

2018

Travis County Auditor's Office Review of the Travis County Sheriff's Office Forfeited Property Accounts

#18-28

12/21/2018

TRAVIS COUNTY
AUDITOR'S OFFICE

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COUNTY AUDITOR



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To: Sally Hernandez
Travis County Sheriff

From: Patti Smith, CPA
Travis County Auditor

Date: December 21, 2018

Subject: Forfeited Property Account Examination

Scheduled as part of our statutory requirements, particularly those in Section 115 of the Local Government Code and Article 59 of the Texas Code of Criminal Procedure, the Risk Evaluation and Consulting (REC) Division of the Travis County Auditor's Office has completed an examination of the Forfeited Property Accounts (FPA) maintained by the Travis County Sheriff's Office. This includes state, federal, and interlocal funds, which are accounted for separately and are consolidated for financial reporting purposes. We conducted our examination in accordance with the applicable statutes governing the County Auditor's Office, and those relating to County financial and accounting protocols. As a result of our examination, we are providing this report on our findings and recommendations.

BACKGROUND

The Sheriff's Office serves as the primary law enforcement agency for the County, with jurisdiction on civil and criminal cases. In some of these cases, assets are seized from accused parties. These assets are held in escrow until the case is settled. Depending on the ruling in the case, the Sheriff's Office may receive a portion of these seized funds under the applicable state and federal forfeited property laws or interlocal agreements. For the examination period, the Sheriff's Office received \$40,014 in state forfeiture funds, \$62,299 in federal forfeiture funds, and \$23,324 in interlocal funds. The Sheriff's Office can use these funds (under certain restrictions) in future efforts to investigate felonies.

SCOPE OF EXAMINATION

This examination included an assessment of the adequacy and effectiveness of the overall system of financial controls in place for the Sheriff Office's Forfeited Property Account during the period October 1, 2017 to September 30, 2018. The scope of this examination included an examination

of the overall internal controls in place with respect to compliance with state guidelines, as well as deposits and disbursements of forfeited funds, including any accrued interest.

EXAMINATION METHODOLOGY

Our work was based on applying sampling procedures to office records and on verbal and written representations from the Sheriff's Office. Sampling relates to examining, on a test basis, evidence supporting the amounts and disclosures in the financial records and statements. The use of sampling techniques would not necessarily disclose all matters in the forfeited property financial statements, financial records, and financial controls that might be material weaknesses or misstatements. In regards to the written and verbal representations made by personnel from the Sheriff's Office, unless otherwise noted in this report, office management maintains that the assertions we relied upon in the examination were correct to the best of their knowledge.

SUMMARY OF FINDINGS & RECOMMENDATIONS

No current significant findings.

ATTACHMENTS

Attachment A: Copies of the forfeited property financial statements for September 30, 2018 are provided in Attachment B. These statements include a balance sheet and a detailed statement of revenues, expenditures, and changes in fund balance for the forfeited property accounts. The express purpose of presenting these statements is to provide feedback to Travis County officials. These financial statements have not been audited by Travis County's external auditors.

EXAMINATION TEAM

Lisa Denton, CFE, Senior Auditor

CLOSING

This report is intended solely for the information and use of your office and the Commissioners' Court. We greatly appreciate the cooperation and assistance received from the management and staff of the Travis County Sheriff's Office during this examination. Please contact us if you have any questions or concerns regarding this report.



David Jungerman, CIA
Chief Assistant County Auditor II
Risk Evaluation & Consulting Division



Patti Smith, CPA
Travis County Auditor

REPORT DISTRIBUTION

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Jessica Rio, County Executive, Planning and Budget Office
Paul Matthews, Financial Manager, Travis County Sheriff's Office
Managers, Travis County Auditor's Office
Travis County Executive Managers
Examination File

ATTACHMENT A – FINANCIAL STATEMENTS

**Travis County Sheriff's Office
Consolidated Forfeited Property Accounts
Special Revenue Fund
Balance Sheet
September 30, 2018**

Assets

Cash	\$	135,618
Other receivables		-
Total assets	\$	<u>135,618</u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$	-
Other liabilities		25
Total liabilities		<u>25</u>

Fund balance:

Reserved for encumbrances		-
Unreserved - undesignated		135,593
Total fund balance		<u>135,593</u>
Total liabilities and fund balance	\$	<u>135,618</u>

NOTE: The express purpose of presenting this financial statement and the appropriate findings is to comply with applicable local government code statutes and to provide internal control feedback to Travis County officials. This financial statement will be audited in conjunction with the County's annual external audit.

Travis County Sheriff's Office
Consolidated Forfeited Property Accounts
Special Revenue Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended September 30, 2018

Revenues:

Fines and forfeits	\$	125,638
Other revenue		-
Interest		1,416
Total revenues		127,054

Expenditures:

Current:		
Supplies		29,990
Other charges		149,107
Capital outlay		15,048
Debt service		-
Total expenditures		194,145

Excess (deficiency) of revenues over expenditures		(67,091)
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Other financing sources (uses):

Transfers in		-
Transfers out		-
Total other financing sources (uses)		-

Net change in fund balance		(67,091)
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Fund balance - beginning of year		202,684
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Fund balance - end of year	\$	135,593
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NOTE: The express purpose of presenting this financial statement and the appropriate findings is to comply with applicable local government code statutes and to provide internal control feedback to Travis County officials. This financial statement will be audited in conjunction with the County's annual external audit.

**Travis County Sheriff's Office Escrow Account
Statement of Fiduciary Assets and Liabilities
Agency Fund
September 30, 2018**

Assets

Cash		\$ 232,831
		\$ 232,831
Total assets		\$ 232,831

Liabilities

Other liabilities		232,831
		232,831
Total liabilities		232,831
Net Assets		\$ -

NOTE: The express purpose of presenting this financial statement and the appropriate findings is to comply with applicable local government code statutes and to provide internal control feedback to Travis County officials. This financial statement will be audited in conjunction with the County's annual external audit.