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# **CITY OF SAN ANTONIO**

## **OFFICE OF THE CITY AUDITOR**



Audit of the Office of the City Clerk

Passport Division

Project No. AU17-004

June 08, 2017

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

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## Executive Summary

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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 Division. 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, and performance metrics are appropriate and accurate. Passport applications are processed accurately in accordance federal requirements, and application fees are charged accordingly. However, we identified improvements needed in the areas of physical and system security.

- Physical controls are inadequate in safeguarding passport application information and Personally Identifiable Information (PII) from unauthorized access.
- System access to the department's shared drive is inappropriate and not based on the principle of least privilege.
- The Acceptance Facility Annual Certification was not submitted accurately to the US Department of State.

We made recommendations to address the areas above. The Office of the City Clerk Management agreed with our recommendations and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 7.

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## Background

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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 passport to U.S. Citizens.

In 2010, the U.S Department of State approved the Office of the City Clerk (OCC) as a designated Passport Application 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 Application Acceptance Facilities.

The OCC Passport Division is responsible for administering the Passport Application Acceptance Program in accordance with Federal guidelines. The OCC currently operates two Passport Application Acceptance Facilities and employs 17 passport acceptance agents. These facilities and agents service the community by providing passport application services to its citizens while generating revenue for the City. Additionally, the Municipal Archives Record Facility is considered a Multi-function Facility with the ability to print birth records. The Passport Division charges a \$25 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 2016, the Passport Application Acceptance Facility processed 19,348 passport applications and generated revenue of approximately \$537,000, while maintaining a customer satisfaction score of 98%.

## Audit Scope and Methodology

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The audit scope included passport application processing fees from October 1, 2015 to September 30, 2016. The audit scope also included onsite observations of passport acceptance application processing in February 2017.

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 requirements.

We reviewed system and physical access to the Passport Facility and its records for user appropriateness. We also reviewed the physical access controls to ensure proper safeguarding of passport information and PII.

We reviewed a sample of 26 passport application sales orders and support documentation to determine appropriate fees were charged, collected and recorded accordingly. In addition, we reviewed COSA Cash Handling training records to determine if all passport division employees with cash handling responsibilities attended required training.

We reviewed Passport Application Acceptance Facility's Annual Certification packets for approval, accuracy and completeness. In addition, we also reviewed the packet to ensure passport acceptance agents met annual training requirements.

We relied on computer-processed data in the 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 associated fees to verify they 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

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### **A. Passport Application Processing**

The Office of the City Clerk (OCC) Passport Division processed passport applications in accordance to federal requirements and application fees were accurately charged. In the month of February 2017, we observed the processing of 10 passport applications and determined all required documentation was included and relevant fees were accurately charged. In addition, we tested 26 passport application sales orders and concluded that all sales orders were properly approved, accurately charged and properly recorded in SAP. Finally, all passport acceptance agents have completed training required by the U.S. Department of State.

#### **Recommendations**

No Recommendation

### **B. Physical and System Access**

The OCC has inadequate physical and system access controls for the proper safeguarding of passport information<sup>1</sup> and Personally Identifiable Information (PII). Physical control deficiencies include weaknesses in physical access, key and safe controls. In addition, system access to the department's shared drive is inappropriate and not limited to access necessary to perform employee job duties. Finally, the City Clerk does not have a management reporting structure that ensures only Passport Acceptance Agents have access to passport information and PII.

#### **B.1 Physical Access**

We identified 31 out of 43 individuals with inappropriate badge access which allows entry to both passport and vital record areas within the Municipal Archive and Records Facility. Audit observed two occasions where the Local Registrar and a vital record personnel entered restricted passport acceptance agent areas. In addition, we observed key entry points that require key access unlocked allowing unrestricted access into passport areas.

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<sup>1</sup> 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 Acceptance Reference Guide (PARG).

OCC has no recordkeeping for the custody and issuance of keys for access to the passport areas. Additionally, key control reviews are not conducted on a periodic basis. Finally, the re-keying of locks is not occurring as needed.

Completed passport application transmittals and customer PII are stored in a safe room. In addition, daily revenue collections waiting deposit is stored in a safe within the safe room. Passport Management does not have controls in place to ensure safe combinations are changed when employees leave the passport division.

According to Passport Agent Acceptance Guide (PARG) all documents are to be handled and stored securely under lock and key and cannot be accessed by individuals who are not Passport Acceptance Agents. Additionally, City AD7-8D states that access should be based on the principle of least privilege and only necessary to perform an employee's job duties.

The lack of controls which safeguard passport information can lead to misuse of customer PII. In addition, loss or misuse of PII may results in the suspension or permanent removal of the Passport Acceptance Program.

## **B.2. System Access**

We identified 38 out of 46 users with inappropriate access to the department's shared drive. We discovered 18 non passport personnel, including the Local Registrar and vital record personnel, had ability to access passport information. In addition, 17 passport personnel had ability to access vital record information, and 3 non OCC employees had ability to access the passport and vital record information.

The OCC does not have formal policies and procedures for the establishment of user access controls and does not perform an annual review for user access appropriateness. According to AD 7-8D, user access should be based on the principle of least privilege and once controls have been established they should be reviewed at least annually. In addition, the PARG states failure to ensure passport information and PII are properly secured and not accessible to non-passport acceptance agents could result in the breach of sensitive customer information and suspension or permanent removal of the Program.

## **Recommendations**

The City Clerk develops and establishes physical and system user access controls to passport information and customer PII at the Municipal Archive and Records facility and within the department's shared drive. The City Clerk performs a review of physical and system access and restricts employee access to a level necessary to perform employee job duties. In addition, establish and implement procedures to ensure proper key and safe controls. Conduct periodic

access reviews to ensure user access appropriateness and adequate safeguarding of passport information and PII. Finally, the City Clerk establishes a management reporting structure which removes oversight of the Passport Division by the Vital Records Local Registrar.

### **C. Passport Acceptance Facility Annual Certification**

The OCC submitted the FY2016 Passport Acceptance Facility Annual Certification inaccurately.

The Passport Acceptance Facility Annual Certification (Annual Certification) is a self-reporting federal document submitted to the U.S. Department of State certifying their compliance with federal passport facility requirements. The Municipal Archive and Records Facility is a Multi-function facility with ability to accept passport applications and produce birth records. OCC submitted their annual certification and indicated it was not a Multi-function facility; therefore did not certify their continued compliance with Multi-function facility requirements. Multi-function facility requirements include but are not limited to personnel not having overlapping duties between passport acceptance and birth document functions; and passport acceptance documents and information are only accessible to trained and approved Passport Acceptance Program personnel.

The OCC lacks policies and procedures for the formal review of the annual certification to ensure its continued compliance with federal passport requirements. Per the PARG, failure to accurately certify or designate a facility may result in the suspension or undesignation of facility or program manager.

### **Recommendations**

The City Clerk establishes and implements formal policies and procedures for the review of the Annual Certification to ensure continued compliance with federal passport requirements and submit corrected FY2016 Annual Certification.



## **Appendix A – Staff Acknowledgement**

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Buddy Vargas, CIA, CFE, Audit Manager  
Lawrence Garza, CFE, Auditor in Charge  
Doug Francis, Auditor

## Appendix B – Management Response



### CITY OF SAN ANTONIO

P.O. Box 839966  
SAN ANTONIO TEXAS 78283-3966

May 02, 2017

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

RE: Management's Corrective Action Plan for the Audit of the City Clerk Passport Division

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

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
B	<b>Physical and System Access</b>  The City Clerk develops and establishes physical and system user access controls to passport information and customer PII at the Municipal Archive and Records facility and within the department's shared drive. The City Clerk performs a review of physical and system access and restricts employee access to a level necessary to perform employee job duties. In addition, establish and implement procedures to ensure proper key and safe controls. Conduct periodic access reviews to ensure user access appropriateness and adequate safeguarding of passport information and PII. Finally, the City Clerk establishes a management reporting structure which removes oversight of the Passport Division by the Vital Records Local Registrar.	3	A	James Wilson, Assistant City Clerk  Melinda Uriegas, Assistant City Clerk	Completed  5/31/2017 & 6/30/2017

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p><b>Action plan:</b></p> <p>* Department has coordinated with ITSD to create two separate drives to ensure employees have access to their respective drive. An annual review will be conducted on employee access to shared drives. This task will be completed no later than 5/31/2017.</p> <p><b>Card Access:</b></p> <p>* Prior to the Passport audit; the new, shared lobby had been in existence for less than one year. ITSD sends an annual review of access points for departments to verify. This annual review has been completed.</p> <p><b>Key and Safe Controls:</b></p> <p>* Department has coordinated with BES and city vendors to get an assessment of all doors and safes. The Office of the City Clerk submitted said work order on 5/8/2017. If an employee leaves; locks will be reevaluated. If employees with safe access leave, the safe combination will be changed. An annual review of Keys, Card Access and Safe Access will be conducted. Currently waiting on city vendor to respond with quote.</p> <p><b>Management Structure of Passport Division:</b></p> <p>* The Municipal Archives &amp; Records and Passport Division will report to Melinda Uriegas, Assistant City Clerk; effective May 30, 2017.</p>				
C	<p><b>Passport Acceptance Facility Annual Certification</b></p> <p>The City Clerk establishes and implements formal policies and procedures for the review of the Annual Certification to ensure continued compliance with federal passport requirements and submit corrected FY2016 Annual Certification.</p>	5	A	Melinda Uriegas, Assistant City Clerk	Completed 4/27/2017
	<p><b>Action plan:</b></p> <p>The Assistant City Clerk over the Passport Division will review the Annual Certification before submitting to the U.S. Department of State.</p>				

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,

  
\_\_\_\_\_  
James Wilson  
Assistant City Clerk

05/30/2017  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Leticia M. Vacek  
City Clerk

05/30/2017  
\_\_\_\_\_  
Date