



# AUDIT REPORT

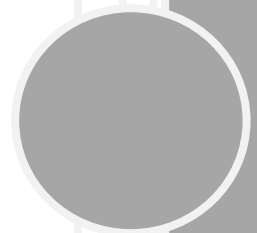
DALLAS COUNTY

FEDERAL FORFEITURE - SHERIFF'S DEPARTMENT - FY2022

Darryl D. Thomas  
Dallas County Auditor

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# Federal Forfeiture - Sheriff's Department - FY2022

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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 "**Federal Forfeiture - Sheriff's Department - FY2022**" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

In 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,

*Darryl D. Thomas*

Darryl D. Thomas  
County Auditor

## EXECUTIVE SUMMARY

FY2022 Sheriff's Office use of Federal Forfeiture funds was 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 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. Internal Control weaknesses which need consideration by management are:

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

- One expenditure category exceeded the budgeted category by a total of \$10,502.92 (Account #7213).

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

- Lack of management review of expenditure coding and performing regular budget reconciliations to provide reasonable assurance that transactions are authorized, reasonable, allowable, and correct.
- The Sheriff Department manually tracks federal seizures on the Federal Seizure List and did not post all information for pending seizures from the Department of Justice and the Department of Treasury.

**Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.**

## 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, 2021 through September 30, 2022.

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

### Expenses

Reviewed the General Ledger (GL) coding for all expenditures paid with Federal (Department of Justice and Treasury) forfeiture funds and compared actual expenditures to approved budgets and identified one expenditure category exceeded the budgeted categories by a total of \$10,502.95. Expenditures should be budgeted in accordance with Dallas County Code Sec. 70-53 (a)(2): Operating and maintenance expenditures should be formatted by object code; major expense categories, functionally related department and program summaries. Chapter 2.5 of the Dallas County Sheriff's Department's General Orders state "The Financial Services Unit is responsible for managing the Sheriff Department's financial operations and budget; approving all requisitions issued for expenditures authorized by the Sheriff or designee upon the determination that the funds have been appropriated and are available for the prescribed expenditure, and processing the proper forms for such; to perform purchasing activities and ensure the legitimacy of all expenditures; and to maintain all department credit cards, accounts, expenditures and payments."

This occurred because management did not sufficiently budget for expenses, review the expenditures, and compare them to the budget. Expenditure categories may be incorrectly reported, not authorized, not allowable, not reasonable, and result in an incorrect analysis of expenditures for forecasting when not sufficiently reviewed and reconciled to the budget.

### **Recommendation**

#### Expenses

Management should make the following corrective actions:

- Adhere to the Dallas County Sheriff's Department's General Orders and Code of Conduct Manual.
- Perform regular budget reconciliations and review Oracle financial reports to ensure transactions are authorized, reasonable, allowable, and correct.
- Ensure sections formally document their budgetary assumptions, source information and justifications for all planned expenditures to be charged against the federal forfeiture fund.
- Review expenditures and transactions for sufficient authorization, accuracy, appropriate GL coding, consistency with the approved budget, and adequate supporting documentation.

### **Management Action Plan**

- Recommendations are noted. Budgeted expenses are estimates at the beginning of each year. Will, possibly, review budgeted vs actual expenses and, possibly, request to OBE to revise accordingly going forward.

### **Auditors Response**

- None

**Federal Seizure List**

We reviewed the Federal Seizure List prepared by the Sheriff intelligence Section and identified three federal seized assets in which either the associated federal case number, seizure date, and or currency seized total was not recorded. The Sheriff's Department tracks pending seizure cases by recording the federal seizure number, federal case number, federal agency, date of seizure, total currency seized, date awarded, and total currency awarded on the Federal Seizure List spreadsheet. Per the U.S. Department of Justice's Guide to Equitable Sharing for State, Local and Tribal law Enforcement Agencies, "A law enforcement agency must retain all documents and records pertaining to their participation in the Program for a period of at least five years. Such documentation includes, but is not limited to, receipts and procurement documentation for all expenditures of shared funds, bank statements, Forms DAG-71 and TD F, ESACs, accounting and bookkeeping documents, logs and records, bank records and statements, and audit reports." The guide also states "An agency must maintain records of all revenue and expenditures posted to the account or accounting code—to include bank/ledger statements, invoices, receipts, required jurisdiction approvals, or any other documents used or created during the procurement process."

This occurred because the Sheriff's Department manually tracks federal seizures on the Federal Seizure List and did not post all information for pending seizures from the Department of Justice and the Department of Treasury. As a result, the Sheriff's Department may not collect funds awarded from federal forfeitures when cases are not documented on the Federal Seizure List. Additionally, failure to comply with the U.S. Department of Justice's Guide to Equitable Sharing for State, Local and Tribal law Enforcement Agencies may result in exclusion from the Program.

**Recommendation**

Federal Seizure List

Management should make the following corrective actions:

- Document the federal case number, seizure date, and currency seized total for the three seized assets listed on the Federal Seizure List.
- Review the Federal Seizure List to ensure all fields are timely updated and agreed to forms submitted to the Federal government.

**Management Action Plan**

- Recommendations are noted; division has been advised to follow an established procedure.

**Auditors Response**

- None

cc: Darryl Martin, Commissioners Court Administrator