



State Seizure Audit

Fiscal Year 2013

CITY OF KILLEEN

A Report to the City
of Killeen Audit
Committee

Committee Chair
Daniel A. Corbin

Committee Members
Wayne Gilmore
Jose Segarra

Internal Audit
Department

City Auditor
Amanda R. Wallace
CPA

Report Summary

The state seizure fund is used for monies seized in connection with criminal investigations. All activities related to this fund are subject to the guidelines set forth in Chapter 59 of the Texas Code of Criminal Procedure, including the requirement that the fund must have an audit conducted annually. This audit report along with the required Chapter 59 Asset Forfeiture Report has been completed in accordance with this requirement.

TABLE OF CONTENTS

BACKGROUND..... 1

OBJECTIVE, SCOPE, AND METHODOLOGY..... 2

AUDIT RESULTS..... 3

RECOMMENDATIONS..... 4

APPENDIX A: MANAGEMENT RESPONSE..... 5

GOVERNMENT AUDITING STANDARDS COMPLIANCE

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Those standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. I believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

AUDIT STAFF

Amanda R. Wallace, CPA, City Auditor

Office of the City Auditor
Killeen City Hall
Phone: (254) 501-7685
Email: awallace@killeentexas.gov



AUDIT REPORT HIGHLIGHTS

Why This Audit Was Conducted

This audit was conducted in order to comply with the requirement as stipulated in Chapter 59 of the Texas Code of Criminal Procedure that the seizure activity be audited annually.

What Was Recommended

It was recommended that the Police Department ensure that all property records in the Seized Asset Database are complete and accurate.

Mayor and Council,

I am pleased to present this audit on the Killeen Police Department's State Seizure program.

BACKGROUND

The State Seizure Fund is used to account for monies confiscated in connection with criminal investigations conducted by the Killeen Police Department (KPD). This activity is governed by Chapter 59 of the Texas Code of Criminal Procedure.

OBJECTIVE AND SCOPE

The objective of the audit was to determine whether KPD has the necessary controls in place that are needed to safeguard the City's assets with regard to state seizure activity, and to ensure that the Code of Criminal Procedure is followed in all aspects of Killeen's seizure program. The audit scope included state seizure activity for the period October 2012 through September 2013.

WHAT WAS FOUND

There was inaccurate or incomplete information in the seized asset database:

1. The serial number for one of the seized assets was not accurate and did not match the serial number on the item which was seized.
2. 14% of the seized property records contained at least one field that was not completed.

I appreciate the cooperation and assistance I received from the Police Department staff during this audit.

A handwritten signature in black ink that reads "Amanda R. Wallace".

Amanda R. Wallace, City Auditor

BACKGROUND

The State Seizure fund is used to account for monies confiscated in connection with criminal investigations conducted by the Killeen Police Department. All activities related to this fund are subject to the guidelines set forth in Chapter 59 of the Texas Code of Criminal Procedure (the Code).

All approved cash seizures are delivered to the Bell County Treasurer for deposit in the Bell County District Attorney's "Forfeiture of Contraband Fund" until disposition of the funds is determined. If the District Attorney (D.A.) determines that funds are forfeited, court fees are deducted and the balance is subject to the July 30, 2002 "Agreement Respecting Forfeited Contraband Under Chapter 59, Texas Code of Criminal Procedure." According to the agreement, the City of Killeen Police Department is authorized to receive 60% of the net forfeited funds and the D.A. retains the remaining 40%. The Bell County D.A. mails the court order of forfeiture and Killeen's share of the forfeited funds by check to the Police Department. The City deposits these monies in the State Seizure Fund to be used only for law enforcement purposes as stipulated in the Code.

As for real or personal property that is confiscated in connection with criminal investigations conducted by the Killeen Police Department, these are held by the Killeen Police Department in a safe place while awaiting determination from the D.A. Upon, determination from the D.A., this property is either placed into service for law enforcement purposes, or is sold according to the City of Killeen's Code of Ordinances (Sec. 2-86 through Sec. 2-91). Any proceeds received from the sale of seized property are deposited in the State Seizure Fund to be used only for law enforcement purposes.

A State Seizure Fund budget of expenditures must be submitted to the governing body of the City for approval. The expenditures associated with the State Seizure Fund cannot be used to offset or decrease total salaries, expenses or allowances that the City has already included in its annual budget.

OBJECTIVE, SCOPE, AND METHODOLOGY

The State Seizure Audit was conducted in order to comply with the Code which requires an annual audit of the program. This audit was also included in the FY2014 Audit Plan, as presented to the City Council and the Audit Committee.

Objective

The objective of the audit was to determine whether the Police Department has adequate controls in place to safeguard the City's assets with regard to state seizure activity, and to ensure that the Code is properly followed in all aspects of Killeen's seizure program.

Scope

The audit scope included state seizure activity for the period October 2012 through September 2013.

Methodology

To accomplish the audit objective, the following steps were performed:

- Conducted interviews with Killeen Police Department staff and obtained information on policies and procedures as well as staff responsibilities.
- Obtained and tested data from the D.A., the Police Department and the Finance Department relating to seizure activity.
- Analyzed supporting documentation to determine whether the policies and procedures were adhered to.
- Analyzed policies and procedures to determine effectiveness.
- Considered fraud, waste, and abuse as related to the audit objective.

AUDIT RESULTS

In testing State Seizure revenues, a report of all distributions to KPD regarding seized/forfeited contraband was provided by Bell County. All revenues from Bell County during FY2013, totaling \$41,460, were accounted for and recorded properly. Additionally, the revenues received for seized property that was auctioned during FY2013, totaling \$12,867, were reviewed, and were accurately recorded. Although not included as Findings since KPD is not at fault, there were two situations in which the letter of determination from the D.A. did not include details on the deductions that were made prior to the distribution to the City. This issue is more of an observation for awareness rather than a finding. The D.A., in most cases, provides details for any deductions such as court costs, services of citations, etc. The situations noted here do not seem to be a widespread issue, but it would be of importance for verification purposes to know what the deductions are for each case.

Regarding seized real or personal property, the property records were sampled in order to verify existence and to verify that the property is being used according to the Code for law enforcement purposes. All property sampled was accounted for and being used according to the Code. However, there were some instances noted in the property testing in which the Seized Asset Database was not accurate or complete. These situations do not give reason to believe that there were any significant or material issues concerning the property records; however, it is important for property to be recorded completely and accurately.

There was only one expenditure during the audit period, which was \$49,035 for the purchase of surveillance equipment. This expenditure was verified and confirmed to be in alignment with the requirements of the Code.

Finding 1: There were inaccuracies in the Seized Asset Database.

The property testing revealed that one item in the test sample had not been recorded accurately in the Seized Asset Database in that the serial number had been entered incorrectly. This was an isolated incident; however, it should be stressed that information be recorded accurately for all property upon being entered into the database. Additionally, in reviewing all property records for completeness, 14% of the property records were missing information in at least one entry field. All entry fields should be entered accurately and should agree to other information in the case file.

RECOMMENDATIONS

The recommendations listed below are a result of the audit effort and are subject to the limitation of the scope of the audit. I believe that these recommendations provide reasonable approaches to help resolve the issues identified. I also believe that operational management is in a unique position to best understand their operations and may be able to identify more efficient and effective approaches, and I encourage them to do so when providing their responses to the recommendations. As such, I strongly recommend the following:

- 1. Property records should be complete and accurate for all property in the Seized Asset Database.**

See Appendix A for Management's Response to each recommendation.

MANAGEMENT RESPONSE



MEMORANDUM
Killeen Police Department



To: Amanda Wallace, City Auditor
Via: Glenn Morrison, City Manager *GM*
From: Dennis M. Baldwin, Chief of Police
Date: November 25, 2013
Subject: **State Seizure Audit – Fiscal Year 2013**

This memorandum is my response to the State Seizure Audit findings for Fiscal Year Fiscal Year 2013.

Finding 1:

The detective recorded an “owner-applied number” in the serial number field when the television was entered into evidence. The serial number and the owner-applied number has since been confirmed and linked to the correct case in the database. Moreover, we have corrected the serial number fields in all databases.

Additionally, the Auditor provided division personnel with the exact fields that needed corrected, and necessary corrections were made in the database. More attention to detail will be given to data entry in the future.

Should you have any questions or concerns regarding this response, please feel free to contact my office at 501-8804.

Sincerely,

D. M. Baldwin

DENNIS M. BALDWIN
CHIEF OF POLICE