

# Memorandum



CITY OF DALLAS  
(Report No. 116-008)

**DATE:** July 26, 2016

**TO:** Honorable Mayor Michael S. Rawlings  
Honorable Jennifer Gates, Chair – Budget, Finance & Audit Committee  
Christopher Bowers, Interim City Attorney

**SUBJECT:** Investigative Report:  
Department of Dallas Water Utilities – Theft

This report provides results of an administrative investigation of an allegation involving the theft of Department of Dallas Water Utilities' (DWU) cash deposits, estimated to exceed \$100,000, by DWU Senior Customer Services Representative, Ms. Shalawn Collins.<sup>1</sup>

On February 9, 2015, DWU Management reported to the Office of the City Auditor (Office) and the Dallas Police Department – Public Integrity Unit (DPD-PIU) that there was a possible theft of cash by Ms. Collins. As Senior Customer Representative, Ms. Collins was DWU's deposit desk clerk. In her capacity as DWU's deposit desk clerk, Ms. Collins counted and prepared the daily cash deposits and was responsible for depositing DWU cash payments received into the City of Dallas (City) bank account. On February 4, 2015, Ms. Collins left for her lunch break, did not return, and communicated to her Supervisor by text message that she was resigning. According to DWU's standard operating practice, an audit<sup>2</sup> of the deposit desk was initiated. During this audit, DWU Management identified cash deposit discrepancies and requested an investigation.

On May 29, 2015, DPD-PIU arrested Ms. Collins, and, on April 29, 2016, Ms. Collins was indicted by a Dallas County Grand Jury for Misapplication of Fiduciary Property, a second degree felony, punishable by imprisonment for any term of not more than 20 years or less than two years.

---

<sup>1</sup> Council Resolution 90-4027 requires the Office of the City Auditor (Office) to report to the Mayor, the Chair of the City Council Budget, Finance & Audit Committee, and the City Attorney any apparent violations of law, apparent instances of misfeasance, or nonfeasance by City of Dallas (City) employees. Investigations by the Office are considered nonaudit projects under the Government Audit Standards and are conducted in accordance with quality standards for Inspection and Evaluation established by the Council of the Inspectors General on Integrity and Efficiency, Association of Certified Fraud Examiners code of professional ethics, and City Code.

<sup>2</sup> The term "audit" used by DWU throughout this report is not an examination performed under professional auditing standards.

The information reviewed and considered in the Office's administrative investigation is sufficient to support the finding that Ms. Collins violated the Dallas City Code Personnel Rules, specifically theft. Additionally, the Office's administrative investigation noted DWU internal control weaknesses which created an opportunity for theft of cash by an employee.

## **Management's Response**

As part of DWU's standard operating practice involving staffing changes in cash handling positions, an audit was performed of the cash on hand and of the general work area after Ms. Collins resigned via text message on the afternoon of February 4, 2015. The alleged theft was identified by DWU during this internal audit process, and, on February 9, 2015, DWU management met with the Office and DPD-PIU.

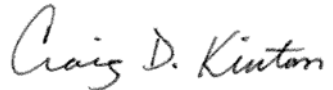
Additional Internal Controls were implemented following DWU's audit. These include:

- Updated International Organization for Standardization (ISO) procedures related to: Change Fund Orders from Bank; Preparation of Daily Bank Deposit; and, Petty Cash – March 2015
- Implemented daily verification of deposit amount by a second employee – March 2015
- Implemented daily confirmation by supervisor that deposit bag is placed in courier pick-up box – May 2015
- Created new ISO procedure: Supervisor and Manager Monthly / Quarterly Audit – May 2015
- Implemented monthly / quarterly audits by supervisor and manager of the Petty Cash and Change Funds – May 2015
- Reviewed amount of cash on hand and implemented reduction in Petty Cash Fund from \$17,550 to \$10,000 – phased-in from September to December 2015

Honorable Mayor Michael Rawlings  
Honorable Jennifer Gates, Chair – Budget Finance & Audit Committee  
Christopher Bowers, Interim City Attorney  
July 26, 2016  
Page 3 of 3

If you have any questions or would like to be briefed regarding this matter, please contact me at (214) 670-3222 or Amy Messer, Assistant City Auditor, at (214) 670-5347.

Sincerely,

A handwritten signature in cursive script that reads "Craig D. Kinton".

Craig D. Kinton  
City Auditor

C: Honorable Members of the City Council  
A.C. Gonzalez, City Manager  
Mark McDaniel, Assistant City Manager  
Jo M. (Jody) Puckett, Director – Department of Dallas Water Utilities  
Vanessa Gray, Interim Ethics and Diversity Officer