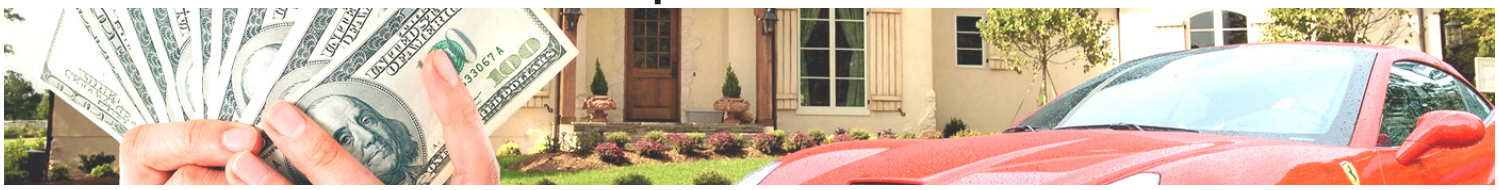
Office of the City Controller
City of Houston

Audit Highlights
Report # 2021-02

Houston Police Department (HPD) Asset Forfeiture Fund
Compliance Audit



OBJECTIVES

The primary objectives of the audit were:

- Evaluate HPD Management's compliance with applicable state statues and ordinances; and
- Evaluate controls over forfeited properties and proceeds received through the judicial process.

BACKGROUND

The Texas Code of Criminal Procedure, Chapter 59, Article 59.06 is the governing legislation concerning "forfeiture of contraband" in the State, including municipalities and law enforcement agencies.

HPD has established a series of internal Circulars and Directives, General Orders (GO) and Standard Operating Procedures to guide the operations and administration of forfeited assets.

Chris Brown
City Controller

Courtney Smith
City Auditor

AUDIT RESULTS

No findings were noted, however listed below are opportunities identified to strengthen reporting and accounting internal controls over physical inventory processes.

3 RECOMMENDATIONS

The audit team's conclusions included the following recommendations to HPD management:

- Amend the provisions of GO 400-14 to include the timeline for submission of physical inventory reports;
- Develop and require the use of standardized forms for the physical inventory process and reporting. The forms should incorporate the date of the physical inventory, name of officer(s) involved in the inventory count, etc.; and
- Design the form to incorporate elements of reconciliation of the physical inventory with the amount recorded in the financial records. The reconciliation should indicate opening and closing balances and differences between the physical count and the amount in the financial records.