

# Memorandum



**CITY OF DALLAS**

**DATE:** February 28, 2025

**TO:** Honorable Mayor and Member of the City Council

**SUBJECT:** Special Audit of Former City Council Members

The Office of the City Auditor is required by City Charter Chapter IX, Section 4, *Special Audit*, to audit the accounts of former City officials upon their death, resignation, removal, or expiration of term to determine any indebtedness to the City.

This audit addressed the accounts of former City Council Members Casey Thomas II and B. Adam McGough. The scope of this audit is from July 1, 2021 through June 30, 2023, to determine whether the Mayor and City Council staff: (1) controlled and accounted for City personal property used by/for the former City Council Members; (2) ensured the former City Council Members officeholder account expenditures were for a public purpose; (3) ensured the former City Council Members were removed as authorized agents of the City; and, (4) ensured the former City Council Members were clear of outstanding debts.

The results of this audit found that the former City Council Members were clear of outstanding debts. However, the observations made in past special audits of former City Council Members continue to exist. See [Attachment A](#) that discusses similar observations made in this audit. We encourage the Mayor and City Council to continue development of procedures that address the risks associated with the observations.

We conducted this performance audit 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 upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

If you have any questions, please contact me at 615-974-8700 or [mark.swann@dallas.gov](mailto:mark.swann@dallas.gov).

Special Audit of Former City Council Members

February 28, 2025

Page 2 of 2

Sincerely,



Mark S. Swann

City Auditor

Attachment

- C: Honorable Mayor and Members of the City Council  
Kimberly Bizer Tolbert, City Manager  
Tammy L. Palomino, City Attorney  
Bart Bevers, Inspector General (I)  
Biliera Johnson, City Secretary  
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)  
Jack Ireland, Chief Financial Officer  
Sheri Kowalski, City Controller  
Alpha T. Jalloh, Assistant Director – Financial Compliance, Auditing & Monitoring  
Jeffrey Brill, Manager – Financial Compliance, Auditing, & Monitoring



# Special Audit of Former City Council Members

February 28, 2025

Mark S. Swann, City Auditor

---

## Mayor

Eric L. Johnson

## Mayor Pro Tem

Tennell Atkins

## Deputy Mayor Pro Tem

Adam Bazaldua

## Council Members

Carolyn King Arnold

Paula Blackmon

Zarin D. Gracey

Cara Mendelsohn

Jesse Moreno

Omar Narvaez

Jaime Resendez

Paul E. Ridley

Jaynie Schultz

Kathy Stewart

Chad West

Gay Donnell Willis



## Executive Summary

---

### Objectives and Scope

This audit addressed the accounts of former City Council Members Casey Thomas II and B. Adam McGough. The scope of this audit is from July 1, 2021 through June 30, 2023, to determine whether the Mayor and City Council staff: (1) controlled and accounted for City personal property used by/for the former City Council Members; (2) ensured the former City Council Members officeholder account expenditures were for a public purpose; (3) ensured the former City Council Members were removed as authorized agents of the City; and, (4) ensured the former City Council Members were clear of outstanding debts.

### Recommendations

We encourage the Mayor and City Council to continue development of procedures that address the risks associated with the observations.

### Background

The Office of the City Auditor is required by City Charter Chapter IX, Section 4, *Special Audit*, to audit the accounts of former City officials upon their death, resignation, removal, or expiration of term to determine any indebtedness to the City.

### Observed Conditions

The results of this audit found that the former City Council Members were clear of outstanding debts. However, the observations made in past special audits of former City Council Members continue to exist. See [Attachment A](#) that discusses similar observations made in this audit. We encourage the Mayor and City Council to continue development of procedures that address the risks associated with the observations.

## Attachment A: Opportunities for Improvement

---

### Observation A: City Personal Property Management

The Mayor and City Council staff does not track, monitor, or inventory personal property as required by Administrative Directive 6-01, *Control of City Property* (January 24, 2020). Most of the personal property acquired by council members is less than \$1,000 and includes items that might be considered unnecessary to conduct City business (furniture, decor, convenience accessories). Although, these purchases are within policy guidelines, not having complete, accurate and tagged trackable items make it difficult to verify the existence of the personal property, especially after the council member has left office.

The Mayor and City Council staff continues to use an MS Excel template as a tracking mechanism for council aides to document purchased equipment and furniture details under the \$5,000 capitalization threshold. However, the completeness and accuracy of the inventory are dependent on the diligence of the council aide in completing the form.

#### Criteria

- ❖ Administrative Directive 6-01, *Control of City Property* (January 24, 2020)
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

## Observation B: Annual Statement of City-Funded Officeholder Accounts

*The Annual Statement of City-Funded Officeholder Accounts* does not match financial system transactions, and documentation to support some of the expenditures selected for review was not provided. The ability to demonstrate City funds are being applied correctly is difficult when supporting documentation is not available, and reports of officeholder’s expenditures cannot be easily traced to the City’s financial records.

Exhibits 1 and 2 show the differences when comparing the expenditures listed on the annual reports to the City’s financial records. For both former Council Members, both [Exhibit 1](#) and [Exhibit 2](#) indicate the transactions listed in their annual reports are generally underreported when compared to the actual expenses recorded in the City’s financial records, and the lack of accuracy of the annual reports.

### Exhibit 1:

Comparison of Annual Reports (15A) to City Financial Records – Casey Thomas II, District

<b>Comparison of Annual Reports (15A) to the Budget-to-Actual Financial System, Casey Thomas II, District 3</b>				
	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2023</b>	<b>Totals</b>
<b>15A Report</b>	\$12,435.76	\$20,612.09	\$21,604.06	\$54,651.91
<b>Actual Expense</b>	12,435.76	20,612.09	25,232.42	58,280.27
<b>Difference</b>	\$0	\$0	\$(3,628.36)	\$(3,628.36)

  

<b>Comparison of Annual Reports (15A) to General Ledger Financial System, Casey Thomas II, District 3</b>	
<b>Transactions FOUND in the <u>Expense General Ledger Report</u> but NOT in the <u>Annual Reports (15A)</u></b>	
<b>Number of Transactions</b>	<b>Dollar Amounts</b>
34	\$12,935.62
<b>Transactions FOUND in the <u>Annual Reports (15A) Report</u> but NOT in the <u>Expense General Ledger</u></b>	
<b>Number of Transactions</b>	<b>Dollar Amounts</b>
59	\$16,563.98

**Sources:** Annual Statement of City-Funded Officeholder Accounts, AMS Budget to Actual Report, and City Controller’s Office

**Exhibit 2:**

Comparison of Annual Reports (15A) to City Financial Records – B. Adam McGough, District 10

<b>Comparison of Annual Reports (15A) to the Budget-to-Actual Financial System, B. Adam McGough, District 10</b>				
	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2023</b>	<b>Totals</b>
<b>15A Report</b>	\$11,850.96	\$25,665.05	\$11,071.82	\$48,587.83
<b>Actual Expense</b>	11,878.04	25,665.05	17,758.92	55,302.01
<b>Difference</b>	\$(27.08)	\$0	\$(6,687.10)	\$(6,714.18)

  

<b>Comparison of Annual Reports (15A) to General Ledger Financial System, B. Adam McGough, District 10</b>	
<b>Transactions FOUND in the <u>Expense General Ledger Report</u> but NOT in the <u>Annual Reports (15A)</u></b>	
<b>Number of Transactions</b>	<b>Dollar Amounts</b>
22	\$6,780.75
<b>Transactions FOUND in the <u>Annual Reports (15A) Report</u> but NOT in the <u>Expense General Ledger</u></b>	
<b>Number of Transactions</b>	<b>Dollar Amounts</b>
7	\$66.57

**Sources:** Annual Statement of City-Funded Officeholder Accounts, AMS Budget to Actual Report, and City Controller’s Office

**Criteria**

- ❖ City Code, Chapter 15 Elections Article 1-b City-Funded Officeholder Accounts Section 15A-7.4 *Use of City-Funded Officeholder Accounts* Section (b) and (d).
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

## Observation C: City Directives and Guidance

Administrative Directives related to physical access (ID badges, parking decals), logical access (use of City technology/internet), procurement and reimbursements, and records management do not address City officials. As a result, guidance, and accountability for separation from the City is lacking for City officials.

Council Member McGough did not return his parking decal and badge upon vacating office. The parking decal was returned on November 1, 2023, and the badge was never returned. Although Security Services disabled badge access as of June 20, 2023, the former Council Member still had free access to garages reserved for those with official City business until November 1, 2023.

In addition, City guidance such as the City of Dallas Enterprise Information Security Standard is outdated and does not reflect current practices. In the City of Dallas Enterprise Information Security Standard 9.51, *Separation In Employment Procedure*, the Department of Information & Technology Services is listed as responsible for employee separation tasks that are now largely automated by the City's workforce enterprise management system, Workday, which is primarily controlled by Human Resources. Roles for access and verification have changed and the correct procedure for attaining documentation and verification is not clearly defined.

The audit report, *Special Audit of Former City Council Members – June 2021*, issued July 21, 2022, discussed this issue and provided a table showing the Administrative Directives Related to Off-Boarding as of December 20, 2021. See [Exhibit 3](#) for an updated table of Administrative Directives Related to Off-Boarding as of July 25, 2024.

### Criteria<sup>1</sup>

- ❖ Administrative Directive 2-4, *Interim Identification and Access Badge and Restricted Areas Policy*
- ❖ Administrative Directive 6-10, *Dallas City Hall Parking Garage*
- ❖ Administrative Directive 2-24, *Computer Security*
- ❖ Information & Technology Services Enterprise Information Security Standard, *Separation in Employment Procedure*
- ❖ Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities*

---

<sup>1</sup> Exhibit 3 lists broad "criteria" established by City Management that may require updates to procedures. The Criteria section applies to the specific examples cited above. Therefore, Criteria precedes the Exhibit.



**Exhibit 3:**

The table below outlines the administrative directives related to off-boarding for outgoing elected officials. The table was originally included in the audit report, *Special Audit of Former City Council Members – June 2021*, issued July 21, 2022, and has been updated as of July 25, 2024, with the addition of a column indicating the issuing department for each administrative directive. The table is provided to demonstrate the on-going need for complete and up-to-date procedures that address correct procedures to follow for off-boarding City officials and in some cases all City employees.

Administrative Directives related to Off-Boarding as of July 25, 2024

<b>Administrative Directive</b>	<b>Issuing Department</b>	<b>Purpose</b>	<b>Scope</b>	<b>Applies to Elected Officials</b>
2-4, <i>Interim Identification and Access Badge and Restricted Areas Policy</i> (June 28, 2018)	Equipment and Building Services*  *In 2018 this department was split into two departments: Building Services and Equipment and Fleet Management. As of October 1, 2023, this responsibility moved from Building Services to the <b>Dallas Marshal's Office.</b>	Provide instructions for departmental security controllers on the proper procedures for obtaining City of Dallas identification/badges and describes access security procedures for restricted areas	Departments, Employees	No
2-13, <i>Gift and Trust Administration</i> (October 2, 1995)	Budget & Management Services	Acceptance and proper investment and accounting of gifts and trusts	Departments, not the Employee Retirement Fund or the Dallas Police Pension Fund	No

<b>Administrative Directive</b>	<b>Issuing Department</b>	<b>Purpose</b>	<b>Scope</b>	<b>Applies to Elected Officials</b>
2-24, <i>Computer Security</i> (May 3, 2024)*  Previous version was updated as of June 30, 2017.	Information & Technology Services	Provide, manage, and govern the security of information systems and assets, including confidentiality, integrity availability, accountability, and assurance	Departments, all persons, computing devices that comprise the City's information technology systems and assets	No, if the device is not issued by Information & Technology Services
2-33, <i>Acceptable Use of City Provided Email and Internet Services</i> (July 31, 2001)	Communication & Information Services*  *Communication & Information Services is now referred to as <b>Information &amp; Technology Services</b>	Define acceptable and unacceptable use of the internet to conduct business and help agencies with cost-effective measures to disseminate information	All employees	No
2-51, <i>Records Management</i> (December 20, 2013)	City Secretary's Office	Describes Record management responsibilities, and compliance with Chapter 39C of the Dallas City Code	Departments, City Officers, Employees	No
3-56, <i>Payroll Procedures</i> (November 3, 2016)	Human Resources	Establish guidelines for payroll processing	Departments, Employees	No
4-05, <i>Contracting Standards and Procedures</i> (March 21, 2022)  *Previous version was updated April 30, 2018	Office of Procurement Services/ City Attorney's Office	The directive sets out standards and procedures for contracting.	City Officers, Employees (City-Funded Officeholder Accounts must comply with the City's administrative directives regarding procurement)	Yes

<b>Administrative Directive</b>	<b>Issuing Department</b>	<b>Purpose</b>	<b>Scope</b>	<b>Applies to Elected Officials</b>
4-06, <i>Reimbursement for Business Expenses</i> (June 3, 1996)	City Controller's Office	Establish policies and procedures for city government employees, council members, and commission members who perform local and out-of-town official travel in the interest of the City of Dallas	Employees, Appointed and Elected Officials, Board Members	Yes
4-07, <i>Travel Reimbursement Expenses</i> (October 1, 2013)	City Controller's Office	Establish policies and procedures for city government employees, council members, and commission members who perform local and out-of-town official travel in the interest of the City of Dallas	Employees, Appointed and Elected Officials, Board Members	Yes
4-08 <i>Mobile Telephone Services</i> (June 12, 2004)	Business Development & Procurement Services*  *Business Development & Procurement Services is now referred to as <b>Office of Procurement Services</b>	Establish policy and procedures for the acquisition and use of City-owned mobile services and devices and City policy for cell phone allowance	Departments and Organizations	No
4-12 <i>Employee in City Memberships</i> (March 4, 2013)	City Controller's Office	Establish criteria for sponsorship, sponsor memberships, and procedures by which City-sponsored memberships will be paid	Employees, Elected Officials, Board Members	Yes

<b>Administrative Directive</b>	<b>Issuing Department</b>	<b>Purpose</b>	<b>Scope</b>	<b>Applies to Elected Officials</b>
<p>4-15 <i>Purchasing Card Policy and Procedures</i> (September 7, 2022)</p> <p>*Previous version was updated October 31, 2018</p>	Office of Procurement Services	Establish procedures for procuring goods using purchasing cards	<p>Departments, Employees</p> <p>(City-Funded Officeholder Accounts must comply with City's administrative directives regarding procurement)</p>	Yes
6-01, <i>Control of City Property</i> (January 24, 2000)	City Controller's Office	Establish responsibilities and reporting policies for control of City-owned personal property	Departments	No
<p>6-10, <i>Dallas City Hall Parking Garage</i> (December 12, 2012)</p>	<p>Equipment and Building Services*</p> <p>*In 2018 this department was split into two departments: Building Services and Equipment and Fleet Management. As of October 1, 2023, this responsibility moved from Building Services to the <b>Dallas Marshal's Office.</b></p>	Information and regulations regarding the use of the City Hall parking garage	Users of parking garage facilities at City Hall	No
<p><i>City of Dallas Enterprise Information Security Standard</i> (October 1, 2020)</p>	Information & Technology Services	Section 15 guides the separation of employment procedures for handling users' access to all systems.	Departments, Commissions, Boards, Institutions or Agencies of the City, Devices on the City network.	No

Source: City of Dallas