

## BEXAR COUNTY SHERIFF'S OFFICE (BCSO)

### Review of the BCSO Seized and Forfeited Assets Audit Program

#### Bexar County Auditor's Office

Prepared by Reviewed by Reference:	Name	Date
	LSC	06.09.09
	Page 1 of 8	

#### General Review Objectives:

1. Review everything within the scope identified in the risk assessment.
2. Be effective by focusing on high-risk areas.
3. Be efficient by documenting processes and issues for current and future use.
4. Be considerate of the client.

**Specific Objectives:** Determine if the systems and procedures used by the Sheriff's Office (SO) adequately account for and secure seized and forfeited property and cash by:

- SO
1. Evaluating internal controls:
    - Document current procedures and controls
    - Evaluate management structure and oversight
    - Evaluate segregation of incompatible duties
    - Test for adequate documentation trails (forfeiture and auction logs)
  2. Identifying missing property/cash:
    - Account for property disposition (in use, returned to respondent, sold, missing)
  3. Determining if property is adequately safeguarded:
    - Account for property tags & identification
    - Evaluate condition of property
    - Evaluate the appropriate use of property
  4. Determining if the SO is in compliance with State statute and contracts, such as the:
    - Code of Criminal Procedure – Ch. 59
    - Law Enforcement Local Sharing Agreements
    - Auctioneer contract

#### Scope

The scope of this review will cover SO forfeiture and seizure cases for the period of: \_\_\_\_\_ through \_\_\_\_\_. The review will account for address the safeguarding of seized and forfeited property.

**The following review steps are designed to fulfill the “audit objectives.” See detailed Audit Steps on page two through the end of the document.**

- Pre-fieldwork program
- Review controls in the processes and transaction performed in the department
- Review forfeiture and seizure cases
- Perform a physical inventory of property
- Review applicable state statutes and contracts

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	Name	Date
Prepared by	LSC	06.09.09
Reviewed by		
Reference:		
	Page 2 of 8	

Budget Hours	Review Procedures	Done by/ Date	W/P Ref.
	<b><i>Pre-fieldwork</i></b>		
	<b><i>Objective: Be efficient and considerate of the client. Evaluate controls by documenting current processes/ procedures and identifying deficiencies in current controls.</i></b>		
	1. Complete the Pre-Fieldwork Program		
	<b><i>Fieldwork Phase</i></b>		
	<b><i>Complete the General Internal Control Review Program.</i></b>		
	<ol style="list-style-type: none"> <li>1. Obtain and review office policies and procedures manuals.</li> <li>2. Conduct interviews and administer selected Internal Control Questionnaires</li> <li>3. Document procedures through interviews and observations for the following: <ol style="list-style-type: none"> <li>a) Seizing an asset</li> <li>b) Securing an asset</li> <li>c) Asset disposition (return to respondent, in use by SO, sale of asset)</li> <li>d) Financial flow of the costs and proceeds involved in the sale of an asset</li> </ol> </li> <li>4. Compare new procedures and processes with those documented in the permanent file and the prior audit review workpapers; note any procedural and process changes. Based upon the information, prepare a narrative of suggested improvements to current procedures and accountability documentation for the control of seized and forfeited assets by the SO.</li> </ol>		
	<b><i>Preliminary Evaluation of Internal Controls.</i></b>		
	<ol style="list-style-type: none"> <li>1. Separation of incompatible duties: <ol style="list-style-type: none"> <li>a) Review the job descriptions, flowcharts and other procedural documents looking for incompatible duties assigned to the same person.</li> <li>b) Verify with employees that procedures operate as documented.</li> <li>c) Formulate initial recommendations for separation of duties.</li> </ol> </li> </ol>		

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	Name	Date
Prepared by	LSC	06.09.09
Reviewed by		
Reference:		
	Page 3 of 8	

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	<b>2. Training and Documentation</b> a) Verify that key employees are sufficiently trained to perform their duties. b) Verify that employees have the required certifications.		
	<b>3. Supervising</b> Examine the organization chart to determine whether each employee reports to the appropriate person.		
<b><i>Tollgate</i></b>			
	1. Prepare a preliminary list of issues identified up to this point. 2. Include issues expected to be found as a result of test work on a <a href="#">Tollgate Form</a> . 3. Make recommendations to adjust review programs as needed 4. Adjust programs as needed. 5. Plan sample sizes and parameters.		
<b><i>Test Basic Compliance</i></b>			
<b><i>Objective: Determining if the SO is in compliance with State statute and applicable department contracts:</i></b>			
	Complete Basic Compliance Review Program as needed and complete the following:		
	1) Complies with all laws, contracts and other restrictions a) Code of Criminal Procedure – Ch. 59 b) Law Enforcement Local Sharing Agreements c) Auctioneer contract 2) Official Complies with Requirements of Office: a) Official Bond b) Official Oath c) Other Insurance requirements d) Training 3) Files all required reports (if applicable) a) Obtain copies of all required reports. b) Are there up-to-date written procedures detailing sources of data and procedures for preparing these reports? c) Verify that the reports were: i) filed on time,		

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	Name	Date
Prepared by	LSC	06.09.09
Reviewed by		
Reference:		
	Page 4 of 8	

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	<ul style="list-style-type: none"> <li>ii) signed by authorized persons and</li> <li>d) accepted by the agencies.</li> <li>4) Only receives and holds money or property that it is authorized to hold</li> <li>5) Bonds its employees if required</li> <li>6) Other compliance requirements.</li> </ul>		

<i>Accounting for Assets</i>			
<i>Objective: Identify missing property and account for property disposition (in use, returned to respondent, sold, missing)</i>			
	<p>1. From the seizure log obtained from the DA's Office, make a list of all cases containing property and cash seizures. Give a copy of the list to appropriate DA staff and request all case files be pulled for our review. For each case file, determine from DA staff whether the case has a judgment or not. Review the case files for the following information and summarize all information on a lead schedule spreadsheet:</p> <ul style="list-style-type: none"> <li>a. For the cases where judgments have been made, review award documentation to determine the disposition of the assets. Make note of who is awarded each property/cash item and the award date.</li> <li>b. Review the exhibit which contains a list of all assets seized. Make a list of the items, or if several items were seized, make a copy of the exhibit. The SO should have records showing the disposition of each item.</li> <li>c. For cases which do not yet have judgments, make a copy of the exhibit which contains a list of all assets seized. These assets should be at the SO seized property storage location.</li> </ul> <p>2. From the property cases in step #1, determine which cases also have vehicle seizures. Judgmentally select additional vehicle cases from the seizure log to obtain a total sample of 25 to 30 cases. Make a list of all cases selected from the seizure log and give a copy of the list to appropriate DA staff and request all case files be pulled for our review. For each case file, determine from DA staff whether the case has a judgment or not.</p>		

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#### Bexar County Auditor's Office

	Name	Date
Prepared by	LSC	06.09.09
Reviewed by		
Reference:		
	Page 5 of 8	

	<p>Review the case files for the following information and summarize all information on a spreadsheet:</p> <ul style="list-style-type: none"><li>a. For the cases where judgments have been made, review award documentation to determine the disposition of the vehicle(s). Make note of who is awarded the vehicle and the award date.</li><li>b. Review the exhibit which contains a list of all vehicle(s) seized. Make a list of them, or if several vehicles were seized, make a copy of the exhibit. The SO should have records showing the disposition of each vehicle.</li><li>c. For cases which do not yet have judgments, review the exhibit which indicates the description of the vehicle(s) seized. These vehicles should be in the SO impound lot.</li></ul> <p>3. From the seizure log, make a list of all rejected cases. These are cases the DA's office decided not to prosecute. Read case files to determine (a) when the seized assets were returned to the respondent or (b) when the assets were logged in as evidence in another respondent case.</p> <p>4. Select a 10% interval sample of seized property/cash and vehicle assets appearing on the DA's seizure log and trace to the property inventory log obtained from the SO. Resolve any discrepancies.</p> <p><b>5. Seized Property</b> - Select a judgmental sample of high dollar seized property from the spreadsheet prepared in step #1 above. Sort the assets based upon case status; pending, closed (awarded to SO), closed (awarded to respondent), and closed (awarded to SO and respondent). Perform the following procedures:</p> <ul style="list-style-type: none"><li>a. For pending case assets, conduct a physical inventory to locate each sample item at the SO seized property storage location.</li><li>b. Resolve any discrepancies involving the sample items.</li><li>c. For closed case assets awarded to SO, trace asset to obtained auction logs. Assets with very recent award dates may still be on hand because auctions are held every 45 days.</li><li>d. For assets awarded to the respondent, trace asset to</li></ul>		
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	Name	Date
Prepared by	LSC	06.09.09
Reviewed by		
Reference:		
	Page 6 of 8	

	<p>disposition records indicating who claimed the asset and the date claimed.</p> <p>e. Summarize all information on a spreadsheet.</p> <p><b>6. Seized Vehicles</b> - From the seized vehicles determined in step #2 above, sort the vehicles based upon case status; pending, closed (awarded to SO), closed (awarded to respondent), and closed (awarded to SO and respondent). Perform the following procedures:</p> <ul style="list-style-type: none"><li>a. For pending case assets, conduct a physical inventory to locate each sample item at the SO impound lot.</li><li>b. Resolve any discrepancies involving the vehicles.</li><li>c. For closed case assets awarded to SO, trace vehicle to obtained auction logs. Vehicles with very recent award dates may still be on hand because auctions are held every 45 days.</li><li>d. For vehicles awarded to the respondent, trace to disposition records indicating who claimed the vehicle and the date claimed</li><li>e. Summarize all information on a spreadsheet.</li></ul> <p><b>7. Seized Cash</b> - Select a judgmental sample of high dollar cash seizers from the spreadsheet prepared in step #1 above. Sort the cash seizers based upon case status; pending, closed (awarded to SO), closed (awarded to respondent), and closed (awarded to SO and respondent). Perform the following procedures:</p> <ul style="list-style-type: none"><li>a. For pending cases, trace cash seizures to the DA's bank statement. If not yet deposited, inventory the cash at the SO property room.</li><li>b. Resolve any discrepancies involving the sample items.</li><li>c. For closed cases, cash awarded to SO, trace the cash deposit to the County's depository bank statement and the SO forfeiture fund account</li><li>e. For cash awarded to the respondent, trace cash amount to disposition records indicating who claimed the asset and the date claimed. Research issued check information to ensure the payee name, amount, endorsement matched the respondents information.</li><li>f. Summarize all information on a spreadsheet.</li></ul> <p><b>8. While conducting inventory of sample items in steps #5 and #6 above,</b></p>		
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	Name	Date
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Reviewed by		
Reference:		
	Page 7 of 8	

	randomly select 20 additional items in the seized property storage location or the impound lot and make note of the description of each item. <ul style="list-style-type: none"><li>a. Trace the 20 items to the inventory listing.</li><li>b. Resolve any discrepancies involving the 20 additional items.</li><li>c. Summarize all information on a spreadsheet.</li></ul> <b>9.</b> Select a sample of auction receipts and trace to appropriate Deposit Warrants. Ensure appropriate amount is allocated to the DA's Office and the SO. Resolve any discrepancies. <b>10.</b> For the Deposit Warrants identified in step 9, determine the timeliness of the deposit of funds in the county treasury. Detail results on a spreadsheet.		
<b><i>Safeguarding Assets</i></b>			
<b><i>Objective : Determine if property is adequately safeguarded:</i></b>			
	<b>1)</b> When conducting the physical inventories in steps 5,6 & 8 above, ensure the following: <ul style="list-style-type: none"><li>a) The property is appropriately identified w/ SO tags/ID or with the applicable case #</li><li>b) Document the condition of the property (excellent, fair, poor)</li><li>c) Is the location where the property is being held secure and housing conditions are adequate</li><li>d) Is the property being used as required by statute or SO policy</li></ul>		

Prepared By:

\_\_\_\_\_ Date: \_\_\_\_\_  
Auditor in-charge

Approved By:

\_\_\_\_\_ Date: \_\_\_\_\_  
Director, Audit Division

**Conclusion:**

I have performed the recommended audit procedures, and additional testing audit procedures as necessary, and I conclude that the audit objectives have been adequately achieved and my work is adequately documented in the workpapers that are referenced in this program.

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	Name	Date
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Reference:		
	Page 8 of 8	