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Christopher Hooper
Director of Consolidated Services
Dallas, Texas

RE: FINAL AUDIT REPORT **Dept of Consolidated Services - Household Hazardous Waste FY2025 (Oct 2024 to June 2025)**

The Dallas County Auditor's Office Internal Audit Division performed procedures for the period October 1, 2024, through June 30, 2025.

The objectives of the engagement were to determine whether:

1. Evaluate internal controls over cash management.
2. Verify the accuracy of manual receipts.

Overall Results

On June 23, 2025, Household Hazardous Waste personnel self-reported that eleven manual receipts totaling $1,100 were not recorded in the County-Wide Receipting system (CWR), including one receipt from fiscal year 2024. A review of manual receipts confirmed that the associated funds remain unaccounted for. Additionally, a review of the department's cash management procedures revealed incomplete internal controls related to recording manual receipts and the segregation of duties.

We appreciate the cooperation of the department and the staff during our review. 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,

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ISSUED: 9/3/2025
RELEASED: OCTOBER 6, 2025

REPORTABLE FINDINGS

ISS.25.HHW-39-01 Cash Management:

A review of the department's cash management procedures revealed a lack of segregation of duties between management review, approval of receipting, and deposit activities. All personnel had access to the location where funds were stored. Additionally, the department routinely deposited funds based on the amount on hand instead of reconciling to the amount indicated on the receipts issued.

Suggested Actions

- Request cashier access in CWR for an additional employee in order to facilitate segregation of duties
- Segregate the cashiering and depositing duties between separate individuals
- Develop procedures which include the review of deposits by an individual other than the preparer.

Management Action Plan

As of August 2025, the department has implemented the recommended controls to strengthen cash handling procedures, including cashier access in CWR, separation of duties, deposit procedures, and cash handling procedures.

- Cashier access has been granted to all HHW staff to facilitate proper segregation of duties.
- Cashiering and depositing responsibilities are now assigned to different individuals in compliance with CWR guidelines.
- Deposits are now prepared using the receipted totals recorded in the system rather than the physical funds on hand to ensure accuracy and accountability.
- Written procedures outline the collection and processing of payments, safeguarding of funds, and preparation of deposits, with verification and initials from a staff member independent of the preparer to maintain the separation of duties before submission to the Treasurer's Office.

ISS.25-HHW-39-02 Manual Receipts:

A review of the entire population of 89 manual receipts issued from 10/1/2022 through 6/30/2025 revealed:

- Eleven manual receipts totaling $1,100 were not recorded in CWR. **The funds remain unaccounted for as of July 28, 2025.**
- Thirty manual receipts totaling $2,990 were deposited and recorded to the CWR system more than five days after receipt.

REPORTABLE FINDINGS

Suggested Actions

- Utilize CWR to generate system receipts instead of manual receipts when accepting cash from out-of-network customers.
- Only issue manual receipts when CWR is out of service. When in use, review the manual receipt book daily to ensure payments are properly recorded and timely deposited.
- Identify a funding source to replace the missing funds.

Management Action Plan

As of August 2025, the department has addressed the recommendations to strengthen cash handling and receipt practices:

- All HHW staff now utilize CWR to generate system receipts for all cash transactions from out-of-network customers.
- All funds received are receipted in CLASS and deposited on the same day.
- Manual receipts are issued **only** when CWR is temporarily unavailable. When used, the manual receipt book is reviewed daily to verify that all payments are accurately recorded and deposited in a timely manner.
- Funds are secured in a locked safe with a drop slot for staff deposits, and only the HHW Program Manager and Program Coordinator hold keys to the safe.
- HHW staff are working to replace the $1,100 shortage using unallocated funds from the FY25 budget (61020) and will provide an update once this action is completed.

cc: Darryl Martin, County Administrator