



**DALLAS COUNTY**  
COUNTY AUDITOR

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

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

Date: January 26, 2016

Re: Dallas County Sheriff's Office – State Forfeiture FY2015

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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 \$43,663 seized, \$7,044 forfeited, and \$37,019 (includes \$2,659 transferred to other agencies) expended during the state fiscal year ending September 30, 2015. 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
- 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.

The following findings were identified during test work:

- Three award transfer delays totaling \$10,708: After seized funds ordered forfeited by court, delays exceeding two months from the date of award to transfer from the seized funds bank account to the forfeiture account. The Special Investigations Division is responsible for communicating awards to the fiscal section.
- Fourteen instances of abandoned funds (sworn statement/affidavit not filed by the peace officer within 72 hours as required by Code of Criminal Procedure, Ar. 59.03 (c) or forfeiture proceeding not commenced by the attorney representing the State within 30 days after the date of the seizure as required by Code of Criminal Procedure, Ar. 59.04) totaling \$22,050.39, not held as evidence, remain in the seized account. A good faith effort should be made to return funds to defendants or process the funds as unclaimed money, pursuant to Code of Criminal Procedure, Art. 18.17 (h).

The following findings were identified during the walkthrough:

- Officers may not complete the documentation of evidence and evidence handling on the evidence bag while at the crime scene, due to limited time, and relies on the notations of the note taker when completing the evidence bag write up at the Sheriff's office. The Intelligence Unit should at minimum require officers to document the description of evidence, evidence recovered by, and evidence sealed by fields on the evidence bags while in the field.
- Officers may take large sums of seized money to the Sheriff's Intelligence office without conducting a pre-count. The Intelligence Unit should attempt to secure the crime scene to establish a safe location to count money while onsite. If this cannot be done, photographs of the money should be taken prior to removal from the scene. All money should be placed in a sealed bag by two officers at minimum. The bag number should be photographed onsite, with the money inside, and forwarded to the Sheriff's office, to deter tampering with the bag. The money should only be removed when the officers arrive at the office to count in the presence of the Accountant III and Property Officer.
- Officers who take custody of evidence do not retain copies of the Chain of Custody Form, which remains with the evidence, before another party takes custody of the evidence, creating difficulty in tracking the asset through the evidence lifecycle. The Sheriff's Office should require all custodians listed on the chain of custody form to retain a copy of the form, or the office should utilize Q-Tel (the electronic evidence tracking system) to transfer custody between parties. If the asset is lost, then the department should be able to identify the last custodian of the asset.
- The Accounting Clerk III takes the seized money to a bank other than the county's contracted depository bank, sometimes alone, for deposit in the seizure bank account. We recommend that the Sheriff's office coordinate with the County Auditor's Financial Audit section to establish a new liability account for seized funds within the depository bank. We also recommend that the Sheriff's office coordinate with the County Treasurer for armored service to transport seized cash to the Treasurer's office for deposit. In the event a deposit should be expedited, then the

Accounting Clerk III and an officer can transport the cash to the Treasurer's office for deposit. However, the Sheriff's office accounting personnel should not transport cash alone or deposit cash outside of the Treasurer's office.

- A segregation of duties risk exists as the Accounting Clerk III is responsible for counting the seized money, depositing seized funds, creating seizure check disbursements (Chief Financial Officer {CFO} required to sign checks as a compensating control), receiving the seizure account bank statements, and reconciling the statements. Duties concerning the seizure and forfeiture deposits, seizure account disbursement process, forfeiture account procurement process, and reconciliation process should be divided among several accounting staff. A separate clerk should open and receive the bank statements than the clerk who reconciles it.

*Status: Limited segregation of duties exists given the low number of accounting staff. However, the CFO reviews all seizure and forfeiture deposits, expenditures, and reconciliations initiated by the clerks.*

- The office does not have a tracking system to record purchases made with forfeiture funds. Equipment should be tracked according to UGMS 2.CFR section 215.34, tagged and recorded promptly once it is received.

### **Compliance with Laws and Regulations**

Audit examination, observation, inspection, and inquiry produced reasonable support or explanation for Chapter 59 conclusions and findings.

FY13 and prior abandoned funds (no Chapter 59 filing) remain in the seizure account without return to defendants or processed in accordance with 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 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 capital and non-capital items noting a lack of asset tracking system. 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 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.

Management emphasis toward reduction of control weaknesses should provide for improved departmental processes.



**DALLAS COUNTY  
COUNTY AUDITOR**

**INFORMATIONAL BRIEFING**

December 2, 2015

Memorandum

To: Darryl Martin  
Commissioners Court Administrator

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

Subject: Chapter 59 Sheriff, Clean Air, & Constables Forfeiture Audit Filings

**BACKGROUND:**

FY2015 audits were 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 29<sup>th</sup>. 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.

**LEGAL IMPACT:**

The certified reports are submitted for filing with Commissioners Court.

**STRATEGIC PLAN COMPLIANCE:**

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

**RECOMMENDATION:**

The County Auditor submits for Commissioners Court filing the FY2015 Chapter 59 Sheriff, Clean Air Task Force, and Constable Precinct Nos. 1 through 5 State Forfeiture Audits.

91042 - Sheriff Department  
91043 - Constable Precinct No. 1  
91049 - Constable Precinct No. 2  
91047 - Constable Precinct No. 3  
91052 - Constable Precinct No. 4  
91053 - Constable Precinct No. 5  
94072 - Clean Air Task Force

attachments

509 Main Street  
Suite 407

Dallas, Texas 75202

214-653-6472  
FAX 214-653-6440

FY 2015  
CHAPTER 59 ASSET FORFEITURE REPORT  
BY LAW ENFORCEMENT AGENCY

Agency Dallas County Sheriff's Dept.  
Mailing Address 133 N. Riverfront Blvd.  
City Dallas  
State TX  
Zip 75207  
Phone Number (214) 653-3450  
Fiscal Beginning Month October  
Fiscal Ending Month September  
Fiscal Year 2015

NOTE: PLEASE ROUND ALL FIGURES TO NEAREST WHOLE DOLLAR

I. SEIZED FUNDS PURSUANT TO CHAPTER 59

A) Beginning Balance:	\$46,491.00
B) Seizures During Reporting Period:	
1) Amount seized and retained in your agency's custody	\$43,663.00
2) Amount seized and transferred to the District Attorney pending forfeiture	\$0.00
3) Total Seizures	\$43,663.00
C) Interest Earned on Seized Funds During Reporting Period:	\$0.00
D) Amount Returned to Defendants/Respondents:	\$0.00
E) Amount Transferred to Forfeiture Account:	\$7,044.00
F) Other Reconciliation Items:	\$0.00
Description:	
G) Ending Balance	\$83,110.00

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

A) Beginning Balance:	\$263,393.00
B) Amount Forfeited to and Received by Reporting Agency (Including Interest) During Reporting Period:	
C) Interest Earned on Forfeited Funds During Reporting Period:	\$980.00
D) Amount Awarded Pursuant to 59.022:	\$0.00
E) Amount Awarded Pursuant to 59.023:	\$0.00
F) Proceeds Received by Your Agency From Sale of Forfeited Property:	\$17,175.00
G) Amount Returned to Crime Victims:	\$0.00
H) Other Reconciliation Items:	\$0.00
Description:	

I) Total expenditures of Forfeited Funds During Reporting Period: \$37,019.00

J) Ending Balance: \$251,573.00

III. OTHER PROPERTY

A) MOTOR VEHICLES (Include cars, motorcycles, tractor trailers, etc.)

1) Seized: 3

2) Forfeited to Agency: 4

3) Returned to Defendants/Respondents: 1

4) Put into use by Agency: 0

B) REAL PROPERTY (Count each parcel seized as one item)

1) Seized: 0

2) Forfeited to Agency: 0

3) Returned to Defendants/Respondents: 0

4) Put into use by Agency: 0

C) COMPUTERS (Include computer and attached system components, such as printers and monitors, as one item)

1) Seized: 0

2) Forfeited to Agency: 0

3) Returned to Defendants/Respondents: 0

4) Put into use by Agency: 0

D) FIREARMS (Include only firearms seized for forfeiture under Chapter 59. Do not include weapons disposed under Chapter 18)

1) Seized: 0

2) Forfeited to Agency: 0

3) Returned to Defendants/Respondents: 0

4) Put into use by Agency: 0

E) Other Property

Description	Seized	Forfeited to Agency	Returned to Defendants/Respondents	Put into use by Agency
Television	0	0	1	0

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):	\$0.00
2) Salary Budgeted Solely From Forfeited Funds:	\$0.00
3) Number of Employees Paid Using Forfeiture Funds:	0
4) TOTAL SALARIES PAID OUT OF CHAPTER 59 FUNDS:	\$0.00

B) OVERTIME

1) For Employees Budgeted by Governing Body:	\$0.00
2) For Employees Budgeted Solely out of Forfeiture Funds:	\$0.00
3) Number of Employees Paid Using Forfeiture Funds:	0
4) TOTAL OVERTIME PAID OUT OF CHAPTER 59 FUNDS:	\$0.00

C) EQUIPMENT

1) Vehicles:	\$0.00	
2) Computers:	\$0.00	
3) Firearms, Protective Body Armor, Personal Equipment:	\$21,728.00	
4) Furniture:	\$0.00	
5) Software:	\$0.00	
6) Maintenance Costs:	\$0.00	
7) Uniforms:	\$0.00	
8) K9 Related Costs:	\$0.00	
9) Other:	\$10,000.00	
Description:	50 Data Cables	
10) TOTAL EQUIPMENT PURCHASED WITH CHAPTER 59 FUNDS:		\$31,728.00

D) SUPPLIES

1) Office Supplies:	\$0.00
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2) Mobile Phone and Data Account Fees: \$0.00

3) Internet: \$1,850.00

4) Other: \$0.00

Description:

5) TOTAL SUPPLIES PURCHASED WITH CHAPTER 59 FUNDS: \$1,850.00

#### E) Travel

##### 1) In State Travel

a) Transportation: \$0.00

b) Meals & Lodging: \$0.00

c) Mileage: \$0.00

d) Incidental Expenses: \$0.00

e) Total In State Travel: \$0.00

##### 2) Out of State Travel

a) Transportation: \$0.00

b) Meals & Lodging: \$0.00

c) Mileage: \$0.00

d) Incidental Expenses: \$0.00

e) Total Out of State Travel: \$0.00

##### 3) TOTAL TRAVEL PAID OUT OF CHAPTER 59 FUNDS

Total Travel Paid Out of Chapter 59 Funds: \$0.00

#### F) TRAINING

1) Fees (Conferences, Seminars): \$0.00

2) Materials (Books, CDs, Videos, etc.): \$0.00

3) Other: \$0.00

Description:

4) TOTAL TRAINING PAID OUT OF CHAPTER 59 FUNDS: \$0.00

#### G) INVESTIGATIVE COSTS



- 1) Informant Costs: \$0.00
- 2) Buy Money: \$0.00
- 3) Lab Expenses: \$0.00
- 4) Other: \$0.00

Description:

5) TOTAL INVESTIGATIVE COSTS PAID OUT OF CHAPTER 59 FUNDS: \$0.00

H) PREVENTION / TREATMENT PROGRAMS / FINANCIAL ASSISTANCE / DONATIONS

- 1) Total Prevention/Treatment Programs (pursuant to 59.06 (d-3(6), (h), (j) ): \$0.00
- 2) Total Financial Assistance (pursuant to Articles 59.06 (n) and (o) ): \$0.00
- 3) Total Donations (pursuant to Articles 59.06 (d-2)): \$0.00
- 4) TOTAL PREVENTION/TREATMENT PROGRAMS/FINANCIAL ASSISTANCE/DONATIONS (pursuant to Articles 59.06 (d-3(6)),(h),(j),(n),(o),(d-2)): \$0.00

I) FACILITY COSTS

- 1) Building Purchase: \$0.00
- 2) Lease Payments: \$0.00
- 3) Remodeling: \$0.00
- 4) Maintenance Costs: \$0.00
- 5) Utilities: \$0.00
- 6) Other: \$0.00

Description:

7) TOTAL FACILITY COSTS PAID OUT OF CHAPTER 59 FUNDS: \$0.00

J) MISCELLANEOUS FEES

- 1) Court Costs: \$782.00
- 2) Filing Fees: \$0.00
- 3) Insurance: \$0.00
- 4) Witness Fees (including travel and security): \$0.00
- 5) Audit Costs and Fees (including audit preparation and professional fees): \$0.00
- 6) Other: \$0.00

Description:

7) TOTAL MISCELLANEOUS FEES PAID OUT OF CHAPTER 59 FUNDS:

K) PAID TO STATE TREASURY / GENERAL FUND / HEALTH & HUMAN SERVICES COMMISSION

1) Total paid to State Treasury due to lack of local agreement pursuant to 59.06 (c):	\$0.00
2) Total paid to State Treasury due to participating in task force not established in accordance with 59.06 (q)(1):	\$0.00
3) Total paid to General Fund pursuant to 59.06 (C-3) (c) (Texas Department of Public Safety only):	\$0.00
4) Total forfeiture funds transferred to the Health and Human Services Commission pursuant to 59.06 (p):	\$0.00
5) TOTAL PAID TO STATE TREASURY/ GENERAL FUND/ HEALTH & HUMAN SERVICES COMMISSION OUT OF CHAPTER 59 FUNDS:	\$0.00

L) TOTAL PAID TO COOPERATING AGENCY(IES) PURSUANT TO LOCAL AGREEMENT

TOTAL PAID TO COOPERATING AGENCY(IES) PURSUANT TO LOCAL AGREEMENT: \$2,659.00

M) TOTAL OTHER EXPENSES PAID OUT OF CHAPTER 59 FUNDS WHICH ARE NOT ACCOUNTED FOR IN PREVIOUS CATEGORIES

TOTAL OTHER  
EXPENSES PAID OUT  
OF CHAPTER 59 FUNDS  
WHICH ARE NOT \$0.00  
ACCOUNTED FOR IN  
PREVIOUS  
CATEGORIES:

Description:

N) TOTAL EXPENDITURES

TOTAL EXPENDITURES: \$37,019.00

## AUDITOR/ TREASURER/ACCOUNTING PROFESSIONAL/PREPARER CERTIFICATION

By pressing "Save" below using your email address and password account access, and pursuant to the terms of service, you certify that you swear or affirm that the Commissioners Court, City Council or Head of Agency(if no governing body) has requested that you 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, you believe that the information contained in this report is true and correct to the best of your Knowledge.

AUDITOR/ TREASURER/  
ACCOUNTING  
PROFESSIONAL/ Darryl D. Thomas  
PREPARER  
SIGNATURE:

TITLE: Dallas County Auditor

## HEAD OF AGENCY CERTIFICATION

By pressing "Submit" below using your email address and password account access, and pursuant to the terms of service you swear or affirm, under penalty of perjury, that you 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. You further swear or affirm that, to the best of your knowledge, all expenditures reported herein were lawful and proper, and made in accordance with Texas law.

HEAD OF AGENCY  
SIGNATURE: Lupe Valdez

TITLE: Sheriff

DATE: 11/5/2015

Comments