



Council Auditor's Office

Sheriff's Investigative Fund Fiscal Year 2019/20

January 11, 2024

Report #876

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ATTACHMENT ‘A’

“SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS”

OFFICE OF THE COUNCIL AUDITOR
Suite 200, St. James Building



January 11, 2024

Report #876

Honorable Members of the City Council
City of Jacksonville

Honorable T.K. Waters, Sheriff
City of Jacksonville

INDEPENDENT AUDITOR'S REPORT

We have examined the Office of the Sheriff, City of Jacksonville's (JSO's) compliance with Section 925.055, Florida Statutes during the fiscal year ended September 30, 2020. Management is responsible for compliance with the specified sections. Our responsibility is to express an opinion on JSO's compliance based on our examination.

Our examination was conducted in accordance with Generally Accepted Governmental Auditing Standards for attestation engagements issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether JSO complied, in all material respects, with the specified requirement referenced above. An examination involves performing procedures to obtain evidence about whether JSO complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the Schedule of Cash Receipts and Disbursements (Attachment A) presents fairly, in all material respects, the receipts and disbursements of the Criminal Investigative Fund of the Office of the Sheriff, City of Jacksonville, for the fiscal year ended September 30, 2020 based on the requirements of Section 925.055, Florida Statutes.

This report is intended for use in connection with Section 925.055, Florida Statutes, and is to be used for no other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Kim Taylor

Kim Taylor, CPA
Council Auditor

OFFICE OF THE COUNCIL AUDITOR
Suite 200, St. James Building



January 11, 2024

Report #876

Honorable Members of the City Council
City of Jacksonville

Honorable T.K. Waters, Sheriff
City of Jacksonville

INTRODUCTION

Florida Statutes Section 925.055(2) requires an annual financial audit of law enforcement investigative funds. Section 925.055(1) states that “state and local law enforcement agencies which receive investigative and evidence funds from their budgetary authority or which receive special law enforcement funds for complex or protracted investigations shall adopt policies which provide for accountability of the expenditures of such funds.” Pursuant to Florida Statutes Section 925.055(2), Section 5.10 of the Charter of the City of Jacksonville, and Chapter 102 of the Municipal Code, we examined the Sheriff’s Criminal Investigative Fund for the fiscal year ended September 30, 2020.

Court costs imposed and collected for recovering the cost of prosecution and investigation of convicted persons are the primary source of funding for the Jacksonville Sheriff’s Office (JSO) Criminal Investigative Fund. These collections are deposited in the City’s investigative trust fund account. This trust fund supports the JSO investigative checking account that is used to fund criminal investigations. During fiscal year 2019/20, \$420,000 was transferred from the City’s investigative trust fund to the JSO investigative checking account, which is managed by the JSO Budget and Management Division. The investigative checking account replenishes the JSO Narcotics & Vice Section cash fund, an imprest account that funds the investigation of narcotics and vice-related activities. The “Schedule of Cash Receipts and Disbursements” (Attachment A) shows the activity of the JSO Criminal Investigative Fund, including the investigative checking account and the Narcotics & Vice Section cash fund, for the fiscal year ended September 30, 2020. This activity is monitored by the JSO Internal Audit Unit. The Internal Audit Unit performs quarterly cash counts and issues an annual financial report attesting to the accuracy and appropriateness of transactions within the JSO Criminal Investigative Fund. We perform our examination subsequent to the issuance of the Internal Audit Unit’s final report for the fiscal year. The Internal Audit Unit’s Final Report for fiscal year ending September 30, 2020 was issued on February 22, 2023.

The auditor’s report is shown on page one. This letter is presented as supplementary information of our examination.

STATEMENT OF OBJECTIVES

The objectives of the examination were as follows:

1. To determine compliance with Florida Statutes Section 925.055 relative to the JSO Criminal Investigative Fund.
2. To determine whether management controls over cash are properly working to safeguard and account for funds.
3. To determine whether the “Schedule of Cash Receipts and Disbursements” (Attachment A) for the fiscal year ended September 30, 2020 is fairly presented.

STATEMENT OF SCOPE AND METHODOLOGY

The scope of our examination includes all transactions in the JSO Criminal Investigative Fund which occurred during the 2019/20 fiscal year. These transactions took place within the City’s investigative trust fund account, the JSO investigative checking account, and the Narcotics & Vice Section cash fund. To gain an understanding of the business processes, we conducted staff interviews and reviewed applicable rules, laws, regulations, and written policies and procedures. We also performed an analysis of different risk factors and applied various procedures to assess internal controls used to mitigate those risks. Based on this work, we identified the objectives and reviewed relevant information system controls. We performed the following procedures to reach our conclusions.

Objective 1

We reviewed Florida Statute 925.055 regarding law enforcement investigative funds and JSO policies and procedures, and then verified that JSO is complying with the Statute by having the appropriate internal policies and procedures in place.

Objective 2

We performed a cash count on the Narcotics & Vice Section cash fund and reconciled the balance to JSO’s internal accounting system. We also reviewed supporting documentation showing the transfer of custody for funds that were in the hands of detectives and other officers. While performing the surprise cash count, we also confirmed that the safe was properly locked at the time. Lastly, we verified that safe combinations were properly changed when warranted by staffing changes.

Objective 3

We obtained the Annual Schedule of Cash Receipts and Disbursements of the JSO Criminal Investigative Fund from JSO’s Budget and Management Division. We reviewed the report for mathematical accuracy and tied figures to supporting documents and other related reports. Next, we identified the populations and sample sizes for each of the areas from which the payments could be made.

1. We obtained the entire population of expenditure transactions that occurred directly within the City’s investigative trust fund account (30). The 30 transactions included 5 reimbursements to the JSO investigative checking account, 24 operating expenditures, and

one non-cash expenditure of \$1. Then, we judgmentally decided to select all 24 operating expenditure transactions in the population for testing.

2. We obtained the population of expenditures paid directly from the JSO investigative checking account (122), which included 5 reimbursements to the Narcotics & Vice Section cash fund. Excluding the reimbursements, which were tested separately, we judgmentally decided to select 10 of the remaining 117 transactions at random for testing.
3. We obtained the population of expenditures paid from the Narcotics & Vice Section cash fund (3,235). We randomly selected 92 transactions for testing based on a statistically determined sample size.

For each sample selected, we verified that the expenditures were properly supported and accurately paid by reviewing invoices, requisitions, reimbursement request forms, timesheets, and other documentation as applicable. We also verified that the expenditures were for allowable activities related to long-term narcotics and other investigations.

For each of the five reimbursements paid to the Narcotics & Vice Section cash fund, we confirmed the reimbursement was properly authorized and the amount requested to be reimbursed reconciled with the amount of expenditures recorded in JSO's internal accounting system.

Additionally, we performed the following analytical procedures to:

1. detect any duplicate or missing expenditure transactions in JSO's internal accounting system.
2. identify any missing or duplicate receipt cards which are used to track the custody of funds disbursed from the Narcotics & Vice Section cash fund.
3. identify expenditure transactions that were recorded more than 30 business days after the transaction occurred to determine whether transactions were being recorded timely.
4. identify potential input errors in the accounting system and determine the impact (if any) of those errors to the accuracy of the Schedule of Cash Receipts and Disbursements.

REPORT FORMAT

Our report is structured to identify Internal Control Weaknesses, Findings, and Opportunities for Improvement as they relate to our objectives. Internal control is a process implemented by the auditee to provide reasonable assurance that they achieve their objectives in relation to the effectiveness and efficiency of operations and compliance with applicable laws and regulations. An Internal Control Weakness is therefore defined as either a defect in the design or operation of the auditee's internal controls or is an area in which there are currently no internal controls in place to ensure that objectives are met. A Finding is an instance where management has established internal controls and procedures, but responsible parties are not operating in compliance with the established controls and procedures. An Opportunity for Improvement is a suggestion that we believe could enhance operations.

STATEMENT OF STANDARDS

Our examination was conducted in accordance with Generally Accepted Governmental Auditing Standards issued by the Comptroller General of the United States and, accordingly, included examining on a test basis, evidence supporting the Schedule of Cash Receipts and Disbursements and performing such other procedures, as we considered necessary in the circumstances. Those standards require that we plan and perform the examination to afford a reasonable basis for our judgments and conclusions regarding the activity under examination. We believe that our examination provides a reasonable basis for our opinion.

AUDITEE RESPONSES

Responses from the auditee have been inserted after the respective finding and recommendation. We received these responses from the Jacksonville Sheriff's Office in a memorandum from Edwin M. Cayenne, Assistant Chief of Narcotics and Vice, on November 30, 2023.

CONCLUSIONS

1. JSO is in compliance with Florida Statutes Section 925.055 relative to the JSO Criminal Investigative Fund.
2. It appears that JSO's management controls over cash are properly working to safeguard and account for funds.
3. The Schedule of Cash Receipts and Disbursements (Attachment A) fairly presents JSO's receipts and disbursements of the Criminal Investigative Fund for the fiscal year ended September 30, 2020. However, we have included a comment related to the status of an Internal Control Weakness identified in the prior attestation.

OBJECTIVE #1

To determine compliance with Florida Statutes Section 925.055 relative to the JSO Criminal Investigative Fund.

We noted no findings for Objective 1.

OBJECTIVE #2

To determine whether management controls over cash are properly working to safeguard and account for funds.

We noted no findings for Objective 2.

OBJECTIVE #3

To determine whether the “Schedule of Cash Receipts and Disbursements” (Attachment A) for the fiscal year ended September 30, 2020 is fairly presented.

Internal Control Weakness 3-1 - Special Investigation Account Policies and Procedures

In Report #843 Sheriff’s Investigative Fund Fiscal Year 2016/17 and Report #844 Sheriff’s Investigative Fund Fiscal Year 2017/18 (published concurrently), we found the following:

- Written policies surrounding special investigation accounts required funds obtained by Detectives to be spent or returned within two working days. However, the Sheriff’s Office stated that this policy was not enforced due to the nature of special investigations.
- Cash counts performed monthly by detectives were not clearly documented. Forms used to record cash counts included the month’s beginning balance, monthly expenditures, and the month’s ending balance which is similar to a reconciliation not a cash count. The Sheriff’s Office did confirm that cash on hand was physically counted even though the support did not clearly evidence it.
- The Sheriff’s Office was not tracking the transfer of funds between Detectives and Sergeant’s safes for special investigations.

We recommended that the Sheriff’s Office:

- update its written policies for special investigation accounts to be consistent with current practices or enforce the current written policies.
- update the form utilized for the monthly cash counts to make it clear that the ending balance was confirmed with a cash count.
- track when funds are transferred from Sergeants to Detectives and vice versa with this requirement being documented in the written policies and procedures.

Since the FY 2016/17 and FY 2017/18 attestation reports were not issued until April 14, 2021, the issues surrounding special account investigations were still outstanding during FY 2019/20. We identified one special account in our testing of FY 2019/20 expenditures within the Narcotics & Vice Section cash fund that had the same issues noted during the FY 2016/17 and FY 2017/18 attestations, which was to be expected.

We confirmed that the policies surrounding special investigation accounts were updated on June 25, 2021 (after the scope of the current attestation). The Sheriff’s Office does still require funds to be spent or returned within two working days. However, the remaining procedures have been adjusted to be consistent with all other funds disbursed by Sergeants. The updated policies appeared reasonable and were enforced based on our review of the most recent special account maintained subsequent to our recommendation.

Recommendation to Internal Control Weakness 3-1

We recommend that the Sheriff's Office continue to enforce the updated policy.

JSO Response to Internal Control Weakness 3-1

Agree Disagree Partially Agree

The Jacksonville Sheriff's Office will continue to uphold the revised policy governing special accounts and will continue to ensure its enforcement.

We appreciate the assistance and cooperation we received from the Sheriff's Office throughout the course of this examination.

Respectfully submitted,

Kim Taylor

Kim Taylor, CPA
Council Auditor

**Investigative Fund Unit
Office of the Sheriff
Schedule of Cash Receipts & Disbursements
For the Year Ended September 30, 2020**

Criminal Informant Investigative Fund

Cash In Bank - October 1, 2019	\$ 71,404.32	
Cash On Hand - October 1, 2019	89,842.81	
	89,842.81	
Total Cash Balance - Beginning		\$ 161,247.13
<i>Add Receipts</i>		
(City) Receipts		
Trust Funds ¹	\$ 490,000.00	
(Other) Receipts	-	
	-	
Total Receipts		490,000.00
<i>Less Expenditures</i>		
Other Expenditures	\$ 275,944.10	
Narcotics/Vice Unit Cash Fund:		
Community Affairs	\$ -	
Homeland Security	-	
Integrity	-	
Intelligence	-	
Internal	-	
Investigations	17,520.72	
Organized Crime	212,072.21	
Patrol	-	
Services	-	
Total Expenditures - Narcotics/Vice Unit Cash Fund	229,592.93	
Total Expenditures		505,537.03
Total Cash Balance - End		\$ 145,710.10
Cash In Bank - September 30, 2020		\$ 74,438.85
Cash On Hand - September 30, 2020		71,271.25
Total Cash Balance - End		\$ 145,710.10
Investigative Trust Fund - SHPS64SSH		
Fund Balance - October 1, 2019		\$ 656,208.86
<i>Add Receipts</i>		
Sheriff Investigative Funds	\$ 547,706.63	
Investment Pool Earnings	19,706.26	
Unrealized Gain/Loss on Investments	-	
Contributions from Private Sources	-	
Miscellaneous Sales	10,527.00	
Contribution - Loss Deductible	-	
	-	
Total Receipts		577,939.89
<i>Less Expenditures</i>		
Salaries and Benefits	\$ -	
General Liability Insurance	-	
Reimbursements to Investigative Checking Account ¹	420,000.00	
Trust Fund Expenditures	5,687.86	
Computer Equipment	-	
Capital Lease Payments - Equipment	-	
Specialized Equipment	15,719.42	
Intrafund Transfer	-	
	-	
Total Expenditures		441,407.28
<i>Less Encumbrances</i>		
Encumbrances		-
Total Trust Fund Balance - September 30, 2020		\$ 792,741.47
Grand Total - September 30, 2020		\$ 938,451.57

Footnotes:

¹ Timing difference between receipt of funds in the bank account and expenditure in the City's financial system.