



Office of the City Auditor

Results of the Agreed-Upon Procedures for the Police Property and Evidence Unit



Report Date: June 29, 2018

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"Promoting Accountability and Integrity in City Operations"



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Office of the City Auditor Transmittal Letter

June 29, 2018

David L. Hansen, City Manager



Subject: Results of the Agreed-Upon Procedures for the Police Property and Evidence Unit

We have performed the procedures detailed herein, which were agreed to by the management of the Virginia Beach Police Department with respect to the inventory of the Police Property and Evidence Unit, solely for providing an independent assessment of how said inventory is handled. The period covered was from April 8, 2017 to May 17, 2018.

This agreed-upon procedures engagement was conducted in accordance with Government Auditing Standards. Government Auditing Standards incorporate financial and attestation standards established by the American Institute of Certified Public Accountants. These standards also provide guidance for performing and reporting the results of agreed-upon procedures. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described herein either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to perform and did not perform an audit, the objective of which would have been the expression of an opinion or limited assurance on the compliance of the Police Property and Evidence Unit with Department, City, and State policies and procedures as well as accreditation standards. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you. Findings considered to be of insignificant risk have been discussed with management. We completed the agreed-upon procedures on June 4, 2018.

This report is intended solely for the information and use of the Audit Committee, City Council, City Manager, and appropriate management including the Police Department and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We would like to commend the Police Property and Evidence Unit for the courtesy and cooperation extended to us during the engagement. If you have any questions about this report or any engagement-related issue, I can be reached at 385-5872 or via email at lremias@vbgov.com.

Respectfully submitted,

Lyndon S. Remias, CPA, CIA
City Auditor

c: Steve Cover, Deputy City Manager
J. A. Cervera, Chief of Police
City Council Members
Audit Committee Members



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Purpose

To determine that property and evidence items in the Police Property and Evidence Unit (PPE Unit), including currency deposited in the bank, are complete, accurately recorded, and properly maintained.

Scope and Objectives

The scope of our engagement was from April 8, 2017 through May 17, 2018. In addition, we reviewed transactions from earlier periods, as necessary.

The objectives were to determine whether:

- Property and evidence inventory was complete, accurately recorded, and had proper supporting documentation.
- Property and evidence items sold through auction were authorized, accurately recorded, and had complete supporting documentation.
- Property and evidence funds deposited in the bank were reconciled monthly, maintained in accordance with requirements, and that checks issued from it were properly authorized.
- Staff access to Barcoded Evidence Analysis and Statistical Tracking (BEAST) system was appropriate and consistent with job responsibilities.
- Required audits and inspections were performed and findings were resolved.

Methodology

To accomplish our objectives, we performed the following agreed-upon procedures:

- Obtained and reviewed policies and procedures.
- Interviewed Virginia Beach Police Department (VBPD) personnel to obtain knowledge of actual procedures.
- Obtained and analyzed data extracted from the BEAST system, the VBPD's data management software for property and evidence.
- Obtained and assessed supporting documentation of various property and evidence testing samples derived from the data analysis.
- Conducted a physical inventory of property and evidence items.
- Obtained, reviewed, and analyzed bank statements, copies of cleared checks, and bank reconciliations.
- Obtained and reviewed reports of required audits and inspections of the PPE Unit.



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Standards

Our agreed-upon procedures engagement was conducted in accordance with generally accepted government auditing standards. Government Auditing Standards incorporate financial and attestation standards established by the American Institute of Certified Public Accountants. These standards also provide guidance for performing and reporting the results of agreed-upon procedures. The Office of the City Auditor reports to City Council through the Audit Committee and is organizationally independent of all City Departments. This report will be distributed to the City's Audit Committee, City Council, City Manager, and Virginia Beach Police Department. This report will also be made available to the public.



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Background

The Virginia Beach Police Department's mission is to provide a safe community and improve the quality of life for all people. It accomplishes this by delivering quality police services and enforcing laws with equity and impartiality. This includes maintaining strict controls over all property and evidence that comes into the possession of department personnel, including cash seized and other evidence obtained from crime scenes and lost property turned-in by citizens.



PPE Unit office window in Building 11

The PPE Unit has been created to ensure that the integrity of evidence and property is maintained to the utmost manner possible. It operates according to VBPD policies and procedures, as well as federal, state, and local laws. It is subject to several audits and inspections throughout the year that are performed by the VBPD management, Internal Affairs, City Auditor's Office, Virginia Beach Sheriff's Office, and the Commission on Accreditation for Law Enforcement Agencies (CALEA).

The PPE Unit is organizationally under the Support Division. The unit is under the supervision of the Unit Sergeant and staffed by a combination of five full-time police officers, civilian employees, and one part-time civilian employee. They manage over

82,000 items of property and evidence. Among their numerous duties are data entry, receipts, storage, inventory, releases to other parties, disposals, currency deposits and check issuance, and assistance during audits and inspections.

The PPE Unit office and one of the storage facilities is located in the Police Headquarters (Building 11). This storage facility contains recently received property and evidence items (up to three years) and evidence from active court cases. Items received in earlier years are kept at a second facility located on Leroy Drive. The Leroy Drive facility has a floor area of approximately 10,000 square feet and has a space-efficient shelving system, professional grade refrigerators to store biological evidence, and separate locked vaults and rooms for cash, jewelry, firearm, and narcotic items. Access to the office and both storage facilities is restricted to PPE Unit staff by means of electronic controls



PPE Unit storage facility at Leroy Drive



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and manual locks. Authorized guests are required to sign in/out in the guest log and then escorted by staff at all times. The office and both storage facilities are monitored by a closed circuit camera system.

Results

Finding 1: Items Not Found During Physical Inventory

We randomly selected 520 items and performed a physical inventory at both PPE Unit sites. We were able to locate all except the following three items:

- Cash amounting to \$1,127. This item was the property of a certain defendant and was collected on May 2, 2014. Management stated that this item is no longer in PPE Unit's custody but its status was not updated in BEAST system.

The disposal of this item was supported by a court judgment forfeiting this and a related cash property to be used for law enforcement purposes. An accompanying memorandum from the Captain of Special Investigations Department directed the PPE Unit to issue a check for the total forfeiture payable to the Department of Criminal Justice Services as part of the Forfeited Asset Seizure Program. We reviewed the court order and the accompanying memorandum and found them to properly support management's claim.

- One (1) black wallet with miscellaneous contents. The evidence collected on April 11, 2014 and was approved for destruction on July 14, 2016. Management stated that the PPE Unit staff member who destroyed the item did not update the status in BEAST system. We reviewed the item's history log in BEAST system and confirmed that the item was destroyed on that date.
- Cash amounting to \$245.51. Management stated that this evidence item was deposited in the PPE bank account on May 12, 2011 and its status in BEAST system reflected that accordingly. However, the status was subsequently changed in error due to an update in the case described below.

The item was among several evidence items in a certain case where, it was later discovered, involved an acquaintance of a VBPD officer. Upon learning of the involvement, VBPD management ordered PPE Unit to transfer all related items in a secured PPE room (i.e. ROOM P-A FLOOR)¹. While updating BEAST system to reflect the change of the items' location, the PPE Unit staff member mistakenly clicked the button that automatically selected all items, instead of individually selecting affected items only. This action made it appear that the \$245.51 evidence is in the PPE premises, where actually it is still in the bank.

¹ This room is one of two designated storage areas for evidence in cases involving VBPD police officers. To maintain maximum integrity of evidence, each room is padlocked with only two keys: one is given to the Support Division Lieutenant and the other to the lead case investigator.



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We reviewed the item's history log in BEAST system and confirmed that the item was deposited on May 12, 2011. We could not further confirm the deposit through the bank statement, as it is no longer available in accordance with the record retention schedule.

Recommendations

- 1.1 Management should ensure that BEAST system is appropriately updated every time there is a change in the status of an item.

Items Sold Through Auction Testing

Evidence that are no longer needed or unclaimed property that have certain monetary value and are not claimed by the State are disposed by selling them through auction. Items considered to be of low dollar value, such as bicycles and household items, are under the purview of the PPE Unit.²

In compliance with State Code [15.2-1719](#), the PPE Unit sends a list of items to the Commonwealth Attorney's Office to approve the disposal before they are consigned to the auction company. After approval, the items are picked-up and signed for by a representative of the auction company. PPE Unit changes the status of the items to "PEOP" to indicate that the items are being auctioned. The items are sold individually or combined in lots at the auction site or online, as deemed best by the auction company. The auction company sends the PPE Unit a check, net of 25% commission, along with the Consignor Settlement statement containing a listing of the items sold.

Revenue from auction is credited to the Police Support InSITE account, 002.09017.414075. Table 1 below shows revenues for the current year-to-date and for the prior three years. Although revenue has steadily risen due to increased efforts of the PPE Unit in determining proper disposition of items, revenue is still dependent on inherent factors, such as the number, type, and condition of items.

Fiscal Year	Annual Revenue	Increase from Previous Year
2018 YTD	12,686.38	125%
2017	5,643.08	38%
2016	4,099.14	54%
2015	2,653.49	-

We performed the following procedures to determine that the items sold through auction were properly approved and their revenues were credited to the correct InSITE account:

² Auction of high value items, such as vehicles and expensive jewelry, are handed over to and their disposition managed by the VBPD Special Investigations Department (SID) via court-ordered forfeiture.



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- From the BEAST data extracted, we selected a sample of 30 from a population of 556 items that were assigned with the status “PEOP” from April 2017 to May 2018. We verified that the items sold were:
 - Approved by the City Attorney’s Office.
 - Picked-up by the auction company.
- Selected three Consignor Settlement forms:
 - Matched items sold to the items in the data extract.
 - Verified that the checks were posted to the appropriate InSITE account.

We did not identify any exceptions.

Bank Reconciliation Testing

We randomly selected a sample of six (6) monthly bank reconciliations to verify that:

- They were properly and timely performed.
- Checks issued from the PPE Unit bank account were properly authorized.

We did not identify any exceptions.

Required Audits and Inspections Testing

We reviewed the results of the most recent required audits and inspections of the PPE Unit to determine whether they were performed and associated findings were resolved. We did not find any exceptions.

Data Analysis and User Access Testing

We performed analysis and tests of data designed to determine the completeness and accuracy of the property and evidence data maintained within the BEAST system. Prior year’s recommendations were implemented and the remaining exceptions are being addressed by management.

Acknowledgements

We would like to thank the Police Property and Evidence Unit’s management and staff for their responsiveness to our requests during the engagement and their receptiveness to questions and comments. We thank all those involved in the process for their help and offer our assistance should future concerns regarding this or other engagement-related issues arise.



City of Virginia Beach

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INTER-OFFICE MEMORANDUM

DATE: June 26, 2018
TO: Lyndon Remias, City Auditor
FROM: Chief James A. Cervera *JAC*
SUBJECT: Police Property and Evidence Unit Audit Report

I appreciate the efforts of the Office of the City Auditor in conducting, at my request, the ninth annual audit of the Police Property and Evidence Unit's cash handling and inventory processes.

We agree with your findings and recommendations and offer the following response:

Recommendation 1.1: Management should ensure that BEAST system is appropriately updated every time there is a change in the status of an item.

Response: Property & Evidence personnel make every effort to ensure the status of each item of property and evidence is updated whenever it is moved or transferred. Despite this effort, we expect the occasional oversight due to the nature of the work and the number of items being handled. As always, we will continue to reinforce the importance of accuracy for each transaction.