



**Council Auditor's Office**

**Sheriff's Investigative Fund Fiscal Year 2016/17**

**October 2, 2020**

**Report #843**

**Released on: April 14, 2021**

**CONTENTS OF REPORT**

**REPORT #843**

INDEPENDENT AUDITOR’S REPORT ..... - 1 -

INTRODUCTION ..... - 2 -

STATEMENT OF OBJECTIVES ..... - 2 -

STATEMENT OF SCOPE AND METHODOLOGY ..... - 3 -

REPORT FORMAT..... - 4 -

STATEMENT OF STANDARDS..... - 4 -

AUDITEE RESPONSES ..... - 4 -

CONCLUSIONS..... - 4 -

OBJECTIVE #1 ..... - 5 -

OBJECTIVE #2 ..... - 5 -

OBJECTIVE #3 ..... - 5 -

**ATTACHMENT ‘A’**

“SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS”

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



October 2, 2020

Report #843

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, 2017. 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 for attestation engagements 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, 2017 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.

*Kim Taylor*

Kim Taylor, CPA  
Council Auditor

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



October 2, 2020

Report #843

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, 2017.

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 2016/17, \$770,000 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 Unit Cash Fund, for the fiscal year ended September 30, 2017.

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, 2017 is fairly presented.

## **STATEMENT OF SCOPE AND METHODOLOGY**

The scope of our examination includes all Investigative Fund transactions which occurred during the 2016/17 fiscal year. These transactions took place within the City’s investigative fund account, the investigative checking account, and the Narcotics/Vice Unit 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 the Jacksonville 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 reconciled the balance 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 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 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 (151). Then, we judgmentally decided to select all 7 operating expenditure 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 (36). 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 Unit Cash Fund (5,092). We randomly selected 93 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 Stephen Gallaher, Assistant Chief of Narcotics and Vice in a memorandum dated April 6, 2021.

## **CONCLUSIONS**

1. JSO is in compliance with Florida Statutes Section 925.055 relative to the 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, 2017. We noted some findings as discussed below.
- 

### **OBJECTIVE #1**

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

We noted no findings for Objective 1.

---

### **OBJECTIVE #2**

To determine whether JSO's 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" for the fiscal year ended September 30, 2017 is fairly presented.

#### ***Internal Control Weakness 3-1 – Main Safe Replenishment Requests Authorization***

The Sheriff's Office updated their policies during the 2016/17 fiscal year and inadvertently removed authorization requirements stating who is responsible for authorizing the replenishment of the main safe. Even though we did confirm that the Sheriff's Office was properly authorizing requests to replenish the safe consistent with prior policies, without a written policy, transaction authorization could be inconsistent or even improper.

#### **Recommendation to Internal Control Weakness 3-1**

We recommend that the Sheriff's Office update their current policies and procedures to include proper authorization of main safe replenishment requests.

**JSO Response to Internal Control Weakness 3-1**

Agree                       Disagree                       Partially Agree

*Management will incorporate into Order #371 (Criminal Investigative Fund) the procedures and authorizations necessary for replenishment of the main safe. The language will be drafted and submitted to the Directive Review Committee for approval within 30 days of the final draft of this report.*

**Internal Control Weakness 3-2 – Special Investigation Account Policies and Procedures**

In addition to the normal established accounts (i.e., main safe and sergeants’ accounts), there are special investigation accounts that need to be created sometimes throughout the year. We noted the following issues with written policies related to the special investigation accounts:

- Detectives were required to spend or return funds within two working days, but this policy was not being enforced.
- Documentation for required monthly cash counts did not show that cash was physically counted. The form used to record cash counts included a beginning balance, funds spent, and an ending balance. This was similar to a reconciliation but not a cash count.
- There was no tracking of when detectives obtained funds from sergeants’ safes.

It is important to a good internal control structure that written policies and procedures and current practice be consistent and operating as intended by management.

**Recommendation to Internal Control Weakness 3-2**

We recommend 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.

**JSO Response to Internal Control Weakness 3-2**

Agree                       Disagree                       Partially Agree

*Management will update the written policy for special accounts in Order #371 (Criminal Investigative Fund). The language will be drafted and submitted to the Directive Review Committee for approval within 30 days of the final draft of this report. The revision requires the special account to be tracked using the revised Investigation Fund Worksheet (P-1775). This form will indicate the assigned number of the special account and will document the ending balance via cash count. Policy and procedure regarding funds being returned to a special account will be the same as the current policy for the funds from the sergeant's account; 2 working days. This will*



*eliminate the need to do a separate monthly reconciliation via Intradepartmental Correspondence Form (P-0004).*

---

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, 2017**

**Criminal Informant Investigative Fund**

<b>Cash In Bank</b> - October 1, 2016	\$ 17,889.55
<b>Cash On Hand</b> - October 1, 2016	<u>72,736.15</u>
<b>Total Cash Balance - Beginning</b>	<u>\$ 90,625.70</u>
<i>Add Receipts</i>	
(City) Receipts	
Trust Funds	\$ 770,000.00
(Other) Receipts	<u>-</u>
<b>Total Receipts</b>	<u>\$ 770,000.00</u>
<i>Less Expenditures</i>	
Other Expenditures	\$ 64,099.16
Narcotics/Vice Unit Cash Fund:	
Community Affairs	\$ -
Homeland Security	3,420.00
Integrity	-
Intelligence	950.00
Internal	-
Investigations	2,407.06
Organized Crime	688,700.81
Patrol	80.00
Services	-
Total Expenditures - Narcotics/Vice Unit Cash Fund	<u>\$ 695,557.87</u>
<b>Total Expenditures</b>	<u>\$ 759,657.03</u>
<b>Total Cash Balance - End</b>	<u><u>\$ 100,968.67</u></u>
<b>Cash In Bank</b> - September 30, 2017	\$ 8,403.22
<b>Cash On Hand</b> - September 30, 2017	<u>92,565.45</u>
<b>Total Cash Balance - End</b>	<u><u>\$ 100,968.67</u></u>

**Investigative Trust Fund - SHPS64SSH**

<b>Fund Balance</b> - October 1, 2016	\$ 499,554.90
<i>Add Receipts</i>	
Sheriff Investigative Funds	\$ 721,520.56
Investment Pool Earnings	3,779.67
Unrealized Gain/Loss on Investments	(6,546.19)
Contributions from Private Sources	-
Miscellaneous Sales	60,708.71
Contribution - Loss Deductible	<u>144.72</u>
<b>Total Receipts</b>	<u>\$ 779,607.47</u>
<i>Less Expenditures</i>	
Salaries and Benefits	\$ 157,299.36
General Liability Insurance	18.85
Reimbursements to Investigative Checking Account	770,000.00
Trust Fund Expenditures	(33,397.41)
Computer Equipment	-
Capital Lease Payments - Equipment	-
Specialized Equipment	-
Intrafund Transfer	-
<b>Total Expenditures</b>	<u>\$ 893,920.80</u>
<i>Less Encumbrances</i>	
Encumbrances	-
<b>Total Trust</b>	
<b>Fund Balance</b> - September 30, 2017	<u><u>\$ 385,241.57</u></u>
<b>Grand Total</b> - September 30, 2017	<u><u>\$ 486,210.24</u></u>

**Footnotes:**

This report is based upon funded cash. Funded cash is cash reported to and recorded in the records of the Budget & Management Division of the Jacksonville Sheriff's Office and the City of Jacksonville.

See quarterly reports for additional notes.