

Sheriff's Investigative Fund – 2005

June 30, 2006

Report #623

Released on : December 4, 2006

INDEPENDENT AUDITOR'S REPORT

AUDIT REPORT #623

ATTACHMENT A : Schedule of Cash Receipts & Disbursements

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



June 30, 2006

Report #623

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, 2005. This statement is the responsibility of the Sheriff's Office Management. 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 four (4) issues involving non-compliance or weakness that we have reported to the management of the Office of the Sheriff, City of Jacksonville. Their responses to these matters have been incorporated into the attached management 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, 2005, 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 30, 2006

Report #623

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 ultimate source of funding for these operations. During calendar year 2005, \$262,570 was paid from the General Fund into the Investigative Fund.

Our examination of the cash receipts and disbursements related to the Criminal Investigative Fund for the period of January 1 through December 31, 2005 disclosed several findings.

Items that we believe should be brought to your attention are set forth below.

AUDITEE RESPONSES

Responses from the auditee have been inserted after the respective finding and recommendation. We received these responses from the Sheriff’s Office, via Maxine Person, Principal Internal Auditor.

Finding 1 *Imprest Amount*

We obtained the memorandum, from November 24, 2003, used to increase the amount of the imprest account from \$70,000 to \$80,000. This was done to fund a specific investigation that is now completed.

Recommendation to Finding 1

We recommend the Sheriff's Office analyze recent usage trends and determine if the amount of \$80,000 is still appropriate. We also recommend an official written correspondence from the Narcotics / Vice Unit to the Sheriff's Office of Management & Budget detailing the amount authorized to be in the imprest fund. This should carry appropriate approval as deemed by the Sheriff's management structure.

Auditee Response to Finding 1

Concur. Our analysis indicates the appropriate amount of the fund is \$80,000 to ensure the unit's capability of completing large narcotic transactions. These types of transactions are not planned and must be completed in a timely manner. A request has been sent to the Chief of Budget to maintain the fund at an imprest amount of \$80,000.

Finding 2 *Attire Purchase*

We noted one transaction for the purchase of clothing where the receipt was not attached to the "expense card".

Specifically, an officer purchased "Super Bowl attire" four (4) days prior to the Super Bowl. The transaction was for \$100. No receipt was attached to the "expense card".

Recommendation to Finding 2

We recommend that the account technician pay particular attention to non-narcotic purchases and insure that a receipt and a property record card are attached to the "expense card". Tangible property (i.e. non-food items) should be provided to the property room; if the Sheriff's Office intends to re-use such property (e.g. clothing), applicable procedures should be developed.

Auditee Response to Finding 2

Concur. We have minimized the use of non-narcotic purchases. However, if the need arises, purchases of this type (e.g. clothing) will be kept on the premises.

Finding 3 *Access Controls*

Administrators within the JSO's Information Systems Management unit (ISM) have logical access to the QuickBooks accounting system used to manage the imprest fund.

We obtained General Order 61.3 which addresses access permissions to some degree; however, it does not address access permissions given to ISM themselves, it only addresses access for the “general user population”.

Recommendation to Finding 3

We recommend policies and procedures exist for the assignment of access permissions to all manner of employee; i.e. the general user population as well as those administrators within ISM. Access levels will likely vary with respect to the classification of the data being protected. Such policies and procedures should include steps to be taken for the granting of “emergency” access. As a general rule, access permissions should be limited to the minimum necessary for a person to complete his/her regular job function (the concept is generally referred to as “least privilege”).

A similar finding was noted in the prior year’s management letter.

Auditee Response to Finding 3

Concur. General Order 61 has been revised and addresses the concerns of the auditors. This revision has been approved through the Sheriff’s Directive Review Committee.

Finding 4 *Travel Payments*

Travel expense and per diem amounts were incorrectly calculated resulting in inaccurate payments.

Recommendation to Finding 4

We recommend that the Sheriff’s Office seek reimbursement from those officers who were overpaid and repay those officers that have not been properly reimbursed. Additionally, if an electronic form is used to summarize travel expenses, it should calculate totals automatically.

It should be noted that the Sheriff’s Office did work to rectify this issue prior to the issuance of this report. It is our understanding that refund payments have been received and officers who were due additional funds have been properly compensated.

Auditee Response to Finding 4

Concur. All over and under payments have been corrected and copies are on file. A revised travel form (P-1762) was created to simplify calculations and eliminate errors.

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

Kirk A. Sherman

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, 2005**

3/21/2006

Criminal Informant Investigative Fund

Cash In Bank - January 1, 2005	\$	137,660.81
Cash On Hand - January 1, 2005	\$	78,185.94
Total	\$	<u>215,846.75</u>
<i>Add Receipts</i>		
(City) Receipts	\$	262,570.35
(Other) Receipts		249,172.41
Total Receipts	\$	511,742.76
<i>Less Expenditures</i>		
Other Expenditures		197,798.35
Organized Crime		232,005.22
Patrol		45,087.59
Community Affairs		885.00
Detectives		966.20
Intelligence		17,844.05
Homeland Security		1,599.91
Total Expenditures	\$	496,186.32
Cash In Bank Balance - December 31, 2005	\$	157,749.68
Cash On Hand Balance - December 31, 2005	\$	73,653.51
Total	\$	<u>231,403.19</u>