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Dr. Philip Huang
HHS Director
Dallas, Texas

RE: FINAL AUDIT REPORT HHS Human Services and Environmental

The Dallas County Auditor's Office Internal Audit Division performed procedures for the period October 1, 2024, through March 31, 2025.

The objectives of the engagement were to determine whether:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verify accuracy and completeness of reporting
4. Review controls over safeguarding of assets

Overall Results

Health and Human Services (HHS) Environmental Department inconsistently applied internal controls related to cash handling, including the processing of manual and computer receipts. This resulted in non-compliance with Local Government Code § 113.022 and Dallas County Health and Human Services Financial Administration policies. Non-compliance may result in a delay or loss of revenue.

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,

Timothy J. Hicks, CPA

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ISSUED: 9/26/2025
RELEASED: OCTOBER 20, 2025

REPORTABLE FINDINGS

County Auditor

ISS 25-HHS-37-01 Cash Counts:

A review of HHS Environmental deposits received at the Treasurer's Office during fiscal years 2024 and 2025 (Oct 2024 to March 2025) and cash counts performed at HHS facilities identified two deposits totaling \$737 less than the system control total. Additionally, an undeposited \$7 overage in a change fund till was identified at the HHS Garland location.

Suggested Actions

- Review payments and deposits prior to submission to the Treasurer's Office.
- Retrain staff on check receipting procedures according to the Treasurer's Office guidelines.
- Receipt the change fund overage and deposit it to the Treasurer's Office.

Management Action Plan

The department is committed to ensuring compliance through regular training. All HHS staff involved in receipting and collections are required to complete the Collections and Receipting training annually. The department will continue to emphasize proper check receipting procedures during these trainings to prevent similar issues in the future

The Department will consider requesting an increase in the change fund amount at the Garland clinic to better accommodate patient volume and ensure adequate change is available for daily operations. The department will continue supervisory review of deposits to prevent discrepancies and ensure compliance with Local Government Code §113.022.

ISS 25-HHS-37-02 Manual Receipts Issued:

A review of all manual receipts issued at seven HHS satellite locations during fiscal years 2024 and 2025 (October 2024 to March 2025) was conducted. The corresponding computer receipt was not attached for 35,906 manual receipts. Additionally, due to the funds being deposited in aggregate instead of itemizing each manual receipt, one \$260 computer receipt for the Garland satellite office could not be located in the County Wide Receipting (CWR) system.

A sample of 43 manual receipts was reviewed in detail. Twenty-three (53.50%) manual receipts issued for cash were altered instead of being voided and reissued: 10 receipts were altered to \$165 less and 13 manual receipts were altered to \$135 more than the original receipt amounts.

Suggested Actions

REPORTABLE FINDINGS

- Request access and set up the County Wide Receipting (CWR) system for all satellite locations that receive money. Once established, only use manual receipts during system downtimes.
- Ensure manual receipts are prepared, distributed, and reviewed in accordance with procedures required by the Department's Financial Administration Policy.

Management Action Plan

Computer receipts for the HHS outlying clinics are generated and attached to each pink copy receipt upon entry into the CWR system for deposit. These combined receipts are then attached to a copy of the DC98 Deposit Warrant and maintained on file to ensure a complete audit trail. All deposits undergo supervisory review and approval, as evidenced by the initials of both the processor and the supervisor on the DC98 Deposit Warrant.

Regarding the altered receipts, the department is committed to ensuring compliance through regular training and education. All HHS staff involved in receipting and collections are required to complete the Collections and Receipting training annually.

The department will complete County-Wide Receipting (CWR) implementation at the Garland clinic to further strengthen accountability and reduce reliance on manual receipts.

ISS 25-HHS-37-03 Voided Manual Receipts:

A review of all 308 manual receipts voided during fiscal years 2024 and FY2025 (October 2024 to March 2025) identified that seven voided manual receipts did not have the white customer copy attached, and eight voided manual receipts did not have the reason for the void documented.

Suggested Actions

- Ensure manual receipts are prepared, distributed, and reviewed in accordance with procedures required by the DCHHS' Financial Administration Policy.

Management Action Plan

The department maintains comprehensive policies and procedures regarding collection, receipt, and deposit to ensure compliance through regular staff training. All HHS staff with responsibilities in receipting, collection, and depositing are required to complete the Collections and Receipting training at least annually. The training covers proper recording and voiding procedures, including steps for documenting reasons for voids and protocol for instances when the white customer copy is not returned.

REPORTABLE FINDINGS

ISS 25-HHS-37-04 Computer Receipts:

A review of all 855 voided computer receipts listed on the County Wide Receipting (CWR) Voids report for fiscal years 2024 and FY2025 (October 2024 - March 2025) revealed 372 computer receipts were issued and voided by the same user. Additionally, 737 computer receipts were voided between 15 minutes and seven hours after the original receipt.

<u>Voids by Hour</u>							
15 Minutes-1 HR	Between 1-2	Between 2-3	Between 3-4	Between 4-5	Between 5-6	Between 6-7	7+ Hours
353	214	89	39	21	9	7	5

Suggested Actions

- Ensure department policy and procedure regarding voiding receipts is being followed.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.
- Ensure voids and receipt corrections are processed timely.

Management Action Plan

The department requires that all voids be approved by supervisory staff, including the Director, Deputy Director, Assistant Director of Financial Administration, or designated on-site supervisors.

To ensure accuracy and compliance, all copies of voided computer receipts, along with the DC7 Canceled Report, undergo thorough management review. A copy of the supervisory review will continue to include verification of user activity and timeliness of voids to ensure segregation of duties and compliance with Financial Administration policy.

cc: Darryl Martin, County Administrator