



Office of the City Auditor

Review of Police Property and Evidence Unit Inventory



Report Date: May 8, 2015

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Virginia Beach, Virginia 23456
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"Promoting Accountability and Integrity in City Operations"



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Office of the City Auditor
Transmittal Letter



Date: May 8, 2015
To: James K. Spore, City Manager
Subject: Review of Police Property and Evidence Unit Inventory

Independent Auditor's Report

We have performed the agreed-upon procedures agreed to by the Police Department solely to assist in evaluating the inventory of the Police Property and Evidence Unit for the period of 2014. 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 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. We completed the agreed-upon procedures on March 13, 2015.

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 our review. If you have any questions about this report or any audit-related issue, I can be reached at 385-5872 or via email at lremias@vbgov.com.

Respectfully submitted,

Lyndon S. Remias, CPA, CIA, CRMA
City Auditor

c: City Council Members
Audit Committee Members
J. A. Cervera, Chief of Police



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Purpose

To review the handling processes of cash and evidence in the Police Property and Evidence Unit to ensure cash and evidence seized or found is appropriately recorded, inventoried, and accounted for.

Scope and Objectives

The objective of our audit was to conduct a physical inventory of cash, jewelry, and other categories of property and evidence, such as ammunition and handguns, in the Police Property and Evidence Unit vaults. We reviewed the bank reconciliations to ensure the amount of cash in the bank was properly reconciled to the check register. We also verified that the sample of cleared checks from January 1, 2014 to December 31, 2014 had supporting documentation. Additionally, we determined if recommendations from our prior audit were implemented. Our audit covered cash and evidence on hand as of the dates listed in Table 1 below:

Table 1: Dates of Audit Review by Evidence Category

Evidence Category	Building	
	11	Leroy Drive
Cash	3/4/2015	3/12/2015
Jewelry	3/4/2015	3/12/2015
Ammunition	3/9/2015	3/12/2015
Forensic Interview Docs	3/5/2015	3/13/2015
Gun Magazines	3/9/2015	3/12/2015
Handguns	3/9/2015	3/12/2015
Rifles/Shotguns	3/9/2015	3/13/2015
Physical Evidence Recovery Kits (PERK)	3/9/2015	3/13/2015
Miscellaneous Weapons	3/5/2015	3/13/2015

Our review concluded on March 13, 2015.

Methodology

To accomplish our objectives, we performed the following procedures:

- Reviewed internal controls through inquiry and examination of documents.
- Met with appropriate staff to discuss existing procedures.
- Obtained documentation related to current processing of property and cash evidence.
- Conducted a physical inventory of all cash and jewelry stored in the Property and Evidence Unit's vaults at Building 11 and Leroy Drive locations.
- Conducted a sampled inventory of gun ammunition, forensic interview documentation, fireworks and explosives, gun magazines, handguns, rifles and shotguns, PERK kits, and miscellaneous weapons at Building 11 and Leroy Drive locations.



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- Analyzed completed bank reconciliations for completeness, accuracy and oversight.
- Reviewed supporting documentation of sampled cleared checks of past year.
- Conducted follow-up on prior audit report recommendations.

Standards

Our agreed-upon procedures review was conducted in accordance with generally accepted government auditing standards. 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.



Background

The Virginia Beach Police Department's mission is to provide a safe community and improve the quality of life for all people. They accomplish this by delivering quality police services and enforcing laws with equity and impartiality. It is the policy of the Virginia Beach Police Department to maintain strict control over all evidence and property that comes into the possession of department personnel, including cash seized from drug raids, robberies, and cash found from lost wallets and turned in by private citizens, and DNA evidence. Procedures have been developed to ensure the integrity of physical evidence and the proper storage, return and disposal of property.

The Property and Evidence Unit (PPE) is organizationally under the Support Division and based in two locations: the lower level of Building 11 and a new facility on Leroy Drive. PPE maintains the facilities for the storage of property and evidence in possession of the Police department. The unit is staffed with three sworn police officers and two non-sworn officers under the supervision of Sgt. C. Molleen. The unit handles and stores all evidence and property that is seized or found until it is needed for court, returned to its owner, or can be destroyed. Destruction, disposal, or return of property is determined by the Property and Evidence Unit in accordance with federal, state, and local laws.



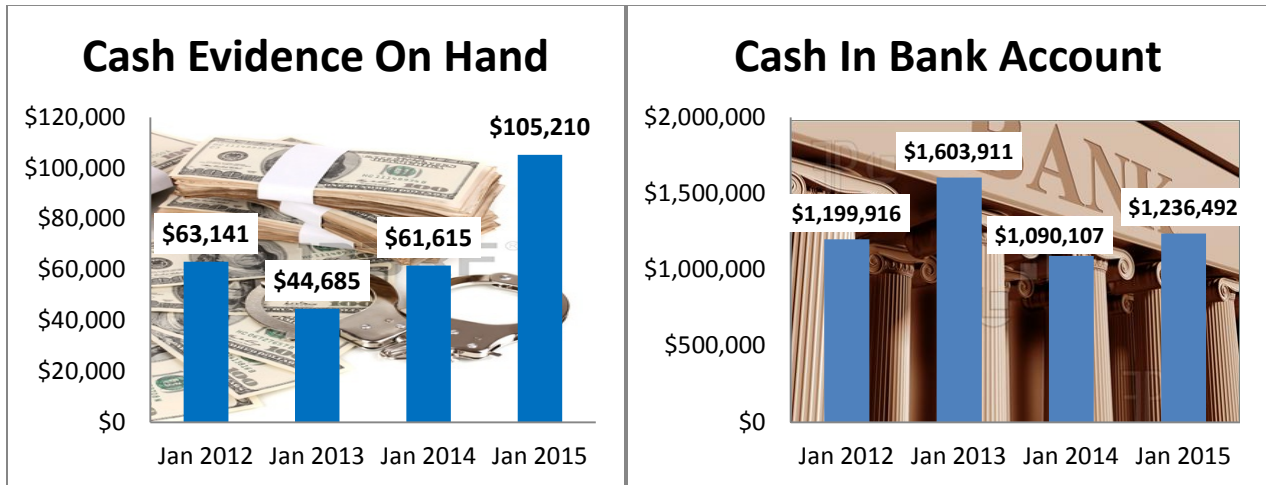
New Police Property and Evidence inventory facility at Leroy Drive



The new Police Special Operations, Forensics, and Property & Evidence building on Leroy Drive opened on November 14, 2013 and PPE started moving items to the new site on May 31, 2014. The Leroy Drive location provides approximately 10,000 square feet to be used to store property and evidence that needs to be maintained for many years. It includes separate vaults for cash, jewelry, guns, and drugs. It also includes a state-of-the-art shelving system and expanded refrigeration units. Currently, Building 11 stores current (past two or three years) evidence items while the Leroy Drive location stores all the older items.



All evidence, including cash, once inventoried, vouchered, and received by Property & Evidence Unit cannot be removed or even physically examined without an authorized person signing for it. The amount of the Police Property and Evidence Unit's cash is shown in the charts below.



Results

Physical Inventory of Cash, Jewelry, and Other Categories of Property and Evidence Items

At the request of Police Chief Cervera, we conducted a physical inventory of the cash and jewelry in the vaults at both locations of the Police Property and Evidence Unit from March 5 to March 13, 2015. Using inventory listings obtained from Bar Coded Evidence Analysis Statistical Tracking (BEAST), the Property and Evidence Unit's record management system, we conducted a 100% sample of cash and jewelry while examining a sample of other categories. We also performed a reverse inventory of other evidence categories and found no discrepancies. Table 2 below shows the number of evidence items by category at each PPE location:

Table 2: High-Risk Categories of Evidence by PPE Location

Category	Police HQ		Leroy Drive		Total Both Locations		Percentage
	# of Items	Sample Size	# of Items	Sample Size	# of Items	Sample Size	Coverage
Cash	248	248	56	56	304	304	100.0%
Jewelry	324	324	259	259	583	583	100.0%
Ammunition	578	56	436	43	1014	99	9.8%
Forensic Interview Docs	192	14	0	0	192	14	7.3%
Gun Magazines	71	18	18	8	89	26	29.2%
Handguns	974	77	355	34	1329	111	8.4%
Rifle/Shotguns (Long Guns)	85	18	68	13	153	31	20.3%
PERK Kits	97	7	1180	79	1277	86	6.7%
Misc Weapons	20	20	2	2	22	22	100.0%
Totals	2589	782	2374	494	4963	1276	



We located all 304 cash items totaling \$105,210 and 583 jewelry items. We concluded that all cash and jewelry items were appropriately recorded and inventoried.

Upon further examination of the 110 new cash items since our audit last year and our sampled review of other categories of items, including jewelry, we noted the following exceptions as reported below.

Findings and Recommendations

Currency Items

Finding 1: Required Signature Not Obtained for Cash Item Vouchers

Nine vouchers of cash items did not have the required two signatures. Both the evidence bags and vouchers only had one signature. The Evidence Collection and Handling Field Guide require that all vouchers have signatures of both the witness and preparer. Signatures provide accountability over the property and evidence.

Recommendation

- 1.1 Continue to ensure that all vouchers are signed or initialed by both the witness and preparer.

Finding 2: Cash Items Not Marked Either Property or Evidence

Thirty-eight (38) cash items from thirty-four (34) case numbers were not marked either Evidence or Property. The Evidence Collection and Handling Field Guide states that red evidence tag/tape must be affixed to each item of evidence. However, Sgt. Molleen has determined that this step is not value-added to the evidence handling process as the BEAST system already notates what items are Property or Evidence.

Recommendation

- 2.1 Revise the Evidence Collection and Handling Field Guide to reflect current evidence handling processes and delete the requirement to affix red evidence tape or an evidence tag to each item of evidence.



Jewelry Items

Finding 3: Required Clear Plastic Evidence Bags Not Used for Sealing Jewelry Items or Outer Envelope was Sealed Preventing Verification of Jewelry Items

Eleven (11) jewelry items from ten (10) case numbers were either not sealed in a clear plastic evidence bag or the outer envelope was sealed. In both situations, the jewelry items could not be verified. Per the Evidence Collection and Handling Field Guide, all jewelry items are required to be packaged and sealed in a clear plastic evidence bag, not the outer envelope. The lack of use of a clear plastic evidence bag or sealing the outer envelope increases risk of missing jewelry items as those items cannot be verified without breaking the seal.



Clear Plastic Evidence Bags with Jewelry Items

Recommendation

- 3.1 Ensure that all jewelry items are sealed within clear plastic evidence bags inside the unsealed outer envelope for verification purposes.

Finding 4: Jewelry Items Loose Inside the Outer Envelope

Three (3) jewelry items were not sealed inside a clear plastic bag or any bag at all and loose inside the outer envelope. Per the Evidence Collection and Handling Field Guide, all jewelry items are required to be packaged and sealed in a clear plastic evidence bag with the bag itself inside the outer envelope.

Recommendation

- 4.1 Ensure that all jewelry items are placed inside clear plastic evidence bags in accordance with the Evidence Collection and Handling Field Guide.

Finding 5: BEAST Not Completely Updated for Jewelry Items Returned to Owner

One case number had four (4) jewelry items listed but only one was located and verified. The BEAST inventory system did verify that three (3) of the items were returned to owner; however, these items were not taken off the inventory listing.

Recommendation

- 5.1 Ensure that all evidence items are processed to completion within the BEAST inventory system to reflect final disposition of the items.



Other Category Items

No significant exceptions were found for the other category items.

Bank Reconciliations of the Property and Evidence Unit Checking Account

The Police Evidence Collection and Handling Field Guide require all cash that is not needed as evidence in court to be deposited into the Property and Evidence Unit's bank account. When the money is released via court order, forfeiture or by authorization of the detective, a check for the amount is issued to the owner or agency in case of forfeiture. The monthly reconciliation of this bank account by the Police Support Division accountant consists of checks issued and cleared. The monthly reconciliation is audited for errors by the accountant in order to ensure there are no mistakes, omissions or mishandling of funds held in the possession of the Police Property and Evidence Unit. We verified that the accountant is properly segregated from the Property and Evidence Unit. We further determined that the monthly reconciliations are being properly performed. Additionally, we reviewed the internal controls over the issuance of checks from this account; including supporting documentation and required signatures. From the period of January 1, 2014 to December 31, 2014 there were 401 checks issued and 363 cleared checks of which we reviewed 55 (15.2%). From our review of the bank reconciliations and the cleared checks, we noted no exceptions.

SUNTRUST OCT 2014		Page 1
Sun Trust P&E CHECKING 12/16/2014		
Reconciliation Summary		
BANK STATEMENT -- CLEARED TRANSACTIONS:		
Previous Balance:		1,115,451.63
Checks and Payments	247 Items	-130,826.87
Deposits and Other Credits	54 Items	96,156.49
Service Charge	1 Item	-24.55
Interest Earned	0 Items	0.00
Ending Balance of Bank Statement:		1,080,757.00
YOUR RECORDS -- UNCLEARED TRANSACTIONS:		
Cleared Balance:		1,080,757.00
Checks and Payments	63 Items	-104,847.72
Deposits and Other Credits	57 Items	241,352.12
Register Balance as of 12/16/2014:		1,217,261.40
Checks and Payments	0 Items	0.00
Deposits and Other Credits	0 Items	0.00
Register Ending Balance:		1,217,261.40

Reconciled
by Lynn Lazar
12/16/14

Bank Reconciliation

Follow-up on Prior Audit Recommendations

In our prior audit report dated March 25, 2014, we made eight (8) recommendations. In our follow-up review in August 2014, Police management provided an updated status of each of our recommendations as follows:

1. Monitor closely and ensure that the values of cash items are entered into the "Value" field in the BEAST inventory system.

Management Response: Made P&E staff aware of the BEAST value field problem/discrepancy and directed compliance with the Auditor's Recommendation.



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Note: This has been successfully implemented, as there were no exceptions noted this year.

2. Continue to ensure that all vouchers are signed or initialed by both the witness and preparer.

Management Response: Instructed P&E staff to send incorrect vouchers back to the officers at their commands or to contact the officers and have them respond to Property & Evidence for correction.

Note: We noted nine (9) exceptions this year and we will continue to monitor.

3. Continue to ensure that all currency needed as evidence is accurately marked as evidence.

Management Response: Required staff to visually inspect all areas of the currency bags for accuracy and placement of red evidence tags or red evidence tape.

Note: We noted 36 exceptions this year but this is due to evidence handling procedure change. In Recommendation 2.1 of this report, it has been recommended to update the Evidence Collection and Field Guide to reflect this procedural change.

4. Ensure that all jewelry items are sealed within clear plastic evidence bags.

Management Response: Police Training Bulletin #14-02 titled Packaging of Jewelry and Property/Evidence Vouchers was disseminated department wide on May 21, 2014.

Note: We noted 11 exceptions this year and will continue to monitor.

5. Require that all jewelry items are visible inside the clear plastic evidence bag.

Management Response: Instructed P&E staff to visually check each bag containing jewelry (regardless if the jewelry was evidence or property) to comply with Auditor's Recommendation.

Note: Related to #4 above and will continue to monitor.

6. Maintain that all evidence items are marked as evidence by properly filling out the currency bag and affixing a red evidence tag to the plastic evidence bag as required

Management Response: Police Training Bulletin #14-02 addressed this recommendation and P&E staff was advised of strict compliance with this regulation.

Note: It has been recommended in Recommendation 2.1 of this report to update the Evidence Collection and Field Guide to reflect this procedural change.



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7. Require that detailed and itemized description is provided for all jewelry items.

Management Response: Police Training Bulletin #14-02 addressed this recommendation and P&E staff was advised of strict compliance with this regulation. P&E staff was advised to send incorrect vouchers back to the officers or to contact the officers and have them respond to Property & Evidence for correction.

Note: This has been successfully implemented, as there were no exceptions noted this year.

8. Ensure that all evidence items dispositions are promptly updated within the BEAST inventory system.

Management Response: P&E staff was made aware of the City Auditor's findings and advised to ensure evidence items dispositions are timely updated within BEAST.

Note: We did note one exception and will continue to monitor.



Police Property and Evidence inventory



Conclusion

Based upon our examination of the evidence handling processes in the Police Property and Evidence Unit, we determined that the cash and jewelry seized and/or found and other evidence categories review are appropriately recorded and inventoried. The bank reconciliations were conducted properly and cleared checks supported with appropriate documentation and signatures. All prior audit report recommendations have been addressed by Police management and considered closed.

Acknowledgements

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



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INTER-OFFICE MEMORANDUM

DATE: April 30, 2015
TO: Mr. Lyndon Remias, City Auditor
FROM: James A. Cervera, Police *JAC*
SUBJECT: Police Property and Evidence Unit Audit Report

I again appreciate the efforts of the Office of the City Auditor in conducting, at my request, the sixth annual inventory of the Police Property and Evidence Unit's cash handling processes. As agreed to, your inventory has been expanded to include jewelry and other categories of Property and Evidence in recent years.

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

Recommendation 1.1 – Continue to ensure that all vouchers are signed or initialed by both the witness and preparer.

Response: Property and Evidence will be implementing a new procedure requiring Precinct Property and Evidence Custodians to ensure all property, evidence, drugs, and money are properly packaged and documented per the Evidence Collection and Handling Field Guide prior to delivery to Property and Evidence. Items determined deficient (first line of quality control) by the Precinct Custodian will remain at the precinct until corrected by the vouchering or case officer. Items delivered to Property and Evidence that are subsequently determined deficient by Property and Evidence staff (second line of quality control) will be given back to the Precinct Custodian and returned to the precinct for correction by the vouchering or case officer.

Recommendation 2.1 – Revise the Evidence Collection and Handling Field Guide to reflect current evidence handling processes and delete the requirement to affix red evidence tape or an evidence tag to each item of evidence.

Response: Property and Evidence staff will review the Evidence Collection and Handling Field Guide, confer with the Office of Accreditation (CALEA) and add any new procedural changes and likewise remove any outdated verbiage.

Recommendation 3.1 – Ensure that all jewelry items are sealed within clear plastic evidence bags inside the unsealed outer envelope for verification purposes.

Response: To address specific deficiencies noted in the City Audit with respect to money and jewelry, Property and Evidence staff will design an online training program (PowerDMS) to reinforce procedures covered in the Evidence Collection and Handling Field Guide. The training will focus on, but not be exclusive to, properly vouchering and verifying money and properly packaging jewelry. Actions in response to Recommendation 1.1 will also apply to the response to this Recommendation.

Recommendation 4.1 – Require that all jewelry items are placed inside clear plastic evidence bags in accordance with the Evidence Collection and Handling Field Guide.

Response: To address specific deficiencies noted in the City Audit with respect to money and jewelry, Property and Evidence staff will design an online training program (PowerDMS) to reinforce procedures covered in the Evidence Collection and Handling Field Guide. The training will focus on, but not be exclusive to, properly vouchering and verifying money and properly packaging jewelry. Actions in response to Recommendation 1.1 will also apply to the response to this Recommendation.

Recommendation 5.1 – Ensure that all evidence items are processed to completion within the BEAST inventory system to reflect final disposition of the items.

Response: Property and Evidence staff will be advised of the City Auditor's findings so deficiencies are not duplicated in the future.

Additional Measures: In an effort to educate new employees coming to the Police Department, Property and Evidence will also begin working with the Law Enforcement Training Academy to conduct Evidence Collection and Handling training in the Police Recruit Academy and Police Training Officer (PTO) School.