



DALLAS COUNTY
COUNTY AUDITOR

To: The Honorable Roy Williams, Jr., Constable No. 4
Commissioners Court

From: Darryl D. Thomas, County Auditor

A handwritten signature in blue ink, appearing to read "Darryl D. Thomas".

Date: March 9, 2017

Re: Constable Precinct No. 4 – State Forfeiture FY2016

Scope

We performed a review of financial records relevant to the Constable's use of State forfeiture funds in accordance with Code of Criminal Procedure, Article 59. The forfeiture activity includes \$0 seized, \$0 forfeited, and \$0 expended for Constable Precinct 4 during the state fiscal year ending September 30, 2016. Forfeited funds are held in a special account in the treasury, to be used by the Constable solely for law enforcement purposes of his office.

Procedures

The auditor tested the approved budget and availability of cash. Internal controls for financial management by the Constable office including purchasing, accounting, compliance, and reporting are tested at year-end. A random sampling of the total budget activity was selected for certain procedures, while some categories were reviewed in entirety. 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
 - Bank Reconciliation: Constable Precinct 4 records vs. General Ledger vs. bank and outstanding entries
- C. Compliance – used by Constable solely for 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 the walkthrough:

- The office does not have written procedures regarding the seizure and forfeiture of property. The Constable's office should develop a written process for asset seizure and forfeiture property. The Forfeiture process should include a workflow describing how officers seize assets at the crime scene, document assets at the crime scene, transport assets to the Constable's office, store seized assets, deposit seized money in escrow, hold auctions after case adjudication, deposit money in the forfeiture account, and manage the use of forfeiture funds for purchases.
- A single comprehensive asset tracking list is not maintained; however, the precinct maintains individual folders for items purchased with forfeiture funds assigned to deputies. Once a deputy's employment has been terminated with the precinct, all items are returned and a Returned Equipment check list is completed. Assets should be tracked according to UGMS 2 CFR section 215.34 and Dallas County Code Sec. 90-373, tagged and recorded promptly once it is received.
- The Chief Clerk requests and approves purchase requisitions, systematically sent through the Oracle Financial System to the Purchasing Department for processing, after obtaining verbal approval from the Constable. The Constable's office should implement a procedure that requires the purchase requisition preparer/requester to be someone other than the approver. Electronic approval of purchase requisitions should be routed to the Constable or Chief Deputy Constable, as back-up, when submitting expenditures through Oracle to the purchasing department.

Management Response

Findings were discussed with staff and corrective actions have been implemented.

Compliance with Laws and Regulations

No State seizure or forfeiture activity occurred in fiscal year ending September 30, 2016.

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

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 account, procuring supplies, assets, and services, expending forfeited funds, and tracking capital and non-capital items noting: an inadequate separation of duties in the requisition creation and approval process; and, individual folders for tracking assets without compilation of a single comprehensive asset tracking system in electronic format. 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 Constable Precinct No. 4 office. Testing was limited to controls and regulations that have a direct and material effect on financial reporting of state forfeiture funds.

Constable Precinct 4 administration is responsible for the establishment and maintenance of effective internal control and compliance with applicable laws, regulations, and contracts.