

Audit #17-11:

Sarasota Police Department Property and Evidence

Detailed Audit Report

Office of the City Auditor and Clerk
Internal Audit

Prepared by:



Hayden Gaston
Senior Internal Auditor



D. Edward Daugherty, CPA
Manager Internal Audit

Reviewed and Approved by:



Pamela M. Nadalini, MBA, BBA, CMC
City Auditor and Clerk /
Chief Audit Executive

You can obtain copies of this report by contacting us at:

Office of the City Auditor and Clerk

1565 1st Street
Sarasota, FL 34236

(941) 954-4135

Or download and view an electronic copy by visiting:

www.sarasotagov.com





Date: July 10, 2017

To: Mayor Shelli Freeland Eddie
Vice Mayor Liz Alpert
Commissioner Jen Ahearn-Koch
Commissioner Hagen Brody
Commissioner Willie Charles Shaw

From: Pamela M. Nadalini, MBA, BBA, CMC, City Auditor and Clerk / Chief Audit Executive

Subject: Final Report #17-11: SPD Property and Evidence

Good afternoon, Mayor, Vice Mayor and Commissioners:

Attached for your information and review are copies of the detailed and executive summary audit reports.

If you have any questions, please do not hesitate to call me at (941) 954-4169.

Attachment(s):

Detailed Audit Report #17-11
Executive Summary Audit Report #17-11

c: Thomas Barwin, City Manager
Robert Fournier, City Attorney
D. Edward Daugherty, CPA, Manager Internal Audit
Hayden Gaston, Senior Internal Auditor
File



Date: July 10, 2017
To: Thomas Barwin, City Manager
From: Pamela M. Nadalini, MBA, BBA, CMC, City Auditor and Clerk / Chief Audit Executive
Subject: Final Report #17-11: SPD Property and Evidence

Attached for your information and review are copies of the detailed and executive summary audit reports.

If you have any questions, please do not hesitate to call me at (941) 954-4169.

Attachment(s):

Detailed Audit Report #17-11
Executive Summary Audit Report #17-11

c: Chief Bernadette DiPino
Deputy Chief Pat Robinson
Captain James Rieser
Edward Daugherty, CPA, Manager, Internal Audit
Hayden Gaston, Senior Internal Auditor
File

TABLE OF CONTENTS

BACKGROUND AND INTRODUCTION.....	5
AUDIT PURPOSE AND SCOPE.....	6
AUDIT OBJECTIVES.....	6
AUDIT STANDARDS.....	6
TESTING METHODOLOGY.....	6
AUDIT CRITERIA.....	7
NOTEWORTHY ACCOMPLISHMENTS.....	7
AUDIT OBSERVATIONS AND RECOMMENDATIONS FOR IMPROVEMENTS.....	8
AUDIT CONCLUSIONS	10
AUDIT OBSERVATIONS AND RECOMMENDATIONS.....	11
EXHIBIT A: AUDIT PRIORITY CLASSIFICATION SYSTEM.....	13

BACKGROUND AND INTRODUCTION

The Sarasota Police Department's (SPD) Property and Evidence Unit is the central repository for all items obtained by personnel during the course of police operations. Property and Evidence storage areas are maintained within the SPD. Certain SPD security related aspects of the audit are not included within this report.



Property and Evidence Unit acceptance window

The Property and Evidence Unit has the sole responsibility for receiving, logging, maintaining, and disposing of all items that enter its custody. Items received and maintained by the unit include high-security items, such as weapons, narcotics, jewelry and money; large items, such as bicycles and cars; perishable and biohazard materials, such as DNA samples and blood; homicide and sexual assault evidence; and other items of a more general nature including found property.

The unit is also responsible for tracking the official chain of custody for each item (which is critical to proving the validity of evidence in trials) and maintaining accurate records of inventory. For this purpose, employees in the Property and Evidence Unit track each item's history, including current location, custodian, and times/dates of movements in the unit's ICAD or NewWorld system (property database and bar coding computer system). Items can only be checked in and out of storage by employees of the Property and Evidence Unit for specific allowable purposes, such as evidence processing or court appearances.

On January 22, 2014, SPD contracted with New World Systems to implement new software throughout SPD. The software provides integrated modules for various public safety functions including records, reports, alarm tracking and billing, property and evidence, and case management. Beginning July 20, 2015, new property and evidence obtained by SPD is logged and tracked with New World Systems software. Older property and evidence items, including disposed items, are currently still being tracked in ICAD, and will be maintained in ICAD until they are transferred into New World Systems. The Property and Evidence manager advised it is planned to import all the ICAD items on hand into the New World systems software for tracking. Both software systems will be required until the transfer is completed.

Items obtained by the Property and Evidence Unit have varying dispositions depending on the manner in which they were obtained or the type of case associated with the item. Dispositions of items in storage include: "found", "safekeeping", "evidence", etc. Items, depending upon type and disposition, are released or disposed of in different ways. Where some items are ultimately retrieved by an owner or a finder, others might be converted to department use where needed, destroyed in a manner appropriate to the item type (ie, guns are shredded and drugs are burned).

There are three full-time positions within the Property and Evidence Unit, which consist of one Property Manager and two Property and Evidence Specialists. Please see page ten of this report for additional issues regarding ICAD and NewWorld software during this audit.

AUDIT PURPOSE AND SCOPE

This audit was undertaken to ensure that items located in property and evidence are properly recorded and safeguarded according to established standards. The completion of an independent internal audit of property and evidence was included in the 2016 City Risk Assessment.

The time period reviewed during the audit was October 1, 2015 to January 31, 2017.

AUDIT OBJECTIVES

The audit focused on the following objectives:

- 1) Determine whether controls were in place and functioning as intended to provide reasonable assurance that items of property and evidence were properly accounted for and recorded;
- 2) Determine whether physical security controls were adequate for the safeguarding of items placed within the Property and Evidence Unit; and
- 3) Determine whether the department was in compliance with both internal policies and state accreditation standards related to property and evidence.

AUDIT STANDARDS

The auditors conducted this audit in conformance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit 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 findings and conclusions based on the audit objectives.

TESTING METHODOLOGY

In order to fulfill the audit objectives, Internal Audit:

- Interviewed appropriate SPD personnel;
- Performed several site visits of the property and evidence storage areas;
- Observed physical security in place in and around the property and evidence storage areas;
- Conducted an inspection of items utilizing both system-to-shelf and shelf-to-system testing of items to determine whether items were located in the indicated areas and recorded appropriately both in the ICAD property system and NewWorld system;
- Reviewed supporting documentation for a random sample of property items with dispositions including “released”, “destroyed”, and “converted to department use”;
- Conducted additional risk based custom queries from the data dump identifying other Property and Evidence Unit items for additional testing.

- Reviewed and evaluated SPD’s Standard Operating Procedure 731.00 relating to Property Control, and General Order 733.00 related to the Property and Evidence Unit;
- Compared best practices and accreditation standards to actual SPD practices; and
- Reviewed system-generated biometric access logs and individuals with entry rights to the property storage areas.

To achieve the audit objectives, sampling techniques were utilized to select a random testing sample of property and evidence items from a population of unique property items on hand during the audit period. The auditor’s sample was stratified by item type, with an emphasis on high-security items such as weapons, narcotics and money; high-security items made up a much larger percentage of the sample size than general items.

AUDIT CRITERIA

Conditions observed during audit fieldwork were evaluated against the following sources:

- Commission for Florida Law Enforcement Accreditation, Inc. (CFLEA) Standards Manual (Edition 4.0.35 dated June 2016),
- SPD Standard Operating Procedures (SOP) and General Orders (GO):
 - SOP 731.00- Property Control (last revised December 31, 2016), and
 - GO 733.00- Property and Evidence Unit (last revised January 4, 2017)
- International Association for Property and Evidence (IAPE) Standards- Best Practices (Version 2.6/Rev August 11, 2016), and
- Property & Evidence Association of Florida, By-Laws (Revised September 1, 2015).

NOTEWORTHY ACCOMPLISHMENTS

In the 2014 audit of SPD Property and Evidence (#15-05), Internal Audit made several recommendations. The audit noted that opportunities existed to enhance physical security and reduce evidence inventory. During audit fieldwork in 2017, Internal Audit noted that previous recommendations concerning weighing of narcotics, evidence report generation, and forfeitures were addressed by SPD.



Color-coded destruction method

Additionally, during the audit period the staff designed a color-coded method for identifying items for destruction. The colors on outside of destruction boxes allow staff to identify the contents of items ready to be destroyed in a more efficient and productive manner.

During November 2016, the division also began using the SPD accreditation manager to perform weekly audits of the property and evidence rooms. The accreditation manger would select a sample of items for testing to locate each week and provide any observations or recommendations for improvements.

OBSERVATIONS AND RECOMMENDATIONS FOR IMPROVEMENTS

Observations and recommendations in this report are offered as independent guidance to management for their consideration in strengthening controls. A complete list of Internal Audit's observations and recommendations begins on page 10 of this report. For information on priority levels assigned to audit recommendations, please see [Exhibit A](#).

Internal Audit determined through fieldwork and testing:

CONTROLS OVER THE RECORDING AND ACCOUNTING OF ITEMS IN PROPERTY AND EVIDENCE STORAGE WERE GENERALLY SATISFACTORY WITH TWO EXCEPTIONS NOTED BELOW.

Controls tested were in place and functioning as intended to appropriately account for and record items maintained by SPD's Property and Evidence Unit.

- **System-to-Shelf Testing** – The auditor randomly selected 68 items¹ from the ICAD and NewWorld computer system, noted the item description and expected location of each item and physically visited each location to ensure each item was stored where the system indicated. Of the 68 randomly selected items in the auditor's sample, the auditor was able to physically locate all items. For the currency items, amounts noted on sealed evidence envelopes were compared to amounts recorded in the software. All cash in the auditor's sample was accounted for.
- **Shelf-to-System Testing** – The auditor randomly selected 18 items² stored on shelves and in bins and noted the current location of each. The auditor then reviewed the ICAD or NewWorld property system to determine whether the system appropriately reflected each item's actual location. Of the 18 randomly selected items in the auditor's sample, the ICAD or NewWorld property system had accurate locations recorded for all of the items.
- **Proper Audit Trail / Documentation** – Internal Audit reviewed documentation for 20 randomly selected items with dispositions including "released", "destroyed", and "converted to department use" to ensure that the dispositions were appropriately recorded and the items accounted for. Completed final disposition documentation was noted for each tested item.
- **Drug and Weapon Destruction Documentation** – Destruction documentation for weapons and narcotics during the audit period was reviewed. Items are identified and packaged for destruction by location in the ICAD or NewWorld software system, and later sent for destruction³. Appropriate signed destruction approvals, signed notarized return orders for drug items, and signed and witnessed weapon disposal forms were noted for each of the tested items.
- **Monetary Forfeiture** – Five monetary cash forfeitures totaling \$372,826 were reviewed, including their financial record entries, and bank deposits confirming their deposit into the City's Law Enforcement Trust Fund. All monetary forfeitures were accounted for in the auditor's sample.
- **Money** - Cash on hand is currently in locked cabinets or a locked safe, however during the workday hours cabinets are unlocked so that staff can perform their daily duties. At any given time, there could be more

¹ 100% of the system-to-shelf sample was comprised of high-security items.

² 100% of the shelf-to-system sample was comprised of high-security items.

³ Internal Audit reviewed destruction process procedures (SOP 731.00) and did not note any weaknesses with internal controls.

than five employees in the property and evidence area that all have access to the cash. To mitigate the inherent risks associated with cash it should be either always stored in a locked safe location or be deposited into a bank account. By removing the cash altogether from the property and evidence room as quickly as possible SPD mitigates the risk of cash being misplaced or the possibility of theft.

As noted in International Association for Property and Evidence, Inc. **Standard 10.3: Money – Documentation of Movement Standard:** Money should be deposited or transferred out of the property room as soon as practical once it no longer has evidentiary value.

- **ICAD Data Dump Reliability** - Internal Audit requested a data dump of all records associated with the Property and Evidence unit, similar to the data dump requested in the prior year. The 2014 data dump contained 74,486 items. The 2015 data dump contained 50,424 items. The 2017 data dump contained 53,933 (and increase of 3,509 from 2015) in ICAD and 14,719 in NewWorld. There were no new items entered into property and evidence after the 2015 audit, however there was an increase in the number of items included in the ICAD property and evidence report. Additionally, of the 14,719 property and evidence items included in NewWorld there were items included twice or items that were for records management and not maintained by the property and evidence department. The only way to identify the duplicates or items that are actually records is to individually look at each of the 14,719 NewWorld items in the software to determine their actual location. These issues in the quantity of property and evidence items did not allow the auditor to get an accurate total for items held in property and evidence.

It should be noted that all of the property and evidence items selected in the auditor's sample were located in the areas as identified for both the ICAD and NewWorld software. Additionally, SPD's accreditation manager's weekly audits did not identify missing property and evidence items.

Best practices for property and evidence include report generation of property and evidence information that allows for accurate quantity of items on hand by type including total cash on hand.

PHYSICAL SECURITY CONTROLS WERE GENERALLY ADEQUATE FOR THE SAFEGUARDING OF ITEMS PLACED WITHIN THE PROPERTY AND EVIDENCE UNIT.



Property and Evidence shelving locks

We reviewed the physical security features and access controls of the Property and Evidence unit and determined they appeared adequate for the items and type of property on hand. Access logs are maintained and all personnel except for Property and Evidence unit staff are required to be signed in and out and escorted while in the unit. The manager advised the logs are maintained for one year. Audit was able to determine that unit access logs were reviewed by management.

COMPLIANCE WITH STATE AND INTERNAL STANDARDS WAS GENERALLY ACHIEVED WITH ONE EXCEPTION NOTED.

For areas tested by Internal Audit, it was determined that SPD was generally in compliance with the majority of the state's property and evidence accreditation standards and SPD's own internal General Orders.

- **Commission for Florida Law Enforcement Accreditation, Inc. (CFLEA) Standards** – The auditor determined that compliance was generally achieved for standards tested relating to Property and Evidence.
- **SPD Internal Standard Operating Procedure 731.00-** Based on test results for the auditor's sample, compliance was generally achieved for the standards tested in the internal property policy.

Testing Exceptions identified:

SPD Standard Operating Procedure 731.76 - The audit identified one instance of found property that was not received in accordance with SPD Standard Operating Procedure 731.76. In this instance an individual found money and then turned in the found money to the front desk of the police department, however the police officer receiving the found money did not count the money with the finder or issue a property receipt to the finder nor did the officer document the finder's name and obtain their signature. The found money was turned in to the property and evidence department by the police officer who received it; however, there were no notations in the system as to the identity of the finder.

- Standard Operating Procedure 731.76.3 documents that in instances of found property the member will ask the finder if he or she wishes to claim the item. If "yes" the appropriate area of the Property receipt (SPD Documents) should be marked.
- Standard Operating Procedure 731.76.1 states that Florida State Statutes allow for the finder of an item, excluding weapons, to claim that item after the required holding period (90 days) has expired.

Employees that are responsible for receiving found property should be fully aware of the procedures that are currently in place for found property and document the found property accordingly.

AUDIT CONCLUSIONS

SPD has designed and implemented strong controls over the property and evidence department. However, items were identified above that have caused a breakdown in compliance with procedures. Additionally, there were a couple of areas identified that exposed the department to unnecessary risk. While none of the observations identified or indicated potential fraudulent activity, it is important that SPD take steps to correct issues and ensure the compliance with procedures and mitigate exposure to misplacement, theft or errors in items included in property and evidence.

SPD's property and evidence department has made various improvements over internal controls, physical security and compliance with operating procedures over the last year. Members of the department continue to attend training and obtain certifications in their respective fields along with actively seeking outside input for opportunities to improve their operations.

We would like to thank the Property and Evidence Division along with the multiple other SPD divisions that provided their time and assistance during the audit.

AUDIT OBSERVATIONS AND RECOMMENDATIONS

#	Subject	Priority	Observation	Recommendation	Concur Yes/No	Management Response	Committed Action Item Due Date
1	Currency Maintained in Evidence	High	<p>Currency on hand is currently in locked cabinets, however during the workday hours cabinets are unlocked so that staff can perform their daily duties.</p>	<p>Currency should be in a locked location at all times, including during workday hours.</p> <p>One option is to deposit all currency received by the Property and Evidence into SPD bank accounts unless there are evidentiary or other reasons to maintain the original currency (IAPE Standard 10.3: Money – Documentation of Movement Standard).</p> <p>Another option is to keep all currency in a safe that is only accessed by select staff or requires two individuals to gain access.</p>	Yes	<p>There are many safeguards already in place and the Police Department meets and/or exceeds accreditation standards. Access to the building is restricted as are the elevators and stairwells that require access codes. Once on the 5th floor to gain access to the Property room, a key fob and finger print scan are required. The currency is then kept in a locked vault within the unit. Once inside the vault the currency, along with weapons and narcotics have separate secure locking mechanism. Assigned personnel have thorough background checks. The SAO requests that currency be retained in the Property Unit for trail purposes. Currency not needed for those purposes anymore is taken to fiscal for deposit in the City Fund. The Property Unit will continue to research and develop ways to improve security and accountability regarding how currency is handled.</p>	Completed

#	Subject	Priority	Observation	Recommendation	Concur Yes/No	Management Response	Committed Action Item Due Date
2	ICAD Data Records	High	Based upon our audit procedures, the ICAD and NewWorld software reports of property and evidence items do not provide an accurate listing of all property and evidence currently in the custody of the property and evidence department.	The two software systems, at a minimum, should be able to provide an accurate count and description of all items maintained within the division. A process should be performed with the division's software vendors to determine the cause and solution for the inaccurate reports and determine if the current software is capable of properly accounting for items held in property and evidence.	Yes	Research programs other agencies are utilizing and how they compare to the City of Sarasota's needs. Appointments are scheduled to meet with software vendors for a standalone system.	2/28/18
3	Found Property Procedures	Medium	The audit identified an instance of found property that was not received in accordance with SPD Standard Operating Procedure 731.76.	Employees that are responsible for receiving found property should be fully aware of the procedures that are currently in place for found property and document the found property accordingly.	Yes	Ensure employees are trained during AST, and Field Training regarding proper handling and documentation of found property.	Completed

EXHIBIT A: AUDIT PRIORITY CLASSIFICATION SYSTEM

Internal Audit utilizes the following classification scheme applicable to internal audit recommendations and the appropriate corrective actions:

Priority Level ¹	Description	Implementation Action ³
High	Fraud or serious violations are being committed or have the potential to occur, security issues, significant financial or non-financial losses are occurring or have the potential to occur. ²	Immediate
Medium	A potential for incurring moderate financial or equivalent non-financial losses exists. ²	Within 60 days
Low	A low priority observation indicates that the controls reviewed at the time of the audit indicated a satisfactory or acceptable state of control however operation or administrative process may be improved if certain additional changes are implemented.	60 days to 6 months

¹ The City Auditor and Clerk is responsible for assigning internal audit recommendation priority level categories. A recommendation that clearly fits the description for more than one priority level will be assigned the higher priority level.

² For an audit recommendation to be considered related to a significant financial loss, it will usually be necessary for an actual loss of \$25,000 or more to be involved, or for a potential loss (including unrealized revenue increases) of \$50,000 to be involved. Equivalent non-financial losses would include, but not be limited to, omission or commission of acts on behalf of the City which would be likely to expose the City to adverse criticism in the eyes of its citizens.

³ The implementation time frame indicated for each priority level is intended as a guideline for establishing target dates. Determining proposed action dates is the responsibility of the Charter Official(s) over the area(s) or function(s) audited.

NOTE: Please note that this exhibit is a standard form which appears in every audit and is meant to be utilized to aid management in understanding the seriousness or potential seriousness of an audit observation. A "High" or "Medium" priority rating assigned to an audit observation should not be construed to mean that fraud or wrongdoing is, in fact, occurring but rather fraud or wrongdoing has the potential to occur in the absence of adequate internal controls.