

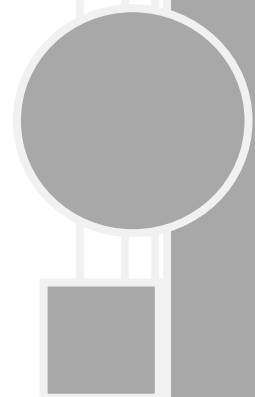


# AUDIT REPORT

DALLAS COUNTY

DISTRICT ATTORNEY CHAPTER 59 STATE FORFEITURE FY2018

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: February 18, 2019  
RELEASED: February 18, 2019



# DISTRICT ATTORNEY CHAPTER 59 STATE FORFEITURE FY2018

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department



**DALLAS COUNTY**  
COUNTY AUDITOR

**MANAGEMENT LETTER**

John Kreuzot  
District Attorney  
Dallas, Texas

Attached is the County Auditor's final report entitled "**District Attorney Chapter 59 State Forfeiture FY2018**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

A handwritten signature in blue ink, reading "Darryl D. Thomas".

Darryl D. Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

The District Attorney's (DA) Office manages cases in court for other departments and other cities within Texas. In order to obtain money and property that was seized due to illegal activity, the District Attorney Civil section must go to court on behalf of the city /department wanting to take ownership of seized items. Most cities and county agencies maintain their seized funds while cases are pending. However, the District Attorney's Office maintains funds seized by the Department of Public Safety (DPS). Seized funds cannot be spent until an order of forfeiture is signed by a judge. The District Attorney's Office receives a fee of 20% to 30% of the forfeited funds, depending on agreements between the District Attorney's Office and the law enforcement agencies. The office also receives a designated amount for property. The District Attorney's Office retains 100% of forfeited property and/or cash on cases initiated by the DA's Office. The summary of significant observations below were identified during the administration of District Attorney Faith Johnson, who was appointed to the unexpired term of District Attorney Susan Hawk.

### **Summary of Significant Observations**

- Department did not maintain a list of seized/forfeited vehicles or vehicles purchased with forfeited funds.

### **Repeat observations from Previous Audits:**

- None

**Tests were performed for the limited purpose of compiling financial transactions in format required by the Texas Attorney General. A deficiency in internal control exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of control deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.**

## **INTRODUCTION**

**Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:**

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2017 through September 30, 2018.

Auditor tests of approved budget and availability of cash. Internal controls for financial management by the District Attorney including purchasing, accounting, compliance, inventory, and reporting are tested at year-end. A random sampling of the total budget activity was selected for certain procedures, while some categories were reviewed in entirety. Review steps included, but were not limited to:

#### Purchasing

- Bids: for compliance with statutory provisions
- Approvals: documented prior to allocations or purchase/obligation
- Policies/Travel (hotel – meals – transportation)

#### Accounting

- Approvals/Support: documented on receipt of service/goods
- Check Request/Signature: electronic processing
- Allocation/Justification: category coding
- Transfers/Loans: activity between other District Attorney or County funds
- Bank Reconciliation: District Attorney's records vs. General Ledger vs. bank and outstanding entries

#### Compliance – used by attorney solely for official purposes office

- Define "official purposes" and "purposes of his office." (see Attorney General's opinions)
- Budget/Categories: filed with Commissioners Court at sufficient level

#### Reporting

- Budget and Categories: consistent with Attorney General's format
- Audit: timely signed and remitted
- 1099: timely remitted

#### Inventory

- Existence of awarded vehicles
- Sample review of trackable items purchased over the past four years

## DETAILS

### **Vehicle Inventory - Seized/Forfeited**

A review of the District Attorney Chapter 59 seized and awarded vehicles for fiscal year 2018 revealed that the department did not maintain a list for seized/forfeited vehicles or vehicles purchased with forfeited funds. Best practices and/or statute regarding inventory procedures should include capital and non-capital property be tracked according to UGMS 2 CFR Section 200.313 and property be maintained according to Dallas County Code Chapter 90 Article III. A lack of trained personnel and written procedures may result in inaccurate/incomplete forfeiture reporting for seized/forfeited property and civil penalties up to \$100,000 for non-compliance with provisions related to the disposition of proceeds or property received under chapter 59 of the Code of Criminal Procedures.

### **Recommendation**

#### **Vehicle Inventory - Seized/Forfeited**

Management should:

- Maintain an electronic spreadsheet with tracking elements including, but not limited to: the purchase order or invoice number, date of purchase or date acquired, funding source, purchase price per unit, the Dallas County property tag number and IT asset tag number (if either are applicable), and the date and manner of disposal.
- Ensure that the inventory list includes an accurate description of all forfeiture property received and any other information that could be useful in identifying and tracking the property.

### **Management Action Plan**

### **Auditors Response**

cc: Darryl Martin, Commissioners Court Administrator