

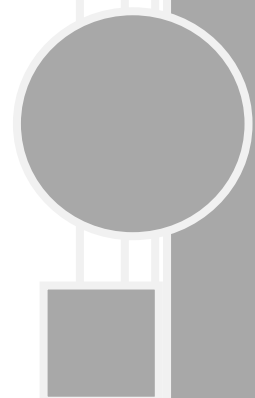


# AUDIT REPORT

DALLAS COUNTY

2019 STATE FORFEITURE - CLEAN AIR TASK FORCE

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: October 25, 2019  
RELEASED: October 25, 2019



# 2019 STATE FORFEITURE - CLEAN AIR TASK FORCE

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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 "**2019 State Forfeiture - Clean Air Task Force**" 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 written in a cursive style.

Darryl D. Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

FY2019 audit 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 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. Internal Control weaknesses which need consideration by management are:

### **Summary of Significant Observations:**

**None**

### **Repeat observations from Previous Audits:**

- A prior year overpayment fee was not recovered by the department.
- Seized funds totaling \$2,056.55 have not been returned to defendants.
- 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 audit covered the period of October 1, 2018 through September 30, 2019.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.

## DETAILS

### **Seized Funds**

We reviewed the Seizure Account balance and transactions (period ending September 30, 2019) and identified three defendants have not received a total of \$2,056.55 since the District Court ordered the Clean Air Task Force to return the money in 2017 and \$100 forfeited to the Clean Air Task Force in 2017 was not transferred from the Seizure Account to the Forfeiture Account at the time of the **audit (Status: On 9/25/19, the Chief Financial Officer submitted a journal entry to transfer the funds to the Forfeiture Account)**. The department shall comply with the requirements of the District Court's orders. Funds forfeited to a county law enforcement agency shall be deposited into a Special Fund to be used solely for law enforcement purposes, consistent with the Code of Criminal Procedure (C.C.P.) Article 59.06 (c)(3). This occurred because the Sheriff's Department did not review District Court orders for final judgment and did not follow up on efforts to return the seized \$2,056.55 to three defendants. As a result, the department has delayed justice by not following District Court Orders.

### **Recommendation**

#### **Seized Funds**

Management should adhere to C.C.P Article 59.06(c)(3) and the District Court's orders by:

- Returning the \$2,056.55 to defendants or authorized parties.
- Reviewing forfeiture cases for final judgment and transferring funds forfeited to the department from the Seizure Account to the Forfeiture Account.

### **Management Action Plan**

### **Auditors Response**

### **Forfeited Funds**

We reviewed the Forfeiture Account balance and transactions (period ending September 30, 2019) and identified a \$220 District Attorney Fee overpayment from FY2018 was not recovered by the department, and the department cannot locate the proceeds from the sale of three emission analyzers sold by the Clean Air Task Force at auction. Proceeds from the sale of items forfeited to a county law enforcement agency shall be deposited into a Special Fund to be used solely for law enforcement purposes per the C.C.P. 59.06. This occurred because the Sheriff Department did not request a refund from the District Attorney's Office and auction proceeds from vendor were deposited into an account without supporting source documentation. As a result, forfeited money and proceeds from sales cannot be used by the department for law enforcement purposes.

### **Recommendation**

#### **Forfeited Funds**

Management should adhere to the C.C.P. 59.06 by:

- Recovering the \$220 overpayment from the District Attorney's Office.
- Identifying the revenue account where the proceeds from the sale of three emissions analyzers were posted so an adjusting journal entry can be made.
- Ensuring all auction sales are supported by source documentation so revenue is accurately posted to the correct account.

## **Property**

We reviewed the Clean Air Task Force seized and forfeited property and identified:

- Inventory records do not include the legal status of the property (seized or forfeited), the seized property's associated costs, sales price, and method used to calculate the fair market value.
- Three forfeited property items are missing from storage (Sony Compact Disk Deck Receiver, Mimaki Printer and Mimaki Cutter) could not be located by the department.
- Three emission analyzers have not been returned to the defendants as ordered by the District Court.
- One emission analyzer does not have a case number, defendant name, and other identifying details to support it being held in evidence.

The department shall comply with the requirements and direction of District Court's orders. 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 Chapter 90 Article III. The original Evidence Form will accompany the evidence at all times according to Chapter 6.1 of the Dallas County Sheriff's 2017 General Orders and Code of Conduct Manual. These instances occurred because the Sheriff's Department did not: record the legal status, cost and price of seized and forfeited property in its custody; document chain of custody when forfeited property changed locations; contact defendants to arrange for the return of seized property; determine the existence of all property in its custody; and review property the list for accuracy and completeness. As a result, assets may be misappropriated or lost when assets are not tracked and identifying information recorded and the department has delayed justice by not following District Court Orders.

## **Recommendation**

### **Property**

Management should adhere to the Dallas County Sheriff's Department's 2017 General Orders and Code of Conduct Manual, UGMS 2 CFR Section 215.34, and Dallas County Code Chapter 90 Article III by:

- Updating inventory records to include the status of the property (seized or

forfeited), the seized property's associated costs, sales price, or method used to calculate the fair market value.

- Locating the missing forfeited property.
- Returning property to defendants or authorized party per the District Court's orders.
- Documenting the case number, defendant name for the unidentified emission analyzer held in evidence.
- Recording the chain of custody when forfeited property changes locations.
- Management should periodically review the property list for accuracy and completeness and periodically determine the existence of each item at its storage location.

cc: Darryl Martin, Commissioners Court Administrator