

# **AUDITOR'S REPORT**

## **CONSTABLE PRECINCT 1 STATE SEIZED AND FORFEITED ASSETS TWENTY-FOUR MONTHS ENDED FEBRUARY 28, 2015**



**December 18, 2015**

**Barbara J. Schott, C.P.A.  
Harris County Auditor**

**Mike Post, C.P.A.**  
*Chief Assistant County Auditor*  
*Accounting Division*

**Mark Ledman, C.P.A., M.P.A.**  
*Chief Assistant County Auditor*  
*Audit Division*



1001 Preston, Suite 800  
Houston, Texas 77002-1817  
(713) 755-6505

FAX (713) 755-8932  
Help Line (713) 755-HELP

**BARBARA J. SCHOTT, C.P.A.**  
**HARRIS COUNTY AUDITOR**

December 18, 2015

Constable Alan Rosen  
Harris County Constable Precinct 1  
1302 Preston, 3<sup>rd</sup> Floor  
Houston, TX 77002

RE: Constable Precinct 1 State Seized and Forfeited Assets for the twenty-four months ended February 28, 2015

The Audit Services Department performed procedures relative to the Constable Precinct 1 (the Office) State Seized and Forfeited Assets. The objective of the engagement was to examine the seized and forfeited accounts and report the issues to Commissioners' Court in accordance with Local Government Code (L.G.C.) §115.0035. Our procedures included the following:

- Selectively tested whether the Office's seized and forfeited bank account statements reconciled to their respective balances recorded in the County's Integrated Financial and Administrative Solution (IFAS) System.
- Selectively tested whether deposits to the Office's forfeited bank accounts are timely deposited and accurately recorded in IFAS.
- Selectively tested whether disbursements from the Office's forfeited assets bank accounts are properly authorized, appropriately supported, and accurately recorded in IFAS.

The engagement process included providing you with combined engagement and scope letters and conducting entrance and exit conferences with your personnel. The purpose of the letters and conferences was to explain the process, identify areas of concern, describe the procedures to be performed, discuss issues identified during the engagement, and solicit suggestions for resolving the issues. A draft report was provided to you and your personnel for review.

The work performed required our staff to exercise judgment in completing the scope objectives. As the procedures were not a detailed inspection of all transactions, there is a risk that error or fraud was not detected during this engagement. The official, therefore, retains the responsibility for the accuracy and completeness of their financial records and ensuring sufficient controls are in place to detect and prevent fraud.

The enclosed Auditor's Report presents the significant issues identified during our procedures, recommendations developed in conjunction with your staff, and any actions you have taken to implement the recommendations.

Constable Alan Rosen  
Harris County Constable Precinct 1

We appreciate the time and attention provided by you and your staff during this engagement.

Sincerely,



Barbara J. Schott  
County Auditor

cc: District Judges  
County Judge Ed Emmett  
Commissioners:  
    R. Jack Cagle  
    El Franco Lee  
    Jack Morman  
    Steve Radack  
Devon Anderson  
Vince Ryan  
William J. Jackson

## TABLE OF CONTENTS

<b>OVERVIEW.....</b>	<b>4</b>
<b>RESULTS .....</b>	<b>5</b>
<b>ISSUES AND RECOMMENDATIONS .....</b>	<b>6</b>
<b>Deposit Timeliness.....</b>	<b>6</b>

## OVERVIEW

The Constable's Office, or other law enforcement agencies, may seize funds and/or property used or intended to be used to facilitate the commission of certain crimes. This also includes the proceeds and any property acquired with the proceeds gained from the commission of certain crimes. The seizing officer must secure the seized assets and file a sworn statement with the Harris County District Attorney's Office (District Attorney). Within 30 days of the seizure, the District Attorney must commence proceedings by filing a notice of seizure and intended forfeiture with the Clerk of the District Court.

Seized funds and property are forfeited to the District Attorney and law enforcement agencies based upon final judgment of the District Court and in accordance with local agreements executed between the District Attorney and the law enforcement agencies. Forfeited funds and proceeds from the sale of forfeited property are deposited in a special fund in the County Treasury and are to be used solely for law enforcement purposes.

In accordance with L.G.C. §115.0035, the Harris County Auditor's Office is responsible for conducting an audit of the Office's accounts associated with the special fund. The ending IFAS balance of the Office's account associated with the special fund as of February 28, 2015, was approximately \$75,900.

## RESULTS

Based on the procedures performed in accordance with L.G.C. §115.0035, *Examination of Funds Collected by County Entity or the District Attorney*, no matters came to our attention that caused us to believe that the accounts associated with the special funds for forfeited assets are materially misstated.

However, forfeited funds received were not deposited timely into the Office's forfeited bank accounts as required by L.G.C. §113.022(a) and Harris County's Accounting Procedure A.1, *Cash Handling Guidelines*.

This matter is discussed in detail in the attached issues and recommendations section.

## ISSUES AND RECOMMENDATIONS

### Deposit Timeliness

#### Background

L.G.C. §113.022(a) and Harris County Accounting Procedure A.1, *Cash Handling Guidelines*, state that "A county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received."

#### Issue

All checks examined (7 totaling \$31,763.54) for forfeited funds during the Fiscal Year 2014 were deposited in excess of 30 days after receipt from the District Attorney's Office. One of 3 (33%) forfeiture checks examined, for the amount of \$6,431.82, was not deposited timely (1 day in excess of the requirement) during Fiscal Year 2015. Not depositing funds timely could delay the availability of funds and/or result in the loss or misappropriation of County funds.

#### Recommendation

The Office should comply with L.G.C. §113.022(a) and Accounting Procedure A.1, *Cash Handling Guidelines*, and deposit forfeited funds on or before the fifth business day after the day on which the money is received.

#### Management Response

We agree with the Auditors recommendation. The following factors contributed to the forfeited checks not being deposited on time:

- The 7 checks were the first forfeited funds received by this administration.
- The retirement of the person previously responsible for receiving and processing the forfeited funds.
- The de-segregation of the 1 bank account held by Constable One for depositing all forfeited funds for all 8 Constables.
- 1 check that took 6 days to deposit due to an employee being out.
- During this process we were in contact with the Auditor's Office

Through correspondence with the Budget Office and the Auditors Office our initial understanding was that the checks received needed to accompany documentation presented to Commissioners Court to have the funds certified for use before they are deposited. We now understand that checks should be deposited immediately upon receipt and subsequently certified if use of those funds for the current fiscal period is desired.

In addition, we have now cross-trained employees and have implemented internal procedures to make sure all forfeited checks are deposited timely in the future.