Travis County Law Enforcement Officer Standards and Education Fund Disbursement Review
Report of Findings and Recommendations

#16-35

January 31, 2017

TRAVIS COUNTY
AUDITOR'S OFFICE

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From: Nicki Riley, CPA
Travis County Auditor

Date: January 31, 2017

Subject: LEOSE Disbursement Review

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting Division of the Travis County Auditor's Office has completed an examination of FY16 disbursements made from the eight Law Enforcement Officer Standards and Education (LEOSE) Funds utilized in Travis County. 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.

The primary objective of this examination was to assess the adequacy and effectiveness of the overall system of internal controls in place for the disbursement of LEOSE funds during the period October 1, 2015 through September 30, 2016. In total, 164 disbursements totaling $79,576 were made in the period. Our review included determining if the disbursements were statutorily-compliant, properly approved, and posted correctly to the applicable financial records.

Our work was based on applying sampling procedures to disbursement records and on verbal and written representations from the applicable offices which disbursed these funds. 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 these financial statements, financial records, and internal controls that might be material weaknesses or misstatements. In regards to the written and verbal representations made by the

applicable offices, 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.

Based on our examination, we gave the system of internal controls for the disbursement of LEOSE funds a rating of "Satisfactory", which indicates a well-established internal controls environment with no material weaknesses noted. See Attachment A for an explanation of our grading system for the overall control environment.

Copies of the consolidated financial statements for the LEOSE Special Revenue Fund as of September 30, 2016 are provided in Attachment B, including a detailed Statement of Revenues, Expenditures, and Changes in Fund Balance. The express purpose of presenting these financial statements and the associated findings is to comply with the applicable local government code statutes and to provide internal control feedback to Travis County officials. These financial statements are currently being audited by Travis County's external auditors.

These findings and recommendations are intended solely for the information and use of management and the Commissioners' Court. We greatly appreciate the cooperation and assistance received from the management and staff of the eight offices involved in this review. Please contact our office if you have any questions or concerns regarding this report.

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Margaret Gomez, Commissioner, Precinct 4
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Managers, Travis County Auditor's Office
Examination File

Executive Summary

Functional Area:
LEOSE funds are distributed to local law enforcement agencies by the state based on the OCCUPATIONS CODE, Title 10, Chapter 1701, Subchapter D, Section Sec. 1701.157 "Money Allocated and Used for Continuing Education", which states the following:

> *(d) A local law enforcement agency shall use money received under Subsection (a) only as necessary to ensure the continuing education of persons licensed under this chapter or to provide necessary training, as determined by the agency head, to full-time fully paid law enforcement support personnel in the agency.*

Prior Examination Exceptions (#15-44, Dated January 2, 2016):
No prior examination exceptions.

Objectives of Current Examination (Period – October 1, 2015 to September 30, 2016):
The scope of this examination included a review of the overall internal controls in place for disbursements of LEOSE funds in the offices which held these funds during FY15.

Current Examination - Significant Findings:
No current examination significant findings.

Overall Opinion (See Transmittal Letter for Specifics):
The overall system of internal controls in place for LEOSE disbursements received a rating of "Satisfactory".

Auditor's Note:
For Constable's 3 and 4, the Sheriff's Office, and the District Attorney's Office, the period under review occurred during the administrations of the previous elected officials in place in those offices.

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 Consolidated LEOSE Accounts
Special Revenue Fund
Balance Sheet
September 30, 2016

Assets

Cash	$	71,498
Total assets	$	71,498

Liabilities and Fund Balance

Liabilities:		
Other Liabilities	$	560
Total liabilities		560
Fund balance:		
Reserved for encumbrances		-
Unreserved - undesignated		70,938
Total fund balance		70,938
Total liabilities and fund balance	$	71,498

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 is currently being audited by Travis County's external auditors.

Travis County Consolidated LEOSE Accounts
Special Revenue Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended September 30, 2016

Revenues:		
Annual Allocation	$	87,068
Interest		80
Total revenues		87,148
Expenditures:		
Current:		
Public Safety:		
Other Charges		79,576
Capital outlay		-
Debt service		-
Total expenditures		79,576
Excess (deficiency) of revenues over expenditures		7,572
Other financing sources (uses):		
Transfers in		-
Transfers out		-
Total other financing sources (uses)		-
Net change in fund balance		
Fund balance - beginning of year		63,366
Fund balance - end of year	$	70,938

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 is being audited by Travis County's external auditors.