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Christopher Hooper
Director of Consolidated Services
Dallas, Texas

RE: FINAL AUDIT REPORT **Household Hazardous Waste**

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

The objectives of the engagement were 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

Overall Results

The review identified an area for improvement in the department's internal controls over cash management.

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: 10/15/2026
RELEASED: OCTOBER 15, 2026

REPORTABLE FINDINGS

ISS-26.HHW-39-01 Cash Management:

Risk Rating: Medium

The department receipted $2,609,568 in fiscal year 2025. The review of the department's cash management activities identified inadequate segregation of duties, as one employee is responsible for both receipting payments and preparing deposits.

Suggested Actions

- Implement compensating controls, such as an independent review and reconciliation of receipts and deposits by and employee who does not perform the receipting or deposit preparation functions.

Management Action Plan and Target Date
Target Date: 10/31/2026

- The department has implemented the recommended controls to strengthen cash handling procedures:
  - Cashier Access in CWR: Cashier access has been granted to all HHW staff to facilitate proper segregation of duties.
  - Separation of Duties: Cashiering and depositing responsibilities are now assigned to different individuals in compliance with CWR guidelines.
  - Deposits: Deposits are now prepared using the receipted totals recorded in the system rather than the physical funds on hand to ensure accuracy and accountability.
  - Cash Handling and Deposit Procedures: Written procedures outline collecting and processing payments, safeguarding funds, and preparing deposits, with verification and initials from a staff member independent of the preparer to maintain separation of duties before submission to the Treasurer's Office.
- The department has addressed the recommendations to strengthen cash handling and receipt practices:
  - System Receipts in CWR: All HHW staff now utilize CWR to generate system receipts for all cash transactions from out-of-network customers.
  - Receipting and Depositing: All funds received are receipted in CLASS and deposited on the same day.
  - Manual Receipts: 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.

REPORTABLE FINDINGS

- Cash Security: Funds are secured in a locked safe with a drop slot for staff deposits, and only the HHW Manager and HHW Assistant Manager hold keys to the safe.

cc: Darryl Martin, County Administrator

The 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 material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of law, regulations, and contracts applicable to the department.