



**Travis County Sheriff's Office
Forfeited Property Examination
#17-34**

December 21, 2017

TRAVIS COUNTY
AUDITOR'S OFFICE

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COUNTY AUDITOR



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To: Sally Hernandez
Travis County Sheriff

From: Nicki Riley, CPA
Travis County Auditor

Date: December 21, 2017

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 \$20,106 in state forfeiture funds, \$102,113 in federal forfeiture funds, and \$86,917 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, 2016 to September 30, 2017. 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.

OPINION OF INTERNAL CONTROL SYSTEM

Based upon our examination, we gave the overall system of financial controls for forfeited funds a rating of "Satisfactory," indicating well-established controls with no material weaknesses noted.

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 the forfeited property financial statements for September 30, 2017 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

Angel Candelario, Senior Auditor

CLOSING

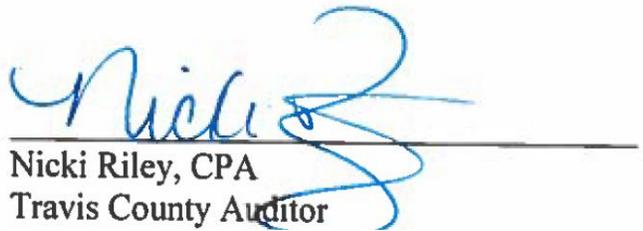
This report is intended solely for the information and use of your office and the Commissioners' Court. We greatly appreciate the cooperation and assistance received from the management and staff of the Travis County Sheriff's Office during this examination. Please contact us if you have any questions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



David Jungerman, CIA
Chief Assistant County Auditor I – REC



Patti Smith, CPA
First Assistant County Auditor



Nicki Riley, CPA
Travis County Auditor

REPORT DISTRIBUTION

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Paul Matthews, Financial Director, Travis County Sheriff's Office
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
Satisfactory	Well-established internal controls with no material weaknesses noted.
Satisfactory, with findings noted	A solid overall system of internal controls is in place; however, some material weaknesses were noted.
Inadequate	The existing system of internal controls is materially ineffective.

ATTACHMENT B – FINANCIAL STATEMENTS

**Travis County Sheriff's Office
Consolidated Forfeited Property Accounts
Special Revenue Fund
Balance Sheet
September 30, 2017**

Assets

Cash	\$	202,709
Other receivables		-
Total assets	\$	<u>202,709</u>

Liabilities and Fund Balance

Liabilities:

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

Fund balance:

Reserved for encumbrances		-
Unreserved - undesignated		202,684
Total fund balance		<u>202,684</u>
Total liabilities and fund balance	\$	<u>202,709</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, 2017

Revenues:

Fines and forfeits	\$	203,289
Other revenue		35,002
Interest		642
Total revenues		238,933

Expenditures:

Current:		
Supplies		61,246
Other charges		85,787
Capital outlay		18,049
Debt service		-
Total expenditures		165,082

Excess (deficiency) of revenues over expenditures		73,851
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Other financing sources (uses):

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

Net change in fund balance		73,851
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Fund balance - beginning of year		128,833
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Fund balance - end of year	\$	202,684
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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, 2017**

Assets

Cash	\$ 172,526
	\$ 172,526
Total assets	\$ 172,526

Liabilities

Other liabilities	172,526
	172,526
Total liabilities	172,526
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.