



AUDIT REPORT

DALLAS COUNTY

2020 STATE FORFEITURE -CLEAN AIR TASK FORCE

Darryl D. Thomas
Dallas County Auditor
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2020 STATE FORFEITURE -CLEAN AIR TASK FORCE

TABLE OF CONTENTS

MANAGEMENT LETTER.....	3
EXECUTIVE SUMMARY.....	4
INTRODUCTION.....	5
DETAILS.....	6
Property.....	6
Seized Funds.....	6
Forfeited Funds.....	7

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 "**2020 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".

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

FY2020 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:

- The Sheriff's Department did not record the legal status, cost and price of seized and forfeited property in its custody and or document chain of custody when forfeited property changed locations and 11 physical property items (Eight vehicles, one Sony compact disk deck receiver, one Mimaki printer, and one Mimaki cutter) are missing and cannot be located by the department.
- The department also did not provide documentation to show whether the property was returned, sold, or destroyed.

Repeat observations from Previous Audits:

- The Sheriff Department did not request a refund from the District Attorney's Office, and posted revenue to the wrong accounts when preparing receipts for deposit.
- 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.

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, 2019 through September 30, 2020.

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

Property

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

- 11 physical property items (Eight vehicles, one Sony compact disk deck receiver, one Mimaki printer, and one Mimaki cutter) are missing and cannot be located by the department. The department also did not provide documentation to show whether the property was returned, sold, or destroyed.
- 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

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 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. 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 and or document chain of custody when forfeited property changed locations. Assets may be misappropriated or lost when assets are not tracked and identifying information recorded.

Recommendation

Property

Management should adhere to the 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.
- Locate forfeited property and or provide supporting documentation of property returned, sold, destroyed etc.

Seized Funds

We reviewed the Seizure Account balance and transactions (period ending September 30, 2020) and identified:

- \$2,056.55 has not been returned to three defendants since the District Court ordered the Clean Air Task Force to return the money in 2017. Since that time the funds remain in the Seizure Account.

The department shall comply with the District Court's orders and final judgment, consistent with the Code of Criminal Procedure (C.C.P.) Article 59. 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 from 2017.

Recommendation

Seized Funds

Management should adhere to the CCP Article 59 and the District Court's orders by returning the \$2,056.55 to defendants or authorized parties.

Forfeited Funds

We reviewed the Forfeiture Account balance and transactions (period ending September 30, 2019) and identified:

- \$220 District Attorney Fee overpayment from FY2018 was not recovered (DC1615271).
- The department cannot locate the proceeds from the sale of three emission analyzers sold by the Clean Air Task Force at auction.
- A \$349 check from MC3 Metal Recycling was deposited into the wrong fund and account by the Sheriff Department. A journal entry was processed, transferring the amount to the Clean Air Task Force (203.0.48120.0.3003.94072.0.0)

According to Code of Criminal Procedure (CCP) 59.06, 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 2019 Dallas County Sheriff's Department General orders and Code of Conduct, the Financial Services Unit (Fiscal) is responsible for assisting personnel in processing claims for reimbursement, approving all requisitions issued for expenditure, and maintaining all department accounts and payments. The Sheriff Department did not request a refund from the District Attorney's Office, and posted revenue to the wrong accounts when preparing receipts for deposit. As a result, forfeited money and proceeds from sales may not be used by the department unless the money is posted to the correct account.

Recommendation

Forfeited Funds

Management should make the following corrective actions:

- Recover the \$220 overpayment from the District Attorney's Office.
- Identify the revenue account where the proceeds from the sale of three emissions analyzers were posted so an adjusting journal entry can be made.
- Review the accuracy of account coding for all revenue proceeds.
- Adhere to CCP Article 59 and the 2019 Dallas County Sheriff's Department General Orders and Code of Conduct.

cc: Darryl Martin, Commissioners Court Administrator