



## **DALLAS COUNTY**

### **COUNTY AUDITOR**

To: Honorable Faith Johnson, District Attorney

From: Darryl D. Thomas, County Auditor

A handwritten signature in blue ink, reading "Darryl D. Thomas", is written over the printed name.

Date: July 10, 2018

Re: District Attorney – State Forfeiture FY2017

---

### **Scope**

We performed a review of financial records relevant to the District Attorney's (DA) use of State forfeiture funds. Code of Criminal Procedure Article 59.06 controls and limits expenditures. The forfeiture activity includes no activity for seizures (excludes other agencies), \$516,708 forfeited (excludes other agencies), and \$260,656 expended during the state fiscal year ending August 31, 2017 during the term of the Honorable Faith Johnson. Forfeited funds are held in a special account in the treasury, to be used by the attorney solely for the purposes of her office.

### **Background**

District Attorney manages cases in court for other departments and other cities within Texas. In order to obtain money and property that were seized due to illegal activity, the District Attorney Civil section must go to court in order for the city and department to take ownership of seized items. Cities and county agencies maintain their seized funds while cases are pending. The District Attorney maintains funds seized by DPS. Seized funds cannot be spent until an order is signed by a judge ordering the forfeiture of property and/or cash. District Attorney receives a fee of 20% to 30% (depending on agreements between the District Attorney and the law enforcement agencies) of forfeited funds (related to illegal activity only) and designated amount for property. If the District Attorney is involved in cases where their own officers have seized the funds, the District Attorney retains 100% of forfeited property and/or cash. The District Attorney's Office maintains records related to revenue and expenditure of the funds.

### **Procedures**

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:

- A. Purchasing
  - Bids: for compliance with statutory provisions
  - Approvals: documented prior to allocations or purchase/obligation
  - Policies/Travel (hotel – meals – transportation)
- B. 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
- C. Compliance – used by attorney solely for official purposes of office
- Define “official purposes” and “purposes of his office.” (see Attorney General’s opinions)
  - Budget/Categories: filed with Commissioners Court at sufficient level both for investigation and non-investigation disclosure
- D. Reporting
- Budget and Categories: consistent with Attorney General’s format
  - Audit: timely signed and remitted
- E. Inventory
- Existence of awarded vehicles
  - Sample review of trackable items purchases over the past two years

### **Consideration of Internal Control**

Tests were performed for limited purpose of compiling financial transactions in format required by the 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.

1. No significant finding was noted, therefore, no recommendation is made.

### **Summary**

We obtained a reasonable assurance about whether support exists for financial transactions. We reviewed and affirmed workflow and approval processes exist. We compiled records for audit report and approved a list of agreed adjustments.

This report is intended for the use of County Officers. Our review was conducted on a test basis and was not designed to identify all deficiencies in internal control. We did not test compliance with all laws and regulations applicable to the Dallas County District Attorney. Testing was limited to controls and regulations that have a direct and material effect on financial reporting of state forfeiture funds.

District Attorney’s administration is responsible for the establishment and maintenance of effective internal control and compliance with applicable laws, regulations, and contracts including the tracking of assets in accordance with UGMS 2 CFR Section 215.34.