AUDIT OF DENTON COUNTY SHERIFF’S OFFICE EQUITABLE SHARING PROGRAM ACTIVITIES
DENTON, TEXAS

U.S. Department of Justice
Office of the Inspector General
Audit Division

Audit Report GR-30-11-003
May 2011
EXECUTIVE SUMMARY

The purpose of the Department of Justice (DOJ) asset forfeiture program is to deter crime by depriving criminals the profits and proceeds of illegal activities while enhancing the cooperation between federal, state, and local law enforcement agencies. State and local law enforcement agencies that participate in the seizure of property and funds may receive a portion of the proceeds, or an equitable share of the forfeiture, to use for law enforcement purposes.

The Department of Justice (DOJ) Office of the Inspector General (OIG) conducted an audit to assess the Denton County Sheriff’s Office’s (Denton County) tracking and use of equitable sharing funds. The audit covered fiscal years (FY) 2007 through 2010, beginning on October 1, 2006 and ending on September 30, 2010. During these 4 years, Denton County received $1.58 million as a participant in the DOJ equitable sharing program.

Our audit identified weaknesses related to how Denton County: (1) tracked equitable sharing revenue, (2) inventoried accountable property purchased with asset forfeiture funds, and (3) supported expenditures paid with equitable sharing receipts. Accordingly, we identified $5,176 in questioned costs related to expenditures that lacked adequate support. We further recommend that the Criminal Division:

- Ensure that Denton County periodically reconciles the equitable sharing funds it receives to the corresponding amount it requests.

- Require that Denton County updates its inventory policy to track all accountable property derived from asset forfeiture revenues on a single inventory that is updated consistently and checked periodically for accuracy.

- Ensure that Denton County obtains receipts or invoices pertaining to advanced equitable sharing funds and reconcile advances to these invoices or receipts.
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INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General (OIG) conducted this audit to assess the tracking and use of DOJ equitable sharing funds by the Denton County Sheriff’s Office (Denton County) in Denton, Texas. The audit covered fiscal years (FY) 2007 through 2010, beginning on October 1, 2006 and ending on September 30, 2010. During these 4 years, Denton County received $1.58 million as a participant in the DOJ equitable sharing program.

DOJ Equitable Sharing Program

The DOJ Asset Forfeiture Program is a national law enforcement initiative that seeks to remove the tools of crime from criminal organizations, deprive wrongdoers of the proceeds of their crimes, and deter crime. The program fosters cooperation among federal, state, and local law enforcement agencies. State and local law enforcement agencies that directly participate in an investigation or prosecution that result in a federal forfeiture may request an equitable share of the net proceeds of the forfeiture.

Three DOJ components work together to administer the equitable sharing program – the United States Marshals Service (USMS), the Justice Management Division (JMD), and the Criminal Division’s Asset Forfeiture and Money Laundering Section (AFMLS). The USMS is responsible for transferring asset forfeiture funds from the DOJ to the receiving state or local agency. The JMD manages the Consolidated Asset Tracking System (CATS), which is used to compile asset distribution reports to track federally seized assets throughout an asset’s forfeiture lifecycle. Finally, AFMLS tracks membership of state and local equitable sharing program participants, updates the equitable sharing program rules and policies, and monitors the allocation and use of equitably shared funds.

As a prerequisite to participating in the DOJ equitable sharing program, a state or local law enforcement agency must annually submit to AFMLS a signed Equitable Sharing Agreement and Certification form. As part of each annual agreement, officials of participating agencies certify that they will comply with applicable guidelines and statutes.

Denton County

Established in 1846, the County of Denton is located in the north central part of Texas. Denton County serves a population of over 658,000 residents living across 888 square miles. Its sheriff is the chief law
enforcement officer for the county and is responsible for operating the county jails, investigating crimes, making arrests, enforcing traffic regulations, serving court orders, and seizing property. Denton County has been under the leadership of Sheriff Benny Parkey since 2005.

Denton County became a member of the DOJ asset forfeiture program in 1999. According to the Assistant Chief Deputy Sheriff, it has participated in investigations led by the Federal Bureau of Investigation, Drug Enforcement Administration, Bureau of Alcohol, Tobacco, Firearms and Explosives, and United States Marshal Service.

**OIG Audit Approach**

We tested compliance with what we considered the most important conditions of the DOJ equitable sharing program. Unless otherwise stated, we applied the AFMLS *Guide to Equitable Sharing for State and Local Law Enforcement Agencies (Equitable Sharing Guide)* as our primary criteria. The Guide outlines procedures for submitting equitable sharing requests and discusses the proper use and accounting for equitable sharing assets.

To conduct the audit, we tested Denton County’s compliance with the following three aspects of the DOJ equitable sharing program:

- **Federal Sharing Agreements and Certification Forms** to determine if these documents were complete and accurate.

- **Accounting for equitable sharing receipts** to determine whether standard accounting procedures were used to track equitable sharing assets.

- **Use of equitable sharing funds** to determine if equitable sharing cash was used for law enforcement purposes.

See Appendix I for more information on our objectives, scope and methodology.
FINDINGS AND RECOMMENDATIONS

Although Denton County commingled different sources of asset forfeiture revenues into one account, it was able to identify DOJ equitable sharing revenues. Therefore, it accurately reported DOJ equitable sharing expenditures on a pro-rata basis of the annual revenue. We found that Denton County reconciled receipts against DOJ distribution reports listing the amount of funds it received, but it did not reconcile equitable sharing funds received against outstanding requests and did not consistently inventory items purchased with equitable sharing funds. Furthermore, although all sampled Denton County asset forfeiture expenditures were allowable, our sample identified $5,176 in outlays that lacked adequate supporting documentation to confirm advance payments made with equitable sharing funds.

Federal Sharing Agreements and Certification Forms

According to the DOJ Equitable Sharing Guide, state and local law enforcement agencies must submit Equitable Sharing Agreement and Certification forms within 60 days after the end of an agency’s fiscal year. The agreement must be signed by the head of the law enforcement agency and a designated official of the local governing body. Additionally, the receiving agency should submit a newly signed agreement when an administration change occurs. By signing and submitting the agreement, the signatories agree to follow statutes and guidelines that regulated the equitable sharing program.

We obtained copies of Denton County’s certification forms for FYs 2007 to 2010 to determine if the forms were complete, accurate, and submitted on time. We found that Denton County submitted its most recent agreement on time and that it was signed by appropriate officials.

To verify the total amount of equitable sharing funds Denton County received, we compared the receipts listed on the most recent certification form to the total amount listed as disbursed on the DOJ’s detail distribution report. We found that the amounts listed on the certification form agreed with the amount listed on the detail distribution report.

To verify the total expenditures listed on the certification, we compared the expenditures reported on the most recent certification form, $67,136, to the accounting records, the FY 2010 reconciliation report, and the calculation worksheet used by Denton County to prepare the
certifications. However, based on our analysis of accounting records of the fund used to hold DOJ equitable sharing receipts, Denton County spent $70,042 during FY 2010.

**EXHIBIT 1: EXPENDITURE COMPARISON**

<table>
<thead>
<tr>
<th>Expenditures Per FY 2010 Certification</th>
<th>Expenditures Per Denton County Accounting Records for FY 2010</th>
<th>Percentage of Reported DOJ Expenditures vs. Total Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>$67,136</td>
<td>$70,042</td>
<td>96%</td>
</tr>
</tbody>
</table>

Source: Denton County accounting records

Denton County officials explained to us that they based the expenditures reported on the DOJ certification forms on a pro-rata allocation of equitable sharing receipts for the fiscal year. According to these officials, the expenditures are reported this way because Denton County holds all of its equitable sharing receipts from federal, state, and local sources in a single forfeiture fund.1 As shown in Exhibit 1, Denton County reported that 96 percent of outlays from this account were sourced to DOJ equitable sharing revenues.

To verify whether the allocation was accurate, we analyzed Denton County’s total equitable sharing receipts for FY 2010. During this time, Denton County deposited $1,158,469 in its forfeiture fund, of which $1,106,033, or 96 percent, was received from the DOJ. Because this percentage matched the percentage Denton County allocated to expenses, we concluded that Denton County accurately reported expenditures allocated on a pro-rata basis.

**Accounting for Equitable Sharing Receipts**

The DOJ Equitable Sharing Guide requires that law enforcement agencies use standard accounting procedures to track equitable sharing program receipts.

Denton County conducts collaborative investigations with several federal law enforcement agencies. If officers seize assets during these investigations, such as cash and property items, Denton County completes

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1 Denton County identifies the source agency for deposits made to its forfeiture fund. In addition to the DOJ, Denton County received asset forfeiture revenues from the U.S. Department of the Treasury, the State of Texas, and local law enforcement entities.
and submits a Form DAG-71 to the DOJ to request a percentage, or share, of the asset’s proceeds.²

From FY 2007 to 2010, the DOJ detailed distribution report for Denton County recorded equitable sharing receipts totaling $1.58 million, as shown in Exhibit 2.

**EXHIBIT 2: DENTON COUNTY EQUITABLE SHARING RECEIPTS (FY 2007 TO 2010)**

<table>
<thead>
<tr>
<th>FY</th>
<th>Cash or Proceeds ($)</th>
<th>Property ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>94,715</td>
<td>0</td>
<td>94,715</td>
</tr>
<tr>
<td>2008</td>
<td>75,585</td>
<td>11,213</td>
<td>86,797</td>
</tr>
<tr>
<td>2009</td>
<td>286,730</td>
<td>12,761</td>
<td>299,491</td>
</tr>
<tr>
<td>2010</td>
<td>1,106,033</td>
<td>0</td>
<td>1,106,033</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$1,563,063</td>
<td>$23,974</td>
<td>$1,587,036*</td>
</tr>
</tbody>
</table>

Source: DOJ
Note: Difference in totals due to rounding.

Agencies receiving equitable sharing revenues should maintain a log of all sharing requests that lists the seizure type, seizure amount, share amount requested, amount received, and date received for each request. Since the amount actually received may differ from the amount requested on the DAG-71 forms, receiving agencies should periodically update the log to ensure accurate recordkeeping.

Denton County did not maintain an equitable sharing log recording requests and receipts. During audit fieldwork, pertinent officials used the DAG-71s to create a log and provided it to us. We reviewed the equitable sharing log for accuracy by selecting the five highest-value financial receipts, totaling over $790,000, which Denton County received from DOJ to determine if these receipts were included on the equitable sharing log. We were able to trace all five financial receipts through the log and corresponding bank statements. Nevertheless, it is important that Denton County track equitable sharing requests against receipts to ensure that it can account for all equitable sharing funds. We therefore recommend the Criminal Division ensure that Denton County periodically reconciles the equitable sharing funds it receives to the corresponding amount it requests.

² According to the Equitable Sharing Guide, a state or local agency completes and submits a separate Form DAG-71, “Application for Transfer of Federally Forfeited Property” for each shared asset request.
Equitable sharing guidelines also require that recipients use property acquired via the program for appropriate, law enforcement purposes. We selected all three tangible property receipts listed on the DOJ’s detail distribution report and confirmed that the property received was used for allowable law enforcement purposes. In addition, applicable property received via the program was included in Denton County’s inventory records.

Use of Equitable Sharing Funds

As summarized by Exhibit 3, the Equitable Sharing Guide outlines allowable and unallowable uses for equitable sharing funds.³

EXHIBIT 3: SUMMARY OF ALLOWABLE AND UNALLOWABLE USES FOR EQUITABLE SHARING FUNDS

<table>
<thead>
<tr>
<th>Allowable Uses</th>
<th>Unallowable Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law enforcement investigations</td>
<td>Salaries and benefits for current law enforcement personnel</td>
</tr>
<tr>
<td>Law enforcement training</td>
<td>Use of forfeited property by non-law enforcement personnel</td>
</tr>
<tr>
<td>Law enforcement and detention facilities</td>
<td>Payment of non-law enforcement education-related costs</td>
</tr>
<tr>
<td>Law enforcement equipment</td>
<td>Non-official government use</td>
</tr>
<tr>
<td>Law enforcement travel and transportation</td>
<td>Purchase of food and beverages</td>
</tr>
<tr>
<td>Asset accounting and tracking expenses</td>
<td>Extravagant expenses</td>
</tr>
</tbody>
</table>

Source: 2009 DOJ Equitable Sharing Guide

The Chief Deputy is responsible for administering and overseeing Denton County funds, including those available through asset forfeitures. We were told that the Chief Deputy and the Sheriff meet routinely with other Denton County officials to identify potential uses for the equitable sharing revenues. These officials propose expenditures to the Denton County Commissioner’s Court, which is the governing authority for the County of Denton. The Sheriff also commented that his department works closely with the County Auditor’s Office and relies on their expertise in monitoring and identifying costs associated with equitable sharing funds, as well as his other budgetary funds. The Sheriff stated that, as a result, asset forfeiture funds are not used to pay for law enforcement salaries or acquire items provided for in Denton County’s budget. Instead, the Sheriff stated that Denton County uses its asset forfeiture funds to attend specialized training and

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³ The Criminal Division Equitable Sharing Guide includes the complete list of allowable and unallowable uses for equitable sharing funds.
procure computer equipment or law enforcement-related software that would otherwise not be available to them.

Denton County spent a total of $466,253 from its asset forfeiture fund account during the audit period, with $318,577 of this amount pro-rated to DOJ funds.\textsuperscript{4} Purchases included covert vehicles and law enforcement related equipment for undercover officers, a dog and related specialized K-9 training for the dog-handling team, covert operations training, and firearms. These types of expenditures represent approximately 68 percent of the total expenditures made by Denton County over the audit period, and accordingly, reflect, on average, the level of equitable sharing fund contribution by the Department over the same 4-year period.

To assess whether Denton County’s equitable sharing expenditures were allowable and supported accurately, we judgmentally sampled 50 transactions totaling $273,909, or approximately 60 percent of the amount of asset forfeiture fund deposits expended during the audit period. The sample included high-dollar purchases, as well as an assortment of costs we judgmentally selected based on their potential for impermissible or improper uses. We evaluated the nature and purpose of these expenditures and determined that sampled items purchased with equitable sharing revenues were allowable and appeared to supplement and not supplant Denton County’s budgeted funds.

\textit{Safeguarding Accountable Property}

We also physically verified whether Denton County properly tracked and used, for allowable law enforcement purposes, items purchased with equitable sharing funds. Although we were able to verify physically all items sampled for this review, Denton County did not consolidate and updated its inventory records. As a result, Denton County inventory records were incomplete and did not accurately track who received accountable property and where those items were stored. For example, inventories only listed two of five portable Global Positioning System (GPS) devices purchased with monies from the asset forfeiture fund. Furthermore, Denton County maintained multiple inventory records for weapons, such as shotguns and rifles, and no single weapon inventory record contained complete and up-to-date information about all weapons purchased with asset forfeiture funds.

\textsuperscript{4} The $466,253 in expenditures includes a $43,000 general fund transfer that Denton County used to purchase a tactical surveillance robot. In addition, because Denton County commingled monies from non-DOJ sources with DOJ equitable sharing revenues in a single asset forfeiture fund, our review encompassed reviewing the allowability of expenses that may not be derived from DOJ equitable sharing revenues.
Without careful and consistent tracking of accountable property, Denton County risks not being able to safeguard items purchased with asset forfeiture funds. Therefore, we recommend that the Criminal Division require that Denton County updates its inventory policy to track all accountable property derived from asset forfeiture revenues on a single inventory that is updated consistently and checked periodically for accuracy. Such a policy should also ensure that Denton County’s multiple weapons inventory records are validated, consolidated, and carefully monitored in the future.

*Adequate Documentation For Expenditures*

For each sampled expenditure, we requested supporting records showing the items purchased, date of purchase, the cost of items purchased, and proof of payment. From the documents provided, we determined that Denton County maintained records that adequately supported all but two sampled expenditures – a $695 charge for lodging in 2007 and a $4,481 charge for lodging in 2009. According to Denton County officials, both of these expenditures pertain to funds advanced to hotels to cover lodging costs incurred by Denton County employees on official travel status. It is Denton County policy to advance payment on behalf of its employees authorized for training and travel when direct billing options are not available. In such instances, payment is made by issuing a check to the hotel or training facility based on anticipated costs or quotes. However, because Denton County did not obtain receipts or invoices contemporaneously from hotels, Denton County was unable to provide evidence confirming that $5,176 in advance payments made for hotel lodging was accurate and valid.

Although Denton County advanced funds based on vendor quotes, it still needs to show that employees actually incurred the expense quoted by either staying at the hotel or receiving the training. We therefore recommend that the Criminal Division remedy the $5,176 in unsupported advanced travel funds. We further recommend that the Criminal Division ensure that Denton County implements a process by which it obtains receipts or invoices pertaining to advanced equitable sharing funds and reconciles advances to these invoices or receipts.

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5 We note that of the 50 sampled transactions, 18 asset forfeiture fund expenditures involved advanced payments. Denton County was able to obtain invoices for 16 of these payments during our fieldwork.
Recommendations

We recommend that the Criminal Division:

1. Ensure that Denton County periodically reconciles the equitable sharing funds it receives to the corresponding amount it requests.

2. Require that Denton County updates its inventory policy to track all accountable property derived from asset forfeiture revenues on a single inventory that is updated consistently and checked periodically for accuracy.

3. Remedy $4,481 in questioned costs due to an unsupported expenditure in 2009.


5. Ensure that Denton County implements a process by which it obtains receipts or invoices pertaining to advanced equitable sharing funds and reconciles advances to these invoices or receipts.
**SCHEDULE OF DOLLAR-RELATED FINDINGS**

<table>
<thead>
<tr>
<th>QUESTIONED COSTS:</th>
<th>AMOUNT</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unsupported expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lodging related to 2009 Training</td>
<td>$4,481</td>
<td>8</td>
</tr>
<tr>
<td>Lodging related to 2007 Training</td>
<td>$695</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total Questioned Costs:</strong></td>
<td>$5,176</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL DOLLAR RELATED FINDINGS:** $5,176

*Questioned Costs* are monies spent that, at the time of the audit, do not comply with legal requirements, or are unsupported, unnecessary, or unreasonable. They can be recoverable or non-recoverable.
APPENDIX I

OBJECTIVE, SCOPE, AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Objective

The objective of the audit was to assess whether the Denton County Sheriff’s Office (Denton County) accounted for equitable sharing funds properly and used such revenues for allowable purposes defined by applicable guidelines. We tested compliance with what we considered were the most important conditions of the Department of Justice’s (DOJ) equitable sharing program. We reviewed laws, regulations, and guidelines governing the accounting for and use of DOJ equitable sharing receipts, including pertinent versions of the Criminal Division’s Guide to Equitable Sharing for State and Local Law Enforcement Agencies.

Unless otherwise stated in our report, the criteria used during the audit were contained in this document.

Scope and Methodology

Our audit concentrated on, but was not limited to, equitable sharing receipts received by Denton County between October 1, 2007 and September 30, 2010. The U.S. Department of the Treasury administers a similar equitable sharing program. Our audit included equitable sharing revenues received through both the DOJ and Treasury federal equitable sharing programs, as well as equitable sharing funds awarded to Denton County through its law enforcement participation with state and municipal entities.

During FYs 2007-2010, there were receipts totaling $1.58 million. We tested a judgmental sample of five receipts totaling $790,551. We selected a judgmental sample of 50 disbursements, totaling $273,909, or approximately 60 percent of the total expenditures made with equitable sharing funds during the audit period. We applied our judgmental sampling
design to obtain a broad exposure to numerous facets of the disbursements reviewed, such as dollar amounts. This non-statistical sample design did not allow us to project results of our testing to the entire universe of equitable sharing disbursements made in the scope of our audit.

We performed audit work at Denton County headquarters and the Denton County Auditor’s Office located in Denton, Texas. To accomplish the objectives of the audit, we interviewed Denton County officials and examined records, related revenues, and expenditures of equitable sharing revenues. In addition, we relied on computer-generated data contained in the DOJ Detail Distribution Report for determining equitably shared revenues and property awarded to Denton County during the audit period. We did not establish the reliability of the data contained in the DOJ equitable sharing system as a whole. However, when the data used is viewed in context with other available evidence, we believe the opinions, conclusions, and recommendations included in this report are valid.

Our audit specifically evaluated Denton County’s compliance with three essential equitable sharing guidelines: (1) Federal Sharing Agreements and Annual Certification Reports, (2) Accounting for equitable sharing receipts, and (3) Use of equitable sharing funds. In planning and performing our audit, we considered internal controls established and used by Denton County and its county government over DOJ equitable sharing receipts to accomplish our audit objectives. However, we did not assess Denton County’s financial management system’s reliability, internal controls, or whether it, as a whole, complied with laws and regulations.

Our audit included an evaluation of a county-wide audit conducted of the County of Denton, of which the auditee is a sub-unit, by Pattillo, Brown & Hill, LLP, CPAs. The results of this audit were reported in the Single Audit Report that accompanied the Comprehensive Annual Financial Report for the year ended September 30, 2009. The Single Audit Report was prepared under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor’s assessment, which disclosed no control weaknesses or significant noncompliance issues related specifically to the auditee.
May 3, 2011

John Manning
Washington Regional Audit Office
DOJ Office of the Inspector General
1300 N. 17th Street, Suite 3400
Arlington, VA 22209
FAX: 202.616.4581

Dear Mr. Manning,

Please accept this correspondence as the official response to the recent audit of equitable sharing funds for Denton County. Please know that we found it a pleasure to meet and work with Dallas Moore and Priscilla Gibson and they presented themselves as very efficient, thorough, and professional during the proceedings.

Also please note that the audit report reflects that all sampled expenditures in the four year audit period appeared to be allowable and all sampled tangible property was located and produced for inspection. Therefore this response will address the noted weaknesses and what steps have been taken to remedy those.

Before the conclusion of the audit, Sheriff’s Office and Denton County Auditor’s Office Officials collaborated on and established a system to better reconcile and track forfeited funds. One of the issues that contributed to this deficiency is the way awarded funds are received from DOJ and a lack of consistent identifiers or case numbers to reference the award. Also before the audit concluded, the required DAG log was created and updated, and provided to OIG auditors. Prior to the audit, DCSO Drug Enforcement Unit supervisors maintained copies of all DAG forms submitted and documented all required information, but failed to compile it in the form of a DAG log at the advice of Federal agents assigned to local task forces working in the conjunction with our agency, based on the idea that each task force maintained such a log. Before the conclusion of the audit, DCSO and Denton County auditors worked together to correct these issues and agreed upon procedures to ensure periodic reconciliation of all funds.

Another weakness cited was the lack of a centralized inventory file of all property acquired from forfeitures. All items of property and equipment were recorded but appeared in separate inventories depending on the unit or work group assignment of the responsible party. These occurred essentially in three separate places. Since the audit we have created a master list that contains the required information. Additionally, we are currently in the process of remediying this issue by identifying a software program capable of consolidating each inventory into one database. We should soon have this operational with all mandatory data entered. Once
completed, this database will be subject to periodic spot checks for accuracy as well as complete annual inventory reconciliation.

The audit report cites a third weakness related to a lack of “adequate support” for $5176 in expenditures related to hotel expenses incurred at two out of town training courses in 2007 and 2009 attended by several employees. These expenditures were documented and supported by the following; an approved budget by the governing body with funds allocated for the purpose of training, travel, and lodging, purchase orders or check requisitions documenting an advance payment to specific hotels for lodging for approved training, reservation confirmations from the specific hotels coinciding with the stay, documentation for the actual training course fees and individual certifications of completion for the courses taken and/or documentation of completion submitted to the State of Texas peace officer licensing entity (TCLEOSE). Since this weakness was cited, DCSO has implemented a policy that further documents all allowable training, travel, and lodging, and directs employees to submit a copy of the final hotel receipt upon return for reconciliation of all advanced or reimbursed expenditures.

We believe these stated procedures have or will soon bring DCSO into compliance with all aspects of the Equitable Sharing Program and the audit recommendations. We believe as a whole the procedures and policies of DCSO and Denton County both prior to this audit, and for the future, show a good faith effort to conduct proper, lawful use and accounting of all forfeited assets.

Sincerely,

Lee Howell  
Chief Deputy Sheriff  
Denton County Sheriff’s Office  
Denton, Texas
OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE THE REPORT

The Department of Justice Office of the Inspector General (OIG) provided a draft of this audit report to the Criminal Division and the Denton County Sheriff’s Office (Denton County). We incorporated Denton County’s response as Appendix II of this final report. However, the audit recommendations are unresolved because the Criminal Division declined to provide comments on the draft report. The following provides the OIG analysis of Denton County’s response and a summary of actions necessary to resolve each report recommendation.

1. **Unresolved.** Denton County concurred with our recommendation to reconcile periodically the equitable sharing funds it receives to the corresponding amount it requests. Denton County stated that its administrative and operational units have begun collaborating to establish a system to reconcile equitable sharing funds.

   However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action.

2. **Unresolved.** Denton County concurred with our recommendation to update its inventory policy to track all accountable property derived from asset forfeiture revenues on a single inventory. Denton County stated that it has created a master inventory that includes all required information. Additionally, it is in the process of identifying a software program capable of consolidating each inventory into one database.

   However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action.

3. **Unresolved.** Denton County concurred with our recommendation to provide additional supporting documentation for advanced expenditures. Denton County stated that it has implemented a policy that requires all employees submit a copy of the final hotel receipt.
upon return of travel to help ensure adequate support of future advanced or reimbursed expenditures.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action.

4. **Unresolved.** Denton County concurred with our recommendation to provide additional supporting documentation for advanced expenditures. Denton County stated that it has implemented a policy that requires all employees submit a copy of the final hotel receipt upon return of travel to help ensure adequate support of future advanced or reimbursed expenditures.

   However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action.

5. **Unresolved.** Denton County concurred with our recommendation to provide additional supporting documentation for advanced expenditures. Denton County stated that it has implemented a policy for reconciliation of all advanced or reimbursed expenditures.

   However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action.