

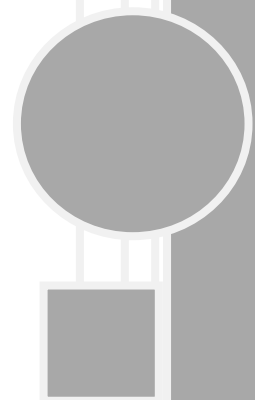


AUDIT REPORT

DALLAS COUNTY

DISTRICT ATTORNEY - FEDERAL FORFEITURE FY2019

Darryl D. Thomas
Dallas County Auditor
ISSUED: February 12, 2020
RELEASED: February 26, 2020



DISTRICT ATTORNEY - FEDERAL FORFEITURE FY2019

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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

Honorable John Creuzot
District Attorney
Dallas, Texas

Attached is the County Auditor's final report entitled "**District Attorney - Federal Forfeiture FY2019**" 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 Office directly participates with federal agencies in an investigation or prosecution that leads to a federal forfeiture. As a result, the District Attorney's Office may request an equitable share of the net proceeds of the forfeiture by submitting Form DAG-71. The authorized Federal agency will determine the percentage of equitable shares to be distributed to the District Attorney. The summary of significant observations is below:

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:

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

Tests were performed for the limited purpose of compiling financial transactions in format required by the Department of Justice (DOJ) and Department of Treasury. 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, 2018 through September 30, 2019.

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 law enforcement purposes of his office subject to laws, regulations, and orders of the state or local jurisdiction governing the use of public funds

- Define “permissible” and “impermissible” uses (see *Guide to Equitable Sharing for State and Local Law Enforcement Agencies* and *Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies*)
- Budget/Categories: filed with Commissioners Court at sufficient level
- Determine if shared funds used to supplant or supplement appropriated resources

Reporting

- Budget and Categories: consistent with *Equitable Sharing Agreement and Certification* format
- Audit: timely signed and remitted

Inventory

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

DETAILS

No Vehicle Inventory List

A review of seized and awarded vehicles for the District Attorney's Federal Forfeiture Equitable Sharing program for fiscal year 2019 revealed the department did not maintain a vehicle inventory list.

According to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies, "In certain instances, a participating state or local law enforcement agency may request the transfer of tangible or real property in lieu of proceeds for official law enforcement use. MLARS and TEOAF must approve all property transfers. If approved, the recipient agency is responsible for reimbursing the federal government for costs and expenses, the federal share, and for tracking the property in its inventory." Additionally, the section related to *Accounting Procedures and Requirements for Shared Cash, Proceeds, and Tangible Property* directs recipient agencies to "maintain and follow written policies for accounting, bookkeeping, inventory control, and procurement that comply with the applicable provisions of the OMB Uniform Administrative Requirements, Costs, Principles, and Audit Requirements for Federal Awards or any subsequent updates and jurisdiction policies. Agencies are responsible for the distribution of relevant policies to all appropriate personnel." Best practices and/or statute regarding inventory procedures should include that 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 leading to temporary or permanent exclusion from Equitable Sharing program, a freeze on the expenditure of shared funds and return of Equitable Sharing funds.

Recommendation

No Vehicle Inventory List

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

It is the policy, expectation and practice of the district Attorney's Office under the current administration to properly maintain and account for all assets acquired under the federal asset forfeiture programs, which serve a vital role in supporting the office's critical law enforcement and related needs. The District Attorney's Office agrees with the assessment that it is a good business practice to maintain an electronic spreadsheet with the inventory of vehicles acquired by participation in law enforcement activities and/or acquired by

purchase with monies received from like efforts. The department currently maintains these lists, and has done so at all times germane to the period under review.

The current inventory lists for vehicles seized under these programs includes, among other vital tracking information, the following: Make, Model, VIN, license plate info, related litigation, date awarded, and the like. The list maintained by the department includes all vehicles forfeited to the department and placed in service by the department. That is, vehicles being kept within the department and placed into use are maintained on the inventory list. While historically, it did not contain vehicles forfeited to the division that were slated for public auction per Dallas County protocols, this information was maintained by the department at all times relevant in other form and manner.

For vehicles acquired with the proceeds of forfeitures, the list contains the following information: unique DA numbers assigned to each vehicle, Year, Make, Model, VIN, License Plate, Toll Tag, Location, Service Due Notice, etc. This latter list is currently maintained in Word-formatted spreadsheets as opposed to the perhaps more common EXCEL spreadsheet. Regardless of the manner of tracking, all vehicles are recorded on inventory lists and properly accounted for in the department. No vehicles are unaccounted for in the department. At no time during the period under review has anyone, internal or external to Dallas County requested access to a subject vehicle, and the vehicle was lost, misappropriated, misplaced, or not immediately made available for physical inspection and/or confirmation of existence. Appropriate department personnel are informed at all times regarding where vehicles are located and/or who the vehicles are checked out or assigned to. As a final note, the department is exploring options to acquire proper fleet management software to assist in these regards, and welcome and recommendations that serve this function.

Auditors Response

The Auditor asked for a document listing vehicles seized and/or awarded and one was not provided for any past or present vehicles related to Federal Forfeiture activity. Instead, an email was sent to the Auditor noting some but not all details related to vehicles for current activity only. We agree with the proposal to acquire fleet management software to better assist the department in tracking all vehicles acquired through the federal forfeiture program.

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cc: Darryl Martin, Commissioners Court Administrator