



DALLAS COUNTY  
COUNTY AUDITOR

To: The Honorable Lupe Valdez, Dallas County Sheriff  
Commissioners Court

From: Virginia Porter, County Auditor *Virginia Porter*

Date: November 17, 2014

Re: Dallas County Sheriff's Office – Federal Forfeiture FY2014

---

### Scope

We performed a review of financial records relevant to the Dallas County Sheriff's Office use of Federal forfeiture funds. The *Guide to Equitable Sharing for State and Local Law Enforcement Agencies* (Department of Justice) and the *Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies* (Department of Treasury) controls and limits expenditures. The forfeiture activity includes \$146,157.14 federal sharing funds received and \$525,509.47 expended during the fiscal year ending September 30, 2014. Forfeited funds are held in a special account in the treasury, to be used by the Sheriff's office solely for law enforcement purposes of her office.

### Procedures

Auditor tests of approved budget and availability of cash. Internal controls for financial management by the Sheriff's 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. 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
  - Reconciliation: Sheriff's office records vs. General Ledger and outstanding entries
- C. Compliance – used by Sheriff solely for official law enforcement purposes of her 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 Guides to Equitable Sharing)
  - Budget/Categories: filed with Commissioners Court at sufficient level
  - Determine if shared funds used to supplant or supplement appropriated resources
- D. Reporting
  - Budget and Categories: consistent with *Equitable Sharing Agreement and Certification* format
  - Audit: timely signed and remitted

## Consideration of Internal Control

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

We noted the following control deficiencies:

- Inadequate design of internal control over a significant process
  - Incomplete budget appropriations at the detailed account code level noted while funds available at the overall operating appropriation level adequate
  - Incorrect account coding of expenditures
  - Deposit error: \$90,000 donation of state forfeiture funds received from the District Attorney's State Chapter 59 Forfeiture Fund deposited into the Sheriff Federal Forfeiture Account.

### ***Response Sheriff Chief Financial Officer:***

- *The budget is normally submitted at the beginning of each fiscal year. Then, it is adjusted by email to the financial section as needed during the fiscal year. We will also review these adjustments on a monthly basis for accuracy.*
- *We will implement another level of review for better control on the coding of expenditures.*
- *The \$90,000 donation from the District Attorney should have been from their Federal Forfeiture funds. This was an oversight in depositing the check. We will implement another level of review to increase the accuracy of deposits.*

## Compliance with Laws and Regulations

Tests and inquiry produced reasonable support or explanation for most expenditures. Amended budget was not filed to support expenditures in various categories or to increase budgeted amounts for over-expended line items.

Purchase of bracelets possibly inconsistent with the permissible uses as defined by the *Guides to Equitable Sharing*.

## 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 the audit 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 Sheriff's office. Testing was limited to controls and regulations that have a direct and material effect on financial reporting of state forfeiture funds.

Dallas County Sheriff's administration is responsible for the establishment and maintenance of effective internal control and compliance with applicable laws, regulations, and contracts. Ongoing risks are inherent in the interpretation of authorized uses of federal sharing funds.

Development of a detailed budget with account distribution codes directly correlating with the Equitable Sharing Agreement and Certification reporting format should be considered. Management emphasis toward reduction of control deficiencies should provide for improved departmental processes.

## COMMISSIONERS COURT BRIEFING



**DATE:** 11/11/2014

**SUBMITTING DEPARTMENT:** Auditor

**THROUGH:**

**SUBJECT:** Federal Equitable Sharing Agreement Filings

---

### **BACKGROUND:**

FY2014 District Attorney, Sheriff, and Constables federal forfeiture audits were performed according to requirements contained in the *Guide to Equitable Sharing for State and Local Law Enforcement Agencies* (Department of Justice) and the *Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies* (Department of Treasury). The certified reports are to be delivered to the U.S. Department of Justice and the U.S. Department of Treasury no later than 60 days after the fiscal year end. According to the Federal Equitable Sharing Agreement, the head of the law enforcement agency and designated official of the governing body are required to sign the annual Certification Report certifying that the accounting of funds received and spent by the law enforcement agency is accurate and in compliance with the guidelines and statutes that govern the equitable sharing program. The federal equitable sharing audit includes a review of the shared funds and property received from federal agencies and federal forfeiture expenditures by Dallas County Agencies

### **OPERATIONAL IMPACT:**

N/A

### **FINANCIAL IMPACT:**

N/A

### **LEGAL IMPACT:**

According to the Federal Equitable Sharing Agreement, the head of the law enforcement agency and designated official of the governing body are required to sign the annual Certification Report certifying that the accounting of funds received and spent by the law enforcement agency is accurate and in compliance with the guidelines and statutes that govern the equitable sharing program.

### **PROJECT SCHEDULE:**

The certified reports are to be delivered to the U.S. Department of Justice and the U.S. Department of Treasury no later than 60 days after the fiscal year end.

### **M/WBE PARTICIPATION:**

N/A

<b>RECOMMENDED BY:</b>	Auditor	<b>PREPARED BY:</b>	Virginia Porter
		<b>APPROVED BY DEPT HEAD:</b>	Virginia Porter

**STRATEGIC PLAN COMPLIANCE:**

This briefing is consistent with Dallas County's Strategic Plan Vision 3. Local and state law enforcement officials coordinated to reduce crime resulting in a share of forfeited assets to be used for future law enforcement purposes.

**RECOMMENDATION:**

The County Auditor remits for Commissioner Court certification the FY2014 Federal Equitable Sharing Filings and transfer to the appropriate law enforcement agency for the additional required certification and remittance to controlling agency.

Forfeiture and seizure records included in the audit were for:

535 & 540 - District Attorney Forfeiture

91002 - Sheriff, Federal Asset Sharing

91001 - Constable Precinct No. 4 Forfeiture

91004- Constable Precinct No. 2 Forfeiture

91005 - Constable Precinct No. 1 Forfeiture

91006 - Constable Precinct No. 3 Forfeiture

**COURT ORDER  
2014-1574**



**Federal Equitable Sharing Agreement Filings**

On a motion made by Commissioner Dr. Theresa M. Daniel, District 1, and seconded by Commissioner John Wiley Price, District 3, the following order was passed and adopted by the Commissioners Court of Dallas County, State of Texas:

BRIEFING DATE: 11/11/2014  
FUNDING SOURCE: N/A

Be it resolved and ordered that the Dallas County Commissioners Court does hereby approve certification of FY2014 Federal Equitable Sharing Filings which will be forwarded to the appropriate law enforcement agency for the additional required certification and final remittance.

Forfeiture and seizure records included in the audit were for:

535 & 540 - District Attorney Forfeiture  
91002 - Sheriff, Federal Asset Sharing  
91001 - Constable Precinct No. 4 Forfeiture  
91004- Constable Precinct No. 2 Forfeiture  
91005- Constable Precinct No. 1 Forfeiture  
91006- Constable Precinct No. 3 Forfeiture

Done in open court November 18, 2014, by the following vote:

IN FAVOR: Honorable Clay Lewis Jenkins, County Judge  
Commissioner Dr. Theresa M. Daniel, District 1  
Commissioner John Wiley Price, District 3  
Commissioner Dr. Elba Garcia, District 4  
OPPOSED: None  
ABSTAINED: None  
ABSENT: Commissioner Mike Cantrell, District 2

Recommended by: Virginia Porter  
Originating Department: Auditor



# Equitable Sharing Agreement and Certification



OMB Number 1123-0011  
Expires 9-30-2014

- ☐ Police Department ☒ Sheriff's Office ☐ Task Force (Complete Table A)  
☐ Prosecutor's Office ☐ National Guard Counterdrug Unit ☐ Other

\* Please fill each required field. Hover mouse over any fillable field for pop-up instructions. \*

**Agency Name:** Dallas County Sheriff's Office

**NCIC/ORI/Tracking Number:** T X 0 5 7 0 0 0 0

**Mailing Address:** 133 N. Riverfront Blvd.

**City:** Dallas **State:** TX **Zip:** 75207

**Finance Contact:** First: Darryl Last: Thomas  
Phone: 214-653-2765 E-mail: darryl.thomas@dallascounty.org

**Preparer:** First: Asnakech Last: Tessema  
☐ Same as Finance Contact Phone: 214-653-7929 E-mail: asnakech.tessema@dallascounty.org

**Independent Public Accountant:** E-mail: thunterjr@kpmg.com

**Last FY End Date:** 09/30/2014 **Agency Current FY Budget:** \$146,669,579.00

- ☐ **New Participant:** Read the Equitable Sharing Agreement and sign the Affidavit.  
☒ **Existing Participant:** Complete the Annual Certification Report, read the Equitable Sharing Agreement, and sign the Affidavit.  
☐ **Amended Form:** Revise the Annual Certification Report, read the Equitable Sharing Agreement, and sign the Affidavit.

## Annual Certification Report

Summary of Equitable Sharing Activity		Justice Funds <sup>1</sup>	Treasury Funds <sup>2</sup>
1	Beginning Equitable Sharing Fund Balance (must match Ending Equitable Sharing Fund Balance from prior FY)	\$567,064.13	\$19,643.50
2	Federal Sharing Funds Received	\$47,865.16	\$98,291.98
3	Federal Sharing Funds Received from Other Law Enforcement Agencies and Task Forces (To populate, complete Table B)		
4	Other Income	\$10,452.00	
5	Interest Income Accrued Non-Interest Bearing <input type="radio"/> Interest Bearing <input checked="" type="radio"/>	\$433.26	\$81.71
6	Total Equitable Sharing Funds (total of lines 1 - 5)	\$625,814.55	\$118,017.19
7	Federal Sharing Funds Spent (total of lines a - m below)	\$407,492.28	\$118,017.19
8	Ending Balance (difference between line 7 and line 6)	\$218,322.27	\$0.00

<sup>1</sup> Justice Agencies are: FBI, DEA, ATF, USPIS, USDA, DCIS, DSS, and FDA.

<sup>2</sup> Treasury Agencies are: IRS, ICE, CBP, TTB, USSS, and USCG.

Summary of Shared Funds Spent		Justice Funds	Treasury Funds
a	Total spent on salaries under permitted salary exceptions		
b	Total spent on overtime		
c	Total spent on informants, "buy money", and rewards		
d	Total spent on travel and training		\$28,429.03
e	Total spent on communications and computers		\$75,396.52
f	Total spent on weapons and protective gear		\$11,568.34
g	Total spent on electronic surveillance equipment		
h	Total spent on buildings and improvements	\$17,787.54	\$2,623.30
i	Total transfers to other participating state and local law enforcement agencies (To populate, complete Table C)		
j	Total spent on other law enforcement expenses (To populate, complete Table D)	\$389,704.74	
k	Total Expenditures in Support of Community-Based Programs (To populate, complete Table E)		
l	Total Windfall Transfers (To populate, complete Table F)		
m	Total spent on matching grants (To populate, complete Table G)		
n	<b>Total</b>	\$407,492.28	\$118,017.19
o	Did your agency receive non-cash assets? <input type="radio"/> Yes <input checked="" type="radio"/> No If yes, complete Table H.		

Please fill out the following tables, if applicable.

**Table A: Members of Task Force**

Agency Name	NCIC/ORI/Tracking Number
<input type="text"/>	<input type="text"/>

**Table B: Equitable Sharing Funds Received from other Agencies**

Transferring Agency Name, City, and State	Justice Funds	Treasury Funds
Agency Name: <input type="text"/>	<input type="text"/>	<input type="text"/>
NCIC/ORI/Tracking Number: <input type="text"/>	<input type="text"/>	<input type="text"/>

**Table C: Equitable Sharing Funds Transferred to Other Agencies**

Receiving Agency Name, City, and State	Justice Funds	Treasury Funds
Agency Name: <input type="text"/>	<input type="text"/>	<input type="text"/>
NCIC/ORI/Tracking Number: <input type="text"/>	<input type="text"/>	<input type="text"/>

**Table D: Other Law Enforcement Expenses**

Description of Expense	Justice Funds	Treasury Funds
Ammunition	\$61,553.69	
Appliances	\$1,938.83	
Cable Television	\$1,611.08	
Copier Rental/Maintenance	\$2,448.72	
Furniture	\$16,186.18	
Gun Range Equipment, Targets & Maintenance	\$21,250.12	
IACP Net Annual Fee	\$1,850.00	
Internet Hosting & Domain Fee	\$995.00	
K-9 Expenses	\$3,280.91	
K-9 General & Vehicle Insurance	\$10,712.00	
Membership Fees	\$220.00	
Silicon Bracelets - 'Dallas Sheriff's Department'	\$490.00	
Tactical Medical Tourniquets	\$4,413.00	
Televisions	\$4,710.20	
<i>In-Rear Video System - Cone Time Pentel Contribution</i> <del>Ticket Writer Systems - Installment Payments</del>	\$226,272.00	
Vehicle	\$23,020.50	
Vehicle - Law Equipment & Accessories	\$8,752.51	

**Table E: Expenditures in Support of Community-Based Programs**

Recipient	Justice Funds	

**Table F: Windfall Transfers**

Recipient	Justice Funds	Treasury Funds



**Table D: Other Law Enforcement Expenses**

Description of Expense	Justice Funds	Treasury Funds
Ammunition	\$61,553.69	
Appliances	\$1,938.83	
Cable Television	\$1,611.08	
Copier Rental/Maintenance	\$2,448.72	
Furniture	\$16,186.18	
Gun Range Equipment, Targets & Maintenance	\$21,250.12	
IACP Net Annual Fee	\$1,850.00	
Internet Hosting & Domain Fee	\$995.00	
K-9 Expenses	\$3,280.91	
K-9 General & Vehicle Insurance	\$10,712.00	
Membership Fees	\$220.00	
Silicon Bracelets - 'Dallas Sheriff's Department'	\$490.00	
Tactical Medical Tourniquets	\$4,413.00	
Televisions	\$4,710.20	
In Car Video System (one time partial contribution)	\$226,272.00	
Vehicle	\$23,020.50	
Vehicle - Law Equipment & Accessories	\$8,752.51	

**Table E: Expenditures in Support of Community-Based Programs**

Recipient	Justice Funds	

**Table F: Windfall Transfers**

Recipient	Justice Funds	Treasury Funds

**Table G: Matching Grants**

Matching Grant Name	Justice Funds	Treasury Funds

**Table H: Other Non-Cash Assets Received**

Source	Description of Asset
Justice <input type="radio"/>	
Treasury <input type="radio"/>	

**Table I: Civil Rights Cases**

Name of Case	Type of Discrimination Alleged			
	<input type="checkbox"/> Race	<input type="checkbox"/> Color	<input type="checkbox"/> National Origin	<input type="checkbox"/> Gender
	<input type="checkbox"/> Disability	<input type="checkbox"/> Age	<input type="checkbox"/> Other _____	

Paperwork Reduction Act Notice

Under the Paperwork Reduction Act, a person is not required to respond to a collection of information unless it displays a valid OMB control number. We try to create accurate and easily understood forms that impose the least possible burden on you to complete. The estimated average time to complete this form is 30 minutes. If you have comments regarding the accuracy of this estimate, or suggestions for making this form simpler, please write to the Asset Forfeiture and Money Laundering Section, 1400 New York Avenue, N.W., Washington, DC 20005.

# Equitable Sharing Agreement

This Federal Equitable Sharing Agreement, entered into among (1) the Federal Government, (2) the above-stated law enforcement agency ("Agency"), and (3) the governing body, sets forth the requirements for participation in the federal Equitable Sharing Program and the restrictions upon the use of federally forfeited cash, property, proceeds, and any interest earned thereon, which are equitably shared with participating law enforcement agencies.

By its signatures, the Agency agrees that it will be bound by the statutes and guidelines that regulate shared assets and the following requirements for participation in the federal Equitable Sharing Program. Receipt of the signed Equitable Sharing Agreement and Certification (this "Document") is a prerequisite to receiving any equitably shared cash, property, or proceeds.

**1. Submission.** This Document must be submitted to [aca.submit@usdoj.gov](mailto:aca.submit@usdoj.gov) within 60 days of the end of the Agency's fiscal year. This Document must be submitted electronically with the Affidavit/Signature submitted by fax. This will constitute submission to the Department of Justice and the Department of the Treasury.

**2. Signatories.** This agreement must be signed by the head of the Agency and the head of the governing body. Examples of Agency heads include police chief, sheriff, director, commissioner, superintendent, administrator, chairperson, secretary, city attorney, county attorney, district attorney, prosecuting attorney, state attorney, commonwealth attorney, and attorney general. The governing body's head is the person who allocates funds or approves the budget for the Agency. Examples of governing body heads include city manager, mayor, city council chairperson, county executive, county council chairperson, director, secretary, administrator, commissioner, and governor.

**3. Uses.** Any shared asset shall be used for law enforcement purposes in accordance with the statutes and guidelines that govern the federal Equitable Sharing Program as set forth in the current edition of the Department of Justice's *Guide to Equitable Sharing for State and Local Law Enforcement (Justice Guide)*, and the Department of the Treasury's *Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies (Treasury Guide)*.

**4. Transfers.** Before the Agency transfers cash, property, or proceeds to other state or local law enforcement agencies, it must first verify with the Department of Justice or the Department of the Treasury, depending on the source of the funds, that the receiving agency is a current and compliant Equitable Sharing Program participant.

**5. Internal Controls.** The Agency agrees to account separately for federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with federal equitable sharing funds. The Agency shall establish a separate revenue account or accounting code for state, local, Department of Justice, and Department of the Treasury forfeiture funds. Interest income generated must be accounted for in the appropriate federal equitable sharing account.

The Agency agrees that such accounting will be subject to the standard accounting requirements and practices employed for other public funds as supplemented by requirements set forth in the current edition of the *Justice Guide* and the *Treasury Guide*, including the requirement in the *Justice Guide* to maintain relevant documents and records for five years.

The misuse or misapplication of shared resources or the supplantation of existing resources with shared assets is prohibited. Failure to comply with any provision of this agreement shall subject the recipient agency to the sanctions stipulated in the current edition of the *Justice or Treasury Guides*, depending on the source of the funds/property.

**6. Audit Report.** Audits will be conducted as provided by the Single Audit Act Amendments of 1996 and OMB Circular A-133. The Department of Justice and Department of the Treasury reserve the right to conduct periodic random audits.



## Affidavit - Existing Participant


Under penalty of perjury, the undersigned officials certify that **they have read and understand their obligations under the Equitable Sharing Agreement** and that the information submitted in conjunction with this Document is an accurate accounting of funds received and spent by the Agency under the *Justice* and/or *Treasury Guides* during the reporting period and that the recipient Agency is in compliance with the National Code of Professional Conduct for Asset Forfeiture.

The undersigned certify that the recipient Agency is in compliance with the nondiscrimination requirements of the following laws and their Department of Justice implementing regulations: Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*), Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681 *et seq.*), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), and the Age Discrimination Act of 1975 (42 U.S.C. § 6101 *et seq.*), which prohibit discrimination on the basis of race, color, national origin, disability, or age in any federally assisted program or activity, or on the basis of sex in any federally assisted education program or activity. The Agency agrees that it will comply with all federal statutes and regulations permitting federal investigators access to records and any other sources of information as may be necessary to determine compliance with civil rights and other applicable statutes and regulations.

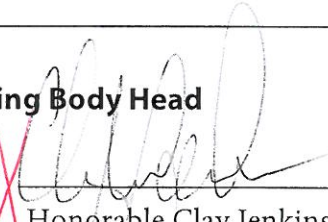
**During the past fiscal year: (1) has any court or administrative agency issued any finding, judgment, or determination that the Agency discriminated against any person or group in violation of any of the federal civil rights statutes listed above; or (2) has the Agency entered into any settlement agreement with respect to any complaint filed with a court or administrative agency alleging that the Agency discriminated against any person or group in violation of any of the federal civil rights statutes listed above?** ☐ Yes ☒ No

**If you answered yes to the above question, complete Table I**

### Agency Head

Signature:   
Name: Honorable Lupe Valdez  
Title: Dallas County Sheriff  
Date: \_\_\_\_\_  
E-mail: lupe.valdez@dallascounty.org

### Governing Body Head

Signature:   
Name: Honorable Clay Jenkins  
Title: County Judge  
Date: November 18, 2014  
E-mail: clay.jenkins@dallascounty.org

Preparer: Virginia Carter, Dallas County Auditor

### Subscribe to Equitable Sharing Wire:

The Equitable Sharing Wire is an electronic newsletter that gives you important, substantive, information regarding Equitable Sharing policies, practices, and procedures.


### Final Instructions:

- Step 1: Click to save for your records
- Step 2: Click to save in XML format

- Step 3: Email the XML file to [aca.submit@usdoj.gov](mailto:aca.submit@usdoj.gov)
- Step 4: Scan & email this Affidavit to [aca.affidavit@usdoj.gov](mailto:aca.affidavit@usdoj.gov)  
(Email subject line must include Agency NCIC/ORI Code)

### FOR AGENCY USE ONLY

Entered by \_\_\_\_\_

Entered on \_\_\_\_\_

☐ FY End: 09/30/2014

☒ NCIC: TX0570000

☐ State: TX

Date Printed: November 03, 2014 08:30

Agency: Dallas County Sheriff's Office

Preparer: Asnakech Tessema

Phone: 214-653-7929

E-mail: [asnakech.tessema@dallascounty.org](mailto:asnakech.tessema@dallascounty.org)

