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HIGHLIGHTS

Highlights of City Auditor Report #1116, a report to the City Commission and City management

WHY THIS AUDIT WAS CONDUCTED

This audit was conducted to evaluate the operations and activities of the Tallahassee Police Department's (TPD) Property and Evidence (P&E) function. The audit addressed the processes, procedures, and systems used for and by the P&E function. The audit covered P&E items on hand and processes, procedures, and systems in place as of the time our fieldwork during the period of September 2010 through March 2011.

WHAT WE RECOMMENDED

To improve P&E operations and functions, we recommended the following:

- Access to P&E items should be better managed and controlled.
- Items temporarily transferred from P&E facilities to other TPD staff and divisions should be properly tracked and promptly returned when applicable.
- Incompatible duties and functions should be properly segregated among different employees when practicable.
- Physical security and storage of P&E inventory should be improved.
- Existing processes and procedures for tracking and accounting for P&E activity and events should be improved.
- Certain transactions and events should be properly documented.
- Efforts should be enhanced to facilitate proper and timely disposal of items that are due for disposal.
- Appropriate independent verification and validations of P&E events and activities should be performed.
- Existing written procedures and policies should be enhanced and updated for changes made to address certain control risks identified in this audit.

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July 15, 2011

AUDIT OF TPD PROPERTY AND EVIDENCE FUNCTION

Overall P&E operations and functions provided reasonable assurance that property and evidence items were properly received, processed, safeguarded, accounted for, and disposed. Several issues were identified that indicate the need for enhanced procedures and controls.

WHAT WE CONCLUDED

Overall, TPD established and implemented adequate processes and controls that provide assurance that property and evidence items were properly received, processed, stored, safeguarded, accounted for, and disposed. However, we identified several risks that indicate the need for further improvement and enhancement to existing processes and controls. We have discussed those risks with TPD management and they are receptive to the taking appropriate corrective actions. Identified risks included the following:

- Names assigned to temporary access cards granting access to the main P&E facility were not always updated to reflect the employee using the card, resulting in instances where the electronic security system erroneously indicated unauthorized access to the P&E facility.
- Physical keys allowing access to the main P&E facility were not always stored in a secured location.
- Procedures were not in place to ensure items temporarily transferred to other TPD staff and locations from the P&E facility were promptly returned.
- Adequate compensatory controls were not in place to mitigate the risk resulting from P&E staff performing the incompatible duties of accessing and handling P&E items and accounting for those items in the P&E inventory systems.
- Instances were noted where one employee was allowed to transport firearms from the P&E facility to the Leon County Sheriff's Office, when established procedures and good control practices required those transfers to be made and witnessed by two TPD employees.
- Instances were identified where physical security and storage of P&E items could be improved (e.g., adding another security surveillance camera and enhancing pest control practices).
- Continued use of two separate inventory systems to track and account for P&E items was not efficient.
- Certain transactions and events were not adequately documented (i.e., transfer of firearms to the Leon County Sheriff's Office).
- Items were not being promptly disposed.
- Adequate independent verification and validation of certain P&E events and activities were not performed.

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

We would like to acknowledge the full and complete cooperation and support of applicable TPD staff during this audit.

Office of the City Auditor

**Audit of
Tallahassee Police Department
Property and Evidence Function**

AUDIT REPORT #1116

July 15, 2011



Copies of this audit report #1116 may be obtained from the City Auditor's web site (<http://talgov.com/auditing/index.cfm>), by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (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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TPD Property and Evidence Function



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City Auditor

Report #1116

July 15, 2011

Executive Summary

This audit addressed processes, procedures, and systems used in managing the TPD Property and Evidence function.

Overall, TPD has implemented processes and controls that assure P&E items are properly received, processed, stored, safeguarded, accounted for, and disposed.

Several risks were identified for which improvement and enhancements were recommended.

Management is receptive to audit recommendations made to address identified risks.

This audit was conducted to evaluate the operations and activities of the Tallahassee Police Department's (TPD) Property and Evidence (P&E) function. The audit addressed the processes, procedures, and systems used for and by the P&E function. The specific audit objectives included determining 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. The audit covered P&E items on hand and processes, procedures, and systems in place as of the time of our fieldwork during the period September 2010 through March 2011.

Overall, we found TPD established and implemented processes and controls that provide assurance that property and evidence items are properly received, processed, stored, safeguarded, accounted for, and disposed. However, we identified several risks that indicate the need for improvement and enhancement of applicable processes and controls. We have discussed those risks with TPD management and they are receptive to taking actions, where appropriate, to ensure:

- Access to P&E items is better managed and controlled.
- Items temporarily transferred from P&E facilities to other TPD staff and divisions are properly tracked and promptly returned when applicable.
- Incompatible duties and functions are properly segregated among different employees when practicable.

A separate presentation of the identified assurances and risks and related recommendations was prepared and included in this report as Appendix 1.

- Physical security and storage of P&E inventory is improved.
- Tracking and accounting for P&E activity and events is efficient and adequate.
- Certain transactions and events are better documented.
- Efforts are enhanced to facilitate proper and timely disposal of items that are due for disposal.
- Appropriate independent verification and validation of P&E events and activities are performed.
- Existing written procedures and policies are enhanced and updated for changes made to address certain control risks identified in this audit.

To facilitate the usefulness of this audit, a separate presentation of the assurances, risks, and related recommendations was prepared and included within this report as Appendix 1.

We would like to acknowledge the full and complete cooperation and support of P&E staff during this audit.

TPD Property and Evidence Function



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Report #1116

July 15, 2011

Objectives

This audit addressed operations and activities pertaining to TPD's Property and Evidence function.

This audit addressed the operations and activities of Tallahassee Police Department's (TPD) Property and Evidence (P&E) function. The objectives of the audit 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. Inherent in those objectives was the identification of risks and recommendations to eliminate or mitigate those risks.

Scope

This audit covered P&E activities and processes in place during the period September 2010 through March 2011.

The scope of this audit included a review of P&E operations and activities. Accordingly, we reviewed the various processes, procedures, and systems used by TPD in administering the P&E function. Our audit covered P&E items on hand and related processes and controls in place as of the time of our review during the period September 2010 through March 2011. We focused on processes and controls established to ensure all P&E items received were properly tracked, protected, safeguarded, and accounted for until the proper disposal of those items.

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

Background

At the start of our audit the P&E function was organizationally under the Support Bureau within TPD. In November 2010, TPD moved the P&E function (organizationally) to the Administrative Services

The P&E function is comprised of five technicians, one clerical assistant, a supervisor, and a lieutenant that report to the director of the Administrative Services Bureau.

P&E is responsible for receipt, storage, safekeeping, release, and disposal of confiscated, seized and found items.

P&E inventory included more than 99,000 items at the time of our audit and was comprised of firearms and other weapons, controlled substances, jewelry, money, and numerous other items.

Bureau. While under the Support Bureau, staffing within P&E was comprised of two sworn officers (a lieutenant and a captain) and seven civilian (i.e., non-sworn) employees. The seven civilian employees were comprised of five technicians (or custodians), one clerical assistant, and one supervisor. The two officers and the seven civilians reported to the Support Bureau commander (a major and sworn officer). With the recent changes, the P&E staff is now comprised of the same seven civilian employees and one officer (a lieutenant). Those employees report to the director of the Administrative Services Bureau (also a civilian employee). The Director of Administrative Services reports directly to the Deputy Chief of Police. P&E facilities are located on TPD's main campus and are staffed and in operation Monday through Friday from 7 a.m. to 5 p.m. Secured facilities are available for officers to impound P&E items on weekends and after those normal working hours (e.g., nighttime).

The P&E function is responsible for the receipt, storage, safekeeping, release, and disposal of all property and evidence found or seized by TPD. Pursuant to 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. Currently, two separate systems are used by P&E to track and account for those items. While the intent is to eventually use only a single system, P&E must first finish conversion of data in the older system to the newer system. The majority of the inventory represented items taken into custody as evidence in connection with criminal actions and events that are likely needed for related prosecution within the judicial system. The remaining inventory included found and abandoned items stored for safekeeping purposes. P&E items include firearms and other weapons, controlled substances (e.g., drugs), jewelry, money, and numerous other items (e.g., recovered stolen property).

Inherently, the P&E function is a high risk operation. It involves receipt, protection, and accounting for items with significant value

For purposes of this audit, we identified and classified controls into seven basic categories.

(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 implemented to manage the associated risks of loss, theft, misuse, and physical decay and degradation.

For the purpose of this audit, we identified controls necessary for the successful management and administration of the P&E function and classified those controls into seven basic control activity categories established in the City’s “Internal Control Guidelines,” Administrative Policy and Procedure No. 630. Table 1 below identifies and describes those controls by category.

TABLE 1		
NO.	CONTROL ACTIVITY CATEGORY	DESCRIPTION AND EXAMPLES
1.	Access to and Accountability for Resources	Access to property and evidence (P&E) inventory should be limited to authorized individuals and a proper accounting maintained of all items. Examples include (1) assigning custodial responsibility to designated individuals, (2) restricting access to P&E inventory to authorized employees, (3) conducting background investigations on employees assigned custodial responsibility, and (4) maintaining inventory records that track the status (location and chain-of-custody) of items.
2.	Direct Activity Management	This involves the assignment, review, and approval of staff’s work. Management should provide adequate oversight and involvement in activities relating to P&E operations. For instance, supervisors should (1) review records showing individuals accessing P&E facilities, (2) review and approve release and disposition of items, and (3) review the results of periodic physical inventory counts and related reconciliations. Management should also provide staff with the necessary guidance and training to help ensure that management directives are achieved.
3.	Segregation of Duties	Key duties and responsibilities in authorizing, processing, recording, and reviewing transactions and events should be segregated among different individuals to reduce the risk of error or inappropriate actions. For example, without compensating controls, no one employee should approve the collection/release of cash or other valuable P&E items, have access to or custody of those items, and maintain the records accounting for those items.

4.	Physical Controls	P&E inventory should be physically secured and safeguarded. Examples of controls include (1) devices that control entry into P&E facilities and areas where valuable items and associated records are stored; (2) lockable doors, safes, cabinets, and lockers; (3) surveillance cameras that monitor activities within P&E facilities; and (4) sufficient storage space to adequately safeguard P&E items.
5.	Execution and Recording of Transactions and Events	Transactions and events should be properly authorized, executed, and recorded only by personnel acting within the scope of their authority. For example: (1) items received for storage in the P&E facilities should be processed and recorded by authorized staff in a manner that ensures accountability from the initial point of receipt through final disposition; (2) P&E items should be released or disposed of only by occurrence of authorizing events; and (3) established rules, regulations, and procedures should otherwise be followed when executing and recording activity. Furthermore, P&E activity and events should be timely and properly recorded by appropriate staff.
6.	Information Processing	Information processing includes a variety of controls to check accuracy, completeness, and authorization of transactions. Examples include (1) independent review of P&E transactions and activities including periodic comparisons and reconciliations of P&E items reflected in system records to the actual items stored in the P&E facilities, (2) reconciliation of cash collections (i.e., collected as P&E items) to transaction records in the PeopleSoft Financials System and to applicable bank statements, and (3) periodic supervisory review of other transactions and activities.
7.	Documentation	Adequate documentation should be prepared and retained. For example, (1) relevant transaction support should be prepared and retained in accordance with City record retention requirements and (2) written procedures, guidelines, and manuals should be developed, maintained, and provided to applicable staff.

Audit Methodology

Various audit procedures were performed to meet our audit objectives.

We conducted various audit procedures to address the stated audit objectives. Those audit procedures included:

- Interviewing staff responsible for administering and managing the P&E function.
- Observing activities and applicable methods, processes, and procedures.
- Examining records and documents.
- Selecting and testing samples of recorded P&E transactions and events.

Based on understandings obtained through our procedures and the results of our testing, we provided certain assurances and comments on risks identified. The “assurances” indicate that controls and procedures are in place and operating to provide reasonable assurance that P&E operations are appropriate, proper, and valid. In contrast, “risks” represent instances where controls or processes were not in place or were not operating in a manner to provide such reasonable assurances. In some instances we determined that controls and processes were generally operating effectively, but improvements and enhancements were needed to increase the level of assurance.

Identified assurances and risks were categorized and reported.

We categorized the identified assurances and risks into the following seven “control activity category” classifications that are addressed in **Table 1**:

- Access to and Accountability for Resources
- Direct Activity Management
- Segregation of Duties
- Physical Controls
- Execution and Recording of Transactions and Events
- Information Processing
- Documentation

Subsequent sections of this report summarize the results of our audit by control activity category. Further detail on the identified assurances and risks is presented in Appendix 1 of this report.

Overall Summary

Overall, we found processes and controls were adequate.

The result of our audit procedures showed TPD established and implemented adequate controls to ensure the integrity and protection of P&E items and to ensure those items are properly received, tracked, and disposed. Many of the identified controls were the result of improvements and enhancements in processes and procedures implemented in the first few months of calendar year 2010 by TPD in response to a recent independent internal quality control review conducted by the TPD Office of Professional

Some risks were identified for which improvements and enhancements are warranted.

Services. We commend TPD for those improvements and enhancements.

Notwithstanding those circumstances, we identified additional areas where further improvements and enhancements may be warranted to further mitigate identified risks. The following sections of this report describe the various controls and risks identified through this audit. Those controls (assurances) and risks are described further in Appendix 1 of this report.

Access to and Accountability for Resources

Except for the identified risks, access to P&E facilities was adequately controlled and processes were in place to maintain proper accountability.

Access to P&E inventory should be limited to authorized individuals and a proper accounting maintained for all items. Examples of controls in this category include (1) assigning custodial responsibility to designated individuals, (2) restricting access to authorized employees, (3) conducting background investigations on employees assigned custodial responsibility, and (4) maintaining inventory records that track the status (location and chain-of-custody) of items. **Our audit showed that access to P&E facilities was properly and adequately controlled and processes were in place to ensure accountability.** We identified the following risks that indicate certain improvements are needed:

- Based on our review of system access records, we noted one instance where there appeared to be an unauthorized access by a TPD officer four times in one day. Further review showed that officer likely did not access the P&E facility. Instead, circumstances show this appeared to be an instance where a temporary access card had previously been assigned to that officer and programmed to allow his access to other TPD areas (i.e., other than P&E facilities). When the officer obtained his permanent access card, the temporary card was turned back in to the TPD system administrator. Subsequently, that same temporary access card was reassigned to a P&E employee (with authorized access to the P&E facilities) and reprogrammed to allow access to the P&E facilities (likely because the P&E employee left his permanent access card at home that day). However, the name on the temporary card was not changed from the TPD officer to the name of the P&E employee. Therefore, the system mistakenly indicates the unauthorized TPD officer accessed the P&E facilities on the day in question.

Allowed uses of temporary access cards should be revised.

Incomplete and/or improper processing of temporary access cards increases the risk of unauthorized access to P&E facilities (as well as other sensitive areas within TPD) and reduces management's ability to effectively monitor access to those facilities (i.e., through review of system access reports). Upon identification of this issue, TPD management indicated the process will be revised such that temporary cards will no longer be programmed and used to allow access to sensitive areas within TPD, including P&E facilities.

Enhanced security is needed for keys that provide access to the main P&E facility when the electronic access system is temporarily not working.

- There are two non-electronic keys (regular physical keys) that can be used to unlock and access the main P&E facility. One key unlocks the main door to the facility and the second key unlocks the door to the main room (within that facility) in which most P&E items are stored. Those keys provide access without requiring use of an electronic access card. Use of those keys to access the P&E facilities is not tracked by the electronic access system. The purpose of the keys is to allow access in an emergency or when the electronic system is temporarily not working. It is logical and appropriate for the P&E supervisor to have custody of and responsibility for those two keys. However, we noted the keys were kept in an unsecured desk drawer in the P&E supervisor's office, which is located inside the main P&E facility. This situation is not appropriate because:
 - The two keys were stored within the main P&E facility. The keys should be stored at a secured location outside of the facility to enable entry in the event of an emergency or temporary shutdown of the electronic access system. For example, if there is an emergency need to access the P&E facilities after normal working hours when the facility has been locked and the electronic access system is down, the two keys would not be accessible for purposes of unlocking the facility.
 - The two keys were not adequately secured, as they were maintained in an unlocked desk drawer within the P&E facility. Anyone working within or accessing that P&E facility therefore could potentially obtain unauthorized custody of either of those two keys. Unauthorized

custody of the keys could result in subsequent unauthorized access to the P&E facilities, without timely detection or knowledge of management or other staff.

In response to our review, management acknowledged these risks and took actions such that the two keys are now secured and in the custody of an appropriate managerial employee at TPD.

Procedures should be established to track P&E items temporarily transferred to other TPD staff and locations.

- Procedures were not in place to ensure items temporarily transferred from P&E facilities to other TPD staff and locations were properly and timely returned. An item may be temporarily removed from P&E facilities by the officer that impounded the item or by a case investigator, for valid reasons such as further investigation efforts, crime laboratory and forensic testing, or presentation in a court appearance. With the assistance of TPD, we identified 264 instances where items had been temporarily removed from P&E facilities by various TPD staff and not returned for periods exceeding one month. Of those 264 items, 111 had been outstanding for more than one year. Examples of those items included weapons, jewelry, electronics, and controlled substances. There were no documented follow-up efforts by P&E staff to track and determine the status of those items and/or to determine why they had not been returned to P&E. P&E management agreed improved efforts were needed to ensure those items were properly tracked and timely returned.

In response to this identified issue and subsequent to our initial audit fieldwork, P&E staff followed up on these 264 outstanding items with applicable TPD officers that removed the items (i.e., took custody of the items in connection with the temporary transfer). In response to the P&E requests, those TPD officers asserted in e-mails submitted to P&E staff that the applicable items were in turn transferred to applicable external entities (e.g., to the State Attorney's Office or FDLE) or returned to the owner. However, for many of those items appropriate documentation of those transfers to the applicable external entities was not obtained and submitted by the TPD officers to the P&E staff. For example, our review of a sample of 15 of the items showed no documentation was obtained that

evidenced the transfer by the applicable TPD officers to the noted third parties. Accordingly, adequate documentation has not been obtained that substantiates the current status and/or disposition of those items. To ensure the proper and authorized status and/or disposition of items and to ensure items have not been diverted for unauthorized purposes or personal benefit, we recommend P&E obtain appropriate evidence of the status and/or disposition of the items in question from the applicable external entities.

Recommendations were made and corrective action plans developed to address the described risks.

Direct Activity Management

Management review and oversight was adequate.

Direct activity management involves the assignment, review, and approval of staff's work. Management should provide adequate oversight and involvement in activities relating to P&E operations. For instance, supervisors should (1) review records showing individuals accessing P&E facilities, (2) review and approve release and disposition of items, and (3) review the results of periodic physical inventory counts and related reconciliations. Management should also provide staff with the necessary guidance and training to help ensure that management directives are achieved.

Our audit showed that management oversight activities were generally adequate and appropriate. No reportable weaknesses were identified.

Segregation of Duties

Key duties and responsibilities in authorizing, processing, recording, and reviewing transactions and events should be segregated among different individuals to reduce the risk of error or inappropriate actions. For example, without compensating controls, no one employee should approve the collection/release of cash or other valuable P&E items, have access to or custody of those items, and maintain the records accounting for those items. **We found (1) some key duties were properly segregated to reduce the risk of errors or inappropriate actions and (2) for those circumstances where key duties were not segregated, some compensating controls were in place; however, those compensating controls were not always adequate and/or applied.** In regard to the latter, we noted the following:

Enhancements are needed to certain compensating controls established to mitigate the risk resulting from incompatible duties not being segregated among different employees.

- Each of the P&E staff, including the five technicians, one clerical assistant, and their supervisor, has access to items received and stored at the P&E facility and also system permissions that allow the recording of transactions and activity for those items in the inventory systems (i.e., WinAce and GEAC record management systems). Performance of those normally incompatible duties (custodial and recording functions) can increase the risk of unauthorized diversion of P&E items for personal benefit without timely detection. For example, an item of value no longer needed for evidential purposes and not returnable to the owner could be inappropriately removed from the P&E facilities for personal use, with the removal covered up through the fraudulent recording of a fictitious disposition in the inventory system. Notwithstanding this risk, TPD management indicated it was necessary for the different P&E employees to each perform these normally incompatible duties to achieve necessary work efficiency and effectiveness.

We noted several compensating controls were in place to partially mitigate the identified risk. Specifically:

1. All bags, containers, or articles entering, departing, or being removed from the main P&E facility are subject to search thereby deterring fraudulent removal of P&E items by P&E staff.
2. The P&E supervisor periodically (weekly and monthly) verifies items and transactions recorded in the inventory systems are either on hand (i.e., physically observes the items in inventory) or there is appropriate support authorizing the transfer or disposal of the items.
3. Semiannually, the TPD Office of Professional Services (OPS) selects samples of items and transactions recorded in the inventory systems and verifies the items are either on hand (i.e., physically observes the items in inventory) or there is appropriate support authorizing the transfer or disposal of the items. In 2008, the TPD Office of Professional Services (OPS) also selected

samples from records not available to P&E staff (e.g., copy of PD 139 “TPD Vehicle/Property Receipt” provided by the submitting TPD officer directly to the TPD Records Division) and verified the items were recorded in the inventory system, on hand, and/or appropriately transferred or disposed. However, no samples have been selected from those records (i.e., PD 139s provided directly to the TPD Records Division and not available to P&E staff) in the semiannual reviews completed since 2008.

These controls serve to identify errors and instances of unauthorized diversion of P&E items for personal benefit. However, these controls are not considered adequate to effectively mitigate the described risks for the following reasons:

1. Some items are of a nature that removal could/may be accomplished without the need for a bag or container to disclose the removal and/or without detection through a physical search.
2. The periodic quality controls reviews by the P&E supervisor as described above would not detect unauthorized diversions by the supervisor performing the reviews and would not detect instances where an item was fraudulently diverted by a P&E staff employee that covered up the diversion by not recording the item in the inventory system (i.e., receipt of the P&E item is never recorded in the system).
3. Since 2008, the semiannual reviews by the TPD Office of Professional Services have not included a review of sampled items selected from records not available to P&E staff (e.g., copy of PD 139 “TPD Vehicle/Property Receipt” provided by the submitting TPD officer directly to the TPD Records Division). Accordingly, semiannual reviews since 2008 would not detect unauthorized diversions of P&E items where P&E staff employees never recorded the items in the inventory system.

Adequately mitigating the identified risk will require (1) the incompatible duties (custodial and recording functions) to be segregated among different employees and/or (2) revising the semiannual periodic verifications by the TPD Office of Professional Services to always include a selection of records from appropriate records not available to P&E staff (e.g., PD 139 records submitted by the impounding officer directly to the TPD Records Division). This risk and appropriate compensating control (independent verification using appropriate records) are further addressed in this report on pages 20 through 22 under “Information Processing.”

TPD should ensure transport of firearms to the Leon County Sheriff's Office is performed by two employees.

- Pursuant to section 790.08, Florida Statutes, firearms held in the P&E facility determined no longer needed as evidence and/or not returned to the owners are periodically transferred to the Leon County Sheriff's Office. The Sheriff's Office destroys those firearms on behalf of the City. In accordance with good internal control practices, management requires two P&E employees to transport the firearms so as to reduce the risk that such firearms are diverted for unauthorized purposes (i.e., transport by two employees makes it difficult for one employee to conceal an unauthorized diversion during the transport process). However, in response to our audit inquiry, TPD acknowledged that occasionally only one P&E employee transports the firearms. While certain compensating controls are in place (e.g., verifications of proper item dispositions by the P&E supervisor and the TPD Office of Professional Services), requiring two employees to transport the firearms is an efficient method to provide additional assurance of the proper disposition of firearms. Management was receptive to ensuring subsequent transfers are always made by two employees.

Recommendations were made and corrective action plans were developed as applicable to address the described risks.

Physical Controls

P&E inventory should be physically secured and safeguarded. Examples of applicable controls include (1) devices that control entry into P&E facilities and areas where valuable items and associated records are stored; (2) lockable doors, safes, cabinets,

Physical controls and security were generally adequate; certain enhancements were recommended.

An additional surveillance camera would enhance management's ability to monitor activity within the main P&E facility.

Pest control practices can be improved through scheduled use of a preventative pest control service.

and lockers; (3) surveillance cameras that monitor activities within the P&E facilities; and (4) sufficient storage space to adequately safeguard P&E items. **Our review showed that physical controls and security were generally adequate and appropriate.** For the most part, controls were established and implemented to ensure all items received and stored were properly safeguarded until they were properly disposed. All critical and valuable items were handled with enhanced levels of security and precaution. However, physical controls could be enhanced to address the following identified risks.

- While surveillance cameras were used to monitor and/or record activity at the impound window and the property destruction room (i.e., where narcotics and controlled substances are prepared for destruction) within the main P&E facility, there was no surveillance camera within that main facility to monitor the vault where cash, jewelry, and certain other valuables (e.g., negotiable instruments) are stored. Installation of a surveillance camera for the vault area would enhance security over those items stored within that vault. In their response to our inquiry on this matter, management indicated a surveillance camera would be installed as suggested.
- While pest control practices were employed to stop contamination of property and evidence items, those practices should be improved. Specifically, P&E staff take appropriate action to eliminate infestations by pests (bugs, rats, etc.) when pests are observed or initial damage is identified. Those actions included hiring a pest control service and/or setting traps (e.g., for mice or rats) to eliminate the pests. However, routine preventative pest control services were not being employed within the P&E facilities. We acknowledge that, under a Citywide contract, monthly pest control services were provided to the overall TPD facility in which the main P&E facility is located (i.e., the main P&E facility is located in the basement of the main TPD building). However, that monthly preventative service was not being used within the P&E facility (for which access is restricted) at the time of our review. Past instances of damage from pests have occurred as documented by pictures provided by P&E staff. Monthly preventative pest control

services within the P&E facilities should help reduce the risk of contamination of P&E items. In response to our inquiry on this matter, management indicated the existing Citywide contract would be used to ensure a monthly preventative service is provided to (inside) the P&E facilities.

TPD should follow through with its ongoing efforts to ensure adequate storage facilities are available in the future.

- Additional storage space is (will be) needed to adequately, properly, and efficiently store P&E items. For the space provided, TPD has taken appropriate measures to ensure P&E items are adequately stored and safeguarded, including reorganization of various storage areas and use of additional storage facilities (e.g., portable buildings and sheds) located on TPD grounds but external to the main P&E facility. Additional storage space should become available upon timelier disposal of P&E items authorized for disposal (see risk identified under “Execution and Recording of Transactions and Events”). However, continued growth in the quantity of P&E items is anticipated by TPD. That increase in inventory will require additional efforts and resources to ensure adequate and secure storage of P&E items. TPD is aware of this issue and has obtained budgetary authority in the amount of \$75,000 to conduct a master facility review that includes the P&E function. Management indicated the results of that review will be used to determine what resources and measures are appropriate to provide for adequate future storage of P&E inventory. We recommend TPD follow through with this review and develop plans to ensure adequate facilities are available for the P&E function.

Recommendations were made to address the described risks. Actions to address those risks have been developed and/or initiated.

Execution and Recording of Transactions and Events

Transactions and events should be properly authorized, executed, and recorded only by personnel acting within the scope of their authority. For example; (1) items received for storage in the P&E facilities should be processed and timely recorded by authorized staff in a manner that ensures accountability from the initial point of receipt through final disposition; (2) P&E items should be released or disposed of by authorized staff only after occurrence of specified

events; and (3) established rules, regulations and procedures should otherwise be followed when executing and recording activity.

Transactions and events were generally properly executed and recorded; however, risks were identified for which corrective actions are appropriate.

Our audit showed that adequate controls and procedures were generally in place for the proper execution and recording of transactions and events. The following risks were identified:

- Two separate inventory systems were used to account for and manage P&E items. As noted in the background section of this report, those two systems are the WinAce and GEAC record management systems (systems). The WinAce system was acquired by TPD in 2005 to replace the GEAC system, which was acquired in 1991. Through a contract with Motorola, TPD initiated the process of merging the data from the GEAC system into the WinAce system in 2005. However, convergence had not been completed as of the time of our review. Circumstances that have hindered completion of the convergence included:
 - The initial contractor hired by Motorola (as a subcontractor) to perform the convergence in 2005 was removed from the project in 2006.
 - The second subcontractor hired in 2006 defaulted in 2009.

After the default of the second subcontractor in 2009, Motorola agreed to pay the City \$21,000 to complete the merging of the two systems. City staff was to be used to complete that process.

Use of two separate inventory systems has been inefficient.

As of the time of our review that conversion process was still ongoing. Specifically, while the majority of items are now tracked and accounted for in the WinAce system (98,509 in September 2010), approximately 7,400 items were still tracked in the GEAC system as of the time we started this audit in September 2010. Our review showed a significant number of those 7,400 items had been authorized for disposal. Additionally, we determined some items were recorded in both systems. By the end of our audit fieldwork in late March 2011, the number of items still tracked in the GEAC system and not migrated to the WinAce system had been reduced to approximately 3,880 items. This is indicative that TPD is

making progress in the conversion of the data and eventual elimination of dual systems.

The use of two separate systems to account for P&E items is inefficient. Specifically, it requires accessing both systems in some instances to determine the status of specific items and/or to record activity and events. It also makes it difficult and/or inefficient to accumulate complete data for useful managerial reports. We recommend TPD continue their efforts to complete convergence of the two systems.

- As previously noted and as required by Section 790.08, Florida Statutes, firearms held in the P&E facility determined no longer needed as evidence and/or not returned to the owners are periodically transferred to the Leon County Sheriff's Office. The Sheriff's Office destroys those firearms on behalf of the City. For control purposes, P&E employees prepare a listing of the individual firearms being transferred to the Sheriff's Office. That listing is attached to a standard cover memorandum which states the purpose of the transfer and a contact person at TPD. The cover memorandum does not provide a description or the quantity of firearms being transferred or contained on the attached listing. We noted the Sheriff's Office representative signed only the cover memorandum as documented acceptance of the custodial transfer of the firearms. The Sheriff's Office representative returned the signed cover memorandum and attached listing to the P&E employee(s) transporting the firearms. Because the cover memorandum did not specify the description or quantity of the firearms transferred, there was no control in place to detect if a second listing showing fewer firearms was fraudulently prepared and substituted for the initial listing, therefore allowing the P&E employee(s) executing the transfer to divert some of the firearms for personal benefit without timely detection by either the Sheriff's Office or TPD. Requiring the representative of the Sheriff's Office to sign the actual listing as well as the accompanying memorandum would help ensure the proper transfer and destruction of applicable firearms. Also, having the Sheriff's Office representative separately send a copy of the signed listing and accompanying memorandum directly to TPD management staff (e.g., Office of

To ensure all firearms are properly transferred, P&E should require the Sheriff's Office representative accepting firearms for disposal to (1) sign the listing showing the description and quantity of firearms transferred and (2) return a copy of those signed forms directly to TPD management.

the Chief or the Director of Administrative Services) would further enhance controls. In our discussions on this matter, management was receptive to revising the process as suggested.

(NOTE: As previously noted in this report, the firearm transfers are generally made by two P&E employees. In addition to the above, we noted that only one of the two transporting P&E employees signs the transfer documentation. For further assurance that the transfers are properly made, we also recommend that both P&E employees transporting the firearms sign the transfer documentation. Management was also receptive to this recommendation.)

- Disposal of items was not always timely performed. As of October 28, 2010, the WinAce system showed there were 14,399 items in the P&E inventory (still on hand) for which disposal was authorized based on applicable laws, events, and circumstances. Additionally, many of the remaining items (approximately 7,400 items) tracked and accounted for in the GEAC system were still in inventory (on hand) and authorized for disposal. Based on our review of selected items and discussions with knowledgeable P&E staff, some of these items had been eligible for disposal for several years. P&E management indicated the delay in disposal of these items was attributable to a vacant staff position and to priority in staff assignments. Specifically, the receipt and maintenance of P&E items took priority over disposal of items. Furthermore, they indicated disposal of items is often a lengthy and time consuming process. Accordingly, items were disposed of as time and resources allowed. As noted within this report under “Physical Controls,” adequate storage space for P&E items is an ongoing concern to be addressed by TPD. Untimely disposal of items enhances that concern (i.e., risk of inadequate storage space). In response to our inquiry on this risk, management indicated more concerted efforts would be made to dispose of applicable items when the vacant position is filled. (NOTE: TPD management elected not to establish a specific action plan step to address timelier disposal of applicable items. Notwithstanding, TPD management indicated in response to our

*Disposal of P&E items
has not always been timely
performed.*

inquiry on this matter that disposal of appropriate items is and will continue to be a priority.)

Recommendations were made to address the described risks. Action plans have been developed and/or initiated.

Information Processing

For the most part appropriate and adequate independent and supervisory reviews of transactions and activities were performed; two risks were identified.

Enhancements should be made to the semiannual reviews conducted by the TPD Office of Professional Services.

Information processing includes a variety of controls to check accuracy, completeness, and authorization of transactions. Examples of controls include (1) independent review of P&E transactions and activities including periodic comparisons and reconciliations of P&E items reflected in system records to the actual items stored in the P&E facilities, (2) reconciliation of cash (i.e., collected as property and/or evidence) to transactions recorded in the PeopleSoft Financials System (City's general ledger system) and to applicable bank statements, and (3) periodic supervisory review of other transactions and activities.

Appropriate controls were generally in place and operating effectively to ensure P&E activities and records were complete, accurate, and authorized. Two risks were identified as explained below.

- Under the "Segregation of Duties" category described on pages 11 through 14 of this report, we noted P&E employees performed the normally incompatible duties of accessing/handling P&E items and accounting for those same items in the inventory systems. We noted performance by P&E staff of those normally incompatible duties (custodial and accounting functions) was allowed by TPD management to accomplish work operations. As reported, without adequate compensating controls, those circumstances increase the risk of unauthorized diversion of P&E items for personal benefit without timely detection. This risk exists even though P&E management and the TPD Office of Professional Services periodically trace samples of items recorded in the inventory systems to the actual items, as those procedures would not detect unauthorized diversions by P&E staff that also fraudulently alter the system records or fraudulently do not record receipt of P&E items in the system. One appropriate compensating control includes "independent validation"

whereby employees independent of the custodial and accounting functions validate the existence, status, and disposition of items received in the P&E facilities. For example, using records documenting items submitted as property and evidence that are not available to P&E staff (e.g., copy of the PD 139 “TPD Vehicle/Property Receipt” form provided by the submitting TPD officer to the TPD Records Division), those independent employees could (1) ensure the proper recording of the item in the inventory system and (2) verify the existence and status of the item through either observation of the item or review of appropriate evidence of the proper disposition or temporary transfer of the item.

As reported on pages 12 and 13 of this report, independent validations as described above were last done in 2008 by the TPD Office of Professional Services. Specifically, the 2008 review was the last time that office selected samples for validation purposes from records not available to P&E staff (e.g., copy of the PD 139 “TPD Vehicle/Property Receipt” form provided by the submitting TPD officer to the TPD Records Division). More recent reviews by that office only involved sampling from records available to P&E staff.

Appropriate independent validations will not only reduce the risk that unauthorized diversions of P&E items go undetected, but also serve as a deterrent to unauthorized diversions. We recommend the TPD Office of Professional Services revise its semiannual review process to use PD 139 forms, provided directly to the TPD Records Division by the impounding officers, in the verification of the proper recording and status of items.

- P&E items of value that are no longer needed for evidence and/or which are not claimed or returnable to the owners may be sold and the proceeds retained by the City (i.e., deposited into the City’s general fund). Examples include jewelry, watches, televisions, and computers. The City uses a private auction company for this purpose. Applicable items are accumulated and recorded on a standard manifest. Periodically, the auction company goes to TPD and takes custody of the

Independent verifications should be performed to ensure proper sale proceeds are received and deposited for items submitted for auction.

items. The auction company representative signs the manifest to document the custodial transfer of the items. A copy of that signed manifest is retained by the P&E staff. The auction company subsequently sells the items and submits a check to TPD for the City's share of the proceeds. The checks are sent to the attention of one of the P&E staff (the sworn officer). Upon receipt the checks are transferred to the TPD Administrative Services Office and subsequently forwarded to the City Treasurer-Clerk's (T/C) Revenue Division for deposit. (Auction company checks received directly by the TPD Administrative Services Office are also forwarded to the T/C Revenue Division for deposit.)

Contrary to good internal controls, we noted there is no reconciliation by appropriate independent staff to ensure proper amounts (sale proceeds) are received and deposited for P&E items submitted for auction. Such reconciliations are needed to (1) ensure the auction company remits the proper proceeds, (2) ensure checks remitted are not misplaced or diverted, and (3) ensure the remitted checks are timely deposited. Those reconciliations should be performed by employees other than those that receive and process the checks. Additionally, to facilitate such independent verifications the checks should be remitted directly to the TPD Administrative Services Office by the auction company and not to the P&E facility or staff. Management indicated they are receptive to implementing such reconciliations.

Recommendations were made to address the described risk and a corrective action plan has been developed.

Documentation

Adequate documentation was generally prepared and retained. Procedures should be further enhanced to address changes made to processes as the result of this audit.

Adequate documentation should be prepared and retained. For example, (1) relevant transaction support should be prepared and retained in accordance with City record retention requirements and (2) written procedures, guidelines, and manuals should be developed, maintained, and provided to applicable staff. **Adequate and appropriate documentation was generally prepared and retained and written procedures were generally established and made available.** The following enhancement was recommended:

- Written procedures and policies were established for the operation and administration of the P&E function. Those procedures were generally adequate and comprehensive. The procedures and policies should be updated to address applicable process enhancements made as a result of this audit, including:
 - No longer programming temporary access cards to allow access to P&E facilities.
 - Adequately securing keys.
 - Tracking applicable items temporarily removed by TPD staff from P&E inventory to ensure proper and timely return of those items.
 - Requiring two employees to transport firearms to the Sheriff's Office.
 - Requiring scheduled preventative pest control services.
 - Obtaining the most appropriate evidence for custodial transfers of firearms.
 - Timely disposal of items.
 - Enhancing independent validations performed by the Office of Professional Services.
 - Independent validation/verification that proper amounts are received and deposited for sale of applicable items.

Recommendations were made. A corrective action plan has been developed.

Recommendations

Specific recommendations were made to eliminate or reduce the identified risks.

As noted above, recommendations were made to reduce or eliminate the risks identified during our review. The costs of implementing or revising existing controls and procedures were considered relative to the expected benefits to be derived when making these recommendations. The specific recommendations for each identified issue are also included as part of the separate presentation within Appendix 1 of this audit report. The focus of the individual recommendations was to (1) better manage access to

P&E Room inventory, (2) improve accountability and control over temporarily transferred items, (3) ensure proper segregation of incompatible duties among different employees where practicable, (4) ensure proper transfer of firearms for destruction, (5) improve physical security over and storage of inventory, (6) ensure more efficient accounting for P&E items, (7) better document certain transactions and events, (8) provide more timely disposal of eligible items, (9) enhance existing monitoring (validation) processes used to ensure proper accounting and authorized disposition of items, (10) ensure receipt and deposit of proceeds due from the sale of applicable items, and (11) ensure updated policies and procedures.

Conclusion

For the most part, appropriate internal controls and good business practices were in place to provide for the proper administration of the P&E function.

This audit was conducted to evaluate processes, procedures, and systems used in managing the P&E function. **Overall, adequate controls were established and implemented.** Processes, procedures, and systems provide reasonable assurance that property and evidence items were properly received, processed, safeguarded, and disposed. However, several risks were identified that indicate the need for improvement and enhancements. Those risks were discussed with TPD management and corrective actions have been identified and initiated. We would like to acknowledge the full and complete cooperation and support of P&E management and staff.

Appointed Official's Response

City Manager:

Police Department staff and auditing staff clearly spent a great deal of time working together to ensure a thorough and comprehensive audit was conducted of this critical area. There are few other areas in the City government where there is such a high standard for attention to detail and error-free compliance with established standards. It is reassuring that the audit concluded the Police Department's Property and Evidence function has adequate procedures in place to safeguard the thousands of pieces of evidence stored in their facility. I'm pleased with the leadership demonstrated by Police Department staff with their immediate response to some of the audit's initial findings. Five action steps have been completed and the majority of the action steps will be completed before the end of this calendar year.

Appendix 1

Presentation of Assurances, Risks, and Recommendations

Assurances, Risks, and Recommendations. The following table describes the assurances and risks identified during, and recommended actions resulting from, our review of P&E operations and activities.

<i>ASSURANCES, RISKS, AND RECOMMENDATIONS</i>			
	Applicable Control Activity (Note 1)	Assurances/Risks	Recommendation/Corrective Action
1.	Access to and Accountability for Resources	<ul style="list-style-type: none"> ✓ Access is restricted to appropriate and authorized staff. ✓ Authorized visitors to the P&E facilities must sign in and out on a standard access record (log) and must be escorted by a P&E staff member during their visit. ✓ Maintenance and custody of P&E items (inventory) was assigned to specific staff. The number of designated staff was restricted to the amount needed to successfully perform the P&E function. ✓ Background checks are conducted on applicants for P&E custodial positions before they are hired. ✓ P&E staff participates in the City’s random drug testing program. ✓ Standardized software applications (inventory management systems) are used to account for and track P&E items. ✓ In addition to the inventory management systems, a separate ledger is used to track money and currency received in the P&E facilities. ✓ Secured and confidential passwords must be used by designated P&E staff to access the P&E inventory systems. 	

		<ul style="list-style-type: none"> ✓ Unique system identifying numbers are assigned to individual P&E items to facilitate identification and tracking. ✓ The transfer of P&E items is tracked through signed and documented forms (e.g., chain-of-custody sections of standard P&E records and signed memorandums and manifests acknowledging receipt of items). ◆ Temporary access security cards were sometimes programmed to allow access to P&E facilities (and other sensitive TPD areas). An instance was noted where the name on a previously assigned temporary security access card was not updated. As a result, when that card was reassigned to a P&E employee (and the name not updated in the system), the security system reflected an instance that appeared to be an unauthorized entry into the main P&E facility. ◆ The two non-electronic keys, used to provide access to P&E facilities when the electronic access system is temporarily not working, were maintained in an unlocked desk drawer <u>within</u> the main P&E facility, thereby increasing the risk (1) the keys would not be accessible during an after-hours emergency when that main facility was locked and (2) the keys would be inappropriately obtained by individuals working within or otherwise accessing the main P&E facility and subsequently used to obtain unauthorized access to P&E items. ◆ Procedures were not in place to ensure items temporarily transferred to other TPD staff and locations from P&E facilities were promptly and timely returned. An item may be temporarily removed from P&E facilities by the impounding officer or a case investigator for valid reasons. With the assistance of TPD, we identified 264 items that had been temporarily removed from P&E facilities and not returned for periods exceeding one month. Of those 264 items, 111 had been outstanding for more than one year. There were no documented follow-up efforts by P&E staff to track and determine the status of those items and/or to determine why they had not been returned to P&E inventory. 	<p>Management should enhance procedures regarding use of temporary access security cards so system records do not inappropriately reflect unauthorized access to the P&E facilities. In response to this issue, P&E management indicated temporary cards would no longer be programmed to allow access to P&E facilities and other sensitive areas within TPD.</p> <p>The keys should be stored in a secured location external to the P&E facilities. Management indicated the two keys would be assigned to a different TPD supervisor and secured in a location external to the P&E facilities.</p> <p>P&E management indicated procedures will be developed to track and follow up on items temporarily transferred to other TPD staff and locations. We recommend management complete that planned corrective action.</p>
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<p>2.</p>	<p>Direct Activity Management</p>	<ul style="list-style-type: none"> ✓ Management determines which employees are granted access to P&E facilities. ✓ Management assigns specific roles and responsibilities to P&E staff; and periodically rotates those roles and responsibilities among staff to facilitate cross training and work efficiency and effectiveness. ✓ Management reviews transactions, activities, and events within the P&E facilities. ✓ Management ensures that issues arising from periodic reviews of transactions, activities and events are resolved. ✓ Management ensures proper guidance and training is provided to P&E staff. 	
<p>3.</p>	<p>Segregation of Duties</p>	<ul style="list-style-type: none"> ✓ The P&E function (a custodial function) is organizationally separate from the TPD patrol and investigation units that are responsible for collecting/seizing items and for authorizing transfer or disposition of those items. This organizational structure and separation of functions helps ensure proper accountability and integrity over P&E items are maintained. ✓ Periodic verifications of the proper recording and processing of P&E items are performed by the TPD Office of Professional Services, which is organizationally separate from the P&E function. ✓ In regard to currency collected as P&E and deposited into the designated TPD bank account, reconciliations of bank statements to the City's general ledger and TPD records are performed by employees (within Accounting Services) that do not have access to the related funds. ✓ Certain data recorded in the WinAce system for P&E items (e.g., quantity and amount) requires two individuals (systems permissions) to be revised, changed, or updated. ✓ At least two P&E employees must be present when sealed bags containing cash are opened in connection with deposit preparations or return of the cash to the rightful owners. 	

		<ul style="list-style-type: none"> ✓ Withdrawals of funds from the designated City bank account require authorization and approval by two employees. ✓ Destruction of controlled substances no longer needed as evidence is videotaped and performed by at least two employees. ✓ Duties and responsibilities were rotated among P&E staff such that no one employee always performed the same functions. ◆ Each P&E staff has access to items received and stored at the P&E facilities and also system permissions that allow the recording of transactions and activity for those items in the P&E inventory systems. Performance of these normally incompatible duties (custodial and recording functions) by individual employees increases the risk of unauthorized diversions of P&E items for personal benefit without timely detection. TPD management indicated it was necessary for the different P&E employees to each perform these normally incompatible duties to maintain necessary work efficiency and effectiveness. ◆ At least two P&E employees generally transport firearms to the Leon County Sheriff's Office for disposal. However, P&E staff acknowledged that in some instances only one employee transported firearms to the Sheriff's Office. While some compensating controls are in place, transport by two employees reduces the risk of unauthorized diversion of firearms for personal benefit. 	<p>We acknowledge there are several compensating controls to address the increased risk of unauthorized diversion of P&E items resulting from not segregating the incompatible duties among different employees. Management should strengthen those compensating controls and, if subsequently determined appropriate and practicable, segregate the custodial and recording functions among different employees.</p> <p>We recommend that two employees make each transfer of firearms to the Leon County Sheriff's Office. Management indicated this would be done.</p>
4.	Physical Controls	<ul style="list-style-type: none"> ✓ The P&E main facility is located within the TPD headquarters building (basement) which has controlled and monitored access; surrounding grounds are fenced. ✓ The P&E ancillary facilities (portable building, two sheds, and a fenced compound) are located on the same grounds as TPD headquarters; those grounds are fenced with controlled and monitored access. ✓ Access to P&E facilities is controlled through an electronic security card system (alternative to traditional keys); that system maintains a record of each instance the 	

		<p>facilities are accessed, including the person and time of access and departure. Access cards are secured by the individual custodians and administrators.</p> <ul style="list-style-type: none"> ✓ A location was provided and process in place to allow for secured impoundment of items after normal work hours (e.g., nights and weekends). That location includes lockable cabinets and secured drop boxes into which impounded items may be securely stored pending their placement into the P&E inventory. ✓ Money (e.g., currency) and other valuables (e.g., guns and jewelry) are further secured within the P&E facility through the use of locked vaults and cabinets. Keys and combinations to those vaults and cabinets are restricted to authorized P&E custodians. Vault combinations are kept confidential and keys are physically secured by the custodians. ✓ Accumulations of cash exceeding \$10,000 (i.e., not held as evidence) are deposited in a designated City bank account to ensure further safekeeping. ✓ Surveillance cameras installed in two strategic locations (destruction room and impound window) are used to monitor activity in those areas. ✓ All bags, containers, or articles entering, departing, or being removed from the P&E facilities are subject to search by P&E staff or by any sworn TPD supervisor. ✓ Items are stored in an appropriate environment (ventilation, temperature and humidity) for proper preservation; refrigerators are used for items when applicable (e.g., for blood and other body fluids). ✓ Items are stored and secured in appropriate containers (e.g., sealed plastic or paper bags; sealed kits and firearms boxes, blood and knife tubes, etc.). ✓ An emergency alarm system is used to safeguard the P&E facilities. ✓ Items are protected from damage by fire 	
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		<p>through strategically placed fire extinguishers, a fire suppression sprinkler system, and a fire alarm system.</p> <ul style="list-style-type: none"> ✓ Items are organized and stored in a logical and consistent manner thereby enhancing accountability and location of items. ✓ Labels are attached to stored items to facilitate identification and tracking. ✓ “Bar coding” is used to facilitate identifying and tracking items. ✓ Ammunition is removed and stored separately from firearms. ✓ Gloves are worn by P&E custodians when handling sensitive or dangerous items (e.g., controlled substances and body fluids). ✓ Sanitation stations are placed within the main P&E storage facility to allow employees to clean their hands after handling and/or exposure to hazardous materials (e.g., controlled substances). ✓ A privately-owned incinerator is available and used to destroy applicable controlled substances (e.g., drugs and narcotics). ◆ As noted above, surveillance cameras were installed in certain strategic locations within the P&E facilities. However, a surveillance camera was not installed to allow for enhanced monitoring of the vault area where cash, jewelry, and other valuables were stored. ◆ While some pest control practices were in place to address contamination of P&E items; routine preventative pest control services were not used for the P&E facilities. ◆ Additional storage space will likely be needed in the future to allow for proper and efficient storage and safeguarding of P&E items. To date, TPD has taken appropriate measures to adequately and properly store P&E items through reorganizations of inventory and use of additional storage facilities (e.g., portable building and sheds). However, continued growth in the quantity 	<p>We recommend a surveillance camera be installed to allow for monitoring of the vault and surrounding area.</p> <p>We recommend the existing Citywide contract for preventative pest control services be used for the P&E facilities.</p> <p>TPD management indicated that budgetary approval has been obtained for a “master facility review” that includes the P&E function. We recommend that review be conducted as planned and budgeted and that a plan be developed to address future storage needs for the P&E function.</p>
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		<p>of P&E items is anticipated by TPD. Accordingly, plans should be developed and funding identified to provide for adequate future storage of P&E inventory.</p>	
<p>5.</p>	<p>Execution and Recording of Transactions and Events</p>	<ul style="list-style-type: none"> ✓ Each item received for storage in P&E facilities is properly packed, sealed, and labeled by the impounding officer. ✓ Items are to be removed from sealed containers only by the impounding officers and not by P&E staff. Once removed from a sealed container, an item is to be resealed if it is to be retained in the P&E facilities and not transferred to an external party for authorized purposes. ✓ Items are timely recorded in the WinAce system after the receipt in the P&E unit. ✓ Disposition or removal of items only occurs when applicable criteria are met and external authorization provided. ✓ System controls allow data recorded in the WinAce inventory system to be updated but not deleted. ✓ Signatures of the applicable P&E staff and the impounding officer are required to document verification of the accuracy of information recorded for the receipt of P&E items. ✓ Changes in the status (e.g., on hand, transferred, returned to owner, destroyed) of P&E items are timely recorded in the inventory systems and on standard forms. ✓ Specific P&E staff (clerical assistant) is designated primary responsibility for recording the initial receipt of P&E items. ✓ In preparation for destruction, controlled substances (drugs and narcotics) are sealed in boxes, weighed, and recorded on spreadsheets. The two TPD employees (one P&E staff and one TPD officer), as well as the representative of the company owning the incinerator, each witness each box as it is placed in the incinerator and sign the spreadsheet to document their witness to the destruction. 	

		<ul style="list-style-type: none"> ◆ Two separate record management systems have been used to account for and manage P&E inventory since 2005. This use of dual systems is inefficient and creates complexities in managing and tracking items. ◆ The P&E unit does not obtain the best and most appropriate documentation for the transfers of firearms to the Leon County Sheriff's Office. For control purposes, P&E employees prepare a listing of the individual firearms to be transferred to the Sheriff's Office for destruction. That listing is attached to a standard cover memorandum addressing the transfer. The cover memorandum does not provide a description or the quantity of firearms being transferred and contained on the attached listing. We noted the Sheriff's Office representative signed only the cover memorandum as documented acceptance of the custodial transfer of the firearms. The Sheriff's Office representative returned the signed memorandum and attached listings to the P&E employees making the transfer. Because the cover memorandum does not specify the description and quantity of firearms transferred, there is no control in place to detect if a second listing showing fewer firearms was fraudulently prepared and substituted for the initial listing thereby allowing the employees transporting the firearms to divert some of the firearms for personal benefit without timely detection by either the Sheriff's Office or TPD. ◆ Disposal of items has not always been timely performed. P&E WinAce system records show that as of October 2010, there were 14,399 items in the P&E inventory for which disposal was authorized based on applicable laws, events, and circumstances. Additionally, many of the 7,400 items tracked and accounted for in the older 	<p>TPD is currently in the process of migrating data from the older system into the newer of the two systems. That convergence of data has been delayed, in part, due to default by subcontractors hired by the City's contractor to complete the conversion of data to the new system. TPD staff subsequently took over those efforts. Those efforts are still ongoing. We recommend TPD continue efforts to complete convergence of the two systems.</p> <p>To help ensure proper transfer and destruction of applicable firearms, we recommend the Sheriff's Office representative be required to sign the attached listing (each page) in addition to the cover memorandum. Procedures should also be revised such that the Sheriff's Office representative separately sends a copy of the signed cover memorandum and attached listings directly to TPD management (e.g., Chief's Office or Director of Administrative Services).</p> <p>Management indicated that more concerted efforts to dispose of applicable items would be made when the vacant position is filled. We recommend those more concerted efforts be made when that position is filled.</p>
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		<p>GEAC system as of that date were authorized for disposal. Some of those items have been eligible for disposal for several years. P&E management indicated the delay in disposing of applicable P&E items was attributable to a vacant position and to priority in staff assignments. In regard to the latter, P&E management indicated the receipt and maintenance of items took priority over the disposal of items. Furthermore, they indicated disposal of items was a lengthy and time consuming process. Even with this explanation, they acknowledged that disposals were not timely and that accumulation of those items further amplified the issue dealing with adequate storage space.</p>	<p>Additionally, management should determine if other resources are available to assist in facilitating timelier disposal of items.</p>
<p>6.</p>	<p>Information Processing</p>	<ul style="list-style-type: none"> ✓ Items are recorded in the WinAce system only after being verified as to correctness (quantity and description) by P&E staff and the impounding officer. ✓ P&E management performs periodic reconciliations (weekly and quarterly) of items reflected in the inventory system to items on hand, and items on hand to items reflected in the inventory system. ✓ For the designated bank account, Accounting Services within the Department of Management and Administration (DMA) independently reconciles the periodic bank statements to records maintained by the P&E staff and the City’s general ledger system (PeopleSoft Financials). ✓ The P&E supervisor reconciles activity recorded on the separate ledger maintained for cash funds (received as P&E items) to authorizations for that activity (e.g., appropriately completed and authorized withdrawal requests). ◆ Independent reviews by the TPD Office of Professional Services generally did not include validation of recorded activity and status of items using records obtained from independent sources (e.g., copies of the PD 139 “TPD Vehicle/Property Receipt” forms provided by the submitting TPD officer directly to the TPD Records Division). Accordingly, the recent validations performed by the TPD Office of 	<p>We recommend the existing validation procedures performed by the TPD Office of Professional Services be revised to include use of records obtained from the TPD Records Division.</p>

		<p>Professional Services likely would not have detected any unauthorized diversions of items by P&E staff in instances where that staff did not record receipt of the items in the P&E inventory systems.</p> <ul style="list-style-type: none"> ◆ There were no independent reconciliations of (1) items transferred for auction (through a private vendor) to the corresponding sale proceeds and (2) of the sale proceeds to the deposit of those proceeds into the City's bank account. Such reconciliations, by staff not having access to the sales proceeds, are necessary to ensure the auction company submits the proper proceeds and the remitted proceeds (checks) are properly processed and timely deposited. 	<p>We recommend that independent reconciliations as described be performed for all P&E items submitted for auction. Additionally, to facilitate such independent reconciliations, we recommend the auction company be directed to send the checks (for sale proceeds) directly to the TPD Administrative Services Office and not to the P&E office or staff.</p>
7.	Documentation	<ul style="list-style-type: none"> ✓ Standard forms were created and used to document receipt, status, and disposition of items. Standard forms were also created and used to document the authorization for activity relating to items (e.g., disposal or transfer). ✓ Comprehensive written policies and manuals were established and made available to applicable staff. ◆ As noted, comprehensive written policies and manuals were established for the operation and administration of the P&E function. Those policies and manuals should be updated to address applicable process enhancements made as the result of this audit. Those process enhancements include, for example: (1) no longer programming temporary access cards to allow access to P&E facilities; (2) tracking applicable items temporarily removed from P&E inventory to ensure proper and timely return of those items; (3) obtaining the most appropriate evidence for custodial transfer of firearms to the Leon County Sherriff's Office for destruction; and (4) independent verification that proper amounts are received and deposited for sale of applicable items. 	<p>We recommend that existing policies and manuals be updated to address process enhancements made as a result of this audit.</p>

Table Legend:

- 4 Activities increased assurance that items were properly received, processed, safeguarded, disposed and documented.
- Φ Activities were generally appropriate to assure items were properly received, processed, safeguarded, disposed, and documented; however, risks were identified for which certain enhancements and/or improvements are needed.

Note (1): Applicable Control Activities determined from INTERNAL CONTROL GUIDELINES - Administrative Policies and Procedures No. 630, Section .09, Part III.

Conclusion: Overall, adequate controls were established and implemented. Processes, procedures, and systems provide reasonable assurance that property and evidence items were properly received, processed, safeguarded, accounted for, and disposed. However, several risks were identified that indicate the need for enhancements and improvement. Those risks were discussed with TPD management and corrective actions have been identified and initiated. Recommendations include enhanced controls and/or procedures relating to managing access to P&E facilities, tracking and return of temporarily transferred items, segregation of incompatible duties when practicable, transfer of firearms to the Sheriff's Office, physical security and protection of P&E items, efficient tracking and accounting for P&E activity and events, proper and timely disposal of items, independent verifications/validations of recorded activity, and comprehensive written policies and procedures.

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Appendix 2 - Action Plan

Completed Action Steps *(See Note A)*

The Police Department (TPD) addressed several “risks” associated with “control activity categories” as identified during the audit process. This included:

Enhance access to and accountability of P&E inventory

- Procedures changed so that temporary access cards will not allow access to areas of TPD headquarters other than outside perimeter and general access doors.
- Backup keys used to access P&E areas when the electronic security system is down are secured in a safe located in the Administrative Services Bureau Director’s office.
- The status of all items (264) identified as being temporarily released for longer than 30 days has been appropriately documented.

Appropriate segregation of incompatible duties

- P&E staff were instructed to always follow the requirements that two staff transport firearms 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.

Improve physical security and safeguarding over P&E items

- Preventative pest control services have been enhanced through additional treatment of outside access points and additional traps placed within P&E areas.

Note A: As noted, TPD asserts these actions have been completed. City Auditor staff will verify the completion of these actions as part of the initial follow up engagement conducted for this audit.

Action Steps to be Completed	Responsible Employee	Target Date
A. Objective: To enhance access to and accountability of P&E inventory		
1. 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.	Greg Frost (Administrative Services Bureau Director)	10-1-2011
2. 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.	Johnnie Jones (P&E Supervisor)	9-1-2011
B. Objective: To improve physical security and safeguarding over P&E items			
1.	A surveillance camera will be installed to monitor the vault when it is opened. An archive procedure will be developed for later retrieval.	Greg Frost (Administrative Services Bureau Director)	10-1-2011
2.	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.	Greg Frost (Administrative Services Bureau Director)	Fiscal Year 2013
C. Objective: To ensure proper execution of and recording of transactions			
1.	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 will be installed as part of a planned system upgrade.)</i>	Greg Frost (Administrative Services Bureau Director)	2-29-2012
2.	An interagency procedure will be developed requiring the Leon County Sheriff's Office to send a copy of the signed cover memorandum and attached listing of firearms directly to the Director of Administrative Services.	Greg Frost (Administrative Services Bureau Director)	10-1-2011
D. Objective: To ensure accurate, correct, and appropriate processing of P&E activities and events			
1.	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.	Lt. Edward Smith (Internal Affairs Commander)	10-1-2011
2.	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.	Gary Williams (TPD Financial Officer)	9-1-2011

3.	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.	Gary Williams (TPD Financial Officer)	9-1-2011
E. Objective: To ensure proper documentation for P&E operations			
1.	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.	Greg Frost (Administrative Services Bureau Director)	10-1-2011