

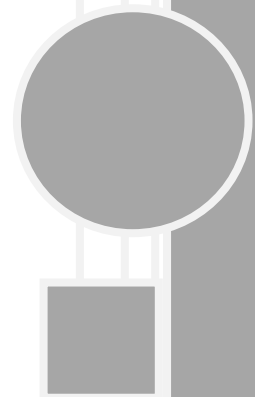


AUDIT REPORT

DALLAS COUNTY

CLEAN AIR TASK FORCE - CHAPTER 59 FY2018

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



CLEAN AIR TASK FORCE - CHAPTER 59 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

Honorable Marian Brown
Dallas County Sheriff
Dallas, Texas

Attached is the County Auditor's final report entitled "**Clean Air Task Force - Chapter 59 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 that reads "Darryl D. Thomas". The signature is fluid and cursive.

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

FY2018 audits for Clean Air Task Force use of State Forfeiture Funds was performed according to state requirements as contained in V.T.C.A., Code of Criminal Procedure, Article 59.06 (g). The certified reports are to be delivered to the Criminal Prosecutions Division of the Office of the Attorney General no later than 60 days after the end of the County's fiscal year end or November 30th. According to statute, the audits shall be completed annually by the Commissioners Court on a form provided by the Office of the Attorney General. New procedures implemented by the Office of the Attorney General require the forms to be completed and electronically certified/submitted online by the Auditor (preparer certification) and the elected official (head of agency certification). The Chapter 59 audits included a review of the proceeds, expenditures and property from criminal seizures for the various offices and the corresponding cases filed by the Dallas County District Attorney's Office. We obtained reasonable assurance that support exists for financial transactions. We also compiled records for the financial report. 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 Sheriff's. Testing was limited to controls and regulations that have a direct and material effect on financial reporting Clean Air Task Force of state forfeiture funds. The forfeiture activity includes \$0.00 in new seized funds, \$32,110 in forfeited funds and \$13,868 expended during the county fiscal year ending September 30, 2018. 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. Internal Control weaknesses which need consideration by management are:

Summary of Significant Observations:

- Management did not ensure Clean Air Task Force accounting entries were applied to the correct account and project code.
- The department did not review the three court orders from 2017, referenced in the previous audit.

Repeat observations from Previous Audits:

Lack of management review of Clean Air Task Force activities resulted in:

- Seized funds totaling \$2,056.55 have not been returned to defendants
- 20 expenditures totaling \$13,012 were charged to the incorrect expense

Management did not adhere to the Dallas County Sheriff's Department's Evidence Procedures as a result:

- Four items (printer, monitor, and computers) were returned without obtaining the recipient's signature on a Release Card or Chain of Custody Form
- Three forfeited items (compact disk deck, cutter, and printer) in the custody of the Clean Air Task Force could not be located
- Two emission analyzers did not have identifying information, preventing staff from determining the associated case
- Inventory records are not updated to include the status of property (seized or forfeited), the seized property's associated costs, sales price, or method used to calculate the fair market value.

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 review covered fiscal year ending September 30, 2018.

Tests were performed for limited purpose of compiling financial transactions in format required by the Attorney General. Internal controls for financial management by the Constable office including purchasing, accounting, compliance, 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.

DETAILS

Seized Funds

We reviewed the Seizure Account activities (period ending September 30, 2018) and identified seized funds totaling \$2,056.55 have not been returned to defendants per the court order. The department should timely comply with Final Judgements of Forfeiture that are ordered and decreed by the District Court, consistent with the Code of Criminal Procedure Art. 59.05 and 59.06. Management should monitor active forfeiture cases for final judgment. Funds forfeited to the department per court order should be timely transferred from the Seizure Account to the Forfeiture Account. The department did not review the three court orders from 2017, referenced in the previous audit. Disbursement of funds to owners or interest holders, legally decreed by Final Judgment, is delayed.

Recommendation

Seized Funds

Management should adhere to C.C.P. Art. 59.05 and 59.06 and best practices by:

- Drafting formal written policies and procedures for monitoring and administering the Final Judgment of Forfeiture cases by the District Court.
- Ensuring department activities are reviewed and completed, including complying with Agreed Final Judgments of Forfeiture by the District Court,
- Timely returning funds to interest holders, and transferring forfeited funds from the Seizure Account to the Forfeiture Account.

Management Action Plan

Auditors Response

Forfeited Funds

We reviewed the Forfeiture Account (period ending September 30, 2018) and identified: Other Income totaling \$5,350 from four sold vehicles and one vehicle buy-back were deposited into the incorrect account; and \$1,500 was coded to the incorrect project code instead of to the Clean Air Task Force. **Status: on 10/25/18 the funds were transferred to the correct account and project coding by a journal entry.** Chapter 2.5 of the Dallas County Sheriff's Department's 2017 General Orders and Code of Conduct Manual state "The Financial Services Unit is responsible for managing the Sheriff Department's financial operations; auditing all department receipts and any fiscal, cash, or credit transactions; administering grant funds; and maintaining all department credit cards, accounts, expenditures and payments." As a best practice, management should provide assurance that revenue is properly reported, coding is accurate, and financial records are complete. The proceeds from forfeited vehicles sold at auction should be recorded to the Other Income account. Clean Air Task Force accounting entries should be recorded to the Clean Air task Force project code (94072). Management did not ensure Clean Air Task Force accounting entries were applied to the correct account and project code. The amount of funds the department can utilize may be understated and proceeds from the sale of forfeited property may be incorrectly reported.

Recommendation

Forfeited Funds

Management should adhere to the Dallas County Sheriff's Department's 2017 General Orders and Code of Conduct Manual and best practices by:

- Reviewing proceeds from forfeited vehicles sold at auction to ensure the funds are recognized and recorded to the Other Income account and correct project code.
- Training staff and section management to reinforce proper accounting procedures, best practices and the department's policy.
- Periodically reviewing Oracle financial reports to ensure revenue is properly reported, coding is accurate, and financial records are complete.

Management Action Plan

Auditors Response

Expenditures

We reviewed the Oracle General Ledger (GL) coding for all expenditures paid with Clean Air Task Force state forfeiture funds (period ending September 30, 2018) and identified: 20 expenditures totaling \$13,012 were charged to the incorrect expense accounts and project codes (**Status: On 10/17/18 the funds were transferred to the correct account and project coding by a journal entry**); and one Request for Payment (RFP) for the District Attorney Fee was overpaid by \$220. Chapter 2.5 of the Dallas County Sheriff's Department's 2017 General Orders and Code of Conduct Manual state "The Financial Services Unit is responsible for managing the Sheriff Department's financial operations and budget; approving all requisitions issued for expenditures authorized by the Sheriff or designee upon the determination that the funds have been appropriated and are available for the prescribed expenditure, and processing the proper forms for such; Perform purchasing activities and ensure the legitimacy of all expenditures; and maintaining all department credit cards, accounts, expenditures and payments." As a best practice, expenditure account and project coding should be reviewed by management for accuracy and completeness prior to posting to the GL. GL accounting reports should be periodically reviewed by management to ensure coding is correct and to detect inaccuracies. Management did not review the account codes for the 2018 Clean Air Task Force transactions and apply them to the correct project when they re-instated the Clean Air Task Force Program. Management did not review the RFP to the District Attorney for accuracy before submitting it for payment. As a result, expenditures may be incorrectly reported and over-payments prevent the department from utilizing those funds for law enforcement purposes.

Recommendation

Expenditures

Management should adhere to the Dallas County Sheriff's Department's 2017 General Orders and Code of Conduct Manual and best practices by:

- Reviewing expenditures and RFPs for appropriate GL coding in addition to accuracy, sufficient authorization, consistency with the approved budget and adequate supporting documentation.
- Training staff and section management to reinforce proper accounting procedures, best practices and the department's policy.

Management Action Plan

Auditors Response

Other Property

We reviewed all Clean Air Task Force seized and forfeited property and identified: four items (printer, monitor, and computers) were returned without obtaining the recipient's signature on a Release Card or Chain of Custody Form; three forfeited items (compact disk deck, cutter, and printer) in the custody of the Clean Air Task Force could not be located; two emission analyzers did not have identifying information, preventing staff from determining the associated case; and inventory records are not updated to include the status of property (seized or forfeited), the seized property's associated costs, sales price, or method used to calculate the fair market value.

The Dallas County Sheriff's Department's 2017 General Orders and Code of Conduct Manual state "All employees of the Sheriff's Department shall comply with all applicable laws and Sheriff's Department procedures / policies when handling any evidence. Evidence that is too large to fit into an envelope or paper sack will have an evidence tag attached. The original Evidence Form will be stapled to the tag. The original Evidence Form will remain with the evidence. When evidence/property is received by the Dallas County Sheriff's Department via the property room, an inventory will be made. A Property Control Invoice will be generated by the Property Control Deputy or designee. When the release card is received by the Property Control Deputy/designee, he will dispose of the evidence/property as indicated on the Property Disposition and Release Card. As a best practice, capital and non-capital property should be tracked according to Uniform Grant Management Standards (UGMS) 2 CFR Section 215.34, and maintained according to Dallas County Code Chapter 90 Article III. Management should record the associated cost of seized property, the case number, date seized, property description, serial number, court order dates, and disposition notes. The Property listing should be updated as property is seized or forfeited, returned to recipients, sold, or destroyed. A signed Release Card along with a copy of the recipient's identification should be maintained when property is returned. When property is sent to auction, the sales price or method used to calculate the fair market value should be recorded. Management should periodically review the property list for accuracy and completeness and periodically determine the existence of each item at its storage location. Management did not adhere to the Dallas County Sheriff's Department's Evidence Procedures. A lack of management control over seized and forfeited property may result in misappropriation of assets, loss of property, and insufficient chain of custody and documentation.

Recommendation

Other Property

Management should adhere to the Dallas County Sheriff's Department's 2017 General Orders and Code of Conduct Manual and best practices by:

- Ensuring a signed Release Card along with a copy of the recipient's identification is maintained when property is returned.
- Periodically performing an inventory of property on the Seized and Forfeited Property List and ensure the list is accurate and complete.
- Updating the Seized and Forfeited Property List with the associated cost of seized property, the case number, date seized, property description, serial number, court order dates, and disposition notes consistent with UGMS 2 CFR Section 215.34.
- Tagging evidence and labeling property and retaining documentation that maintains a chain of custody.

Management Action Plan

Auditors Response

cc: Darryl Martin, Commissioners Court Administrator