

**Sheriff's Investigative Fund 2010**

**May 17, 2011**

**Report #702**

**Released on: July 26, 2011**

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**ATTACHMENT ‘A’**

“SCHEDULE OF CASH RECEIPTS & DISBURSEMENTS”

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



May 17, 2011

Report #702

Honorable Members of the City Council  
City of Jacksonville

Honorable John H. Rutherford, 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 year ended December 31, 2010. This statement is the responsibility of the Sheriff's Office Budget & Management Division. Our responsibility is to express an opinion on this statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants 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. We also conducted our examination in accordance with Generally Accepted Governmental Auditing Standards issued by the Comptroller General of the United States. 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 the receipts and disbursements of the Criminal Investigative Fund of the Office of the Sheriff, City of Jacksonville for the year ended December 31, 2010, in all material respects, 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.

Kirk A. Sherman, CPA  
Council Auditor

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



May 17, 2011

Report #702

Honorable Members of the City Council  
City of Jacksonville

Honorable John H. Rutherford, 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 trust 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.

The Sheriff’s Criminal Investigative Fund is used to finance narcotics and vice operations including undercover drug buys. The City’s General Fund is the primary source of funding for many of these operations. During calendar year 2010, \$280,000 was paid from the General Fund into the Criminal Investigative Fund.

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

**STATEMENT OF SCOPE AND METHODOLOGY**

The scope of our examination includes all Investigative Fund transactions occurring during calendar year 2010. We tested through interviews, observation and review of supporting documentation.

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 attestation standards established by the American Institute of Certified Public Accountants 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. We also conducted our examination in accordance with Generally Accepted Governmental Auditing Standards issued by the Comptroller General of the United States. 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 findings and recommendations. We received these responses in a letter and email dated July 14, 2011 and July 25, 2011 respectively, from Patrick Ivey, Assistant Chief JSO Narcotics/Vice Division.

### **STATEMENT OF OBJECTIVES**

The objectives of the examination were as follows:

1. To determine compliance with Florida Statutes section 925.055 relevant 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 year ended December 31, 2010 is fairly presented.

### **AUDIT CONCLUSIONS**

1. JSO appears to be 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 Statement of Cash Receipts and Disbursements (Attachment A) fairly presents the receipts and disbursements of the Criminal Investigative Fund for the calendar year ended December 31, 2010.
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**OBJECTIVE #1**

To determine compliance with Florida Statutes section 925.055 relevant 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 year ended December 31, 2010 is fairly presented.

**Finding 3-1**

There were several transactions entered into the QuickBooks accounting system by the Account Manager that contained various input errors. Three errors involved inputting the incorrect transaction date. Other input errors observed in our sample included an incorrect receipt card number, incorrect CCR number (used to locate and identify evidence in the evidence vault), and a missing transaction description.

**Recommendation**

We recommend that the Account Manager verify that the information keyed into the QuickBooks accounting system matches the applicable supporting documentation during the input process.

**JSO Response to Finding 3-1**

**Management Response / Corrective Action Plan**

Agree                       Disagree                       Partially Agree

*The Account Administrator will verify the accuracy of the information that is keyed into QuickBooks accounting system during the input process. Additionally, a new procedure has been implemented that involves Narcotics/Vice Clerical Support reviewing the accuracy of transactions utilizing supporting documentation and a QuickBooks report provided by the Account Administrator.*

**Finding 3-2**

We noted one transaction that involved travel for which a Narcotics Travel Request/Expense Statement (P-1762) was not submitted and approved by the Assistant Chief. Pursuant to Operational Order 5.01.11, members requesting to travel must prepare the top section of a Narcotics Travel Request/Expense Statement (P-1762) for approval by the Unit Commanding Officer. The Narcotics/Vice Section must complete the bottom section of the prior approved Narcotics Travel Request/Expense Statement upon return of the detective at the earliest possible time, not to exceed 5 calendar days. The completed Narcotics Travel Request/Expense Statement must be retained by the Narcotics/Vice Section.

**Recommendation**

We recommend that management review this procedure with all applicable personnel. If travel expenditures do not receive prior approval, officers may receive reimbursement for travel expenditures which are not emergencies or directly related and vital to the continuation of an investigation.

**JSO Response to Finding 3-2**

**Management Response / Corrective Action Plan**

Agree                       Disagree                       Partially Agree

*The noted transaction was completed by the Integrity Unit who were at the time of the transaction unfamiliar with the proper procedures for completing a Narcotics Travel Request/Expense Statement (P-1762). The error was discovered when the noted transaction sheet was turned into the Assistant Chief. The error was brought to the attention of the Commanding Officer of the Integrity Unit, who advised he would ensure Integrity Unit personnel would review the proper procedures for utilizing the Investigative fund for travel expenses.*

**Finding 3-3**

We noted one transaction in which funds were received and expensed from the main imprest safe, and the remaining funds were not returned to the imprest safe within the ten (10) day requirement. Unit Procedure 04.20.00 requires that officers receiving funds from the imprest fund return a completed expense card within ten (10) calendar days.

**Recommendation**

We recommend that the procedure be reviewed and that funds be properly logged and returned within the correct timeframe.

**JSO Response to Finding 3-3**

**Management Response / Corrective Action Plan**

Agree                       Disagree                       Partially Agree

*Management concurs that the noted transaction was not properly reconciled within the allotted time frame of 10 working days. The noted transaction was completed by a detective assigned to the Violent Crime Task Force. The detective was unfamiliar with the "Fund" and its procedures and therefore failed to adhere to the time deadline. The incident was brought to the detective's attention and he was advised of the proper procedures for utilization of the "Fund" including time deadlines.*

**Finding 3-4**

Although we found sufficient backup evidence of the reimbursement deposits, we were unable to locate the required copies of the imprest fund reimbursement checks for the reimbursements requested in March, June, July, and October 2010. Unit Procedure INHS 04.20.00 requires that a copy of the memorandum and check be maintained by the Narcotics/Vice Account Manager. JSO stated that check copies are no longer needed and plans to change the procedure accordingly.

**Recommendation**

We recommend that INHS 04.20.00 be updated as discussed above in order to address the outdated nature of requiring physical check copies be maintained as support of reimbursements. We recommend that copies of the reimbursement checks be maintained by the Narcotics/Vice Unit as supporting documentation for the imprest fund reimbursements in accordance with Unit Procedure INHS 04.20.00 unless and until such time as the procedure is changed as discussed above.

**JSO Response to Finding 3-4**

**Management Response / Corrective Action Plan**

Agree                       Disagree                       Partially Agree

*Management realizes the Unit Procedure INHS 04.20.00 states that a copy of the reimbursement check will be kept. Management has in place several layers of documentation to verify the amount of the reimbursement to include (a copy of the Request for Funds Form-0004, the check stub, a carbon copy of the deposit slip, QuickBooks report titled Request for Reimbursement). Current documentation retained is fully sufficient to support the reimbursement transaction and Unit Procedure 04.20.00 will be updated to reflect that a copy of the check is not needed.*

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Respectfully submitted,

Kirk A. Sherman, CPA  
Council Auditor



**Investigative Fund Unit  
Office of the Sheriff  
Schedule of Cash Receipts & Disbursements  
For the Year Ended December 31, 2010**

Prepared By: Russell Caffey 69007

**Criminal Informant Investigative Fund**

<b>Cash In Bank - January 1, 2010</b>	\$ 92,946.95	
<b>Cash On Hand - January 1, 2010</b>	59,737.79	
<b>Total Cash Balance - Beginning</b>	<u>59,737.79</u>	<u>\$ 152,684.74</u>
 <i>Add Receipts</i>		
(City) Receipts		
Trust Funds	\$ 280,000.00	
(Other) Receipts	2,732.75	
<b>Total Receipts</b>	<u>2,732.75</u>	<u>\$ 282,732.75</u>
 <i>Less Expenditures</i>		
Other Expenditures	\$ 36,348.55	
Narcotics/Vice Unit Cash Fund:		
Organized Crime	\$295,801.82	
Patrol	5,735.00	
Community Affairs	-	
Detectives	4,862.08	
Intelligence	400.00	
Integrity	3,550.57	
Internal	-	
Homeland Security	-	
<b>Total Expenditures - Narcotics/Vice Unit Cash Fund</b>	<u>310,349.47</u>	
<b>Total Expenditures</b>	<u>310,349.47</u>	<u>\$ 346,698.02</u>
<b>Total Cash Balance - End</b>		<u><u>\$ 88,719.47</u></u>
<b>Cash In Bank Balance - 12/31/2010</b>		\$ 53,117.91
<b>Cash On Hand Balance - 12/31/2010</b>		35,601.56
<b>Total Cash Balance - End</b>		<u><u>\$ 88,719.47</u></u>