

AUDITOR'S REPORT

CONSTABLE PRECINCT 2 FEDERAL SEIZED AND FORFEITED ASSETS



December 9, 2022

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MICHAEL POST, C.P.A., M.B.A.
HARRIS COUNTY AUDITOR

December 9, 2022

Dear Constable Jerry Garcia,

The purpose of the Federal Seized and Forfeited Assets Audit was to examine federal seized and forfeited bank accounts, revenues, and disbursements relative for the 19 months ending September 30, 2022. The audit was performed in accordance with Texas Local Government Code (LGC) §115.0035 and the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies issued by the U.S. Department of Justice and the U.S. Department of the Treasury (Guidance).

The objectives of the engagement were to selectively test whether:

- A sample of forfeited assets bank account statements reconciled to their respective balances recorded in the County's financial system – Shared Technologies & Reporting System (STARS).
- All forfeited assets provided by the U.S. Department of Justice and the U.S. Department of the Treasury were accurately and timely recorded in County's Financial System.
- A sample of disbursements from the Constable Precinct 2 forfeited assets bank accounts were properly authorized, appropriately supported, and accurately recorded in the County's Financial System.
- A sample of disbursements from the Constable Precinct 2 forfeited assets bank accounts complied with the permissible use requirements of U.S. Department of Justice and the U.S. Department of the Treasury Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies.
- The Equitable Sharing Agreement and Certification was submitted no later than 60 days after fiscal year end.

Results

In connection with the procedures performed, no reportable issues were noted.

Knowledge Sharing

Permissible Uses of Federal Seized and Forfeited Assets per the Guidance

- **Law enforcement operations and investigations** - Support of investigations and operations that further the law enforcement goals or missions.
- **Law enforcement training and education** - Training of investigators, prosecutors, and sworn and non-sworn law enforcement personnel in any area necessary to perform official law enforcement duties such as canine handler, narcotics, defensive tactics, criminal justice, language, constitutional law, accounting/finance, or forensics - provided that the employees' regular duties require knowledge of these topics.

- **Law enforcement, public safety, and detention facilities** - Costs associated with the purchase, lease, construction, expansion, improvement, or operation of law enforcement, public safety, or detention facilities used or managed by the recipient agency.
- **Law enforcement equipment** - Costs associated with the purchase, lease, maintenance (including repairs or service agreements), or operation of law enforcement equipment for use by law enforcement personnel that supports law enforcement activities.
- **Joint law enforcement/public safety operations** - Costs associated with the purchase of multi-use equipment and operations used by both law enforcement and non-law enforcement personnel.
- **Contracts for services** - Costs associated with a contract for a specific service that supports or enhances law enforcement is permitted. Employment-related contracts or contracts involving inherently law enforcement functions are prohibited.
- **Law enforcement travel and per diem** - Costs associated with travel and transportation to perform or in support of law enforcement duties and activities. All related costs must be in accordance with the jurisdiction's per diem policy and must not create the appearance of extravagance or impropriety.
- **Law enforcement awards and memorials** - Costs associated with the purchase of plaques, certificates, and challenge coins for law enforcement personnel in recognition of a law enforcement achievement, activity, or training. Shared funds may not be used to pay awards in the form of cash or cash equivalents or stored value cards. Shared funds may be used to pay the costs for commemorative plaques, displays, or memorials on law enforcement property that serve to recognize or memorialize a law enforcement officer's contributions, such as a memorial plaque or stone in honor of an agency's officers killed in the line of duty. The plaque, display, or memorial must not create the appearance of extravagance.
- **Drug, gang, and other prevention or awareness programs** - Costs associated with conducting law enforcement agency awareness programs.
- **Matching grants** - Costs associated with paying a state or local law enforcement agency's matching contribution or share in a state or federal grant program for items other than salaries, provided that the grant funds are used for a permissible law enforcement purpose in accordance with the Guidance and the grant provision permits matching with federal funds.
- **Support of community-based organizations** - Transfers of shared funds from a state or local law enforcement agency to community based non-profit organizations (501(c)(3) or (4)) whose stated missions are supportive of and consistent with a law enforcement effort, policy, and/or initiative. An agency may expend up to a total of \$25,000 annually to transfer to such organizations. Examples include a drug treatment facility, job skills program, or a youth program with drug and crime prevention education. The following requirements apply:
 1. Law enforcement agency head must approve the transfer and must ensure the recipient is a qualified entity;
 2. Agency must ensure that all transferred funds are spent permissibly in accordance with this *Guide*; and
 3. Agency's jurisdiction must perform applicable sub-recipient monitoring requirements pursuant to the OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

This community-based organization provision does not apply to Department of the Treasury equitable sharing funds; therefore, agencies may not use Department of the Treasury funds to support community-based organizations.

When procuring goods or services from a vendor using equitable sharing funds, state and local law enforcement agencies participating in the Department of Justice and the Department of the Treasury Equitable Sharing Programs must verify that vendors are registered in the System for Award Management and are in good standing. A vendor in good standing means the vendor is not suspended or debarred from receiving federal funds. This requirement applies to all qualifying purchases. A qualifying purchase is one single payment or multiple payments to a vendor that exceeds \$25,000 annually.

Accountability

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.

The work performed required our staff to exercise professional judgment in completing the engagement's scope. As the engagement's scope did not include a detailed examination of all transactions, there is a risk that fraud, errors, or omissions were not detected during this engagement. The official, therefore, retains the responsibility for the accuracy and completeness of their financial records and for ensuring sufficient controls are in place to detect and prevent fraud, errors, or omissions.

We appreciate the time and attention provided by you and your staff during this engagement. Please anticipate an email request to complete the Audit Division's Post Engagement Survey. We look forward to your feedback. If you have any questions, please contact me or Errika Perkins, Chief Assistant County Auditor, 713-274-5673.

Sincerely,

A handwritten signature in blue ink that reads "Michael Post". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Michael Post
County Auditor

cc: District Judges
County Judge Lina Hidalgo
Commissioners:
R. Jack Cagle
Rodney Ellis
Adrian Garcia
Tom Ramsey
Christian Menefee