt payments in the CLASS system.

Management Action Plan

Management did not respond.

Auditor's Response

- None



Manual vs Computer Receipts

Criteria

Standard internal control procedures require that all receipts should be accounted for and properly used in order to affix responsibility, enhance cash control, and prevent the assertion that monies were paid and refunds due.

At the time of its issuance, if information is receipted incorrectly, management should void the receipt and a new corrected receipt should be issued to the payer.

Official manual receipts should be written only during system downtime reflecting the appropriate information and amount paid. Once the system is restored, the payments are posted to the system and the manual receipt number is entered into the Comment field.

Review

We reviewed manual receipts during the cash count performed on January 13, 2023 and identified:

- The tender types were not recorded on the manual receipts.
- One manual receipt had the payee and description written in opposing fields.

Once the Wellness Center obtained CLASS access, computer receipts were generated for each manual receipt issued. We compared the manual receipts to the computer receipts and identified:

- Four computer receipts listed the incorrect organization name.
- One computer receipt did not reference the manual receipt date and number.
- One computer receipt on which the manual receipt date referenced did not match the date on the manual receipt.

On March 7, 2023, we performed additional testing on the completeness and accuracy of receipts. A comparison of the manual receipts and computer-generated receipts identified:

- Two computer receipts did not reference the manual receipt number.
- One computer receipt had the payment amount entered as the payee.
- One computer receipt on which the organization name was entered in the incorrect field.

Cause/Effect

Clerical oversight and a lack of written procedures associated with the issuance of receipts resulted in incomplete/inaccurate financial records and the loss of the audit trail between manual receipts and computer receipts.

Recommendation

Manual vs Computer Receipts



Management should ensure:

- Manual receipts indicate the tender type of payment received.
- Manual receipt information is noted on the computer receipt and matches the manual receipt information.
- Manual receipts are only used when Class is not operational.
- Manual receipt payments are entered into Class when the system becomes operational.
- Written procedures related to the issuance of manual receipts and computer receipts are established and disseminated to Wellness Center personnel.

Management Action Plan

Management did not respond.

Auditor's Response

- None

Sign-in Access Control

Criteria

Per Wellness Center procedures, to initiate their membership, Dallas County employees must complete a payroll deduction form for the cost of the membership fees. Upon visiting the Wellness Center, members' names are included on a dated member list for the member to sign in with their signature and time of entry.

Dallas County contract workers are not eligible for payroll deduction. Instead, the Wellness Center collects the full month membership fee of \$25 from the person at the time of sign up.

Wellness Center visitors have the option of purchasing a \$5 Day Pass. Day Pass users sign in on a separate sign in sheet from the members. The Day Pass sign in sheet includes the person's name, signature, telephone number, e-mail, department, time, and date.

Review

We reviewed the Wellness Center sign in records by membership type for individuals who accessed the Wellness Center locations. A comparison of the Day Pass users on the sign-in sheet to the manual receipts identified:

- Four instances of a Day Pass purchaser showed the member did not sign the fitness center sign in sheet.
- Two instances of users who were employees that purchased memberships via payroll deduction or as third-party members recorded as Day Pass users on the sign in sheet.
- Two instances in which the date was not recorded on the fitness center sign in sheet.
- Two instances of sign-ins by Day Pass users without collection of payment.



A comparison of the Dungeon Fitness Center Third-Party Member List to the manual receipts identified:

- Two instances from the third-party member list showing the list not being updated to remove individuals after their memberships ended.
- One instance of a member signing the third-party members list with a checkmark instead of signature.

A comparison of the Dungeon Fitness Center Member List to the Employee Payroll Deduction list identified:

- 11 instances in which the fitness center member list was not updated to remove members after their memberships ended.
- 31 instances of individuals listed on the fitness center member list that were not on the payroll deduction list.

Status: The department provided evidence of payroll deduction submissions to the payroll hotline for four of the 31 individuals.

- Wellness Center staff did not ensure members and Day Pass visitors were appropriately completing the sign in sheets and the membership list was not consistently updated to reflect current membership status.

Cause/Effect

Inconsistent application of internal controls as it relates to membership and visitor access may result in users receiving services without payment of fees.

Recommendation

Sign-in Access Control

Management should:

- Develop or purchase a stronger access control system which ensures only paying members are allowed in the Wellness Center.
- Periodically update the Payroll deduction membership list based on Dallas County Employee Deduction records. Individuals currently not paying for their membership should be removed from Wellness Center member lists.
- Verify that individuals are appropriately completing the sign-in sheets when visiting the Wellness Center.

Management Action Plan

Management did not respond.

Auditor's Response



- None

Wellness Center Office Supplies

Criteria

Standard internal control procedures require that Wellness Center management submit documentation to the Auditor's Office indicating which departments should be charged for the purchases.

Wellness Center management is responsible for purchases to both the Wellness Center and County Administration. Auditor's Office staff posts the expenditures to the accounts indicated on the documentation.

Review

We reviewed purchases charged to the Wellness Center's general ledger office supplies account and identified:

- All purchases made by Wellness Center management on the same procurement card were not properly allocated and were not separated when the request for payment was made.
- Four items totaling \$2,906.80 belonging to other departments were posted to the Wellness Center's account.

Cause/Effect

Inconsistent review of purchases to ensure correct department was charged for the cost has resulted in inaccurate financial records, which could hinder accurate projection of annual department expenses.

Recommendation

Wellness Center Office Supplies

Management should:

- Submit a journal entry to the Auditor's Office Financial Audit section to request expenses that were not for the Wellness Center to be moved to appropriate department's account.
- Review Wellness Center general ledger accounts on a routine basis.

Management Action Plan

Management did not respond.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator