

## Memorandum



DATE: June 4, 2004

TO: Honorable Mayor and Members of the City Council

SUBJECT: Follow-up report of the November 15, 2002, Performance Audit of the Dallas Police Department's Confiscated Funds Program--Report #374

We conducted this follow-up audit under the authority of Chapter IX of the City Charter, City Council Resolution No. 920779, and performed it according to applicable government auditing standards.

Our objective was to determine whether the Dallas Police Department (DPD) had implemented the audit's recommendation or taken other acceptable actions to remedy the control weaknesses identified in the original audit report.

The original audit contained thirteen findings with sixteen recommendations. Management has implemented eleven of the recommendations, partially implemented three, and did not implement two.

1. Payment delays and incorrect application of agreement terms create additional costs. We recommended that the Chief of Police: Ensure remitting payments to the District Attorney's Office timely to prevent increased expenditures. (Implemented)

Ensure disbursement amounts are limited to requirements in the written agreements. (Implemented)

Recalculate the interest amount using actual daily interest rates and compare the result to the amount calculated in disbursements. Determine whether it is feasible to use daily interest rates instead of the constant rate present at deposit. (Implemented)

2. Payments from confiscated funds should be formalized. We recommended that the Chief of Police restrict the use of Fund 413 to non-seizure related eligible law enforcement expenditures. (Implemented)

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3. The DPD does not prepare separate budgets for funds confiscated under State rules or for funds obtained from federal confiscations. We recommended that the Chief of Police prepare and present a separate budget to the City Council that details the planned uses of awarded confiscated (State) and shared (Federal) funds. (Not Implemented)

We found that DPD continues to delineate the two types of funds by listing them as separate line items in its one budget.

4. There are no procedures in place to ensure that confiscated funds received are processed through the Asset Forfeiture Unit (AFU). We recommended that the Chief of Police establish procedures to ensure that all drug related seizures are given to and processed through the AFU immediately upon receipt. (Implemented)
5. The City is paying monies to Dallas County for activities that could be performed by the City. We recommended that the Chief of Police consult with the City Attorney to determine the feasibility of the City Attorney assuming the duties for forfeiture proceedings and take additional actions warranted, if any, from the results of that review. (Implemented)
6. The seized property procedural manual contains outdated material. We recommended that the Chief of Police updated the Seized Property Manual to reflect current operations and establish periodic reviews and updates to prevent obsolescence. (Partially implemented)

We found that the revision was held to await the recommendations of the Fake Drug Task Force.

7. Responsibilities are not clearly defined. We recommended that the Chief of Police establish written procedures detailing the lines of responsibility in the revised operating procedures. (Implemented)
8. Communication links and correspondence need improvement. We recommended that the Chief of Police:
  - A. Employ the Police Technology Technical Service Unit to link the databases and related departmental units. (Not Implemented)

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Management has chosen to wait for the Fake Drug Task Force report before deciding if and how to accomplish this.

B. Require all related disbursement and transfer instructions to be submitted on one document. (Implemented)

9. The required State and federal report compilations need improvement. We recommended that the Chief of Police establish all necessary written procedures to ensure uniform and standardized methods are used to obtain and compile federal and State confiscated funds annual report data. (Partially implemented)

Management has developed draft procedures for obtaining and compiling annual federal and State report data.

10. Independent review and audit of annual reports are not assured. We recommended that the Chief of Police consider soliciting separate audits of the reports submitted to the State and federal authorities for seized and forfeited assets. (Implemented)

11. The external audit report is not reflective of the DPD reported amount. We recommended that the Chief of Police, in consultation with the City's external auditors, ensure that confiscated funds are included and tested as a component of the Single Audit Act. (Implemented)

12. Inactive grants should be closed. We recommended that the Chief of Police coordinate with Budget and Management Services to close the inactive grant funds and move any cash balances into Fund 411. (Partially Implemented)

Management is in the process of closing the inactive funds.

13. There may be alternatives to the current crime laboratory use. We recommended that the Chief of Police determine whether there is a more economical, effective, and efficient means to obtain forensic services by determining the feasibility of conducting, in house, all or part of the forensic services currently performed by SWIFS; and reviewing the costs for forensic services provided by other labs or instituting an in-house lab. (Implemented)

We appreciate management's cooperation in this follow-up.

**Thomas M. Taylor**

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City Auditor

c: Teodoro J. Benavides, City Manager  
Randy Hampton, Acting Chief of Police