



# AUDIT REPORT

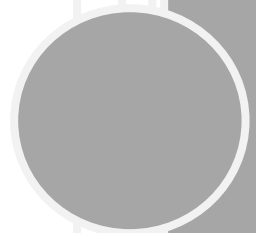
DALLAS COUNTY

STATE FORFEITURE - SHERIFF'S DEPARTMENT - FY2022

Darryl D. Thomas  
Dallas County Auditor

ISSUED: 3/31/2023

RELEASED: MAY 3, 2023



# State 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 "**State 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

A review of the FY2022 Sheriff's Office 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 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. Internal Control weaknesses which need consideration by management are:

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

- **Seizure Account:** (1) Prior year reported abandoned funds totaling \$22,561.39, not held as evidence, remain in the seizure account. (2) Prior year reported found funds totaling \$5,058 remain in the seizure account, and (3) Seized money is deposited in a bank account that is not controlled by the County. The account is controlled solely by the Sheriff's Office.

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

- **Seizure Account:** Abandoned and found funds deposited in the seizure account have not been reviewed for escheatment, release, and disposition consistent with C.C.P. Art. 18.17 (h), Property Code, §72 and §76, and the Sheriff Property and Evidence Room procedures for found property.
- **Inventory Tracking:** Ten items were not located during inventory and the department does not require sections to record, track and inventory law enforcement equipment and items purchased with forfeiture funds in its asset tracking system FileOnQ.
- **Expenses:** Management did not review expenditure coding, did not compare expenditures to the budget, and did not budget for five expense categories.

**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

A review of the General Ledger (GL) coding for all expenditures paid with State Forfeiture funds (period ending September 30, 2022) revealed:

- Thirteen expenditures totaling \$4,622.75 were coded to the incorrect expense accounts. **Status: On 10/11/2022, a journal entry was posted to correct the coding errors.**
- Five expenditure categories exceeded the budgeted categories by a total of \$3,264.53.

Chapter 2.5 of the Dallas County Sheriff's Department's 2021 General Orders and Code of Conduct Manual states, "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; and ensure the legitimacy of all expenditures." Per Code of Criminal Procedures (CCP) Article 59.06 (d) proceeds awarded may be spent after a budget for the expenditure of the proceeds has been submitted to the commissioners court. The budget must be detailed and clearly list and define the categories of expenditures. Additionally, expenditures should be budgeted in accordance with Dallas County Code Sec. 70-53 (a)(2) which states "operating and maintenance expenditures should be formatted by object code; major expense categories, functionally related department and program summaries."

Management did not review expenditure coding, did not compare expenditures to the budget, and did not budget for four expense categories. As a result, expenditure categories may be incorrectly reported, not authorized, not allowable, not reasonable, and may 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:

- Review expenditures and transactions for accuracy, appropriate GL coding, and consistency with the approved budget.
- Adhere to the Dallas County Sheriff's Department's 2021 General Orders and Code of Conduct Manual, CCP Art. 59.06 (d).
- Require sections to document budgetary assumptions, source information, and justifications for all planned expenditures for the state forfeiture fund.
- Perform regular budget reconciliations and review Oracle financial reports to ensure transactions are authorized, reasonable, allowable, and correct.



**Management Action Plan**

- Forfeiture fund budgets are estimated at beginning of each year; expenses may exceed over the estimates that's expected. Recommendations are noted.

**Auditors Response**

- None

**Seizure Account**

A review of all the Seizure Account activities (period ending September 30, 2022) revealed:

- Prior reported abandoned funds totaling \$22,561.39, not held as evidence, remain in the seized account (Dallas Sheriff's Office Service #09-090116, 09-094905, 09-127479, 09-133428, 10-002742, 10-039184, 10-039184, 10-150543, 11-031361, 11-11143, 11-146518, 11-149173, 12-072446, 12-093018, 17-092891, 18-027111).
- Prior reported found funds totaling \$5,058.00 remain in the seizure account (Service #20-059389, 20-065239, 21-051610).
- Seized money is deposited in a bank account that is not controlled by the County. The account is controlled solely by the Sheriff's Office.

**Recommendation**

Seizure Account

Management should make the following corrective actions:

- Return or escheat the \$22,561.39 in abandoned money and \$5,058 found funds that remain in the seizure account.
- Coordinate with the County Auditor's Financial Audit section to establish a new liability account for seized funds (seizure account) within the County depository bank and coordinate with the County Treasurer for armored service to pick up seized funds from the Sheriff's office and transport it to the Treasurer's office for deposit. Expedited deposits can be transported by a deputy and Sheriff Fiscal staff to the Treasurer's office for deposit.
- Comply with CCP Article 59 and Attorney General of Texas Opinion GA-0588
- Process found and abandoned money with no known owner after 90 days, consistent with CCP Article 18.17 (h) and the Sheriff's procedures.

**Management Action Plan**

- Recommendations are noted and will follow. Will seek advice from Auditor's Office for escheatment and future deposits of seized funds with county depository and fund distribution procedures when dept. get court order to release funds to clients.



## **Auditors Response**

- None

## **Inventory Tracking**

A review of 106 items purchased with Ch.59 State Forfeiture funds revealed:

- Ten items totaling \$499.70 were not located during inventory.
- The department does not track and inventory law enforcement equipment and items purchased with forfeiture funds in its assets tracking system FileOnQ.

As a best practice, 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 tag items and record the description, serial number, model number, stock number, source of equipment, acquisition date, location and condition, unit cost, and disposition data (when applicable). Records should be periodically reviewed for accuracy and completeness by completing an inventory and determining the existence of each item. The department does not require sections purchasing law enforcement equipment and items with forfeiture proceeds to record them in the department's asset tracking system. This may result in potential equipment loss, misappropriation of assets, non-statutory use of forfeiture proceeds, reduced optimization for maintaining equipment levels, and possible waste through repurchasing equipment already on-hand.

## **Recommendation**

### **Inventory Tracking**

Management should make the following corrective actions:

- Adhere to UGMS 2 CFR Section 215.34 and Dallas County Code Ch. 90 Article III.
- Tag equipment and items purchased with forfeiture proceeds once received.
- Promptly record the equipment description, serial number, model number, stock number, source of equipment, acquisition date, location and condition, unit cost, and disposition data (when applicable) in the department's asset tracking system.
- Periodically conduct physical inventories, where results are reconciled to equipment records and differences between physical inspection and inventory records are investigated.

## **Management Action Plan**

- Recommendations are noted. Will request Court to remove unfound inventory items from the list. Will advise division to follow tagging of equipment purchase with forfeiture funds. FileOnQ is not currently available for division to use.

## **Auditors Response**

- None



**DALLAS COUNTY**



**COUNTY AUDITOR**

cc: Darryl Martin, Commissioners Court Administrator