



**Travis County Sheriff's Office
Forfeited Property Examination
#15-43**

December 18, 2015

TRAVIS COUNTY
AUDITOR'S OFFICE

NICKI RILEY, CPA
COUNTY AUDITOR



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To: Greg Hamilton
Travis County Sheriff

From: Nicki Riley, CPA
Travis County Auditor

Date: December 18, 2015

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 Account (FPA) maintained by the Travis County Sheriff's Office. This includes state, federal, and inter-local 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 can receive a portion of these seized funds under the applicable state and federal forfeited property laws or inter-local agreements. In the period, the Sheriff's Office received \$102,266.84 in state forfeiture funds, \$126,055.39 in federal forfeiture funds, and \$108,770.54 in inter-local 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, 2014 to September 30, 2015. 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 this 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 Sheriff Office's 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 this 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.

OPINION OF INTERNAL CONTROL SYSTEM

Based upon our examination, we gave the overall system of financial controls for forfeited funds a rating of "Adequate," indicating an overall solid system of internal controls that outweighs the relatively minor findings from the examination.

ATTACHMENTS

Attachment A: This attachment contains descriptions for each of the ratings we use to describe the effectiveness of the internal controls environment for the functional area under review.

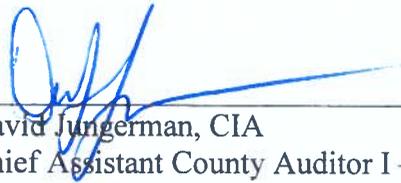
Attachment B: Copies of this office's financial statements for September 30, 2015 are provided in Attachment B. These statements include a detailed statement of revenues, expenditures and changes in fund balance, and a balance sheet for the forfeited property accounts. The express purpose of presenting these statements is to provide feedback to Travis County officials. These financial statements were audited by Travis County's external auditors in conjunction with their annual audit of the County's Comprehensive Annual Financial Report (CAFR).

EXAMINATION TEAM

David Jungerman, Chief Assistant County Auditor I
James Marlett, Staff 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 I – REC
Division



Patti Smith, CPA
First Assistant County Auditor



Nicki Riley, CPA
Travis County Auditor

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Paul Matthews, Financial Director
Managers, Travis County Auditor's Office
Examination File

ATTACHMENT A – INTERNAL CONTROLS RATING KEY

A good internal control system reduces the risk of errors, defalcations, and misappropriations of funds. Weak internal control systems provide an environment in which errors, defalcations, and misappropriations of funds can go undetected. The following details the various grades we assign to internal control systems:

RATING	RATING DESCRIPTION
Good	Well-established internal controls with few, if any, minor weaknesses noted
Adequate	The overall solid system of internal controls is sufficient to outweigh noted weaknesses
Requires Improvement	Internal control weaknesses exist that moderately impact the overall system of internal controls
Requires Significant Improvement	Significant internal control weaknesses exist that negatively impact the overall system of internal controls
Inadequate	The existing system of internal controls is materially ineffective

ATTACHMENT B – FINANCIAL STATEMENTS

**TCSO Consolidated FPA Accounts
Special Revenue Fund
Balance Sheet
September 30, 2015**

Assets

Cash:	\$ 189,718
Total assets	<u>\$ 189,718</u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 8,000
Other liabilities	<u>414</u>
Total liabilities	<u>8,414</u>

Fund balance:

Reserved for encumbrances	-
Unreserved - undesignated	<u>181,304</u>
Total fund balance	<u>181,304</u>
Total liabilities and fund balance	<u>\$ 189,718</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. Travis County's external auditors have completed the audit of the County's basic financial statements for September 30, 2015. This statement is included in the scope of that audit.

TCSO Consolidated FPA Accounts
Special Revenue Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended September 30, 2015

Revenues:

Fines and forfeits	\$	337,093
Miscellaneous income		4,126
Investment income		29
Total revenues		341,248

Expenditures:

Current:		
Public Safety:		
Supplies		106,943
Other Charges		182,712
Capital outlay		88,305
Total expenditures		377,960

Excess (deficiency) of revenues over expenditures		(36,712)
Net change in fund balance		(36,712)

Fund balance - beginning of year		218,016
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Fund balance - end of year	\$	181,304
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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. Travis County's external auditors have completed the audit of the County's basic financial statements for September 30, 2015. This statement is included in the scope of that audit.
