



**Council Auditor's Office**

**Sheriff's Investigative Fund Fiscal Year 2015/16**

**July 20, 2018**

**Report #818**

**Released on: October 31, 2018**

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**ATTACHMENT ‘A’**

“SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS”

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



July 20, 2018

Report #818

Honorable Members of the City Council  
City of Jacksonville

Honorable Mike Williams, Sheriff  
City of Jacksonville

**INDEPENDENT AUDITOR'S REPORT**

We have examined the accompanying Schedule of Cash Receipts and Disbursements (see Attachment A) of the Criminal Investigative Fund of the Office of the Sheriff, City of Jacksonville for the fiscal year ended September 30, 2016. This schedule is the responsibility of the Sheriff's Office Budget & Management Division. Our responsibility is to express an opinion on this schedule based on our examination.

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.

In our opinion, the Schedule of Cash Receipts and Disbursements referred to above 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, 2016 based on the requirements of Section 925.055 (2), Florida Statutes.

This report is intended for use in connection with the funds to which it refers in compliance with Section 925.055 (2), 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.

*Kyle S. Billy*

Kyle S. Billy, CPA  
Council Auditor

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



July 20, 2018

Report #818

Honorable Members of the City Council  
City of Jacksonville

Honorable Mike Williams, 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, 2016.

Court costs imposed and collected for recovering the cost of prosecution and investigation of convicted persons are the primary source of funding for the Sheriff’s Criminal Investigative Fund. The Sheriff’s Criminal Investigative Fund supports a checking account that is used to fund criminal investigations. During fiscal year 2015/16, \$840,000 was transferred from the City’s investigative fund account to the Sheriff’s investigative checking account, which is managed by the Jacksonville Sheriff’s Office (JSO) Budget and Management Division. The investigative checking account replenishes an imprest account under the custody of the Sheriff’s Office Narcotics/Vice Section, which funds the investigation of narcotics and vice-related activities. The “Schedule of Cash Receipts and Disbursements” (Attachment A) shows the activity of the Sheriff’s Criminal Investigative Fund, including the checking account and Narcotics/Vice imprest account, for the fiscal year ended September 30, 2016.

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 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, 2016 is fairly presented.

## **STATEMENT OF SCOPE AND METHODOLOGY**

The scope of our examination includes all Investigative Fund transactions which occurred during the 2015/16 fiscal year. These transactions took place within the City’s investigative fund account, the investigative checking account, and the Narcotics/Vice Section imprest account. 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 audit objectives and reviewed relevant information system controls. We performed the following audit procedures to reach our conclusions.

### **Objective 1**

We reviewed Florida Statute 925.055 regarding law enforcement investigative funds, and the Jacksonville's Sheriff's Office policies and procedures, and verified that the Jacksonville Sheriff's Office is complying with the Statute by having the appropriate internal policies and procedures in place.

### **Objective 2**

We performed a cash count on the main safe and on a random sample of sergeants’ safes and reconciled their balances to the 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 safes were 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 Investigative Fund from the 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 fund account (158). Then, we judgmentally decided to select all 18 operating expenditures transactions in the population. We also judgmentally decided to test five payroll expenditure transactions at random.
2. We obtained the population of expenditures paid directly from the Sheriff’s investigative checking account (43). We judgmentally decided to select 10 of these transactions at random for testing.

3. We obtained the population of expenditures paid from the Narcotics/Vice imprest account (5,219). We randomly selected 61 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.

Additionally, we performed analytical procedures to detect duplicate expenditure transactions and missing expenditure transactions in the JSO's internal accounting system. We also performed receipt cards gap detection tests to identify any missing receipt cards which are used to track the custody of funds disbursed from the main safe.

## **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 via William Clement, Chief of Budget in a memorandum dated October 26, 2018.

## **AUDIT CONCLUSIONS**

1. JSO is in compliance with Florida Statutes Section 925.055 relative to the Criminal Investigative Fund.
  2. It appears that 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 the receipts and disbursements of the Criminal Investigative Fund for the fiscal year ended September 30, 2016. We noted some findings as discussed below.
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### **OBJECTIVE #1**

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

We noted no findings for Objective 1.

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### **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.

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### **OBJECTIVE #3**

To determine whether the “Schedule of Cash Receipts and Disbursements” for the fiscal year ended September 30, 2016 is fairly presented.

#### **Finding 3-1 \*Missing Supporting Documentation\***

The Sheriff’s Office was unable to provide proper supporting documentation for one expenditure transaction of \$60. Since, the Narcotics/Vice Section could not locate the corresponding documentation, we were unable to verify whether or not this expense was accurate and properly authorized.

**Recommendation to Finding 3-1**

The Narcotics/Vice Section should maintain proper documentation to track all funds spent from the Criminal Investigative Fund.

**JSO Response to Finding 3-1**

Agree                       Disagree                       Partially Agree

*The Narcotics/Vice Section continually makes every effort to maintain proper documentation of all funds spent from the Criminal Investigative Fund.*

**Opportunity for Improvement 3-1 \*Input Errors\***

We noted 2 out of 61 transactions tested from the Narcotics/Vice imprest account contained input errors of the evidence number in the Sheriff’s internal accounting system during our detail testing.

During our analytic testing we identified:

- a. Seven transactions had the incorrect cash receipt card number when performing an input error detection test by comparing debits and credits information.
- b. Two transactions with input errors during our testing to identify potential duplicate payments.

Finally, we found one timesheet was improperly completed during our testing of payroll expenses. When filling out the timesheet form, the officer completed a timesheet for the payroll week beginning on 5/30/2015 instead of 5/28/2016.

None of the 12 input errors identified above caused the Schedule of Cash Receipts and Disbursements to be misstated.

**Recommendation to Opportunity for Improvement 3-1**

We recommend that the Sheriff’s Office Budget & Management Division continue efforts to reduce posting errors in the accounting system.

**JSO Response to Opportunity for Improvement 3-1**

Agree                       Disagree                       Partially Agree

*Additional review protocols have been implemented that are improving the accuracy rate of recorded transactions.*

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

Respectfully submitted,

*Kyle S. Billy*

Kyle S. Billy, CPA  
Council Auditor

**Investigative Fund Unit  
Office of the Sheriff  
Schedule of Cash Receipts & Disbursements  
For the Year Ended September 30, 2016**

**Criminal Informant Investigative Fund**

<b>Cash In Bank -</b>	October 1, 2015	\$ 95,291.91
<b>Cash On Hand -</b>	October 1, 2015	<u>46,756.87</u>
<b>Total Cash Balance - Beginning</b>		<b>\$ 142,048.78</b>
<i>Add Receipts</i>		
	(City) Receipts	
	Trust Funds *	\$ 770,000.00
	(Other) Receipts	<u>-</u>
<b>Total Receipts</b>		<b>\$ 770,000.00</b>
<i>Less Expenditures</i>		
	Other Expenditures	\$ 67,673.88
	Narcotics/Vice Unit Cash Fund:	
	Community Affairs	\$ -
	Homeland Security	7,757.53
	Integrity	-
	Intelligence	7,691.17
	Internal	-
	Investigations	7,485.37
	Organized Crime	730,610.13
	Patrol	205.00
	Services	-
	Total Expenditures - Narcotics/Vice Unit Cash Fund	<u>\$ 753,749.20</u>
<b>Total Expenditures</b>		<b>\$ 821,423.08</b>
<b>Total Cash Balance - End</b>		<b>\$ 90,625.70</b>
<b>Cash In Bank -</b>	September 30, 2016	\$ 17,889.55
<b>Cash On Hand -</b>	September 30, 2016	<u>72,736.15</u>
<b>Total Cash Balance - End</b>		<b>\$ 90,625.70</b>

**Investigative Trust Fund - SHPS64SSH**

<b>Fund Balance -</b>	October 1, 2015	\$ 1,032,977.83
<i>Add Receipts</i>		
	Sheriff Investigative Funds	\$ 936,455.29
	Investment Pool Earnings	12,200.21
	Unrealized Gain/Loss on Investments	7,671.07
	Contributions from Private Sources	-
	Miscellaneous Sales	-
	Contribution - Loss Deductible	<u>-</u>
<b>Total Receipts</b>		<b>\$ 956,326.57</b>
<i>Less Expenditures</i>		
	Salaries and Benefits	\$ 82,551.37
	General Liability Insurance	15.94
	Reimbursements to Investigative Checking Account *	840,000.00
	Trust Fund Expenditures	208,770.60
	Computer Equipment	146,825.25
	Capital Lease Payments - Equipment	(17,387.14)
	Specialized Equipment	228,973.48
	Intrafund Transfer	<u>-</u>
<b>Total Expenditures</b>		<b>\$ 1,489,749.50</b>
<i>Less Encumbrances</i>		
	Encumbrances	407.27
<b>Total Trust Fund</b>		
<b>Balance -</b>	September 30, 2016	<b>\$ 499,147.63</b>
<b>Grand Total -</b>	September 30, 2016	<b>\$ 589,773.33</b>

**Notes:**

\* (City) Receipts - Trust Funds is reported using Cash Basis. A Trust Fund transaction dated 09/30/2016 (VPSH16001408) for \$70,000.00 posted to SHPS64SSH-TRSH14-04904 in September per FAMIS and was included in the FY16-Q4 Schedule of Cash Receipts and Disbursements report. The COJ check was received by JSO and recorded in the following month.

See quarterly reports for additional notes.