



CITY MANAGER'S OFFICE – INTERNAL AUDIT

DATE: February 27, 2015

TO: JERRY DYER, Police Chief, Police Department

THROUGH: RENENA SMITH, Assistant City Manager *RF*

FROM: BOB KOURY, Principal Internal Auditor
Budget & Management Studies Division – Internal Audit *Bob Koury*

SUBJECT: FINAL FOLLOW-UP REVIEW REPORT – INTERNAL CONTROL &
INVENTORY AUDIT OF THE POLICE DEPARTMENT'S PROPERTY &
EVIDENCE CONTROL SECTION (PECS)

Attached is the Final Follow-Up Review Report of the Internal Control & Inventory Audit of the Police Department's Property & Evidence Control Section (PECS), report issued on August 28, 2014. This Follow-Up review was performed in accordance with AO 1-10 and Governmental Auditing Standards.

Both internal audit recommendations in the original audit report were found to have been adequately implemented and the Department should be commended for its efforts in this regard.

We wish to thank the Police Chief and his staff for their assistance and cooperation during the course of this follow-up review. If we can be of further assistance to you or your staff regarding this review, please contact Bob Koury, Principal Internal Auditor, at 621-7072.

Attachments

cc: Ashley Swearengin, Mayor
Council Members
Bruce Rudd, City Manager
Georgianne White, Chief of Staff, Mayor's Office
Douglas T. Sloan, City Attorney
Michael Lima, City Controller/Finance Director, Finance Department
Robert Nevarez, Deputy Police Chief, Police Department
Andrew Hall, Captain, Police Department
Richard Tucker, Sergeant, Police Department
Kirk Pool, Sergeant, PECS Supervisor, Police Department
Rene Watahira, Administrative Manager, Police Department

Introduction

The Property and Evidence Control Section (PECS) is organizationally structured under the Support & Special Services Division of the Police Department. The PECS operates Monday through Friday (except holidays) with the Supervisor or a Senior Property and Evidence Technician on call after hours. Within the PECS there are two sections: a) The PECS and b) The Equipment and Supply Unit. This limited scope audit covered the PECS only.

The PECS receives Property & Evidence (P&E) mainly from officers but may also receive it from the public. The P&E received is categorized as follows:

- Critical Evidence is an item with evidentiary value such as: Firearms, Money, Narcotics, Sexual Assaults, Homicides, and/or items containing DNA/biological evidence.
- Found property includes items either Police Officers or the public have found and turned into the PECS. The owner and/or owner's whereabouts is unknown.
- Safekeeping property includes items Police Officers have temporarily taken from individuals who have been taken into custody. These items are usually returned to the owner upon release from police custody.
- Non-critical evidence includes all other items that have been taken into Police possession that are not critical evidence.

Property Room Inventory Management User System (PRIMUS) is the PECS Automated P&E Inventory Control System for the recording, tracking, accounting and reporting of all property and evidence received and booked by the PECS. This system is "password protected", with limited authorized departmental staff given only those functions necessary in conjunction with their responsibilities related to booked and recorded P&E inventory. The PECS Supervisor oversees the administration of this area of the PRIMUS system.

The mission of the PECS is:

"The Property and Evidence Control Section (PECS) strives to maintain property in the same condition as received, and to preserve the integrity of evidence being held for presentation in court.

Reasonable effort will be made to return property to the rightful owner whenever applicable. Proper disposal of approved evidence is of utmost importance, and will be dealt with in a timely manner according to the laws of California.

Property and Evidence Technicians will protect and safeguard all evidence under their control, while courteously assisting co-workers, representatives of other agencies, and the community with all procedures surrounding property."

Audit Objectives

The Principal Internal Auditor's primary objectives were:

- 1) To determine if the control environment is sufficient to ensure that all P&E is received, documented, stored/secured, and maintained prior to appropriate and timely disposition;
- 2) To determine if all P&E as received, recorded and secured by the PECS comply with appropriate standards and guidelines; e.g., CALEA, IAPE, Departmental and City established policies and procedures, and
- 3) To determine if improvements can be implemented by the Department/PECS to better manage, secure and account for all P&E that comes into their possession for enhanced internal control, accountability and "purging", as appropriate.

Policies, Procedures & Guidelines

There are very strict and thorough Standards and Regulations over the operations of the PECS that must be adhered to on an ongoing basis, e.g. CALEA and IAPE Professional Standards. In addition to these external policies, procedures and guidelines, the Department and PECS have developed and maintain a current and detailed "Property and Evidence Control Section Operations Manual". Internal Audit reviewed these existing policies, procedures and standards during the audit and found them to be complete, current and appropriate for the PECS Operations.

To monitor and ensure adequate compliance by the PECS with the above noted external and internal policies, procedures and standards, external (CALEA) and internal (PECS Supervisor) "audits/unannounced" inspections are conducted throughout the year. Written Reports are issued to the Police Department Management staff related to the findings of such "audits/inspections" and include applicable recommendations for improvements to the PECS. Internal Audit also reviewed these reports and found them to be quite thorough and specific to ensure compliance by the PECS with established policies, procedures and standards.

P&E Storage Locations, Security & Access Controls

The approximate 190,000 items of P&E currently being secured, maintained, and accounted for by the PECS staff is located in several different locations, buildings, storage rooms, etc. within the City limits. The transporting and storage activities of the P&E by the PECS staff at the different non-centralized storage locations also takes up much of the staff's limited time on a daily basis.

During the audit, all P&E storage locations were toured by the Internal Auditor and the PECS Supervisor. The security measures and access controls were observed by Internal Audit at all locations, especially where "Critical Evidence" was being stored, e.g., firearms, money,

narcotics, sexual assaults, homicides, and/or items containing DNA/biological evidence. The security at Headquarters and the Warehouse storage locations was found to be adequate, with cameras, alarms, and key-pad access codes evident at all appropriate locations. The security at the extra-space storage facility consisted of coded security gate, site cameras, but only pad-locks on PECS controlled rooms. This is consistent with leased rooms from a private vendor. The PECS Supervisor also maintains and knows at all times who in the Police Department/PECS have access codes for accountability and control purposes over the P&E.

Audit Conclusion

The Principal Internal Auditor has concluded that, in general, an adequate internal control environment exists over the activities of the PECS and the P&E inventory which it is responsible for. Internal Audit considers this section of the Police Department to be effective in accomplishing its overall mission and is commended for its efforts and diligence in handling the significant amount of P&E inventory with its limited staff. Any areas of concern from an internal control, accountability and efficiency perspective noted by Internal Audit are addressed in this report.

Audit Findings and Recommendations

I. Tests of the P&E Inventory

Internal Audit selected a random sample of “Critical Evidence” items from PRIMUS on July 11, 2014, and physically examined all sampled items at several different storage locations. The inventory samples included “Cash”, “Weapons” (Handguns, Rifles & Shotguns), “Narcotics”, and “Body Fluids”. As a result of the tests performed of the sampled P&E inventory, no material exceptions were noted, i.e. all selected inventory items were located during the audit; thus, no audit recommendations are considered necessary related to this area of the audit.

As stated earlier in this report and after having physically observed the significant amount of P&E inventory that the PECS Supervisor and his limited staff are responsible for, they are commended for their efforts and diligence in the administration, recordkeeping and storage of the approximate 190,000 items of P&E inventory.

II. PECS Reduced Staffing and Negative Impacts to Property and Evidence Inventory

The PECS staff responsible for the receipt, recording, control, storage, and accountability of the approximate 190,000 items, located in several separate locations in the City, has decreased from 6 full-time Property Technicians and two full-time Cadets in FY09 to only 3 full-time Property Technicians and a Community Service Officer in FY14. Several “light-duty” officers assist with PECS functions but this occurs on an inconsistent and non-permanent basis during the year.

Due to this reduced staffing in the PECS over the past few years, several negative impacts have occurred from an operational, internal control, accountability, and fiscal perspective related to the PECS and the P&E inventory, as follows:

- ▶ Daily receiving, processing, recording and storing P&E has significantly been impacted, in addition to the ongoing answering of phones, filing of paperwork, and updating PRIMUS to ensure its accuracy of the approximate 190,000 items of P&E inventory.
- ▶ Approximately \$25,000 in overtime has been incurred for the period July 2012 through June 2014 specific to the 3 full-time Property Technicians and the Community Service Officer working in the PECS due to limited experienced staffing.
- ▶ The destruction of weapons and “drug burns” has significantly decreased over the past few years, creating ongoing storage and “purging” problems for PECS, i.e. gun destructions went from once a month to once, possibly twice a year now, and “drug burns” occurred quarterly in previous years but now can only be performed once a year at the most.
- ▶ P&E inventory for Auctions has significantly grown due to the inability to complete the Auction Listing and coordinate the disposition of these items with the Auction Company, again creating ongoing storage problems for PECS.
- ▶ The use of “light duty officers” to assist with PECS operations/inventory has been of some benefit to the PECS; however, several negative effects in the use of these “temporary” individuals for PECS functions and responsibilities has occurred, as follows:
 - a) The ongoing training time and oversight of these “temporary” individuals is time-consuming for the current PECS staff, which in turn impacts their daily functions and responsibilities as Property Technicians, i.e. the “temporary” individuals are trained and working in the PECS for one week to 6 months. At the conclusion of 6 months, the light-duty officer is mandated to go home and finish their remaining time (up to one year) at home in the injury recovery process. This consistent turnover and training process is disruptive to the PECS operations.
 - b) Opening up the PECS to all “light duty officers” (Non-Property Technicians), even on a temporary basis, weakens internal controls over P&E since many more employees now have access to P&E (physically and in PRIMUS), and are not as proficient and experienced with P&E as the Property Technicians.
 - c) On occasion, when “light duty officers” have retrieved evidence from a storage location and/or subsequently returned it to the location, multiple PECS staff had to spend several hours to locate the misplaced evidence and place it in its proper location per PRIMUS, i.e. caused by inexperienced staff working in PECS on a “temporary basis”.
- ▶ During the audit, it was disclosed to the Principal Internal Auditor that several P&E items were inadvertently destroyed sometime between December 2013 and June 2014. Although it is unknown exactly how this occurred, the related paperwork specific to these 14 items was apparently included with other P&E for destruction and it should not have been. PECS staff determined that this inadvertent destruction of P&E was most

likely processed by the temporary, inexperienced “light duty officers” working for the PECS.

The destruction/purging of any unauthorized P&E in the possession and security of the PECS is critical and can have a serious effect on any ongoing related court cases. Note: Per the PECS Supervisor, this incident is currently under review by the Department’s Internal Affairs Unit.

Original Audit Recommendations

1. Department and PECS Management should continue to pursue additional staffing of full-time Property Technicians for the PECS to improve and strengthen the accountability, security, control and recordkeeping of the approximate 190,000 P&E items currently in their possession. This should be done as soon as possible in order to minimize the risk of any further possible “loss or destruction” of P&E, as well as to improve the “purging ratio” of the P&E maintained by the PECS for the Department.
2. In conjunction with the implementation of recommendation 1 above, the cost benefits and positive impacts to the PECS and P&E inventory should be formalized by Department and PECS Management staff, along with any and all funding sources for the additional and critically necessary Property Technicians for the PECS.

Current Status of Both Audit Recommendations – Implemented

See the Police Department’s February 20, 2015 Memorandum attached to this report commenting on the status of both audit recommendations.



POLICE DEPARTMENT

February 20, 2015

TO: BOB KOURY, Principal Internal Auditor
Budget & Management Division

FROM: ROBERT A. NEVAREZ, Deputy Chief *rw*
Administrative/Support Services Division

SUBJECT: PROPERTY & EVIDENCE CONTROL SECTION

As noted in a previous memo from Chief Dyer, we are in concurrence with your recommendations related to the Property Evidence Control Section. In fact, Chief Dyer has added six Property and Evidence Technicians to our FY 16 proposed budget. Upon formal adoption, we will immediately move to fill these positions with full-time employees.

In conjunction with this implementation, the department will formalize the benefits we wish to obtain in writing. This will be done through the establishment of measurable goals related to:

- Increased ability to receive, process, record and store property and evidence.
- Reduction in overtime affecting PECS employees.
- Increased ability to properly destroy weapons and carry out drug burns resulting in a reduction in storage needs.
- Reduction in property and evidence through the lawful use of auctions.
- Elimination of "light duty officers" in PECS operations.
- Decrease in destruction errors as previously discovered during this audit.

Again, thank you for taking a look into our operations and providing us an opportunity for improvement."