

**Sheriff's Investigative Fund 2006**

**June 27, 2007**

**Report #636**

**Released on : September 6, 2007**

**SPECIAL REPORT #636**

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**ATTACHMENT ‘A’**

“SCHEDULE OF CASH RECEIPTS & DISBURSEMENTS”

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



June 27, 2007

Special Report #636

**INDEPENDENT AUDITOR'S REPORT**

We have examined the accompanying Schedule of Cash Receipts and Disbursements of the Criminal Investigative Fund of the Office of the Sheriff, City of Jacksonville for the year ended December 31, 2006. 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 audit. We believe that our examination provides a reasonable basis for our opinion.

We noted two (2) issues involving non-compliance or weakness that we have reported to the management of the Office of the Sheriff and the Administration, City of Jacksonville. These issues and the auditee's responses to these matters have been incorporated into the attached report.

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, 2006, 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



June 27, 2007

Special Report #636

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 audit of law enforcement investigative funds. Section 925.055 (1) states that “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.”

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 2006, \$330,500 was paid from the General Fund into the Criminal Investigative Fund.

As a result of our examination of the cash receipts and disbursements related to the Criminal Investigative Fund for the period of January 1 through December 31, 2006 we identified several findings. Items that we believe should be brought to your attention are set forth below.

**STATEMENT OF OBJECTIVES**

The objectives of the examination were as follows:

1. To determine compliance with state statutes and the Jacksonville Sheriff’s Office’s (JSO) internal policies/procedures relative to the Criminal Investigative Fund.
2. To determine whether the “Schedule of Cash Receipts and Disbursements” is fairly presented.
3. To determine whether management controls over cash are properly working to safeguard and account for funds.

## **STATEMENT OF SCOPE AND METHODOLOGY**

The scope of our examination includes all Investigative Fund transactions occurring during calendar year 2006. We tested through interviews, review of supporting documentation and observation.

## **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 audit. We believe that our examination provides a reasonable basis for our opinion.

## **RESPONSES**

Responses have been inserted after the respective finding and recommendation.

## **CONCLUSION**

As stated in the preceding *Independent Auditor's Report* we believe the Statement of Cash Receipts and Disbursements fairly presents the receipts and disbursements of the Criminal Investigative Fund for the calendar year ending December 31, 2006. Findings and weaknesses we believe warrant review are grouped with the respective objective below.

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### **OBJECTIVE #1**

To determine compliance with state statutes and the Jacksonville Sheriff's Office's (JSO) internal policies/procedures relative to the Criminal Investigative Fund.

We noted no material control weaknesses or material findings.

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## **OBJECTIVE #2**

To determine whether the “Schedule of Cash Receipts and Disbursements” is fairly presented.

### **Control Weakness 2 – 1 \*Cash Operating Procedures\***

We noted that individuals working with the Investigative Fund and handling its cash have not signed a City of Jacksonville Cash Receipts Security Agreement. The City’s Standard Operating Procedures for Cash Receipts (SOP) dictate that the form will be “signed biennially and filed in Personnel file.” Deposit prelisting<sup>1</sup> and restrictive endorsement of checks were not occurring.

The SOP establishes a control environment; lack of adherence to the policy could indicate a less capable control structure.

### **Recommendation to JSO for Control Weakness 2 – 1**

To correct the direct problem, the Sheriff’s Budget and Management Office should review the SOP and apply its provisions. As directed in the SOP, any variation from the policy should be approved by the Director of Administration and Finance.

### **Response to Control Weakness 2 – 1**

*Concur. The Sheriff’s Office is currently completing City of Jacksonville Cash Receipts Security Agreements for the individuals working with the Investigative Fund, as well as other funds in the department. Additionally, the Sheriff’s Budget and Management Office is reviewing the City’s Standard Operating Procedures for Cash Receipts to ensure these procedures are followed and included in departmental policies.*

### **Recommendation to the Administration for Control Weakness 2 – 1**

To remedy the root cause(s), the Administration should make use of the City’s intranet to centralize policies that have expansive, City-wide impact. Though the intranet site contains a fairly prominent listing for “Policies”, the content currently within this policy section has little to do with City operations. The Administration should evaluate the intranet site as a way of providing efficient access to policies affecting the operation of the City. We recommend that a consistent look, feel and format be established for City policies; the two policies currently available are in different electronic formats.

Furthermore, the General Accounting Division should review and update the SOP where applicable.

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<sup>1</sup> Deposit prelisting refers to the process of generating a list of checks received. This list is provided to accounting personnel for the purpose of recording the deposit as well as to those responsible for making the deposit. This is sometimes referred to as a ‘remittance list’.

### **Response to Control Weakness 2 – 1**

*We agree with the recommendation. Public Information, MOPAMA and ITD staff are already working on this issue. In addition, we have established an informal working group comprised of representatives of A&F Director's Office, Budget Division, Treasury, GAD, Procurement and Human Resources. These two groups will be joined by other staff as needed to establish and then implement a standardized look, feel and formatted website that will ultimately include all internal policies and procedures. The effort will include a much more user friendly and intuitive indexing approach.*

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### **OBJECTIVE #3**

To determine whether management controls over cash are properly working to safeguard and account for funds.

#### **Finding 3 – 1 \*Sergeants' Accounting Logs\***

We noted numerous problems when viewing the sergeants' accounting logs, including:

- The sergeant's accounting log is generally insufficient in calculating the amount of funds the sergeant is responsible for.
- The method(s) used in accounting for cash is not consistent among sergeants.
- Sergeants maintained more than their authorized safe balances.
- One sergeant's balance could not be reconciled.

We believe the findings to be as a result of the following fact(s):

- The accounting log doesn't account for all the money a sergeant is responsible for (which includes both the monies held in his/her safe and the monies distributed to detectives); it only accounts for monies held in his/her safe.
- Sergeants combine multiple transactions into single monetary amounts.
- Sergeants' outstanding funds are not being accounted for during funds replenishment.
- The Sheriff's Office has not finalized written instructions for completing the cash log form.

#### **Recommendation to Finding 3 – 1**

We recommend the sergeant's cash log form be modified to account for the sergeant's overall cash responsibility.

We further recommend the creation of a sergeant's cash log manual that outlines how the log should be completed. Once complete, all sergeants should receive a tutorial on how to properly and uniformly maintain a cash log.

**Response to Finding 3 – 1**

*Concur. Redesign of the Sergeant's Cash Log form is in progress. Form redesign will enhance the sergeant's ability to provide a complete and accurate accounting of cash under his control. Additionally, the Narcotics/Vice Unit is developing a procedure addressing the proper completion and maintenance of the Sergeant's Cash Log. The Unit's Account Manager will provide training to Sergeants and Lieutenants prior to implementing the new unit procedure and management will monitor the process to ensure compliance.*

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We appreciate the assistance and cooperation we received from the Sheriff's Office through the course of this examination.

Respectfully submitted,

Kirk A. Sherman, CPA  
Council Auditor

Performed By:

Adam Mathews

Timothy Page

**Investigative Fund Unit  
Office of the Sheriff  
Schedule of Cash Receipts & Disbursements  
For the Year Ended December 31, 2006**

Prepared By: Office of Budget & Management on 02/05/2007

**Criminal Informant Investigative Fund**

<b>Cash In Bank - January 1, 2006</b>	\$ 157,749.68	
<b>Cash On Hand - January 1, 2006</b>	73,653.51	
	<u>                    </u>	
Total		<u>\$ 231,403.19</u>
<i>Add Receipts</i>		
(City) Receipts	\$ 330,500.00	
(Other) Receipts	281,082.68	
	<u>                    </u>	
Total Receipts		<u>\$ 611,582.68</u>
<i>Less Expenditures</i>		
Other Expenditures	\$ 330,805.68	
Organized Crime	209,241.86	
Patrol	11,697.65	
Community Affairs	110.00	
Detectives	6,735.70	
Intelligence	3,581.00	
Homeland Security	289.00	
	<u>                    </u>	
Total Expenditures		<u>\$ 562,460.89</u>
<b>Total</b>		<u><b>\$ 280,524.98</b></u>
<b>Cash In Bank Balance - December 31, 2006</b>	\$ 203,127.85	
<b>Cash On Hand Balance - December 31, 2006</b>	77,397.13	
	<u>                    </u>	
<b>Total</b>		<u><b>\$ 280,524.98</b></u>