Travis County Constable, Precinct 2
Forfeited Property Examination
#15-34

January 11, 2016

TRAVIS COUNTY
AUDITOR'S OFFICE

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To: Adan Ballesteros
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From: Nicki Riley, CPA
Travis County Auditor

Date: January 11, 2016

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 (REC) Risk Evaluation and Consulting Division of the Travis County Auditor's Office has completed an examination of the Forfeited Property Accounts (FPA) maintained by the Travis County Constable, Precinct 2 Office. 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 Constable's Office maintains accounts to record the proceeds of confiscated funds, which were determined in felony trials to be derived from illegal acts. Article 59.06 of the Code of Criminal Procedure delineates the Constable's authority pertaining to contraband seizure and forfeiture. If it is determined the funds were derived from a felonious act; the funds are forfeited and transferred into the forfeited property account where a constable is able to use the funds according to statute. Additionally, a constable may spend the proceeds after a budget for the expenditure of the proceeds has been submitted to Commissioners Court; however, the receipts and disbursements of forfeiture proceeds must be accounted for by this office.

SCOPE OF EXAMINATION

This examination included an assessment of the adequacy and effectiveness of the overall system of financial controls in place for the Constable, Precinct 2 Office's Forfeited Property Account during the period October 1, 2014 to September 30, 2015. While we conducted reviews of

accounting-related controls, this examination did not include operational reviews of the Forfeited Property Account.

The scope of this examination included an examination of the overall internal controls in place with respect to compliance with state guidelines, and 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 Constable, Precinct 2 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

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 account. 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

Lisa Denton, CFE, Senior Auditor
Jessica Torres, 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 Constable, Precinct 2 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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Joe Alvarado, Constable and Justice of the Peace Accounting Manager
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

Constable, Precinct 2 Forfeited Property Account
Special Revenue Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
For the 12 Months Ended September 30, 2015

Revenues:		
Fines and forfeits	$	-
Investment income		1
Total revenues		1
Expenditures:		
Current		812
Capital outlay		-
Debt service		-
Total expenditures		812
Excess (deficiency) of revenues over expenditures		(811)
Other financing sources (uses):		
Transfers in		-
Transfers out		-
Total other financing sources (uses)		-
Net change in fund balance		(811)
Fund balance - beginning of year		2,411
Fund balance - end of year	$	1,600

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 has not been audited by Travis County's external auditors.

Constable, Precinct 2 Forfeited Property Account
Special Revenue Fund
Balance Sheet
September 30, 2015

Assets

Cash	$	1,600
Total assets	$	1,600

Liabilities and Fund Balance

Liabilities:		
Accounts payable	$	-
Total liabilities		-
Fund balance:		
Reserved for encumbrances		-
Unreserved - undesignated		1,600
Total fund balance		1,600
Total liabilities and fund balance	$	1,600

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 has not been audited by Travis County's external auditors.