

AUDITOR'S REPORT

HARRIS COUNTY DISTRICT ATTORNEY'S OFFICE STATE FORFEITED ASSETS TWELVE MONTHS ENDED AUGUST 31, 2015



January 29, 2016

**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

January 29, 2016

The Honorable Devon Anderson
Harris County District Attorney
1201 Franklin, 6th Floor
Houston, Texas 77002

RE: Harris County District Attorney's Office State Forfeited Assets for the twelve months ended August 31, 2015

The Audit Services Department performed procedures relative to the Harris County District Attorney's Office (The Office) State Forfeited Assets. The objective of the engagement was to examine forfeited asset accounts and report the issues to Commissioners' Court in accordance with Local Government Code §115.0035. Our procedures included the following:

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

The engagement process included providing you with a combined engagement and scope letter and conducting entrance and exit conferences with your personnel. The purpose of the letter 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 Honorable Devon Anderson
Harris County District Attorney

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
 Jack Morman
 Steve Radack
 Gene Locke
Vince Ryan
William J. Jackson
Dorothy Washington
Judy Springer

TABLE OF CONTENTS

OVERVIEW4

RESULTS5

ISSUES AND RECOMMENDATIONS6

Signature Authorization Forms6

OVERVIEW

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 Office. Within 30 days of the seizure, the Office 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 Office and law enforcement agencies based upon final judgment of the District Court and in accordance with local agreements executed between the Office 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 the official purposes of the Office.

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 combined balance of the Office's accounts associated with the special funds as of August 31, 2015 was approximately \$1,611,800.

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, the Accounts Payable department does not have a current Form 127, Signature Authorization Form, on file for the Office. This is discussed further in the Issues and Recommendations section below.

ISSUES AND RECOMMENDATIONS

Signature Authorization Forms

Background:

According to the County's Accounting Procedure D.1, *Processing and Contesting Invoices*, each County Department must provide Accounts payable with a completed and approved County Auditor's Form 127 (Form 127), *Signature Authorization Form*, signed by those employees who are delegated the authority to approve invoices for payment and/or changes. The County Department must also complete and re-submit an approved Form 127 to Accounts Payable if the authorized employees have any type of authorization change or employee change from those originally filed with Accounts Payable.

When there is a change in department head or official, Systems & Procedures mails a welcome packet which includes, among other items, forms to be updated and returned to various departments as well as certain Harris County procedures for reference purposes.

Issue:

Current Harris County policies do not explicitly require Form 127 to be updated upon a change in department head or official or designate the responsibility of validating that the forms are received by Accounts Payable. As a result, the Accounts Payable department did not have a Form 127 on file which was signed by the current official or department head. However, the Office provided a copy of Form 127 which was signed by the current official upon taking office.

Recommendation:

Systems & Procedures should amend Accounting Procedure D.1, *Processing and Contesting Invoices*, to explicitly state that Form 127 is required to be updated and resubmitted to Accounts Payable upon a change in department head or elected or appointed official and designate the responsibility of validating that the forms are received by Accounts Payable.

In addition, Systems & Procedures should consider developing an Auditor's Office Operations Manual procedure addressing the updating of Form 127 upon a change in department head or elected or appointed official, including designating responsibility for verifying that such form(s) have been submitted to the appropriate Auditor's Office departments.

Management Response:

Systems & Procedures has initiated the amending of Accounting Procedure D.1, *Processing and Contesting Invoices*, to explicitly state that Form 127 is required to be updated and resubmitted to Accounts Payable upon a change in department head or elected or appointed official and to designate the responsibility of validating that the forms are received by Accounts Payable.

Systems & Procedures will consider developing an Auditor's Office Operations Manual procedure addressing the updating of Form 127 upon a change in department head or elected or

appointed official, including designating responsibility for verifying that such form(s) have been submitted to the appropriate Auditor's Office departments.