



**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 – State Forfeiture FY2014

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**Scope**

We performed a review of financial records relevant to the Dallas County Sheriff's Office use of State forfeiture funds. Code of Criminal Procedure Article 59.06 controls and limits expenditures. The forfeiture activity includes \$13,664 seized, \$14,376 forfeited, and \$3,520 (includes \$3,074 transferred to other agencies) expended during the state 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.

**Procedures**

Internal controls for financial management by the Sheriff's office 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 Sheriff or County funds
  - Bank Reconciliation: Sheriff's office records vs. General Ledger vs. bank and outstanding entries
- C. Compliance – used by Sheriff 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

**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 noted the following deficiencies:

- Seized vehicle auction did not follow county auction procedures:
  - Vehicle auctioned by District Attorney's Office through towing company
  - Vehicle title not transferred from previous owner's name
  - Proceeds received from the sale of vehicle not timely deposited by District Attorney (DA)
- Inadequate design of internal control over a significant process, cash handling
  - Deposit delays: Seized funds (cash) not deposited into the designated seizure bank account. After forfeiture awarded, delays exceeding two months from date of award to deposit into the forfeiture account.
  - Deposit error: Donation of state forfeiture funds received from the DA deposited into the federal forfeiture account in error.
  - Abandoned funds (Chapter 59 affidavit not filed) not held as evidence remain in the seized account without return to defendants or processed as unclaimed money

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

- *We are reviewing the current process and implementing additional controls to prevent the delay of deposit in the future.*
- *The seized account will be reviewed for abandoned funds every 90 days to determine unclaimed money.*
- *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 expenditures.

Funds not deposited, timely, in accordance with State statute or County policy. Abandoned funds not returned to defendants or processed in accordance with Code of Criminal Procedure, Article 18.17(h).

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

**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 audit report and approved a list of agreed adjustments.

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 accounting for un-deposited seized funds.

Updating of controls related to seized funds 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:** Chapter 59 Audit Filings; Sheriff and Constable

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### **BACKGROUND:**

FY2014 audit was performed according to state requirements as contained in V.T.C.A., Code of Criminal Procedures, Article 59.06 (g). The certified report is to be delivered to the Criminal Prosecutions Division of Office the Attorney General no later than 60 days after the end of the county's fiscal year end or November 29th for the above offices unless an extension is approved. According to statute, this audit shall be complete annually by the Commissioners Court on a form provided by the Office of the Attorney General. The Chapter 59 audit 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

### **OPERATIONAL IMPACT:**

N/A

### **FINANCIAL IMPACT:**

N/A

### **LEGAL IMPACT:**

The County Auditor submits for Commissioners Court filing the FY2014 Chapter 59 Sheriff and Constables forfeiture audits and transfer of the audits to the various offices for certification and filing with the Office of the Attorney General.

### **PROJECT SCHEDULE:**

The certified report is to be delivered to the Criminal Prosecutions Division of Office the Attorney General no later than 60 days after the end of the state's fiscal year end or November 29th for the above offices.

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

N/A

### **STRATEGIC PLAN COMPLIANCE:**

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

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

**RECOMMENDATION:**

The County Auditor submits for Commissioners Court filing of the FY2014 Chapter 59 Sheriff and Constable Forfeiture Audits and transfer of the audits to the various agencies for certification and filing with the Office of the Attorney General.

91042 - Sheriff Department

91043 - Constable Precinct No. 1

91047- Constable Precinct No. 3

91049 - Constable Precinct No. 2

91052 - Constable Precinct No. 4

91053 - Constable Precinct No. 5

94072 - Clean Air Task Force

**COURT ORDER  
2014-1575**



**Chapter 59 Audit Filings: Sheriff and Constable**

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 approve filing of the FY2014 Chapter 59 Forfeiture Audit for listed law enforcement agencies and transfer of the audit to the various agencies for certification and filing with the Office of the Attorney General.

91042 - Sheriff Department

91043 - Constable Precinct No. 1

91047- Constable Precinct No. 3

91049 - Constable Precinct No. 2

91052 -- Constable Precinct No. 4

91053 - Constable Precinct No. 5

94072 - Clean Air Task Force

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

**FY 2014**  
**CHAPTER 59 ASSET FORFEITURE REPORT**  
**BY LAW ENFORCEMENT AGENCY**

|                         |  |   |  |
|-------------------------|--|---|--|
| Agency Name:            | <u>Dallas County Sheriff</u>                             | Reporting Period:<br>(local fiscal year)        | <u>10/01/13 - 09/30/14</u>                         |
| Agency Mailing Address: | <u>133 N. Riverfront Blvd</u><br><u>Dallas, TX 75207</u> | example:  | 01/01/14 to 12/31/14,<br>09/01/13 to 08/31/14 etc. |
| Phone Number:           | <u>214-653-3450</u>                                      |   |  |
| County:                 | <u>Dallas</u>  |   |  |
| Email Address:          | <u>Darryl.Thomas@dallascounty.org</u>                    | This should be a permanent agency email address |  |

**NOTE: PLEASE ROUND ALL DOLLAR FIGURES TO NEAREST WHOLE DOLLAR.**

**I. SEIZED FUNDS PURSUANT TO CHAPTER 59**

|  |           |
|--|-----------|
| A) Beginning Balance:  | \$ 49,059 |
| B) Seizures During Reporting Period:   |           |
| 1) Amount seized and retained in your agency's custody.  | \$ 13,664 |
| 2) Amount seized and transferred to the District Attorney pending forfeiture.                                | \$ 0      |
| C) Interest Earned on Seized Funds During Reporting Period:  | \$ 0      |
| D) Amount Returned to Defendants/Respondents:  | \$ 1,856  |
| E) Amount Transferred to Forfeiture Account:   | \$ 14,376 |
| F) Other Reconciliation Items:   | \$ 0      |
| G) Ending Balance:<br>Instructions: Add lines A, B(1), C and F, subtract lines D and E, put total in line G. | \$ 46,491 |

**II. FORFEITED FUNDS AND OTHER COURT AWARDS PURSUANT TO CHAPTER 59**

|   |            |
|---|------------|
| A) Beginning Balance:   | \$ 133,295 |
| B) Amount Forfeited to and Received by Reporting Agency (Including Interest) During Reporting Period: | \$ 14,376  |
| C) Interest Earned on Forfeited Funds During Reporting Period :                                       | \$ 117     |
| D) Amount Awarded Pursuant to 59.022 (f)(1):  | \$ 0       |
| E) Amount Awarded Pursuant to 59.023 (a):   | \$ 0       |
| F) Proceeds Received by Your Agency From Sale of Forfeited Property:                                  | \$ 29,125  |
| G) Amount Returned to Crime Victims:  | \$ 0       |
| H) Other Reconciliation Items: Donation from Dallas County District Attorney                          | \$ 90,000  |

|   |            |
|---|------------|
| I) Total Expenditures of Forfeited Funds During Reporting Period:   | \$ 3,520   |
| J) Ending Balance:<br>Instructions: Add lines A, B, C, D E, F and H, subtract lines G and I, place total in line J. | \$ 263,393 |

### III. OTHER PROPERTY

| Please note - this should be a number not a currency amount. Example 4 cars seized, 3 cars forfeited and 0 cars put into use. | SEIZED | FORFEITED TO AGENCY | RETURNED TO DEFENDANTS / RESPONDENTS | PUT INTO USE BY AGENCY |
|---|--------|---------------------|--------------------------------------|------------------------|
| 1) MOTOR VEHICLES (Include cars, motorcycles, tractor trailers, etc.)   | 3      | 4                   | 1                                    | 1                      |
| 2) REAL PROPERTY (Count each parcel seized as one item)   |        |                     |                                      |                        |
| 3) COMPUTERS (Include computer and attached system components, such as printers and monitors, as one item)                    |        |                     | 1                                    |                        |
| 4) FIREARMS (Include only firearms seized for forfeiture under Chapter 59. Do not include weapons disposed under Chapter 18.) |        | 2                   |                                      |                        |
| 5) Other Property - Description:<br>Television  | 1      |                     | 1                                    |                        |
| Other Property -Description:<br>TI In-focus Projector   |        | 1                   |                                      |                        |
| Other Property -Description:  |        |                     |                                      |                        |

### IV. FORFEITED PROPERTY RECEIVED FROM ANOTHER AGENCY

|                    |    |
|--------------------|----|
| A) Motor Vehicles: | #0 |
| B) Real Property:  | #0 |
| C) Computers:      | #0 |
| D) Firearms:       | #0 |
| E) Other:          | #0 |

### V. FORFEITED PROPERTY TRANSFERRED OR LOANED TO ANOTHER AGENCY

|                    |    |
|--------------------|----|
| A) Motor Vehicles: | #0 |
| B) Real Property:  | #0 |
| C) Computers:      | #0 |
| D) Firearms:       | #0 |
| E) Other:          | #0 |

### VI. EXPENDITURES

|  |     |
|--|-----|
| A) SALARIES  |     |
| 1. Increase of Salary, Expense, or Allowance for Employees (Salary Supplements): | \$0 |

|           |   |     |
|-----------|---|-----|
| 2.        | Salary Budgeted Solely From Forfeited Funds:            | \$0 |
| 3.        | Number of Employees Paid Using Forfeiture Funds:        | #0  |
| 4.        | <b>TOTAL SALARIES PAID OUT OF CHAPTER 59 FUNDS:</b>     | \$0 |
| <b>B)</b> | <b>OVERTIME</b>   |     |
| 1.        | For Employees Budgeted by Governing Body:               | \$0 |
| 2.        | For Employees Budgeted Solely out of Forfeiture Funds:  | \$0 |
| 3.        | Number of Employees Paid Using Forfeiture Funds:        | #0  |
| 4.        | <b>TOTAL OVERTIME PAID OUT OF CHAPTER 59 FUNDS:</b>     | \$0 |
| <b>C)</b> | <b>EQUIPMENT</b>  |     |
| 1.        | Vehicles:   | \$0 |
| 2.        | Computers:  | \$0 |
| 3.        | Firearms, Protective Body Armor, Personal Equipment:    | \$0 |
| 4.        | Furniture:  | \$0 |
| 5.        | Software:   | \$0 |
| 6.        | Maintenance Costs:                                      | \$0 |
| 7.        | Uniforms:   | \$0 |
| 8.        | K9 Related Costs:                                       | \$0 |
| 9.        | Other (Provide Detail on Additional Sheet):             | \$0 |
| 10.       | <b>TOTAL EQUIPMENT PURCHASED WITH CHAPTER 59 FUNDS:</b> | \$0 |
| <b>D)</b> | <b>SUPPLIES</b>   |     |
| 1.        | Office Supplies:  | \$0 |
| 2.        | Mobile Phone and Data Account Fees:                     | \$0 |
| 3.        | Internet:   | \$0 |
| 4.        | Other (Provide Detail on Additional Sheet) :            | \$0 |
| 5.        | <b>TOTAL SUPPLIES PURCHASED WITH CHAPTER 59 FUNDS:</b>  | \$0 |
| <b>E)</b> | <b>TRAVEL</b>   |     |
| 1.        | Total In State Travel                                   | \$0 |
|           | a) Transportation:                                      | \$0 |
|           | b) Meals & Lodging:                                     | \$0 |
|           | c) Mileage:   | \$0 |
|           | d) Incidental Expenses:                                 | \$0 |
| 2.        | Total Out of State Travel                               | \$0 |
|           | a) Transportation:                                      | \$0 |
|           | b) Meals & Lodging:                                     | \$0 |

|           |  |      |
|-----------|--|------|
|           | c) Mileage:  | \$ 0 |
|           | d) Incidental Expenses:  | \$ 0 |
| 3.        | <b>TOTAL TRAVEL PAID OUT OF CHAPTER 59 FUNDS:</b>  | \$ 0 |
| <b>F)</b> | <b>TRAINING</b>  |      |
| 1.        | Fees (Conferences, Seminars):  | \$ 0 |
| 2.        | Materials (Books, CDs, Videos, etc.):  | \$ 0 |
| 3.        | Other (Provide Detail on Additional Sheet):  | \$ 0 |
| 4.        | <b>TOTAL TRAINING PAID OUT OF CHAPTER 59 FUNDS</b>   | \$ 0 |
| <b>G)</b> | <b>INVESTIGATIVE COSTS</b>   |      |
| 1.        | Informant Costs:   | \$ 0 |
| 2.        | Buy Money:   | \$ 0 |
| 3.        | Lab Expenses:  | \$ 0 |
| 4.        | Other (Provide Detail on Additional Sheet) :   | \$ 0 |
| 5.        | <b>TOTAL INVESTIGATIVE COSTS PAID OUT OF CHAPTER 59 FUNDS:</b>   | \$ 0 |
| <b>H)</b> | <b>PREVENTION/TREATMENT PROGRAMS / FINANCIAL ASSISTANCE / DONATIONS</b>  |      |
| 1.        | Total Prevention/Treatment Programs (pursuant to 59.06 (d-3(6)), (h), (j)):  | \$ 0 |
| 2.        | Total Financial Assistance (pursuant to Articles 59.06 (n) and (o)):   | \$ 0 |
| 3.        | Total Donations (pursuant to Articles 59.06 (d-2)):  | \$ 0 |
| 4.        | <b>TOTAL PREVENTION/TREATMENT PROGRAMS / FINANCIAL ASSISTANCE / DONATIONS (pursuant to Articles 59.06 (d-3(6)), (h), (j), (n), (o) (d-2)):</b> | \$ 0 |
| <b>I)</b> | <b>FACILITY COSTS</b>  |      |
| 1.        | Building Purchase:   | \$ 0 |
| 2.        | Lease Payments:  | \$ 0 |
| 3.        | Remodeling:  | \$ 0 |
| 4.        | Maintenance Costs:   | \$ 0 |
| 5.        | Utilities:   | \$ 0 |
| 6.        | Other (Provide Detail on Additional Sheet):  | \$ 0 |
| 7.        | <b>TOTAL FACILITY COSTS PAID OUT OF CHAPTER 59 FUNDS:</b>  | \$ 0 |
| <b>J)</b> | <b>MISCELLANEOUS FEES</b>  |      |
| 1.        | Court Costs:   | \$ 0 |
| 2.        | Filing Fees:   | \$ 0 |
| 3.        | Insurance:   | \$ 0 |
| 4.        | Witness Fees (including travel and security):  | \$ 0 |

|    |   |                 |
|----|---|-----------------|
| 5. | Audit Costs and Fees (including audit preparation and professional fees):   | \$ 0            |
| 6. | Other (Provide Detail on Additional Sheet):   | \$ 0            |
| 7. | <b>TOTAL MISCELLANEOUS FEES PAID OUT OF CHAPTER 59 FUNDS:</b>   | <b>\$ 0</b>     |
| K) | <b>PAID TO STATE TREASURY / GENERAL FUND / HEALTH &amp; HUMAN SERVICES COMMISSION:</b>  |                 |
| 1. | Total paid to State Treasury due to lack of local agreement pursuant to 59.06 ( c):   | \$ 0            |
| 2. | Total paid to State Treasury due to participating in task force not established in accordance with 59.06 (q)(1):  | \$ 0            |
| 3. | Total paid to General Fund pursuant to 59.06 (C-3) ( c) (Texas Department of Public Safety only):   | \$ 0            |
| 4. | Total forfeiture funds transferred to the Health and Human Services Commission pursuant to 59.06 (p):   | \$ 0            |
| 5. | <b>TOTAL PAID TO STATE TREASURY / GENERAL FUND / HEALTH &amp; HUMAN SERVICES COMMISSION OUT OF CHAPTER 59 FUNDS:</b>  | <b>\$ 0</b>     |
| L) | <b>TOTAL PAID TO COOPERATING AGENCY(IES) PURSUANT TO LOCAL AGREEMENT:</b>   | <b>\$ 3,074</b> |
| M) | <b>TOTAL OTHER EXPENSES PAID OUT OF CHAPTER 59 FUNDS WHICH ARE NOT ACCOUNTED FOR IN PREVIOUS CATEGORIES (provide detailed descriptions on additional sheet(s) and attach to this report):</b> | <b>\$ 446</b>   |
| N) | <b>TOTAL EXPENDITURES:</b>  | <b>\$3,520</b>  |

**NOTE: BOTH CERTIFICATIONS MUST BE COMPLETED**

**AUDITOR / TREASURER / ACCOUNTING PROFESSIONAL/PREPARER CERTIFICATION**

I swear or affirm that the Commissioners Court, City Council or Agency Head (if no governing body) has requested that I conduct the audit required by Article 59.06 of the Code of Criminal Procedure and that upon diligent inspection of all relevant documents and supporting materials, I believe that the information contained in this report is true and correct to the best of my knowledge.

AUDITOR, TREASURER,  
ACCOUNTING PROFESSIONAL or  
PREPARER (Printed Name):

Virginia Porter

TITLE:

County Auditor

SIGNATURE:

Virginia Porter

DATE:

11.6.14

**AGENCY HEAD CERTIFICATION**

I swear or affirm, under penalty of perjury, that I have accounted for the seizure, forfeiture, receipt, and specific expenditure of all proceeds and property subject to Chapter 59 of the Code of Criminal Procedure, and that upon diligent inspection of all relevant documents and supporting materials, this asset forfeiture report is true and correct and contains all information required by Article 59.06 of the Code of Criminal Procedure. I further swear or affirm that, to the best of my knowledge, all expenditures reported herein were lawful and proper, and made in accordance with Texas law.

AGENCY HEAD (Printed Name):

Honorable Lupe Valdez

SIGNATURE:



DATE:

19 Nov. 2014

**RETURN COMPLETED FORM TO:**

Office of the Attorney General  
Criminal Prosecutions Division  
P.O. Box 12548  
Austin, TX 78711-2548  
Attn: Kent Richardson  
(512)463-1591  
Chapter59AuditReport@texasattorneygeneral.gov

**WE CANNOT ACCEPT FAXED OR EMAILED COPIES. PLEASE MAIL THE SIGNED, ORIGINAL DOCUMENT TO OUR OFFICE AT THE ADDRESS ABOVE.**

Dallas County Sheriff  
Chapter 59 Report  
Period Ending September 30, 2014

Attachment M

| Description             | Amount           |
|-------------------------|------------------|
|                         |                  |
| Towing                  | \$ 446.00        |
|                         |                  |
| <b>Total Schedule M</b> | <b>\$ 446.00</b> |