



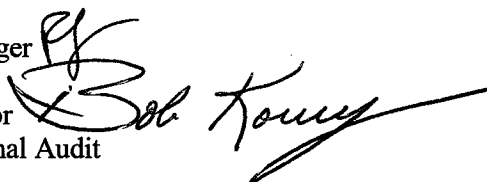
CITY MANAGER'S OFFICE – INTERNAL AUDIT

DATE: May 9, 2014

TO: JERRY DYER, Chief of Police, Police Department

THROUGH: RENENA SMITH, Assistant City Manager

FROM: BOB KOURY, Principal Internal Auditor
Budget and Management Studies - Internal Audit



SUBJECT: CASH COUNTS AUDIT – POLICE DEPARTMENT INVESTIGATIVE, BUY
AND “FLASH” FUNDS

This is the Final Audit Report of the Cash Count Audit recently performed of the Police Departments' Investigative, Buy and “Flash” Funds. Internal Audit obtained the Finance Department's Funds listing as of March 31, 2014, which totaled \$145,000 for these various “Special Funds”. Internal Audit conducted cash counts of all Police Department cash funds during the months of April and May 2014.

In general, the Police Department is adequately accounting for their Investigative, Buy and “Flash” Funds as of May 2, 2014.

Policies and Procedures

AO 1-2 “Petty Cash and Change Fund Procedures” is not applicable to the Police Department “Special Funds” nor does it address these Funds. The Police Department Administration has “In-House” formal policies and procedures which address their various investigative, buy and “flash funds”. They appear to be adequate and appropriate for the control and accountability of these City monies in the possession of the Police Department as of the audit date.

Audit Findings

- ▶ Some Departmental “Buy Funds” appeared to be excessive based on the infrequent and minimal usage of such funds for the specific Police Station activities, e.g. NE, NW and SE Stations.
- ▶ The \$145,000 in “Special Funds” located throughout the Department are secured in either a locked cabinet/box and/or a secured safe with a key or safe combination to access said monies. This is good internal control; however, it was unknown by all Departmental “Custodians” when the various “Special Fund” locks, keys or safe combinations had been changed by Department Management.

Audit Recommendations

1. All Departmental Investigative, Buy, and "Flash Funds" should be evaluated by appropriate Department staff as to the amount and necessity of such amounts in relation to the Divisional or Police Station's activities/uses of such funds to minimize any unnecessary risk/exposure to these City assets. If a decrease for any of these "special funds" is considered appropriate, the Finance Department should be contacted to assist your staff in the proper disposition of said monies.
2. Appropriate Department Management and the applicable Bureau Commanders should immediately have all safe/vault combinations changed for improved internal controls over the \$145,000 in "Special Funds" located throughout the Department. The new safe/vault combinations should only be provided to a limited number of employees for further internal control and accountability over these cash funds. In addition, locks/keys to all "special funds" should be changed whenever security may have been compromised and/or when an employee leaves the Department/Division. This recommendation should be adequately documented for future reference and audit purposes.

Please ensure that a copy of this audit report is provided to all appropriate management staff and "special fund" custodians within the Department for reference purposes.

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

cc: Ashley Swearengin, Mayor
Council Members
Bruce Rudd, City Manager
Georgeanne White, Chief of Staff, Mayor's Office
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