



**DALLAS COUNTY**  
COUNTY AUDITOR

To: The Honorable Lupe Valdez, Sheriff  
Commissioners Court

From: Darryl D. Thomas, County Auditor *Darryl D. Thomas*

Date: May 25, 2016

Re: Clean Air Task Force – State Forfeiture FY2016

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**Scope**

We performed a review of financial records relevant to the Clean Air Task Force's use of State Forfeiture Funds. Code of Criminal Procedure Article 59.06 controls and limits expenditures. The forfeiture activity includes \$1,500 in the Imprest Fund, \$5,105 in new seized funds, \$0 in forfeited funds and \$15,722 expended during the county fiscal year ending September 30, 2016. Forfeited funds are held in a special account in the treasury to be used by the Clean Air Task Force solely for law enforcement purposes.

**Procedures**

Internal controls for financial management by the Clean Air Task Force including purchasing, accounting, compliance, and reporting are tested at year-end. A review of the total budget activity was selected for all categories. Review steps included, but were not limited to:

- A. Purchasing
  - Approvals: documented prior to allocations or purchase/obligation
  - Policies/Travel (hotel – meals – transportation)
- B. Accounting
  - Approvals/Support: documented on receipt of service/goods
  - Allocation/Justification: category coding
  - Transfers/loans: activity between other County funds
  - Reconciliation: Clean Air Task Force's Imprest Fund Ledger vs. General Ledger
- C. Compliance
  - Imprest funds used solely for "buy money" and/or "informant fees"
  - Clean Air Task Force funds used solely for official law enforcement purposes (see Attorney General's opinions on "official law enforcement purposes")
  - 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. Walkthrough
  - Documents internal controls for the complete procurement process
  - Document internal controls for handling of seized and forfeited funds; handling of seized and forfeited assets

- Document internal controls for handling of capital and non-capital property (recordkeeping /tracking / tagging)
- Determine if written procedures are in place

### 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.

We identified the following findings during test work:

- Seized funds totaling \$4,176.96 were not deposited within 72 hours after seizure and remained in the Property Room until October 13, 2016.
  - \$1,098 seized on September 1, 2016
  - \$3,078.96 seized on March 17, 2016

*Response: Clean Air Task Force (CATF) has stopped the practice of taking seized funds to the property room unless the seizure happens after business hours. All seized funds are taken to the Sheriff's Fiscal Section the same day as the seizure if at all possible. Sheriff's Fiscal personnel will count the funds in the presence of the CATF detectives. Fiscal personnel will then place the seized funds in the Fiscal safe until it can be deposited in the appropriate bank institution. Any seized funds placed in the Sheriff's property room will be taken to the Sheriff's Fiscal Section the next business day.*

- One seized emission analyzer could not be located at the Clean Air Task Force storage locations. The missing analyzer was part of items presented during the FY2015 review.

*Response: The analyzer did not have a serial number or any identifiers and may have been returned to the owner.*

- One emission analyzer was not listed on the Clean Air Task Force Analyzer Log.
- Four expenditures for registration fees incorrectly coded as conference travel to the general ledger.

*Status: Resolved. Corrections processed via Journal Entry effective September 30, 2016.*

- One expenditure for conference travel incorrectly coded as business travel to the general ledger.

*Status: Resolved. Corrections processed via Journal Entry effective September 30, 2016.*

The following findings were identified during the walkthrough:

- The detectives do not document: costs associated with the seizure of the property, the civil suit case number, the judgment date, and the sales price or the method used to calculate the fair market value for property sent to auction per 2 CFR section 215.34 (f). The Tracking list should include the costs associated with the seizure of the property, the civil suit case number, the judgment date, and for property sent to auction, and the sales price or the method used to calculate the fair market value.
- Seized money remained in the property room because the seizing officer was unaware of a change in procedure to transfer the money to Fiscal. Evidence policy and procedure changes should be documented and distributed to all parties who handle or care for evidence. Policies and procedures changes should be formally acknowledged by having parties of interest sign an acknowledgment page, reflecting that they have read and understand the policy update. Additionally, policies and procedures should be reviewed at least once a year for updates.

### Compliance with Laws and Regulations

Audit examination, observation, inspection, and inquiry produced reasonable support or explanation for Chapter 59 conclusions and findings. The complete population of forfeiture account expenditures was examined to verify compliance with Chapter 59.06, Disposition of Forfeited Property, under the Texas

Code of Criminal Procedure. A full inventory on property obtained through past seizures was conducted with one emission analyzer noted as unaccounted for.

Funds used supplemented versus supplanted the County budget. We did not identify expenditures inconsistent with permissible uses under Code of Criminal Procedure, Chapter 59.06 for “law enforcement purposes” (also see Attorney General’s Opinions GA-1059, DM-162, DM-246, and GA-613).

### **Summary**

We obtained a reasonable assurance that support exists for financial transactions and walked through the process and procedures for seizing currency and property, storing seized assets, accounting for seized and forfeited assets, depositing seized and forfeited state funds in the seizure and forfeiture accounts, procuring supplies, assets, and services, expending forfeited funds, and tracking seized items and forfeited capital and non-capital items. We also compiled records for the financial report.

This report is intended for the information and 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 Clean Air Task Force. Testing was limited to controls and regulations that have a direct and material effect on financial reporting of state forfeiture funds.

The Clean Air Task Force is responsible for the establishment and maintenance of effective internal control and compliance with applicable laws, regulations, and contracts.