

# Memorandum



CITY OF DALLAS  
(Report No. A19-007)

**DATE:** March 1, 2019  
**TO:** Honorable Mayor and Members of City Council  
**SUBJECT:** Special Audit of the Accounts of Former City Attorney, Larry Casto<sup>1</sup>

The Office of the City Auditor completed the *Special Audit of the Accounts of Former City Attorney, Larry Casto* (Special Audit) regarding the former City of Dallas (City) City Attorney who retired on August 31, 2018. This Special Audit verified whether the City and/or the former City Attorney properly:

- Controlled and accounted for any assets assigned to and/or purchased with City funds by the former City Attorney
- Removed the former City Attorney as an authorized agent of the City
- Ensured the former City Attorney did not have any outstanding debts owed to the City

### Special Audit

*“Upon the death, resignation, removal, or expiration of the term of any officer of the city, other than the city auditor, the city auditor shall cause an audit and investigation of the accounts of such officer to be made and shall report to the city manager and the Council. If, as a result of any such audit, an officer is found to be indebted to the city, the city auditor, or other person making such audit, shall immediately give notice of such indebtedness to the Council, the city manager, and the city attorney, and the city attorney shall, as directed by the city Council, proceed to collect such indebtedness.”*

**Source:** City Charter, Chapter IX, Section 4

In addition, we evaluated the adequacy of the employee processing controls related to the separation of the former City Attorney.

---

<sup>1</sup> This audit was conducted under the authority of the City Charter, Chapter IX, Sections 3 and 4 and in accordance with the Fiscal Year 2019 Audit Plan approved by the City Council. The audit objective was to comply with Chapter IX, Section 4, *Special Audit* of the Dallas City Charter that requires an audit and report upon the death, resignation, removal, or expiration of the term of any officer of the City of Dallas (City). In addition, we evaluated the adequacy of the employee processing controls related to the separation of the former City Attorney. The audit scope included Fiscal Year (FY) 2017 and FY 2018; however, certain other matters, procedures, and transactions outside the period were reviewed to understand and verify information during the audit period. This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. To achieve our objective, we interviewed personnel from the City Attorney’s Office and other relevant City departments, and we also performed additional audit procedures to verify: (1) items identified on the City’s Termination Action Checklist form as assigned to the former City Attorney were returned; (2) the former City Attorney’s access to information technology systems and City buildings was revoked; and, (3) final payments to the former City Attorney were accurate and that no debts were owed.

The former City Attorney returned his parking decal upon resignation, August 31, 2018. The City Attorney's Office, however, did not timely return the parking decal to the Department of Court and Detention Services' Security Services Division<sup>2</sup> as required by Administrative Directive 6-10, *Dallas City Hall Parking Garage* (see Attachment I).

We recommend the City Attorney improve compliance with City policies and procedures by implementing the recommendation shown in Attachment I of this report.

Please see Attachment II for Management's Response.

We would like to acknowledge management's cooperation during this audit. If you have any questions or need additional information, please contact Theresa Hampden, Interim First Assistant City Auditor, at 214-670-4968 or by email at [theresa.hampden@dallascityhall.com](mailto:theresa.hampden@dallascityhall.com); or me at 214-670-4517 or by email at [carol.smith@dallascityhall.com](mailto:carol.smith@dallascityhall.com).

Sincerely,



Carol A. Smith, CPA, CIA, CFE, CFF  
Interim City Auditor

#### Attachments

- C: T.C. Broadnax, City Manager
- Christopher J. Caso, Interim City Attorney
- Kimberly Bizer Tolbert, Chief of Staff
- M. Elizabeth Reich, Chief Financial Officer
- Nina Arias, Director – Department of Human Resources
- Gloria Lopez Carter, Director – Department of Court and Detention Services
- Michael Frosch, Director – Office of Procurement Services
- Sheri Kowalski, City Controller
- Terry Lowery, Director – Department of Dallas Water Utilities
- Hugh Miller, Interim Chief Information Officer – Department of Communication and Information Services
- Ayeh B. Powers, Interim Managing Attorney

---

<sup>2</sup> Effective October 1, 2018, the Security Services Division operates under the Department of Court and Detention Services.

### Compliance Requirements

The information below shows the specific compliance requirements evaluated by the Office of the City Auditor, a summary of the compliance exception, whether the same exception was noted in the prior *Special Audit of the Accounts of Former City Attorney, Warren M.S. Ernst*, who retired on April 29, 2016, (Report Number A16-013) and the Office of the City Auditor’s recommendation.

Compliance Requirements Evaluated	Evaluation Results	Prior Special Audit Exception	Recommendations
1. Verified the former City Attorney complied with the City of Dallas (City) policies and procedures related to the “off-boarding” process for an individual leaving City employment.	<b>No exception noted</b>	No	N/A
2. Verified the City and/or the former City Attorney complied with Administrative Directive (AD) 4-15, <i>Purchasing Card Policy and Procedures</i> .	<b>No exceptions noted</b>	No	N/A
3. Verified the former City Attorney did not have any outstanding debts owed to the City.	<b>No exceptions noted</b>	No	N/A
4. Verified the former City Attorney complied with AD 2-51, <i>Records Management</i> .	<b>No exceptions noted</b>	No	N/A

**Special Audit of the Accounts of Former City Attorney, Larry Casto**

<b>Compliance Requirements Evaluated</b>	<b>Evaluation Results</b>	<b>Prior Special Audit Exception</b>	<b>Recommendations</b>
<p>5. Verified timely termination, accurate compensation and final payroll payment was completed.</p>	<p><b>No exceptions noted</b></p>	<p>No</p>	<p>N/A</p>
<p>6. Verified the return of the City issued identification badges and parking decals as required by AD 2-4, <i>Interim Identification and Access Badge and Restricted Areas Policy</i> and AD 6-10, <i>Dallas City Hall Parking Garage</i> (AD 6-10).</p>	<p><b>Compliance exception noted</b></p> <p>The former City Attorney returned his parking decal timely. The City Attorney’s Office, however, did not return the parking decal to the Department of Court and Detention Services’ Security Services Division<sup>1</sup> until November 1, 2018, 62 calendar days after the former City Attorney’s retirement date of August 31, 2018. As a result, there is a risk that the parking decal could have been used to access the Dallas City Hall parking garage without proper authorization. According to the City Attorney’s Office, this risk was mitigated as the parking decal was kept in a locked cabinet in an office that was locked at the end of each day.</p> <p>The AD 6-10, Section 5.4.2 states: “<i>Upon termination of employment, department supervisors will forward employees’ parking decals with the Termination Action Form (PER-FRM-305) to the Human Resources (HR)</i>”</p>	<p>No</p>	<p>I. We recommend the City Attorney ensure that the City Attorney’s Office personnel timely return separated employees’ parking decals in accordance with the requirements of AD 6-10, Section 5.4.2.</p>

<sup>1</sup> Effective October 1, 2018, the Security Services Division operates under the Department of Court and Detention Services.

**Special Audit of the Accounts of Former City Attorney, Larry Casto**

Compliance Requirements Evaluated	Evaluation Results	Prior Special Audit Exception	Recommendations
	<i>Department. The Director of HR or his/her designee shall immediately forward the parking decal to the Security Manager or notify the Security Manager of any employee who fails to turn in the parking decal at the time of termination of employment".</i>		
7. Verified the deactivation of access codes to all Information Systems.	<b>No exceptions noted</b>	No	N/A
8. Verified the City Attorney's Office compliance with AD 4-09, <i>Internal Control</i> .	<b>No exceptions noted</b>	No	N/A

THIS PAGE IS INTENTIONALLY BLANK

Management's Response

RECEIVED

FEB 19 2019

City Auditor's  
Office



CITY OF DALLAS

Memorandum

DATE: February 19, 2019  
TO: Carol A. Smith, Interim City Auditor  
SUBJECT: Response to Audit Report:  
Special Audit of the Accounts of Former City Attorney, Larry Casto

Our responses to the audit report recommendations are as follows:

Recommendation I

We recommend the City Attorney ensure that the City Attorney's Office personnel timely return separated employees' parking decals in accordance with the requirements of AD 6-10, Section 5.4.2.

Management Response / Corrective Action Plan

Agree  Disagree

The City Attorney's Office ("CAO") notified the Building Services Department through the Termination Action Form of former City Attorney, Larry Casto, that it was holding onto the executive parking decal. Additionally, the Legal Office Manager sent an email to the Human Resources Department ("HR") along with a copy of the decal notifying HR that she was holding onto the executive parking decal. The reason the CAO held onto the decal was because of the temporary status of the Interim City Attorney, and the concern that the department would lose an executive parking spot. Initially, the CAO was going to assign the parking spot to another employee, but the CAO was notified that the employee would lose her general parking spot if she moved to executive parking. Due to the temporary status of the Interim City Attorney, the CAO held off on assigning the executive parking spot to the employee. At all times, the executive parking decal was placed in a locked drawer in the Legal Office Manager's office, and the Legal Office Manager's office is locked at the end of each day. Therefore, the decal was not accessible to others. After concluding that the parking spot would not be assigned until a new City Attorney is selected, the CAO returned the decal to the Department of Court and Detention Services' Security Services Division on November 1, 2018.

Implementation Date

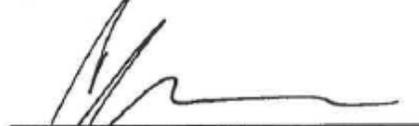
February 19, 2019

**Special Audit of the Accounts of Former City Attorney, Larry Casto**

---

**Responsible Manager**

Ayeh B. Powers, Interim Managing Attorney



---

Christopher J. Caso  
Interim City Attorney