



FULTON COUNTY

FULTON COUNTY, GEORGIA

OFFICE OF INTERNAL AUDIT

FULTON COUNTY DISTRICT ATTORNEY

CONFISCATED FUNDS ACCOUNT

FISCAL YEAR 2011

January 26, 2012

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Confiscated Funds Account
January 1, 2011 - December 31, 2011**

INTRODUCTION

At the request of the Finance Department of Fulton County, we reviewed and assessed the effectiveness and accuracy of the financial reporting and disposition of the expenses for the Confiscated Funds Account of the District Attorney's Office.

The Confiscated Funds account is made up of revenues derived from Drug Enforcement arrests in Fulton County and the surrounding municipalities. The funds may be expended by the District Attorney's office as specified in the Official Code of Georgia Annotated (O.C.G.A.) § 16-13-49. The Finance Department presently oversees the Confiscated Funds received from the State of Georgia and transfers the proceeds into the District Attorney's account for the department's use.

OBJECTIVE

The objective of our review is to assess the effectiveness of the procedures and controls implemented by the District Attorney and to review the expenditures of the proceeds during the review period.

SCOPE

The period covered for this review is January 1, 2011 to December 31, 2011.

METHODOLOGY

We reviewed the internal controls and the financial reports for the year 2011. Expenditures were sampled to determine if they were consistent with the requirements established in Official Code of Georgia (O.C.G.A.).

FINDINGS AND RECOMMENDATIONS

FINDING #1 – Confiscated Fund Bank Account Not In Compliance

The Official Code of Georgia Annotated (O.C.G.A.) §§ 15-6-76.1, 15-7-49, 15-9-18 and 15-10-240 detail the accounts that should be setup in interest bearing accounts. The interest from these accounts should be paid to the Georgia Superior Court Clerks Cooperative Association on a monthly basis. The Confiscated Fund Account 440 is not presently setup in an interest bearing account by the Treasury Department of Fulton County. The Treasury Manager indicated that the balance, \$113,338.18, was so low that the interest received would not offset the bank charges. However, there is no section of the O.C.G.A. that allows an exception to the interest bearing rule due to low interest rates. The result of not establishing an interest bearing account results in a failure in complying with Georgia codes which address the manner in which these funds should be maintained.

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RECOMMENDATION

The funds should be put into an interest bearing account that provides the best terms favorable to Fulton County as required by the State of Georgia Official Code.

FINDING #2 –Welfare Fraud Commission Funds Improperly Deposited

The Prosecuting Attorneys Council of Georgia (PAC) oversees the collection of Welfare Fraud Funds for the State of Georgia. These funds are not considered confiscated funds or forfeitures. It is the opinion of the Department of Law of the State of Georgia that these funds are unique with respect to their disposition. The PAC policies and procedures indicate specific types of expenses to be paid with these funds. Furthermore, it is the PAC’s opinion that the Welfare Fraud Commission Funds be maintained separate from the confiscated and forfeiture funds. These funds are the commission that Fulton County receives from the recovery of Welfare Fraud Funds. In August of 2011, the PAC received a \$4,500 Welfare Fraud Commissions check which was subsequently deposited into the District Attorney’s Confiscated Fund Account. It was conveyed that this practice has been routinely done in the past. As a result of depositing the funds directly into the District Attorney’s Confiscated Fund Account, the total amount of Confiscated Funds reported is overstated.

RECOMMENDATION

All future PAC Welfare Fraud Commission Funds should be deposited into a separate bank account and managed in accordance with the PAC Policies and Procedures.

FINDING #3 – Disallowed Confiscated Fund Expenditures

The O.C.G.A. § 16-3-49 provides guidance for the types of expenditures that may be paid with Confiscated Fund collections. There were disallowed expenses, totaling \$4,062.07, found in the Confiscated Fund Expenditures for the year 2011. These funds paid for items which did not qualify as allowable expenses for the operation of the District Attorney’s Office. The disallowed items purchased are as follows:

Type of Expense	Amount	Disposition
Office Retreat – Children Meals	\$ 339.35	Disallowed
Office Retreat – Gratuity & Sales Tax	\$ 1,022.72	Disallowed
Seniors Citizen Services - Meals	\$ 1,500.00	Disallowed – Should be General Fund Expense
Park Tavern - Holiday Awards	\$ 1,000.00	Disallowed
The King Center	\$ 200.00	Disallowed – Should be General Fund Expense
Total	\$ 4,062.07	

In addition, we noted that the Authorization for Expenditure Forms did not contain sufficient information to fully explain the expenditures. On all of the forms, the single reason cited for using the Confiscated funds to pay for the expenses was “cost allowable”. As a result of our examination of these

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expenses, we determined that they were not allowable under the guidelines established in O.C.G.A. § 16-3-49.

RECOMMENDATION

We recommend that all expenditures made under the Confiscated Fund comply with the guidelines established in O.C.G.A. § 16-3-49.

CONCLUSION

The Office of Internal Audit noted two weaknesses regarding the Confiscated Funds Account of the District Attorney's Office. The weaknesses include the confiscated funds bank account which is not in compliance with the state regulations and amounts that are disallowed confiscated fund expenditures. The amount of \$4,062.07 of disallowed expenditures should be deducted from the reimbursement request submitted to Finance by the District Attorney's Office.