



**Council Auditor's Office**

**Sheriff's Investigative Fund Fiscal Year 2013/14**

**June 19, 2018**

**Report #816**

**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



June 19, 2018

Report #816

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, 2014. 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, 2014 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



June 19, 2018

Report #816

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, 2014.

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 2013/14, \$630,000 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, 2014.

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, 2014 is fairly presented.

## **STATEMENT OF SCOPE AND METHODOLOGY**

The scope of our examination included all Investigative Fund transactions which occurred during the 2013/14 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 (197). Then, we judgmentally decided to select 30 operating expenditures for testing, which consisted of all transactions greater than \$10,000 and at random 20 transactions (of \$10,000 or less). 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 (45). We judgmentally decided to select 12 of these expenditure

transactions for testing. 10 were randomly selected and 2 additional transactions were judgmentally selected.

3. We obtained the population of expenditures paid from the Narcotics/Vice imprest account (3,459). 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, 2014. We noted one finding 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, 2014 is fairly presented.

**Finding 3-1 \*Lack of Support for Checking Account Transactions\***

We requested from the Sheriff’s Budget & Management Division supporting documentation for 12 expenditures paid or reimbursed directly from the Criminal Investigative Fund Checking Account. This is the checking account that is mainly utilized to obtain the cash for the replenishment requests for the main safe, but is utilized for some other payments. These payments go through an approval process for each check prior to issuance. After some time elapsed the Sheriff’s Budget & Management Division was able to provide supporting documentation for 2 of the 12 transactions. During this time period, it is our understanding that documents were being scanned, saved electronically, and original documents were destroyed by the former Assistant Budget Officer. It appears that when the former Assistant Budget Officer left the City, he did not save a copy of all the scanned originals. As an alternative, we were provided the support gathered by the JSO Internal Auditors during their routine FY 2013/2014 internal audit. They were able to provide support to clear six of the items, leaving 4 out of 12 (or 33.3%) checking account expenditures tested not having proper support on file. Due to the lack of support, we could not verify whether or not these four expenditures were accurately paid, properly authorized, and for use in support of long term narcotics and other investigations. However, we were able to confirm an authorized employee had signed each of the four checks.

**Recommendation to Finding 3-1**

We recommend that all payments or reimbursements issued from the Investigative Fund Checking Account be properly supported prior to disbursing the funds. Documentation should clearly state the expenditure amount, authorization, and the business purpose of the expenditure. Additionally, all supporting documentation should be maintained in accordance with Florida’s Public Records Laws.

**JSO Response to Finding 3-1**

Agree                       Disagree                       Partially Agree

*A consistent method of saving support documentation was instituted in early fiscal year 2014-2015. All supporting documentation is now scanned and saved within the accounting system (QuickBooks).*

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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, 2014**

**Criminal Informant Investigative Fund**

<b>Cash In Bank</b> - October 1, 2013		\$	42,275.22
<b>Cash On Hand</b> - October 1, 2013			53,734.79
<b>Total Cash Balance - Beginning</b>			\$ 96,010.01
<i>Add Receipts</i>			
(City) Receipts			
Trust Funds *	\$		560,000.00
(Other) Receipts			8,634.84
<b>Total Receipts</b>			\$ 568,634.84
<i>Less Expenditures</i>			
Other Expenditures	\$		101,894.81
Narcotics/Vice Unit Cash Fund:			
Organized Crime	\$	497,119.37	
Patrol		1,327.05	
Community Affairs		-	
Detectives		4,290.40	
Intelligence		2,939.99	
Integrity		572.43	
Internal		-	
Homeland Security		6,382.00	
Total Expenditures - Narcotics/Vice Unit Cash Fund			\$ 512,631.24
<b>Total Expenditures</b>			\$ 614,526.05
<b>Total Cash Balance - End</b>			\$ 50,118.80
<b>Cash In Bank</b> - September 30, 2014		\$	28,004.14
<b>Cash On Hand</b> - September 30, 2014			22,114.66
<b>Total Cash Balance - End</b>			\$ 50,118.80
<b><u>Investigative Trust Fund - SHPS64SSH</u></b>			
<b>Fund Balance</b> - October 1, 2013		\$	1,262,994.97
<i>Add Receipts</i>			
Sheriff Investigative Funds	\$	887,946.90	
Investment Pool Earnings		22,947.97	
Unrealized Gain/Loss on Investments		392.95	
Contributions from Private Sources		4,000.00	
Miscellaneous Sales		-	
Contribution - Loss Deductible		925.57	
<b>Total Receipts</b>			\$ 916,213.39
<i>Less Expenditures</i>			
Salaries and Benefits	\$	133,970.01	
General Liability Insurance		32.23	
Reimbursements to Investigative Checking Account *		630,000.00	
Trust Fund Expenditures		44,961.75	
Capital Lease Payments - Equipment		17,387.14	
Specialized Equipment		177,348.27	
Intrafund Transfer		-	
<b>Total Expenditures</b>			\$ 1,003,699.40
<i>Less Encumbrances</i>			
Encumbrances			58,516.16
<b>Total Trust Fund Balance</b> - September 30, 2014			\$ 1,116,992.80
<b>Grand Total</b> - September 30, 2014			\$ 1,167,111.60

Notes:

\* (City) Receipts - Trust Funds is reported using Cash Basis. An additional transaction dated 10/08/2014 (VPSH14001308) for \$70,000.00 posted to Trust Fund (SHPS64SSH-TRSH14-04904) in September per FAMIS.

See quarterly reports for additional notes.