

INTERNAL AUDIT REPORT

Audit of the Police Property Room and Seized Funds



Fairfax County Internal Audit Office

FAIRFAX COUNTY, VIRGINIA
INTERNAL AUDIT OFFICE
MEMORANDUM

TO: Anthony H. Griffin
County Executive

DATE: May 23, 2002

FROM: Ronald A. Coen, Director
Internal Audit Office

SUBJECT: Report on the *“Audit of the Police Property Room and Seized Funds”*

Following is the report, *“Audit of the Police Property Room and Seized Funds.”* This audit was performed as part of our FY 2002 Annual Audit Plan.

The findings and recommendations of this audit were discussed with the Fairfax County Police Department. We have reached agreement on all of the recommendations, and I will follow up periodically until implementation is complete. Their responses are incorporated into the report and the full response is attached at the end of the report.

After your review and approval, we will release the report to the Board of Supervisors. Thank you.

RAC:dgh

Attachment

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Introduction

The mission of the Police Property and Evidence Section is the safe and secure storage, handling and proper disposal of evidentiary property, as well as found and seized property. In addition, the Property Section is responsible for the accurate recording of all property transactions and preservation of the chain of custody for all property accepted into storage. Property is collected by officers of the Fairfax County Police Department and the County's Organized Crime and Narcotics Division.

Currently, there are over 44,000 active items in the property inventory. These consist of firearms, ammunition, narcotics, currency obtained from seizures, jewelry, biohazardous materials, bikes, motorcycles, and other evidentiary property, and various found property and property held for safekeeping. At the beginning of FY 2001, the total active inventory was 36,135 items. At the end of the fiscal year (June 30, 2001), this number had grown to 43,157, an increase of 7,022 items, or 19%.

Currency and other property obtained from drug seizures or similar operation are stored in the Property Room until an order of forfeiture is received from the courts. The property is then withdrawn from the Property Room and turned over for forfeiture to either the State Department of Criminal Justice Services (DCJS) or the Federal agency handling the case. The Fairfax County Police Department is paid a percentage of the proceeds from the seized assets, based on the extent of their participation in the law enforcement effort that led to the seizure and forfeiture of the property.

The total revenue for the Police Department from seized asset funds in FY 2001 amounted to \$1,448,600.

Safeguarding and preserving the integrity of property and evidence is crucial to the successful prosecution of court cases, the forfeiture of seized property to the government, and in bolstering public confidence in the Police Department. A well-managed property and evidence function assures this through adherence to statutory requirements and sound management controls and practices. In addition, a properly managed system minimizes the carrying cost of property inventory by disposing of items no longer deemed necessary in an authorized and prompt manner.

Purpose and Scope

This audit was performed as part of our FY 2002 Long-Range Audit Plan. Our audit objectives were:

- (1) To determine that the property and inventory function is managed and operated effectively and efficiently.
- (2) To evaluate compliance with county, state and/or federal laws and regulations, as well as department policies, procedures and guidelines concerning property inventory and seized funds.

- (3) To determine that proper internal controls exist, including application access controls over the Recovered Evidence Management System (REMS), and are working as intended to safeguard from loss or fraud, all property seized, found, and held for safekeeping.
- (4) To ascertain that proper, complete and accurate records of the property, evidence, and seized funds, including the asset forfeiture fund accounts, are maintained.

The scope of our audit included a review of property transactions/activity, including the receipt, handling, storage, and disposal of property. We also examined the internal controls over the property and inventory function, and conducted a physical inventory of a randomly selected sample of property items. The audit period covered July 2000 through August 2001.

Methodology

We reviewed, analyzed and evaluated the Police Department's management and internal controls over the property and inventory function. Our audit approach included interviewing appropriate employees, observing employees' work functions, detailed testing of property transactions, and evaluating the processes for compliance with sound internal controls, government regulations, and internal policies and procedures. We further examined the controls over the Recovered Evidence Management System (REMS), including Resource Access Control Facility (RACF) access controls, password protection and audit trails.

We also conducted a physical inventory of a randomly selected sample of property items. Statistical sampling was used in order to project the conclusions of test work performed on a sample, to the population from which it was drawn, within a specified sampling error rate. In addition, we used judgmental sampling where appropriate, to improve the overall efficiency of the audit. Where we noted opportunities for improvement, we brought them to management's attention.

Our audit did not include the testing of expenditures made from the Asset Forfeiture funds. Neither did we review deposits into the Police Department's Crime Solver's Fund that came from the proceeds of property auctioned off by the Property Section.

The audit was performed in accordance with generally accepted government auditing standards. In addition, we used as references, authoritative guides to best practices in the industry, such as, publications by the International Association for Property and Evidence (IAPE), and the book, Evidence and Property Management by J. T. Latta and G. E. Rush, Ph. D. Both authors are consultants and instructors at police schools on property management. We used information systems auditing standards for our review of the Recovered Evidence Management System (REMS). These standards include the Federal Information Systems Control Audit Manual, An Introduction to Computer Security from the National Institute of Standards and Technology, and Control Objectives for Information and Related Technology (COBIT) from the Information Systems Audit and Control Association.

Executive Summary

In our opinion, the Police Property and Evidence Section manages its function effectively and efficiently within the limitations of storage space and staff resources. The Property Section and police officers are in compliance with county, state and federal regulations, as well as department policies and procedures concerning property inventory and seized funds, with the exception of the areas cited in findings 3, 4, and 5 in the Comments and Recommendations section of this report. We also found internal controls to be adequate, with a few exceptions, to safeguard from loss or fraud, all property seized, found, and held in safekeeping. With the exception of findings 9 and 14, the records maintained for the property, evidence and seized funds are generally accurate and complete. We found that computer systems controls need improvement in the areas of access control and transaction trails.

We noted several opportunities for strengthening internal controls and increasing the Property Section's efficiency and effectiveness, and have made the appropriate recommendations to management. Those recommendations that we have rated "high priority" are briefly described below.

Property and Seized Funds

- Management should take the steps necessary to implement, as soon as possible, its short-term and long-term plans for the renovation and expansion of the Property Room. (Recommendation 1.1)
- The cabinet housing cash, jewelry and other valuable items in the Property Room should be placed under dual control. (Recommendation 2)
- Police officers should comply consistently with departmental procedures for counting, packaging and describing the exact contents of all cash packages on the property cards. Management should amend General Order 610.1, to include as well, specific guidelines on the proper handling, packaging, and complete description of jewelry on the property cards. (Recommendations 3.1 and 3.2)
- Police officers and Property Room personnel need to ensure that a strong, continuous chain of custody is maintained at all times for evidence and other property items. The Property Section should reject items delivered to the Property Room for storage if the property cards are not properly signed and dated by whoever had prior possession of the property. (Recommendation 4)
- The Property Section should aggressively pursue a final disposition of long-outstanding evidentiary property by adhering to their internal procedure of sending out a property disposition list to all police stations every two months, and following up vigorously on the non-responses. (Recommendation 5.1)
- The Police Department should consider establishing a Purge Policy that sets parameters and criteria for evidence storage and disposal. The establishment of a purge policy and strict adherence to its parameters and requirements would alleviate the problem of

overcrowding the storage rooms, while keeping intact all the types of evidence that are critical and specifically excluded from purges. (Recommendation 6)

Information Systems

- Management should apply the least privilege principle and reduce the number of individuals who may change or delete information in the Recovered Evidence Management System (REMS). (Recommendation 7)
- Management should direct improvements to components of the REMS transaction trails to improve system integrity and the ability to trace transaction activity. (Recommendations 8.1, 8.2, and 8.3)

Other recommendations that we rated “medium” or “low” priority are not summarized here but are described fully in the Comments and Recommendations section.

Comments and Recommendations

1. Five items (or 3%) could not be located timely from our physical inventory of a statistical sample of 187 property items. For the entire population of 44,000 items, the projected number of items that may not be located timely falls between 440 and 2,200 items.

Our physical inventory of a statistical sample of 187 active items, performed on October 16, 2001, initially resulted in 33 missing items and 14 items that were incorrectly listed on the computer report. The Property Section staff researched the exceptions and found many of the missing items. At the end of fieldwork, November 27, 2001, there were still 5 missing items. These five unlocated items represent a 3% error rate. Projected to the population of 44,000 active items from which the sample was drawn, the total number of missing items not located timely, is approximately 1,320. With a sampling precision of +/- 2%, the actual number of items in the population that may not be located timely, falls between 440 (or 1%) and 2,200 (or 5%).

One of the goals of a well-structured property management system is to have evidence ready and immediately available for release to the court when urgent court requests occur.

Failure to locate evidence timely for release to the courts could result in delaying a court trial and the possible unsuccessful prosecution of criminal cases.

The reasons for the difficulty in locating the missing items in our sample are: (1) overcrowded shelves in the storage rooms, and (2) misfiling of the property cards for the missing items in the vault. Without the property cards, the current status and location of the items could not be determined.

Recommendation 1.1

High Priority

Internal Audit has reviewed the Police Department's plans, both short-term and long-term, to resolve the overcrowded condition of the Property Room. We concur in and fully support those plans, and recommend that management take the steps necessary to implement them as soon as possible.

Department Response

The Police Department is currently conducting a property purge. All Police personnel are being required to evaluate any "property and evidence" being held in the Property Room. If the items are no longer needed, then the property will be disposed of and/or returned to the owner in accordance with County and State Laws.

If and when the Crime Scene Section is moved to a new facility, then the Police Annex building can be remodeled which would provide additional space for property storage.

The Police Property Room, which is located in the Annex Building, is out-dated and does not provide adequate space for the storage of property and evidence. The Department's long-term goal is to build a new facility. The Department's recent CIP submission to the Board of Supervisors reflected this goal.

Recommendation 1.2

Medium Priority

The Property Section should provide more intensive training to its temporary employees, particularly in the filing and maintenance of the property cards.

Department Response

Personnel assigned to the Property Section will be given additional training. The Property Section's SOPs will be reviewed and updated, if necessary.

2. The cabinet housing cash, jewelry and other valuable items in the Property Room is not under dual control.

Cash, jewelry, bonds and other valuables are stored in a cabinet inside the narcotics vault. The locking device on the cabinet, however, requires only one key to open it. Therefore, any Property Room employee with the key can access the cabinet by himself at any time.

An objective of sound administrative controls is to deter potential theft or fraud. Requiring dual access to the storage cabinet housing such highly vulnerable items as cash, jewelry and negotiable stocks and bonds, is an administrative control procedure that accomplishes this objective. Theft of cash and other valuables can potentially take place if the items are not maintained under dual control.

The metal cabinet housing the cash, jewelry and other valuables is not equipped with a locking mechanism that requires two keys under the control of two individuals to open it.

Recommendation 2

High Priority

Cash, jewelry and other valuables should be stored in a safe or cabinet with a locking device that requires two keys or combinations under the control of two individuals (with appropriate provision for backup personnel), due to the vulnerability and high-risk nature of these items. It is essential, if dual control is to be effective, that the individuals involved carefully secure or guard their keys or combinations.

Department Response

The Technical Services Bureau (TSB) of the Police Department will seek funding for the replacement of the current cabinet/safe that is utilized for the storage of “cash, jewelry and other valuables.”

The replacement cabinet/safe will incorporate the concept of dual key control. However, with the current staffing at the Property Room, the keys cannot just be limited to the same two individuals daily.

A transaction log requiring the signatures of two individuals will be developed and put in place for these types of transactions.

3. Property cards for cash do not always contain a complete and detailed item description as required by FCPD General Order 610.1. Likewise, the property cards for jewelry do not consistently show an itemized description of the contents of the jewelry package.

We tested 31 cash withdrawals by the Organized Crime Division (OCD) from 7/1/00 to 8/31/01. Nineteen of the 31 cash withdrawals sampled did not have an itemized listing and complete description of the cash on the property cards. Likewise, in our review of a random sample of 30 items consisting of cash and jewelry, we found jewelry items that were described on the property cards simply as “miscellaneous jewelry”.

FCPD General Order 610.1 requires that the exact contents of a currency package be listed, including the breakdown of denominations, the total for each denomination, and the grand total. Likewise, standards of good practice require that jewelry be identified specifically and itemized individually on the property card for better accountability.

Accountability is lost when vague descriptions, such as “miscellaneous jewelry” or “U.S. currency”, or “cash”, are used for these vulnerable and high-risk items. Such a practice could tempt someone to remove one or two pieces of jewelry, or a few currency bills, without being detected.

Currently, a policy guideline for the packaging and description of jewelry items is not included in FCPD General Order 610.1. The General Order addresses the counting, packaging, and description required for cash; however, police officers have not been consistent in complying with the established procedures.

Recommendation 3.1

High Priority

Police officers should be reminded to adhere to the required procedures for counting, packaging and describing the exact contents of all cash packages. The Property Section should refuse to accept cash packages brought in by officers that do not have a complete and detailed description of the contents as required by General Order 610.1.

Department Response

The Organized Crime & Narcotics Division will attach "Count Sheets" to the Property Cards in the case of large cash counts. When the "Count Sheets" are used, the detectives will record on the property card, "See Attached Count Sheet." The Standard Operating Procedures of the Organized Crime & Narcotics Division has been changed to reflect these requirements.

Property Room personnel will be instructed not to accept property that is not properly identified or documented. This will be incorporated into the training referred to in Item 1.2.

Recommendation 3.2

High Priority

Management should amend their policy directive, General Order 610.1, to include specific guidelines on the proper handling, packaging, and complete description of jewelry on the property cards.

Department Response

No change in policy to address jewelry is required. Current policy requires separately listing each item on the property cards.

General Order 610.1 (B-1) states, "The Property Card shall contain an accurate description of the property."

General Order 610.1 further states in (1-a) that, "all property will be appropriately and securely packaged in accordance with established procedures prior to submission into the property system."

Property Room personnel will be instructed not to accept property that is not properly identified or documented. This will be incorporated into the training referred to in Item 1.2.

4. The chain of custody was not properly maintained in a random sample of closed property cards reviewed.

We selected a random sample of 25 property cards from the Property Section's closed card files, and reviewed them to determine that a continuous chain of custody was maintained, from collection to final disposition of the items. Seven of the 25 property cards were not signed and/or dated by the person taking possession of the property at the time. This included the booking officer, the transporter of the property, and the Property Room representative receiving items or having the items destroyed.

During our review of OCD cash withdrawals, we also found six out of 15 property cards sampled that were not signed by the Property Room representative who released the items to the OCD detective.

An objective of FCPD General Order 610.1 is to ensure a valid chain of custody for evidence and found property. Maintaining a continuous chain of custody requires getting a signature each time someone takes possession of the property. A signature proves that the item was taken by someone or returned to someone. Signatures should include: signature of person taking custody, badge number or id number, date and time, and person from whom property was received.

Integrity of evidence is not protected without a proper chain of custody. The evidence could be challenged in court, making it more difficult for prosecuting attorneys to file charges or obtain convictions. In addition, it would be difficult to locate evidence quickly, resulting in an inefficient Property Room operation.

The chain of custody is sometimes broken due to carelessness and inattention on the part of the personnel taking possession of the property or releasing the property. It may also be due to insufficient training given to the cadets and other temporary employees working in the Property Section.

Recommendation 4

High Priority

Management should reemphasize to all police officers and Property Room personnel the importance of a strong, continuous chain of custody, and the need to ensure that this is maintained at all times for evidence and all other property items. The Property Section should reject items delivered to the Property Room for storage if the property cards are not properly signed and dated by whoever had prior possession of the property.

Department Response

Property Room personnel will be instructed not to accept property that is not properly identified or documented. This will be incorporated into the training referred to in Item 1.2. A review and update if necessary, of the Property Room's SOPs will be conducted.

5. The Property Section does not send the property disposition computer printout to the station captains every two months as required by internal policy. The printout lists all evidentiary property that has been in storage for over six months and requests a determination of whether the item is needed as evidence, or may be released or destroyed.

The Property Room has 5,368 active items that date back seven years or more, with the three oldest items having been received in 1967. We pulled a sample of these items to determine the reason they were still in storage and whether the Property Section was complying with their established procedures for the prompt and authorized final disposition of property. We found that items are still being held as evidence because the police officers have not sent in a PD Form 35 authorizing the disposal of the items. However, the Property Section could not provide us with a copy of the last property disposition list that they are required by internal policy to send every two months to the station captains, requesting a final disposition of the property. The Property Section stated that they have not been sending out the property disposition printout every two months. The last time it was sent out was March 2001 and only to three police stations. The Property Room discarded the master list and the letters sent to the station captains as well as their responses, after they had processed the PD 35 forms received.

The Property Procedures Manual requires that the Property Section send, every two months, a property disposition report of all evidentiary property that has been in storage for over six months, to the District Stations, Criminal Investigations Sections and Criminal Investigations Bureau. The report requests that a determination be made as to whether the item is still needed as evidence, may be released or destroyed, and did the submitting officer send a PD 34 form to the owner and a copy of the letter to the Property Section. A PD 35 form is also requested to authorize whichever disposition the police officer has designated.

The purpose for sending out the property disposition list to all station captains is to obtain a prompt, authorized final disposition of the property and free up needed space in the storage rooms. The failure to send out the list every two months can result in the untimely or delayed authorization to dispose of property, thereby exacerbating the current overcrowded condition of the property rooms.

The Property Section indicated that they have not had sufficient personnel to perform the task of sending the property disposition lists to the station captains every two months and reviewing the responses.

Recommendation 5.1

High Priority

The Property Section should aggressively pursue a final disposition of long-outstanding evidentiary property. They should adhere to their internal procedure of sending out a property disposition list to all police stations every two months, and follow up vigorously on the non-responses. The additional personnel that management has recently hired may assist in this effort.

Department Response

The Police Department is currently conducting a Property Purge. The anticipated completion date of the current purge is June 1st. The Property Section of the TSB will forward a property disposition list to each district station and bureau every two months beginning July 1, 2002.

Recommendation 5.2

Medium Priority

The Property Section should also retain in their files the latest master disposition list sent as well as the police officers' responses for reference purposes.

Department Response

The Property Section will retain for one year the master disposition list sent as well as a copy of the officers' responses. This action began in February 2002, when the current property purge began.

6. Currently, the Property Section does not have a Purge Policy that sets parameters and criteria for evidence storage and disposal.

A Purge Policy that sets parameters and criteria for evidence storage and disposal does not exist for the Property Room. We further learned from discussions with the Property Room Supervisor, that when property disposition lists are sent out to police stations requesting a final disposition of property, officers are reluctant to get rid of old evidence because it may still be needed by the courts.

Faced with the problem of overcrowded property rooms, some counties in the state are considering adopting a purge policy where the parameters for purge are established and case officers are compelled to submit in writing, within a specified time period, their request for exemption from purge.

The establishment of a purge policy and strict adherence to its parameters and requirements would alleviate the problem of overcrowding the storage rooms, while keeping intact all the types of evidence that are critical and specifically excluded from purges.

Recommendation 6

High Priority

The Police Department should consider establishing a Purge Policy. The purge parameters should carefully take into account the criminal offense, statute of limitations, penalties for the offense, age of the evidence, etc. There are some items that should definitely be **excluded** from purges, such as those exempted by the case officer in writing; capital case evidence, e.g., homicide, murder, rape, robbery, etc.; DNA type evidence; and felony case evidence stored less than 5 years. Items to be considered for purging include those items receiving no exemption requests, and items relating to misdemeanor offense cases (e.g., alcohol offense, motor vehicle offense, drug offense, juvenile offense cases, etc.) that have been in storage for more than 8 years. Most importantly, it is imperative that the automated records are accurate (see Findings 7 8, 9, 10, and 14) to ensure the successful implementation of a purge policy.

Department Response

The Police Department currently has a purge policy as addressed in Recommendations 5.1 and 5.2. The policy will be enforced and officers will be required to purge all property that is no longer needed as evidence and/or does not meet the criteria for storage as outlined in General Order 610.1 and the Report Writing Manual.

The Technical Services Bureau is currently researching new technology that will enable personnel to track evidence and property submitted to the Property Section for storage. The new technology will also enable personnel assigned to the Property Room Section to identify property that no longer has any evidentiary value.

The Technical Services Bureau is currently reviewing the Standard Operating Procedures of the Property Room Section and will make necessary changes if warranted. TSB is also researching the policies and procedures of other Virginia Police jurisdictions. Specifically, the TSB will research the feasibility of implementing a purge policy in which items are automatically disposed of in accordance with an established schedule. This change may require enhancements to REMS to include a "tickler date." Any new system acquired by TSB will include this feature.

7. The number of REMS users with the ability to ADD, MODIFY, or DELETE data is excessive.

It was initially represented that only three data-entry clerks required (and had) the capability to add, modify, or delete records contained within REMS. However, we found that 12 personnel have such access, not including those with access control (RACF) responsibilities. These additional individuals do not need the ability to add, modify, or delete information in REMS for their normal job activities. A specific RACF profile called 'POL.PMS.EMOD' allows the users to add, modify or delete records in REMS.

According to the General Accounting Office's *Federal Information System Audit Controls Manual (FISCAM)*, "The computer resource owner should identify the specific user or class of users that are authorized to obtain direct access to each resource for which he or she is responsible. This process can be simplified by developing standard profiles, which describe access needs for groups of users with similar duties, such as accounts payable clerks". The least privilege principle states, "An individual should be granted enough privilege to accomplish assigned tasks, but no more. This principle should be applied in direct proportion and with increased rigor as the potential for damage to a system rises".

Providing unnecessary capabilities to users presents opportunities for making unauthorized changes that could affect outcomes of police investigations due to lost or altered property items contained within REMS records. Management may not have been aware of the opportunities available to users listed within the RACF groups that allow manipulation of REMS records.

Recommendation 7

High Priority

Management should apply the "least privilege principle" and reduce the number of individuals who may add, modify, or delete information contained within REMS. This will involve creating a new RACF group consisting of users responsible for adding, modifying, or deleting information contained within REMS. This group should be placed in the 'POL.PMS.EMOD' RACF profile.

Management should also remove the RACF groups #POLPRM and #POLPRS from the 'POL.PMS.EMOD' profile because not all members of these groups require the ability to add, modify or delete REMS records.

Department Response

RACF group structure will be evaluated. The TSB will confirm who the Property Section wants to have "add, modify, or delete" access to REMS information. IPSB will work with DIT/Information Protection Group to create new groups as appropriate and connect users.

8. The REMS ‘Previous Day Activity Report’ (Report # PMSPE720) does not allow management to identify who performed each transaction, including use of the override function. Also, REMS does not maintain an historical log or management trail of all changes made to individual REMS records.

Personnel with ADD, MODIFY, or DELETE authority can alter information stored within REMS records, except for case or property numbers, and add/remove records of non-existent or non-recorded case numbers via the override function. The DB2 (Mainframe Data Base) audit log maintains only two weeks of transaction information at any point in time; therefore, there is no way to track online all changes made to REMS records. Fields within REMS application data that identify the user responsible for each transaction, and usage of the override function are maintained, but were not part of the original reporting requirements. In addition, the REMS application data only contains the most recent change made to its records.

The National Institute of Standards and Technology guideline, An Introduction to Computer Security: the NIST Handbook, states “...application-level audit trails monitor and log user activities, including data files opened and closed, specific actions, such as reading, editing, and deleting records or fields, and printing reports. Some applications may be sensitive enough from a data availability, confidentiality, and/or integrity perspective that a “before” and “after” picture of each modified record (or the data element(s) changed within a record) should be captured by the audit trail. Application owners, data owners, system administrators, data processing function managers, and computer security managers should determine how much review of audit trail records is necessary, based on the importance of identifying unauthorized activities.”

As a result of these current REMS limitations, including the lack of certain transaction information on the Activity Report and the short-term retention of transaction history, the opportunity exists to modify REMS data without management’s knowledge. Application data integrity is suspect when the data changes cannot be traced to their origin.

The primary reason for omitting certain transaction information from the Activity Report stems from the original requirements of the application. However, management exercised forethought in making sure the information was kept with each record stored in REMS.

Recommendation 8.1

High Priority

Management should direct the Business Systems Division to modify the ‘Previous Day Activity Report’ to include the field that identifies the user responsible for creating, modifying, or deleting REMS records, and the field that identifies use of the override function.

Department Response

TSB will define specifications for modification of Previous Day Activity Report with Property Room staff. A request will be submitted to the DIT/Public Safety Branch to modify the report based on the specifications.

Recommendation 8.2

High Priority

A periodic review of the ‘Previous Day Activity Report’ should be performed by non-property room management to determine if each use of the override function was appropriate.

Department Response

This recommendation will be incorporated in the quarterly inspection of the Property Room conducted by the Field Support Division Commander, of the Technical Services Bureau.

Recommendation 8.3

High Priority

An audit trail mechanism should be implemented that records every change to provide management and auditors a transactional history of REMS records.

Department Response

IPSB will define specifications for an audit trail. TSB will request that DIT/Public Safety Branch create an audit trail process according to specifications.

9. Some property cards cannot be successfully input to REMS by the Property Section as the Officer Employee Identification Number (EIN) that comes up on the screen is “000”, which causes the computer to reject the entry.

There were five property cards that the Property Section could not input successfully into REMS because the officer EIN that comes up on the screen is “000” even though the correct EINs are entered. This causes the computer to reject the entries. The property cards have event dates from June 16, 2001 to August 16, 2001, and the items in two of the property cards are case evidence.

All transactions should be successfully and correctly entered to the property management system to ensure that the automated records are accurate and complete.

An incomplete and inaccurate record keeping system would produce erroneous reports that are crucial to the proper discharge of the Property Section’s responsibilities. It would also adversely impact the implementation of any future purge policy that the agency might adopt.

For some reason, certain EINs default to “000” when they are input to the system, thereby causing the computer to reject the entries. The Information and Policy Services Bureau (IPSB) is responsible for reviewing the system’s operation and coordinating all change requests with DIT; however, the Property Section had not formally submitted a change request to IPSB.

Recommendation 9.1

Medium Priority

IPSB should determine why the identified officer EINs default to “000” when input to REMS, and take appropriate action to resolve the problem.

Department Response

IPSB will document the problem with Property Room staff. TSB will define a solution with DIT/Public Safety Branch and request that they make corrections.

Recommendation 9.2

Medium Priority

Procedures on how to resolve and/or report data entry issues to management should be added to the Property Manual, with appropriate training on the procedures given to the Property Section's data entry personnel.

Department Response

IPSB will discuss "triage" protocol to determine which issues should be reported to Technical Services first, which should be reported to IPSB for coordination with DIT/Public Safety Branch. Contact persons in each entity will be identified.

10. The Property Section does not check the system printout of prior day's activity against the property cards to ensure the report's accuracy.

Each day, the Property Section receives a system printout, entitled, "Previous Day Activity Report" that is supposed to be compared to the property cards to ensure accuracy of the data entered. However, since its loss of one employee in April 2001, the Property Section has not performed this procedure.

Good accounting and record-keeping controls include the comparison of the computer output to the input source (the property cards in this case) to ensure that transactions are accurately recorded in the computer system. The computer reports may reflect incorrect information and not be detected if this comparison is not performed.

Recommendation 10

Medium Priority

The Property Section should compare the system's "Prior Day 's Activity Report" to the property cards to ensure that transactions are correctly recorded to the system. To be effective, the comparison should be performed by someone other than the person who keyed in the information into the system.

Department Response

Currently the staffing of the Police Property Room is not adequate and does not permit the daily comparing of the "Prior Day's Activity Report" to the property cards. The Property Room Manager will conduct "spot" checks of the entries on a daily basis.

During the quarterly inspection of the Police Property Room, the Field Support Division Commander of the Technical Services Bureau will incorporate an inspection of the property cards to ensure they are being coded correctly.

11. The Organized Crime Division (OCD) does not monitor outstanding unpaid "receivables" from DCJS or the Federal agencies. The receivables represent the Police Department's share of the proceeds from asset forfeitures that have not yet been paid.

We were unable to determine from OCD's asset forfeiture spreadsheet whether there were any outstanding "receivables" from DCJS or the Fed, representing FCPD's share of the proceeds from asset forfeitures that they have not yet received. Our sample testing of DCJS payments showed that

most of the payments were received within 30 days from the date the cashier's check was sent to DCJS. There were three cases where it took 41 days from the date of the cashier's check until payment was received. Our sample test of nine payments from the Federal government revealed that it took an average of 267 days (ranging from 181 to 383 days) from the date the claim form was filed, for the payment to be received. According to OCD, they do not monitor outstanding unpaid "receivables" from DCJS or the Federal agencies. Total revenue for the Police Department from seized asset funds in FY 2001 amounted to \$1,448,600.

The Police Department is entitled to their fair share of the proceeds from seized funds and asset forfeitures to the extent of their participation in the law enforcement effort that led to the seizure and forfeiture of the property. Once the seized property has been turned over to DCJS or the Federal agencies, prompt payment of the Police Department's share should be expected. Good accounting practice dictates that "receivables" be monitored and followed up when they remain unpaid beyond a reasonable period of time.

The non-payment of the Police Department's share of the proceeds from asset forfeitures could be due to the fact that the proceeds were diverted and not turned over to either the DCJS or the Federal agency. This would not be detected if unpaid receivables were not monitored and followed up with the appropriate agencies.

OCD's Schedule of Asset Forfeitures, maintained on a spreadsheet, has columns showing when the request for payment was sent out (i.e., date the cashier's check was sent to DCJS and the date the DAG 71 claim form was filed with the Federal agency). However, it has not been the practice of OCD to monitor and follow up on unpaid outstanding "receivables."

Recommendation 11

Medium Priority

OCD should monitor outstanding, unpaid receivables from DCJS or the Federal agency. They can do this by adding two more columns to their asset forfeiture schedule to show the date payment was received and the payment amount, and have the schedule reviewed periodically by OCD management. OCD can then perform the necessary follow-up when payments remain outstanding beyond a reasonable time.

Department Response

Two additional columns have been added to the Asset Forfeiture Schedule spreadsheet. This will facilitate tracking outstanding asset forfeiture sharing payments to our Department from both DCJS and the Federal Government. On a semi-annual basis, the Asset Forfeiture Detective will generate a report highlighting the unpaid receivables to the Commander of the Organized Crime & Narcotics Division. This will be reviewed to determine if any follow up is necessary.

12. The periodic withdrawals of seized currencies by a detective from the Organized Crime Division (OCD) are not reported by the Property Section to the OCD Commander for his review.

Currencies seized in drug cases by the Organized Crime Division (OCD) are transferred to the Property Section for storage. At the completion of the case, the OCD asset forfeiture detective retrieves the currency from the Property Room for forfeiture to the government. The Property

Section does not notify the OCD commander of these periodic withdrawals for his review and comparison to OCD's asset forfeiture records.

Supervisory review of transactions, particularly cash withdrawals, is an important internal control procedure as it assures that the transaction was properly completed and recorded.

The nonreporting of cash withdrawals to the OCD Commander may result in their not being reviewed. Any improprieties in the handling and recording of the seized currencies for forfeiture may, therefore, go undetected.

It has not been the practice of the Property Section to send a report of cash withdrawals to the OCD Commander.

Recommendation 12

Medium Priority

The Property Section should request the assistance of the Information and Policy Services Bureau (IPSB) in generating a monthly report of OCD cash withdrawals. The report should then be sent to the Field Support Division Commander who would, in turn, forward it to the OCD Commander for his review and comparison to OCD's asset forfeiture records. For those months where no withdrawals are made, the report should still be generated and sent to the OCD Commander with a statement that there were no cash withdrawals made during that month.

Department Response

The Commander of the Organized Crime & Narcotics Division will review on a monthly basis, the Cash Withdrawal Report generated by the Information and Policy Services Bureau. The report will be used as an important internal control. IPSB will define requirements with Property Section. TSB will prototype a query that will extract the desired information. Final specifications will be provided to DIT for creation of production report.

13. Cash and jewelry items are not always stored in the special cabinet for valuables located in the narcotics vault.

Our review of a random sample of 30 items consisting of cash and jewelry, showed 18 items (11 cash and 7 jewelry) that were not stored in the special cabinet for cash and valuables located in the narcotics vault. Instead, they were stored in various locations where the other property items relating to the same case are kept. The cash items in our sample ranged from \$55 to \$4,556.00.

Cash and jewelry are vulnerable, high-risk items that need to be stored in the special storage cabinet in the narcotics vault as an extra precaution. Valuables become more susceptible to theft when stored in the general storage rooms that are not as tightly safeguarded as the special cabinet in the narcotics vault.

The Property Section keeps cash and jewelry in the same location as the other items belonging to a case for two reasons: (1) for convenience since it's easier to retrieve the items later if all items belonging to a case are stored together in one place; and (2) for lack of space. The current valuables cabinet is too small to house all the cash and jewelry items in the active inventory.

Recommendation 13

Medium Priority

Cash over a certain amount, e.g., \$100.00, and jewelry items should be stored separately in the special valuables cabinet in the narcotics vault. A bigger cabinet for cash and valuables should be obtained to resolve the problem of limited cabinet space.

Department Response

The TSB of the Police Department will seek funding to replace the current cabinet/safe that is utilized to store valuables. The narcotics vault is at capacity and will have to be re-arranged and/or enlarged to meet the requirements of this recommendation.

14. A total of 50 errors were noted in the Property Room records, both manual and computerized, from five different sample tests conducted during the audit.

We performed test work on five different small samples (15 to 30 items) relating to various activities of the Property Section. Each of the tests showed errors and inaccuracies in the Property Room records, both manual and computerized, affecting a total of 50 items. These are summarized below by type of error:

- No disposition code shown on property card and computer report – 3 items
- Incorrect disposition code on property card and computer report – 5 items
- Misclassifications (incorrect class codes for jewelry) on both the property card and the computer system – 7 items
- Incorrect class codes for cash on the property cards (system is correct) – 3 items
- Incorrect received dates on computer report – 2 items
- Wrong case number on both property card and computer report – 1 item
- Differences between the computer report and the property cards:
 - Officer EIN differences – 17 items
 - Event date differences – 9 items
 - Location code differences – 2 items
- Wrong location code on both property card and computer report – 1 item

Good record keeping is the heart of an efficient and well-managed evidence and property operation. It ensures accurate data, rapid identification and quick retrieval of property and evidence, prevents loss and premature or unauthorized release of evidence, and maintains the integrity of the property function.

Poor or inaccurate record keeping could jeopardize the chain of custody, prevent the quick retrieval of evidence needed by the court, cause confusion and loss of property and evidence, and result in the

unsuccessful prosecution of criminal cases. It would also adversely impact the implementation of any future purge policy that the agency might adopt.

The reasons for the errors and inaccuracies noted in the Property Room's records are: the non-comparison of the prior day's activity report to the property cards (also cited in Finding 10), the inexperience and lack of training of temporary employees hired by the Property Section, and simple human error by some Property Room personnel.

Recommendation 14

Medium Priority

The Property Section should ensure that the prior day's activity report is checked daily against the property cards, and that any differences or unusual circumstances (e.g., no disposition code) are researched and resolved. In addition, the Property Section should provide more intensive training to its temporary employees on the proper classification codes for the various items in custody, proper location codes, etc. Lastly, the Property Section should research and correct the errors that we brought to their attention during the audit.

Department Response

Currently the staffing of the Police Property Room is not adequate and does not permit the daily comparing of the "Prior Day's Activity Report" to the property cards. The Property Room Manager will conduct "spot" checks of the entries on a daily basis to ensure their accuracy.

During the quarterly inspection of the Police Property Room, the Field Support Division Commander of the Technical Services Bureau will incorporate an inspection of the property cards to ensure they are adequately being coded correctly.

Personnel assigned to the Property Section will be given additional training. The Property Section's SOP's will be reviewed and updated, if necessary.

The Property Section has researched and corrected all the errors brought to their attention during the audit.

15. A PD Form 34 is not always sent by police officers to the owner or finder of releasable property as required by FCPD General Order 610.1.

In our review of 25 closed property cards, there were 7 items with status "R" (Releasable) that did not have a PD Form 34 attached, notifying the owner or finder to pick up the property. Five of these items should have been returned to owner according to the markings on the property card, instead of being destroyed. Also in our review of a random sample of 25 property cards returned to owner or finder, we noted 9 "releasable" items that were missing a PD 34.

FCPD General Order 610.1, 2b, states that a PD Form 34 "shall be completed by the personnel submitting property to inform owners or finders ... of property which may be claimed in the possession of the Department. A copy of the PD Form 34 shall be forwarded to the Property Section." The Property Procedures Manual further provides in Section V-C-g that lost and found items are held for 60 days prior to sale or destruction, "assuming that the assigned officer has fulfilled his/her responsibilities under General Order 610.1, 2b."

The effect of not sending out a PD Form 34 is that the owner or finder is not notified in writing that he can pick up the property, and the property is sold or destroyed after the required waiting period. Should the owner or finder learn about this later, he could file a complaint for lack of proper notification and loss of his property while in the hands of the Department.

The Property Section interprets General Order 610.1 as requiring the PD 34 only for evidentiary property that is no longer needed as evidence and may, therefore, be returned to owner or finder. For this reason, they have never questioned the police officers as to why a copy of the PD 34 has not been forwarded to the Property Room for non-evidentiary property.

Recommendation 15

Medium Priority

Management should review and reevaluate General Order 610.1 to determine if the issuance of a PD 34 is necessary for non-evidentiary property. If it is, they should strictly enforce this requirement on all police personnel submitting releasable property. If it is not, the policy directive should be amended or clarified to reflect the current practice of sending a PD 34 only on evidentiary property where the status has been changed to “releasable.”

Department Response

Command Staff Memorandum will be distributed to all personnel regarding their duties and responsibilities in handling property that comes into the possession of the Police Department. Specifically, the memorandum will address the requirements of General Order 610.1 [2] (A) (B) and [3] regarding the use of the PD Form 34 and the issues identified in Items 3.1 and 3.2 regarding proper packaging and documentation of seized property.

A requirement of a new tracking system will be the auto printing of the PD 34 at the time the property is received by the Police Department.