
CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of the Office of the City Clerk

Passport Office

Project No. AU22-004

August 22, 2022

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Office of the City Clerk (OCC), specifically the Passport Office. The audit objectives, conclusions, and recommendations follow:

Determine if the passport program is effectively managed in accordance with Federal regulations and City policies, and performance metrics are appropriate and accurate.

Overall, the passport program is effectively managed in accordance with Federal regulations and City policies. Passport applications are processed accurately in accordance with the U.S. Department of State (DOS) 2019 Passport Agent's Reference Guide (PARG) and application fees are charged accordingly. Additionally, all passport agents have completed the annual training required by the DOS. Finally, system user access is appropriate and monitored on a periodic basis.

However, we identified improvements needed in the areas of management review of key documents, physical security, cash handling, and performance metrics. Processes were not consistently followed leading to missing or inaccurate documentation. In addition, physical access controls could be strengthened in the areas of badge access, keys, and safe access. Furthermore, key staff did not complete required training for cash handling and credit card acceptance processes. Finally, performance metrics are not in place to monitor the effectiveness and efficiency of the passport application process.

The Office of the City Clerk Management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 8.

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Background

The Passport Services is a directorate of the Bureau of Consular Affairs within the U.S. Department of State and is responsible for the issuance of passports to U.S. Citizens. In 2010, the U.S. Department of State (DOS) approved the Office of the City Clerk (OCC) as a designated Passport Acceptance Facility. In May of 2010 City Council approved an ordinance authorizing the Municipal Archives and Records Facility and the Office of the City Clerk to serve as Passport Acceptance Facilities. Currently, the Office of the City Clerk Municipal Archives, Passports and Records Facility, located at 719 S. Santa Rosa, serves as a Passport Acceptance Facility.

The OCC Passport Office is responsible for administering the Passport Application Acceptance Program in accordance with Federal guidelines. The OCC currently operates one Passport Application Acceptance Facility and employs four active passport acceptance agents. The facility and agents service the community by providing passport application services to its citizens while generating revenue for the City. Additionally, the Municipal Archives, Passports and Records Facility is considered a Multi-function Facility with the ability to print vital records. The Passport Division charges a \$35 fee for the processing of passport applications. The Division also provides passport photos upon request for a fee of \$16.24, sales tax included. In Fiscal Year 2021, the Passport Acceptance Facility processed 16,016 passport applications and 8,718 passport photos, generating revenue of approximately \$691,000.

Audit Scope and Methodology

The audit scope included passport application processing fees and compliance with U.S. Department of State regulations from October 1, 2020, to April 1, 2022.

We interviewed City Clerk staff to gain an understanding of the passport application process. We performed onsite observations of the process to determine compliance with Federal regulations and evaluate the physical security of the facility. Testing criteria included the DOS 2019 PARG, departmental policies, and City Administrative Directives.

We assessed internal controls relevant to the audit objective. As part of our testing procedures, we examined the following areas:

- Compliance with the 2019 PARG in processing applications and maintaining required transmittals.
- The completeness and accuracy of passport application revenue and cash and cash equivalents.
- The accuracy and completeness of the Passport Application Acceptance Facility's Annual Certification.
- The completeness of passport agent's annual DOS training requirements and internal City Cash Handling training requirements.
- Physical security of the Office of the City Clerk Municipal Archives, Passports and Records Facility, including the safeguarding of Personally Identifiable Information (PII) and cash and cash equivalents.
- The appropriateness and accuracy of performance measures.
- Access controls in SAP, QLess, and the OCC shared drives.

We relied on computer-processed data in SAP to validate the passport application processing fees. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included obtaining the total population of passport application sales orders and tracing the associated fees to receipts and daily bank deposits to verify the fees were collected and accurately recorded. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

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

Audit Results and Recommendations

A. Passport Application Processing

The OCC Passport Office processed passport applications in accordance with federal requirements and application fees were accurately charged. In the month of April 2022, we observed the processing of 10 passport applications and determined all required documentation was included and relevant fees were adequately charged. In addition, we tested 25 passport application sales orders and concluded that all sales orders were supported, accurately charged, and properly recorded in SAP. Furthermore, we tested 25 end of day reconciliations and concluded cash and cash equivalents were accurately accounted for and appropriately deposited. Finally, all current passport acceptance agents have completed the annual training required by the U.S. Department of State.

Recommendations

None.

B. System Access

The OCC has controls in place to ensure employees have appropriate user access. We reviewed 8 employees with access to SAP (specifically, create sales order and post with clearing), 6 employees with access to QLess, the mobile check-in system, and 16 employees with access to the respective OCC shared drives and determined all employees reviewed had appropriate access according to the City's Administrative Directive 7.8d, Access Control.

Recommendations

None.

C. Passport Agent Reference Guide Compliance

Passport application transmittal forms are not consistently maintained for 24 months, and the Passport Acceptance Facility Annual Certification is not consistently completed accurately. We reviewed completed transmittal forms from 25 individual days and noted approximately seven transmittal forms for 1 out of the 25 days selected were missing. In addition, we reviewed the completed 2021 and 2022 Passport Acceptance Facility Annual Certification and noted the 2022

certification incorrectly marked that the facility creates identity documents, such as driver's licenses.

The DOS 2019 PARG requires the completed transmittal forms to be maintained for 24 months. In addition, the 2019 PARG requires the information provided in the Annual Certification be "complete and accurate". The OCC lacked management oversight and review over key Passport Acceptance Facility documents, leading to the inconsistencies. The OCC - Passport Office may be suspended or removed from the Passport Facility Acceptance Program due to non-compliance with regulations leading to potential reputational damages and loss of revenue.

Recommendation

The City Clerk implement additional supervision and review over key Passport Acceptance Facility processes and documents to ensure compliance with Federal regulations.

D. Physical Access

The OCC has inadequate physical access controls for the proper safeguarding of passport information,¹ Personally Identifiable Information (PII) and cash and cash equivalents. Physical control deficiencies include weaknesses in physical access, key, and safe controls.

We identified 2 of 48 individuals with inappropriate badge access to the Municipal Archives, Passports and Records Facility. In addition, we identified 4 of 16 individuals with inappropriate badge access to the passport processing area. Furthermore, badge access for the entire facility and individual processing areas is not consistently reviewed on a periodic basis.

OCC maintains a manual key log; however, the key log is not complete as it does not include the passport file room. Additionally, key control reviews are not conducted on a periodic basis.

Completed passport applications and transmittal forms, which include customer PII are stored in a safe overnight. In addition, daily revenue collections awaiting deposit, the register cash balances and change funds are stored in the safe. However, access to the passport safe is excessive, with one of four individuals with access being inappropriate.

¹ Passport information is considered any information that is restricted for the use of approved passport acceptance agents only. Examples include but are not limited to passport documents and the Passport Agent's Reference Guide (PARG).

According to the 2019 PARG, all documents are to be handled and stored securely. Additionally, City AD7.8d states that access should be based on the principle of least privilege. Finally, City Administrative Directive 8.1 Cash Handling states, "the number of individuals with access to cash should be limited for internal control purposes". OCC physical access reviews were not consistently performed on the facility as a whole.

The lack of physical access controls to safeguard customer PII, passport information and cash can lead to customer PII being compromised, non-compliance with Federal regulations and misappropriation of cash and cash equivalents.

Recommendations

The City Clerk review and strengthen the current physical security measures in place to ensure the safeguarding of passport information, customer PII and the cash and cash equivalents maintained on site. OCC management should restrict employee access to a level necessary to perform employee job duties. In addition, establish and implement procedures to ensure proper key and safe controls. Finally, OCC management should conduct periodic access reviews to ensure physical access in appropriate.

E. Cash Handling and Credit Card Acceptance Training

Passport agents are not consistently trained on cash handling and credit card acceptance processes, however policies and procedures are in place. We noted four of four current passport agents have not attended the City Credit Card Acceptance Training. In addition, while the current passport agents have attended the City Cash Handling training, an internal OCC Cash Handling training was not held in 2021 or 2022 to date. The trainings ensure that passport agents have acknowledged and understood all City and OCC policies and procedures before performing work. The OCC - Passport Office has an insufficient process for monitoring the necessary trainings employees should attend. Lack of training key staff on cash handling and credit card acceptance could lead to inaccurate cash and cash equivalent balances and misappropriation of cash.

Recommendations

The City Clerk establish monitoring procedures to verify that all employees have attended necessary trainings. In addition, the City Clerk hold an annual internal cash handling training to ensure the safeguarding of cash and cash equivalents at the facility.

F. Performance Measures

Customer service metrics are currently not being tracked and additional metrics should be evaluated to have a better view of the department's processes. As a best practice, relevant performance measures should be monitored to determine if the department is meeting expectations. Due to lack of reliable data, performance metrics are being reviewed to determine the data needed and relevant metrics that should be monitored to evaluate the department's performance. The passport process could be inefficient and not meet expectations if performance measures are not developed and monitored.

Recommendations

The City Clerk investigate data available and develop relevant metrics to evaluate the department's performance.

Appendix A – Staff Acknowledgement

Buddy Vargas, CPA, CIA, CFE, Audit Manager
Caitlin Loomis, CPA, Auditor in Charge
Sabrina Salinas, Auditor

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

August 10, 2022

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management’s Corrective Action Plan for Audit of the Office of the City Clerk – Passport Office

The Office of the City Clerk has reviewed the audit report and has developed the Corrective Action Plans below corresponding to the report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person’s Name/Title	Completion Date
C	<p>Passport Agent Reference Guide Compliance</p> <p>The City Clerk implement additional supervision and review over key Passport Acceptance Facility processes and documents to ensure compliance with Federal regulations.</p>	3	Accept	Melinda Uriegas, Assistant City Clerk	August 2022
	<p>Action plan: Passports Supervisor retired in November 2021 and the Assistant City Clerk was assigned oversight. A new Passports Supervisor was hired in March 2022 and has been certified as a Passport Agent and trained to handle annual certification documents and has assigned a dedicated agent to move completed daily files from passport cashier office to passport file room. If a citizen has an inquiry regarding their application and a search for a file must be done, it will be assigned to the dedicated agent or Supervisor to complete the search to ensure the transmittals remain intact.</p>				

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
D	<p>Physical Access</p> <p>The City Clerk review and strengthen the current physical security measures in place to ensure the safeguarding of passport information, customer PII and the cash and cash equivalents maintained on site. OCC management should restrict employee access to a level necessary to perform employee job duties. In addition, establish and implement procedures to ensure proper key and safe controls. Finally, OCC management should conduct periodic access reviews to ensure physical access in appropriate.</p>	4	Accept	Aurora Perkins, Deputy City Clerk	September 2022
<p>Action plan: Badge swipe access has been installed to limit physical access to the passport and passport cashier area. A badge access review will be completed annually to ensure all individuals have appropriate badge access to the passport areas and process has been created to remove passport staff as the leave the Passport Division.</p>					
E	<p>Cash Handling and Credit Card Acceptance Training</p> <p>The City Clerk establish monitoring procedures to verify that all employees have attended necessary trainings. In addition, the City Clerk hold an annual internal cash handling training to ensure the safeguarding of cash and cash equivalents at the facility.</p>	5	Accept	Debbie Racca-Sittre, City Clerk & Gabriella Rauschuber, Department Fiscal Administrator	September 2022
<p>Action plan: All passport staff will attend Cash Handling and Credit Card Acceptance to ensure the safeguarding of cash and cash equivalents for the passport facility and the agents will complete the necessary acknowledgements for compliance.</p>					

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
F	<p>Performance Measures</p> <p>The City Clerk investigate data available and develop relevant metrics to evaluate the department's performance.</p>	5	Accept	Melinda Uriegas, Assistant City Clerk	December 2022
<p><u>Action plan:</u></p> <p>Passport Division management will investigate tracking systems, develop and implement performance measures.</p>					

We are committed to addressing the recommendations in the audit report and the plans of action presented above.

Sincerely,



Debbie Racca-Sittre
City Clerk

August 10, 2022
Date