

Memorandum

CITY OF DALLAS



DATE: October 26, 2026

TO: Honorable Members of the Finance Committee: Chad West (Chair), Kathy Stewart (Vice Chair), Zarin Gracey, Maxie Johnson, Jesse Moreno, Jaime Resendez, Gay Donnell Willis

SUBJECT: Audit Insight Report – September 22, 2026, to October 25, 2026

Attached for your review is the [Special Audit of Former City Attorney Tammy Palomino \(October 9, 2026\)](#), the only audit report the Office of the City Auditor released from September 22, 2026, through October 25, 2026. The one recommendation associated with this report was accepted. See the following pages for the full report.

Also, attached for your review is the [Special Audit of Former City Auditor Mark Swann \(October 15, 2026\)](#). The audit was conducted by the City Controller's Office. There were no recommendations associated with this report. See the following pages for the full report.

The Office of the City Auditor appreciates the continued support of the Finance Committee and looks forward to continuing to provide independent oversight to assist the Council in its governance responsibilities.

If you have any questions, please contact me at (214) 671-5047 or rory.galter@dallas.gov.

Sincerely,

Rory Galter
Interim City Auditor

c:

Kimberly Bizer Tolbert, City Manager
Bert Vandenberg, City Attorney (I)
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Baron Eliason, Inspector General (I)
Dominique Artis, Chief of Public Safety
Robin Bentley, Assistant City Manager

Alina Ciocan, Assistant City Manager
Jack Ireland, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dev Rastogi, Assistant City Manager
Ahmad Goree, Chief of Staff
Directors and Assistant Directors



Special Audit of Former City Attorney Tammy Palomino

October 9, 2026

Rory Galter
Interim City Auditor

Mayor

Eric L. Johnson

Mayor Pro Tem

Jaime Resendez

Deputy Mayor Pro Tem

Maxie Johnson

Council Members

Adam Bazaldua

Paula Blackmon

Lorie Blair

Laura Cadena

Zarin D. Gracey

Cara Mendelsohn

Jesse Moreno

Paul E. Ridley

William Roth

Kathy Stewart

Chad West

Gay Donnell Willis

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Executive Summary

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.

The audit evaluated Tammy Palomino, City Attorney, who resigned from the City effective April 30, 2026. Tammy Palomino had served in the role since March 1, 2023.

For the purposes of this report all commercial credit cards are identified as purchasing cards. Purchasing cards include travel cards, purchasing cards and one card.

The objectives of this audit were to determine if: (1) purchases were for a public purpose; (2) final paycheck was accurate; and (3) employment badge and parking pass were turned in.

The scope of this audit included activity from March 1, 2023, to April 30, 2026.

Objectives and Conclusions

1. Were purchases made by the former City Attorney for a public purpose?

Generally, yes.

For two transactions reviewed, receipts were not available. Supporting receipts along with vendor names and transaction descriptions from a system report were used to determine if purchasing card expenditures were for a public purpose. ([Observation A](#))

2. Was the final paycheck for the former City Attorney accurate?

Yes.

3. Was the former City Attorney's employment badge and parking pass turned into Security Services?

Yes.

Recommendation

Management should:

- Establish procedures to comply with City administrative directives to ensure access to original receipts for purchase card transactions

Risk Summary

Risk classification is based on criteria outlined in the *Standards for Internal Control In the Federal Government*—Compliance, Operational, Financial and citizen focused criteria of Public Image. Each program is evaluated against these criteria, and the resulting risk classification reflects the program’s alignment with departmental goals as well as its overall significance to the community.

Classification	Recommendation(s)	Management’s Response
● High		
● Moderate		
● Low	1	Management agreed with the one recommendation.

Audit Results

Both City Council Resolution 88-3428 and Administrative Directive 4-09, Internal Control prescribe policy for the City to establish and maintain an internal control system. The audit observation listed is offered to assist management in fulfilling their internal control responsibilities.

Observation A: Purchase Card Supporting Receipts

Risk Rating: ● Low

Of the 18 transactions reviewed, two receipts were not provided. For 15 of the transactions, the original receipts were not available, but duplicate copies were obtained from the vendor by the City Attorney’s Office. Supporting receipts along with vendor names and transaction descriptions from a system report were used to determine if purchasing card expenditures were for a public purpose.

According to the City Attorney’s Office, the inability to provide the original receipts was caused by turnover in the City Attorney’s Office. As a result, the original receipts were stored in a location that was not available to others in the City Attorney’s Office.

Criteria

- ◆ Administrative Directive 4-07, Authorization and Reimbursement for Out of Town Travel and Travel Related Expenses (October 1, 2013)
- ◆ Administrative Directive 4-15, Purchasing Card Policy and Procedures (Interim) (September 7, 2022)
- ◆ *Standards for Internal Control in the Federal Government*: Principle 10 — Control Activities

Recommendation

We recommend the **City Attorney**:

A.1: Establish procedures to comply with City administrative directives to ensure access to original receipts for purchase card transactions

Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
A.1	Agree	During the audit scope period, the City transitioned to a new bank portal that requires receipts to be uploaded when a payment request is made. The City Attorney's Office agrees to implement a procedure to have the purchase card coordinator periodically review sample transactions to ensure that receipts are properly uploaded. Additionally, on October 5, 2026, the City Attorney's Office held a refresher training on AD 4-15 with all purchase cardholders, the City Attorney's Office legal Office Administrator, and the City Controller's Office purchase card administrator.	12/31/2026 / 03/31/2027

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.

Exhibit 1 identifies the authoritative documents that guide conducting the Special Audit and addressing the audit objectives.

Exhibit 1: Special Audit Authoritative Documents

Document Name	Purpose
Dallas City Charter, <i>Chapter VII. Legal Department</i>	Establishes the City Attorney as the chief legal officer of the city and defines their powers and duties.
Dallas City Charter, <i>Chapter IX. City Auditor, Section 4 Special Audit</i>	Upon the death, resignation, removal, or expiration of the term of any officer, other than 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 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.
Administrative Directive 2-04, <i>Interim Identification and Access Badge and Restricted Areas Policy</i> (June 28, 2018)	Provide instructions on the proper procedures for turning in City of Dallas identification/access badges at termination.
Administrative Directive 3-56, <i>Payroll Procedures</i> (November 4, 2025)	Establish a comprehensive guideline regarding City's payroll processing procedures, including requirements for processing terminations.

Document Name	Purpose
Administrative Directive 4-07, <i>Authorization and Reimbursement for Out-of-Town Travel and Travel-Related Expenses</i> (October 1, 2013)	Provide 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. Provide guidance to personnel who authorize, direct, or review such travel or certify payments for reimbursement of travel-related expenses.
Administrative Directive 4-15, <i>Purchasing Card Policy and Procedures (Interim)</i> (September 7, 2022)	Establish policies and procedures for procuring goods and/or services using a Purchasing Card.
Administrative Directive 6-10, <i>City Hall Parking Garage</i> (December 26, 2012)	Provide information and regulations regarding the use of the City Hall parking garage.

Methodology

The audit methodology included:

- (1) Confirmation of public use of funds for purchasing card expenditures;
- (2) Verifying compliance with removal of physical access to City facilities by obtaining identification badges and parking decals;
- (3) Recalculating gross pay, verifying pay rate to City resolution and absence balances to Workday;
- (4) Considered risk of fraud, waste, and abuse; and,
- (5) Considered all five components of *Standards for Internal Control in the Federal Government*.

Government Auditing Standards Statement

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 observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Report Classification

Final Report – For Public Use

This report is a product of the Office of the City Auditor and is issued in accordance with the Texas Public Information Act (Texas Government Code, Chapter 552).

Major Contributors

Rory Galter, CPA—Engagement Manager/Interim City Auditor
Matthew Cheadle, CIA, CGAP, CFE — In-Charge Auditor

Appendix A – Acknowledgement Letter

See next page

Memorandum



CITY OF DALLAS

DATE: October 6, 2026

TO: Rory Galter – Interim City Auditor

SUBJECT: Response to Special Audit of Former City Attorney Tammy Palomino

This letter acknowledges that the City Attorney's Office received the Special Audit of Former City Attorney Tammy Palomino and submitted a response to the recommendation.

The City Attorney's Office appreciates the professionalism and quality of work demonstrated by your staff throughout this engagement.

Further, we are pleased that the audit was able to conclude:

Documentation generally existed to demonstrate that purchases made by the former City Attorney were for a public purpose;

The final paycheck for the former City Attorney was accurate; and

The former City Attorney's employment badge and parking pass were turned into Security Services.

The City Attorney's Office recognizes that at the beginning of the audit scope period, the process for maintaining receipts was less structured than it is currently. To address the audit recommendation and ensure supporting documentation is consistently retained, the City Attorney's Office conducted a refresher training session on Administrative Directive 4-15 with purchase cardholders, the City Attorney's Office Legal Office Administrator, and the City Controller's Office purchase card administrator on October 5, 2026.

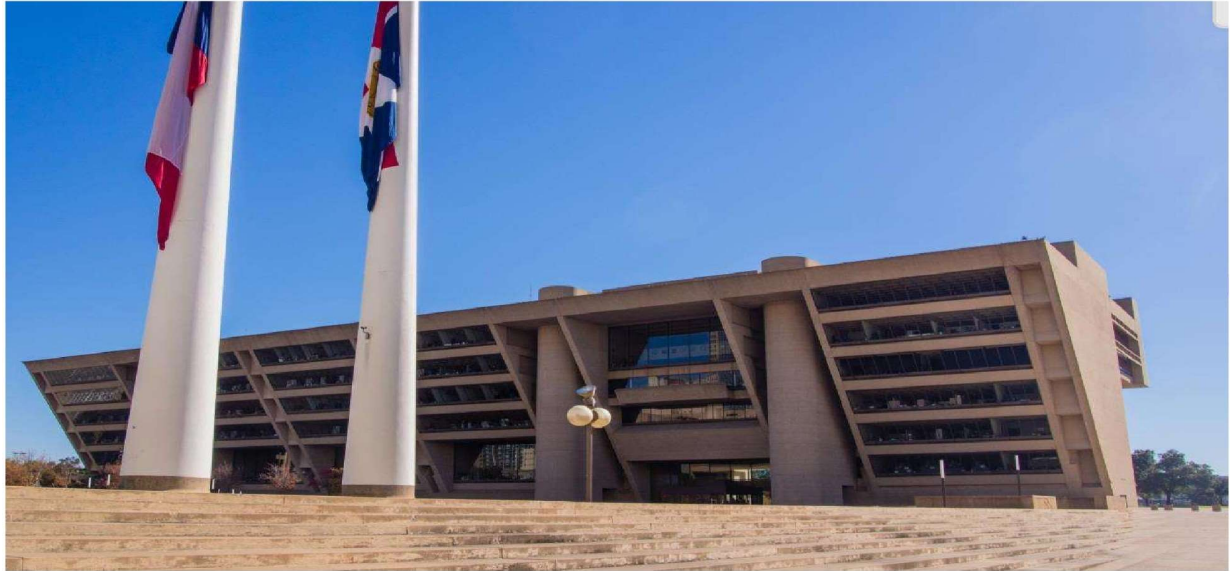
In addition, the City Attorney's Office will develop a procedure for its purchase card coordinator to periodically review sample transactions to ensure that purchase cardholders are uploading receipts in the US Bank portal.

Sincerely,

Bertram A. Vandenberg

Bertram A. Vandenberg
Interim City Attorney

C: Kimberly Bizer Tolbert, City Manager
Jack Ireland, Chief Financial Officer
Ayeh B. Powers, Managing Attorney



Special Audit of Former City Auditor Mark Swann

October 15, 2026

Sheri Kowalski
City Controller

Mayor

Eric L. Johnson

Mayor Pro Tem

Jaime Resendez

Deputy Mayor Pro Tem

Maxie Johnson

Council Members

Adam Bazaldua

Paula Blackmon

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Executive Summary

City Charter Chapter IX, Section 4, Special Audit, requires in case of the death, resignation, or removal of the city auditor, the city manager shall cause an audit to be made of the city auditor's accounts to determine any indebtedness to the City.

The audit evaluated Mark Swann, City Auditor, who resigned from the City effective March 17, 2026. Mark Swann served in the role since May 1, 2019.

For the purposes of this report, all commercial credit cards are identified as purchasing cards. Purchasing cards include travel cards, purchasing cards, and one card.

The objectives of this audit were to determine if: (1) purchases were for a public purpose; (2) final paycheck was accurate; and (3) employment badge and parking pass were turned in.

The scope of this audit included activity from May 1, 2019 to March 17, 2026.

Objectives and Conclusions

1. Were purchases made by the former City Auditor for a public purpose?
Yes.
2. Was the final paycheck for the former City Auditor accurate?
Yes.
3. Was the former City Auditor's employment badge and parking pass turned into Security Services?
Yes.

Recommendations

No reportable observations or recommendations.

Methodology

The audit methodology included:

- (1) Confirmation of public use of funds for purchasing card expenditures;
- (2) Verifying compliance with removal of physical access to City facilities by obtaining identification badges and parking decals;
- (3) Recalculating gross pay and verifying pay rate;
- (4) Considered risk of fraud, waste, and abuse; and,
- (5) Considered all five components of *Standards for Internal Control in the Federal Government*.

Government Auditing Standards Statement

This review does not comply with generally accepted government auditing standards (GAGAS). The City Controller's Office is not a GAGAS audit organization and is not subject to an external peer review process required for GAGAS compliance.

However, the City Controller's Office made best efforts to conduct a high-quality review that was independent, conducted by competent staff, supported by appropriate evidence, and subject to thorough quality reviews.

Report Classification

Final Report – For Public Use.

This report is a product of the Office of the City Auditor and is issued in accordance with the Texas Public Information Act (Texas Government Code, Chapter 552).

Major Contributors

JK Brill, Manager, CIA - Financial Compliance, Auditing, and Monitoring (Engagement Manager)

Erin Carducci, CFE - Senior Financial Compliance and Audit Analyst (In-Charge Auditor)

Scott Vigil - Senior Financial Compliance and Audit Analyst (Senior Auditor)

Appendix A – Acknowledgement Letter

See next page

Memorandum



DATE: October 15, 2026

TO: Sherri Kowalski – City Controller

SUBJECT: Special Audit of Former City Auditor Mark Swann

This letter acknowledges the Office of the City Auditor received the *Special Audit of Former City Auditor Mark Swann*.

The Office of the City Auditor appreciates the professionalism and quality of work demonstrated by your staff throughout this engagement.

We are pleased that the audit was able to conclude:

- Purchases made by the former City Auditor were for a public purpose.
- The final paycheck for the former City Auditor was accurate.
- The former City Auditor's employment badge and parking pass was turned into Security Services.

Sincerely,



Rory Galter
Interim City Auditor

C: Kimberly Bizer, City Manager
Jack Ireland, Chief Financial Officer
Bertram A. Vandenberg, Interim City Attorney