



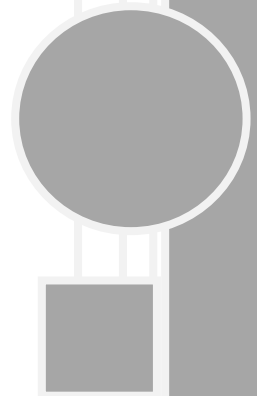
AUDIT REPORT

DALLAS COUNTY

District Attorney Chapter 59 State Forfeiture - FY2021

Darryl D. Thomas
Dallas County Auditor

ISSUED: 5/10/2022
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District Attorney Chapter 59 State Forfeiture - FY2021

TABLE OF CONTENTS

MANAGEMENT LETTER	3
EXECUTIVE SUMMARY.....	4
INTRODUCTION	6
DETAILS	7

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

Honorable John Creuzot
District Attorney
Dallas, Texas

Attached is the County Auditor's final report entitled "District Attorney Chapter 59 State Forfeiture - FY2021" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

In 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,

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 is below:

Summary of Significant Observations

- None identified

Repeat observations from Previous Audits:

- Delays in receiving/collecting payment on closed cases.

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.

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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 September 1, 2020 through August 31, 2021.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.

DETAILS**Closed Cases Billings**

A review of 389 closed case billings and the corresponding payments received during fiscal year 2021 revealed five closed cases with judgment amounts totaling \$13,302.89 have not been received and three closed cases have not received payment for the awarded vehicle fee. **Status:** The department sends payment requests monthly.

Per local agreement terms, "Payments to the Prosecuting Attorney shall be made no later than 60 days after receipt of judgment", as well as, "If payment is not made by the Agency at the expiration of sixty (60) days after receipt of judgment, the Agency agrees to pay to Prosecuting Attorney 40% of the value of the Normal Currency, Currency Equivalent, Real Property, Motor Vehicles, or Collectibles forfeited and \$75.00 for each item of Personal Property (if applicable) plus all interest earned from the date of seizure until the date of payment, on a pro rata basis.

Specific controls related to state forfeiture invoices and payments should include establishing billing and payment procedures, including but not limited to the collection of monies from other agencies, the application of credit to cases, and the calculation of penalties for past due amounts. Local agreements should be reviewed annually, updated as necessary and enforced. The absence of a computerized billing system to track unpaid invoices and law enforcement agencies not submitting payment to the District Attorney has resulted in uncollected revenues.

Recommendation

Closed Cases Billings

Management should:

- Develop and implement internal control procedures for managing accounts receivables. Amounts due should be tracked and follow-up performed on any unpaid invoices.
- Update all local agreements with current authorized signatures.
- Enforce contract terms.

Management Action Plan

- The District Attorney's office continues to work with the many law enforcement agencies in Dallas County and in the surrounding adjacent counties to run an active, robust and effective active Chapter 59 Asset Forfeiture Program. The Department has undertaken updating and to a great extent making uniform the partnership agreements with the more active law enforcement agencies. Great effort is made to process the cases efficiently and to follow-up on all asset sharing and payment obligations with partner agencies. Because all of the business partners are other government entities, there are protocols in each partnership that sometimes impact the processing and timing of payments to the Department. As for the District Attorney's Office, we update our billing periodically, research and track any unpaid invoices and follow-up accordingly.

DALLAS COUNTY



COUNTY AUDITOR

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator