

Final Audit Follow-up

As of March 31, 2012



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Tallahassee Police Department Property and Evidence Function

(Report #1116 issued July 15, 2011)

Report #1216

July 17, 2012

Summary

Twelve of the fifteen action plan steps established to address issues identified in audit report #1116 have been successfully completed or resolved as of March 31, 2012. Management subsequently decided implementation of one of the three remaining action plan steps will not be cost beneficial to the City. The other two action plan steps (one of which is not due to be completed until FY 2013) were turned over to management for final resolution and completion.

In audit report #1116 we determined that, overall, the Tallahassee Police Department (TPD) established and implemented adequate processes and controls that provide assurance that property and evidence (P&E) items were properly received, processed, stored, safeguarded, accounted for, and disposed. We also identified issues indicative of the need for further improvements and enhancements. Accordingly, recommendations were made for management to make enhancements and improvements to existing procedures and processes established by TPD for:

- Managing and controlling access to P&E items.
- Tracking and following up on items temporarily transferred from P&E facilities to other TPD staff and divisions.
- Segregating incompatible duties and functions among different employees when practicable.
- Providing physical security and storage of P&E items.

- Tracking and accounting for P&E activity and events.
- Documenting transactions and events.
- Timely disposing of items no longer needed for evidence.
- Independently verifying and validating P&E events and activities.
- Maintaining written policies for P&E operations.

Fifteen action plan steps were developed to address the identified issues. In our prior follow up, we reported eight of those fifteen action plan steps were completed or resolved. Of the remaining seven action plan steps, six were due for completion as of March 31, 2012, and one was due for completion in Fiscal Year (FY) 2013.

The result of this follow-up engagement showed TPD initiated and completed or resolved four of the seven remaining action plan steps. Two of the remaining three steps have been turned over to management for final resolution and completion, including the step due for completion in FY 2013. In regard to the last remaining step, management subsequently decided implementation was not cost beneficial to the City.

Actions noted as completed and/or resolved during this follow up included:

- Generation and use of reports from the WinAce system to timely track and follow up on items temporarily transferred from P&E facilities to other TPD staff and divisions.
- Completing the conversion from the GEAC system to the WinAce system (for tracking and accounting for P&E items and events).

- Enhancing controls over the transfer of unclaimed confiscated firearms to the Leon County Sheriff's Office (LCSO) for destruction, by sending an advance copy of the memorandum and listing of firearms directly to the LCSO (independent of the TPD staff physically transferring the firearms).
- As part of the independent review of the P&E function by the TPD Office of Professional Services, using forms from the TPD Records Division when sampling certain items as an additional measure of independence.

Table 1 in this report provides details on the status of each of the seven action plan steps addressed by this follow up.

We appreciate the cooperation and assistance provided by TPD staff during this follow up audit.

Scope, Objectives, and Methodology

We conducted this audit follow-up in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit follow-up to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit follow-up objectives.

Original Report #1116

The scope of report #1116 included a review of P&E operations and activities including various processes, procedures, and systems used by Tallahassee Police Department (TPD) in administering the Property and Evidence (P&E) functions. The audit covered P&E items on hand and related processes and controls in place at the time of our audit and during the period of September 2010 through March 2011. The objectives were to determine whether (1) complete and accurate records were properly maintained to account for property and evidence items, (2) P&E activities were properly documented and supported, (3) P&E activities were conducted in accordance with controlling laws and policies and sound business practices, and (4) adequate and appropriate internal controls were established over the P&E function.

Report #1216

This is our second and final follow-up on action plan steps identified in audit report #1116. The purpose of this follow up is to report on the progress and status of efforts to complete action plan steps due for completion as of March 31, 2012. To determine the status of the action plan steps, we interviewed staff, made observations, and reviewed relevant documentation.

Background

The P&E function is responsible for the receipt, storage, safekeeping, release, and proper disposal of all property and evidence items found or seized by TPD. In accordance with TPD Property and Evidence Standard Operating Procedures Manual (PE 2), that responsibility involves maintaining security and accurate records for, and control over, all property and evidence items from the time of receipt until the time of release or disposal.

During the audit period, the P&E inventory was comprised of more than 99,000 individual property and evidence items. Inherently, the P&E function is a high risk operation. It involves receipt, protection, and accounting for items with significant value (e.g., jewelry and cash) and/or critical to ensure successful and appropriate prosecution of criminal events and actions. Many items are vulnerable to inappropriate use (e.g., firearms and drugs). It is essential that the integrity of property and evidence items be maintained. Accordingly, appropriate controls should be established and implemented to manage the associated risks of loss, theft, misuse, and physical decay and degradation of property and evidence items.

Previous Conditions and Current Status

In report #1116, we noted that, overall, TPD established and implemented adequate controls to ensure the integrity and protection of P&E items and to ensure those items are properly received, secured, tracked, and disposed. However, we identified risks that indicate the need for further improvement and enhancement of applicable processes and controls. Fifteen action plan steps were developed to address the identified risks and audit recommendations. In our first follow up, we reported eight of the fifteen action plan steps had been completed. Six of the remaining

seven action plan steps were due for completion as of March 31, 2012. The last action plan step is not due for completion until FY 2013.

As shown below in Table 1, our second and final follow up review showed TPD has successfully completed or resolved four of the seven remaining

action plan steps, and two of the remaining steps have been turned over to management for final resolution and completion. As also shown in Table 1, management has subsequently decided that implementation of the other remaining step is not cost beneficial to the City.

**Table 1
Action Plan Steps from Audit Report #1116
Due as of March 31, 2012, and Current Status**

Action Plan Steps Due as of March 31, 2012	Current Status
Enhance access to and accountability of P&E inventory	
<ul style="list-style-type: none"> As part of the Police Department’s Records Management System upgrade, the Property and Evidence Module will be configured to provide administrative reports that will allow for tracking of P&E items temporarily transferred from P&E control. The current WinAce system will be used to produce the report until the upgrade is complete. 	<ul style="list-style-type: none"> ✓ Completed (Resolved) - In our prior follow up report (#1203) on the audit of the P&E function, we reported (in regard to a related action plan step) that TPD had established a process whereby monthly reports are generated showing all “checked out items” that had been outstanding for more than 30 days. We reported P&E staff was using those reports to track and follow up on those items. Our current follow up showed TPD has further enhanced that process as weekly reports are now being generated and used to track and follow up on “checked out items.” (Note: These reports are being generated from the WinAce system as TPD has elected to continue use of that system for the P&E function as described below in a subsequent action plan step.)
<ul style="list-style-type: none"> Property and Evidence staff will follow-up on all items that are temporarily checked out when the transferred item(s) are retained beyond the time limit for return as established by department policy. A documented explanation, with supervisory approval, of why the item(s) was (were) not returned will be required or chain of custody documentation updated to reflect additional transfer. 	<ul style="list-style-type: none"> ✓ Completed (Resolved) in the prior period.
<ul style="list-style-type: none"> Procedures were changed so that temporary access cards will not allow access to areas of TPD headquarters other than the outside perimeter and general access doors (i.e., not allow access to P&E facilities). 	<ul style="list-style-type: none"> ✓ Completed (Resolved) in the prior period.
<ul style="list-style-type: none"> Backup keys used to access P&E areas when the electronic security system is down are now secured in a safe location in the Administrative Services Bureau Director’s office. 	<ul style="list-style-type: none"> ✓ Completed (Resolved) in the prior period.

<ul style="list-style-type: none"> The status of all 264 items identified by the audit as being temporarily released for longer than 30 days was determined and appropriately documented. 	<p>✓ Completed (Resolved) in the prior period.</p>
<p>Ensure appropriate segregation of incompatible duties</p>	
<ul style="list-style-type: none"> P&E staff were instructed to always follow the requirements that two staff transport firearms no longer needed as evidence to the Leon County Sheriff's Office (LCSO) for destruction. In addition, both TPD staff and LCSO staff will sign the transfer documents when firearms are delivered for destruction. 	<p>✓ Completed (Resolved) in the prior period.</p>
<p>Improve physical security and safeguarding over P&E items</p>	
<ul style="list-style-type: none"> A surveillance camera will be installed to monitor the vault when it is opened. An archive procedure will be developed for later retrieval. 	<ul style="list-style-type: none"> Alternative Management Decision – In our initial audit we recommended management install an additional surveillance camera to allow enhanced monitoring of the vault area where cash, jewelry, and other valuables are stored. Management was initially receptive to our recommendation, but has now indicated their further assessment shows the costs of installation of an additional camera and related archiving of captured data exceeds the value of additional risk mitigation. Accordingly, management indicates an additional surveillance camera will not be installed; instead, reliance will be placed on existing controls to address the risk of loss of P&E items.
<ul style="list-style-type: none"> Preventative pest control services have been enhanced through additional treatment of outside access points and additional traps placed within P&E areas. 	<p>✓ Completed (Resolved) in the prior period.</p>
<ul style="list-style-type: none"> A master facility review including P&E facilities will be completed, future capital needs identified, and a plan established to provide for adequate future storage of P&E inventory. <i>(NOTE: This action plan step was not due to be completed until FY 2013. It is being addressed in this report as this is the final follow up that will be conducted for this audit.)</i> 	<ul style="list-style-type: none"> Turned Over To Management – This step is due for completion in the subsequent fiscal year. Because of the nature of this step (ensure adequate future storage space) and because most other action plan steps established for this audit have been completed or resolved, we will rely on TPD management to ensure completion of this step.
<p>Ensure proper execution of and recording of transactions</p>	
<ul style="list-style-type: none"> The convergence of the two separate inventory management systems will be completed, with the result being all P&E inventory being accounted for through the Premiere One Records Management System, Property & Evidence Module. <i>(Audit Note: The Premiere One Records Management System was being installed as part of a planned system upgrade.)</i> 	<p>✓ Completed (Resolved) - In our initial audit we reported that TPD had purchased the WinAce system in 2005 to replace the GEAC system for the purpose of accounting for and tracking P&E items. As also reported, significant efforts had been made to convert to the WinAce system as the majority of P&E items (approximately 99,000) were being tracked in that newer system.</p>

	<p>However, due to several circumstances, we noted convergence had not been totally completed as 3,880 items were still accounted for and tracked in the older GEAC system. We recommended TPD continue their efforts to complete the convergence. TPD acknowledged these circumstances and indicated (as an action plan step) that convergence would be completed as TPD implemented a P&E module within an even newer system, the Premier One Records Management System. (The P&E module was just one component of that newer system being implemented for TPD.) During this follow up engagement, TPD indicated it has subsequently determined based on extensive review that it will not be efficient to implement the P&E module of the Premier One Records Management System. Instead TPD will continue to use the WinAce system to account for and track P&E items.</p> <p>During this follow up engagement, we found TPD completed conversion of the remaining items from the GEAC system to the WinAce system. Accordingly, this step has been resolved.</p>
<ul style="list-style-type: none"> • An interagency procedure will be developed requiring the Leon County Sheriff's Office (LCSO) to send a copy of the signed cover memorandum and attached listing of firearms directly to the Director of Administrative Services. 	<p>✓ Completed (Resolved) – As noted in our initial audit, unclaimed confiscated firearms no longer needed for evidence are periodically accumulated and transported to the LCSO for destruction. Two TPD staff transport those firearms (see previous action plan step relating to segregation of incompatible duties). To further reduce the risk of undetected loss of those confiscated firearms during the transport process, we recommended in our initial audit that an interagency procedure be developed and implemented whereby the designee within the LCSO would send a copy of the signed (by transporting TPD staff and applicable LCSO staff) cover memorandum and attached listing of firearms directly to the TPD Director of Administrative Services. (The transporting TPD staff would not have access to that copy). The intent of the recommendation was for the Director of Administrative Services to compare that memorandum/listing sent directly by the LCSO to the initial memorandum/listing prepared by the P&E supervisor before the physical transport of the firearms. That comparison would serve to detect any fraudulent alteration to the initial memorandum/listing by the transporting staff for the purpose of covering up any unauthorized diversion of the firearms.</p>

	<p>During our follow up review we found an interagency procedure was implemented whereby the signed memorandum and related listing of firearms was sent by the LCSO directly to the TPD Director of Administrative Services. Because of resource concerns (time), the Director indicated those comparisons were not made to the initial memorandum/listing prepared by the P&E supervisor. Accordingly, the Director and P&E supervisor enacted an alternative process whereby the LCSO is now sent an advance copy of the memorandum and listing directly by the P&E supervisor. The LCSO has been instructed to notify the P&E supervisor of any discrepancies between the memorandum/listing sent in advance and the memorandum/listing provided by the TPD staff physically transporting the firearms to the LCSO. If followed, this alternative action should reasonably mitigate the identified risk. Accordingly, we considered this step resolved.</p>
<p>Ensure accurate, correct, and appropriate processing of P&E activities and events</p>	
<ul style="list-style-type: none"> • Semiannual reviews of the P&E function by the Office of Professional Services will now include sampling and use of PD 139 records from the Records Division to verify proper recording of received P&E items in the WinAce system. 	<ul style="list-style-type: none"> ✓ Completed (Resolved) – In the initial audit we recommended an enhancement to independent reviews of the P&E function conducted by the TPD Office of Professional Services. Specifically, to provide an additional measure of independence, we recommended the Office of Professional Services select some of the items documenting receipt of P&E items from the records maintained by the TPD Records Division (i.e., a source independent of the P&E function). Selecting P&E items, for the purpose of determining and verifying the reported status of received items, from an independent source helps reduce the risk of not detecting instances where items are intentionally not coded in the P&E system and then diverted for unauthorized uses. Our follow up review showed TPD implemented this recommended action, as the Office of Professional Services is now selecting their sample items for “receipt testing” from the records provided to and maintained by the TPD Records Division. (Those records are the PD 139, which is prepared by the impounding TPD officer, with a copy sent directly to the Records Division.)
<ul style="list-style-type: none"> • To facilitate the independent verification of funding received when items are disposed through a third-party auction company, all checks for sale proceeds will be submitted directly to the TPD Financial Management Office. 	<ul style="list-style-type: none"> ✓ Completed (Resolved) in the prior period.

<ul style="list-style-type: none"> Enhance accountability by implementing a procedure that requires payments received from the auction company by the Financial Management Office be verified for accuracy by the P&E supervisor. 	<p>✓ Completed (Resolved) in the prior period.</p>
<p>Ensure proper documentation for P&E operations</p>	
<ul style="list-style-type: none"> Written policies and unit standard operating procedures will be updated and revised to reflect changes in policy and processes made as a result of the audit. 	<p>◆ Turned Over To Management – In the initial audit we acknowledged the overall comprehensive nature of TPD policies and procedures manuals. We did recommend those policies and procedures manuals be updated to address process enhancements made as a result of that audit. As shown by our follow up work, some of those enhancements included:</p> <ul style="list-style-type: none"> No longer programming temporary access cards to allow access to P&E facilities. Tracking and following up on items temporarily transferred from the P&E facilities to other TPD staff and locations. Revised procedures to help ensure proper transfer of firearms (no longer needed as evidence) to the LCSO for destruction. Selecting P&E “received items” from a source independent of the P&E facilities as part of the review conducted by the Office of Professional Services. <p>In their reported status of this action step, TPD indicated all policies and SOPs (i.e., Standard Operating Procedures manuals) for the P&E function are currently being reviewed and revised as part of transitioning that function to compliance with “International Property and Evidence Association Standards.” TPD indicated it anticipated completing this action in November 2012. Because of this stated intent and because most other action plan steps established for this audit have been completed or resolved, responsibility for ensuring completion of this step is turned over to TPD management.</p>

Table Legend:

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| <ul style="list-style-type: none"> ● Issue to be addressed from the original audit. | <ul style="list-style-type: none"> ✓ Issue addressed and resolved. ◆ Responsibility for completion of action plan step turned over to management. ■ Issue addressed by alternative management decision. |
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Conclusion

As described above, 15 action plan steps were established to address issues identified in audit report #1116. In our first follow up, we reported management completed and/or resolved eight of the 15 action plan steps. Of the remaining seven action plan steps, six were due for completion as of March 31, 2012, and one was due for completion in FY 2013. As shown in Table 1 above, four of those remaining seven action plans steps have been completed and/or resolved.

In regard to the three action plan steps not completed or resolved:

- Management subsequently decided that implementation was not cost beneficial to the City (*one step - additional surveillance camera*).
- Responsibility for ensuring completion is being turned over to management (*two steps - updating written policies and procedures manuals and ensuring adequate future storage of P&E inventory*).

We appreciate the cooperation and assistance provided by TPD staff during this follow up audit.

Appointed Official's Response

City Manager:

I appreciate the effort Police Department staff has expended to complete implementation of action items related to this audit. The end result has improved the management controls for the Property and Evidence Unit. I also commend audit staff for their attention to detail and well thought out recommendations.

Copies of this audit final follow-up #1216 or audit report #1116 may be obtained from the City Auditor's website (<http://talgov.com/auditing/index.cfm>) or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (Office of the City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

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