



Office of the City Auditor

Review of Police Property and Evidence Unit
Inventory



Report Date: March 25, 2014

Office of the City Auditor
2401 Courthouse Drive, Room 344
Virginia Beach, Virginia 23456
757.385.5870

"Promoting Accountability and Integrity in City Operations"



Office of the City Auditor

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www.vbgov.com/cityauditor

Lyndon Remias, CPA, CIA

Tim Bell, CICA

City Auditor

Senior Auditor

Office of the City Auditor

2401 Courthouse Drive, Room 344

Virginia Beach, VA 23456

Telephone: 757.385.5870

Fax: 757.385.5875

Fraud, Waste, and Abuse Hotline 757.468.3330



Office of the City Auditor
Transmittal Letter



Date: March 25, 2014

To: James K. Spore, City Manager

Subject: 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 2013. 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, 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 February 20, 2014.

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
City Auditor

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



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Purpose

To review the cash and evidence handling processes in the Police Property and Evidence Unit to ensure cash/evidence seized and/or found is appropriately recorded and 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 in the Police Property and Evidence Unit vaults. We also reviewed the bank reconciliation to ensure the amount of cash in the bank was properly reconciled to the amount recorded in the check register. We verified that the sampled cleared checks from January 1, 2013 to December 31, 2013 were supported by documentation. Additionally, we determined if recommendations from our prior audit were implemented. Our audit covered cash/evidence on hand as of February 10, 2014. Our review concluded on February 20, 2014.

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.
- Conducted a sampled inventory of gun ammunition, forensic interview documentation, fireworks and explosives, gun magazines, handguns, rifles and shotguns, PERK kits, and miscellaneous weapons.
- 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.



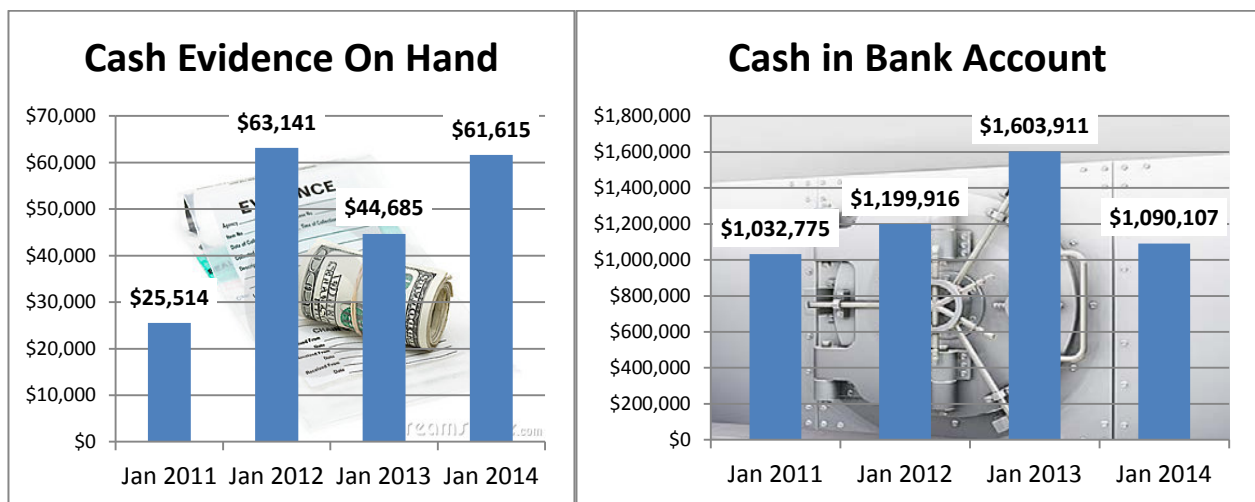
Background



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 or 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 is organizationally under the Support Division and based in the Police Headquarters building. The unit maintains facilities for the storage of property and evidence in possession of Police personnel. The unit is staffed with two sworn police officers and three civilian evidence officers under the supervision of Sergeant B. Calhoun. 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.

All evidence, including cash, once inventoried, vouchered and received by this 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 the Police Property and Evidence Unit on February 10, 2014. Using inventory listings obtained from BEAST, the Property and Evidence Unit's record management system, we located all 247 cash items totaling \$61,615 and 718 jewelry items. We also performed a reverse inventory of all cash and jewelry in the locations and found no discrepancies. We conclude that all cash and jewelry items were recorded and inventoried. Upon further examination of the 113 new cash items and 205 new jewelry items since our cash inventory last year, and our sampled review of other categories of items, we noted the following exceptions as reported below.



Findings and Recommendations

Currency Items

Finding 1: Currency Values Not Reflected In BEAST Inventory System

There were four (4) items of currency from three (3) case numbers that did not have the value of the currency indicated in the BEAST inventory system but the currency was verified by the auditors as being in the currency bag. The Evidence Collection and Handling Field Guide states that currency should be listed by its denomination and totaled for notation on the currency bag. The currency total on the currency bag should be entered into the BEAST system for completeness of inventory information. While the detailed description of these items states the value of the currency, the "Value" field read \$0.00 in the BEAST system. The exceptions noted above were corrected by the Police Property and Evidence Unit personnel.

Recommendation

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



Finding 2: Required Signature Not Obtained for Cash Item Vouchers

Two 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. Despite these two exceptions, the Police Property and Evidence Unit have greatly improved in this area from our past reviews.

Recommendation

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

Finding 3: Cash Evidence Vault Had Evidence Item Marked As Property

One cash item in the vault was marked as Property instead of Evidence. We noted the item had a yellow property tag indicating it was not evidence and the cash should have been deposited per the Evidence Collection and Handling Field Guide. However, the voucher for this cash item had a notation to switch this item to Evidence but it was not done prior to audit review. An evidence cash item with a Property tag increases the risk the item could be accidentally released to the owner. This exception was corrected by the Police Property and Evidence Unit personnel.

Recommendation

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



Jewelry Items

Finding 4: Required Clear Plastic Evidence Bags Not Used For Sealing Jewelry Items

Twenty-three (23) jewelry items from thirteen (13) case numbers were not sealed in a clear plastic evidence bag and thereby could not be verified. Per the Evidence Collection and Handling Field Guide, all jewelry items are required to be packaged in a clear plastic evidence bag. The lack of use of a clear plastic evidence bag increases risk of missing jewelry items as those items cannot be verified without breaking the seal.

Recommendation

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

Finding 5: Clear Plastic Evidence Bag Not Used Properly

Eighteen (18) jewelry item numbers from six (6) case numbers were contained inside an envelope while sealed inside a clear plastic evidence bag. While the use of the clear plastic evidence bag is in accordance with the Evidence Collection and Handling Field Guide, containing the jewelry item inside an envelope while sealed inside the clear bag defeats the purpose of using the clear plastic evidence bag. As with the finding on not using clear plastic evidence bags, the jewelry items could not be verified without breaking the seal.



Recommendation

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

Finding 6: Jewelry Items Not Marked Either Property or Evidence

Seven (7) jewelry items from seven (7) 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.

Recommendation

6.1 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.



Finding 7: Jewelry Items Not Itemized in the BEAST Inventory System

The detailed description field for two (2) jewelry items did not sufficiently describe the jewelry contents within the BEAST inventory system. The detailed description for one jewelry item said “misc. jewelry items” while it contained 2 diamond earrings, a medallion pendant, 2 diamond rings, an ornament, a pin, a jewelry cross, a brooch, 2 charms, a necklace, a bracelet, more charms and more earrings. The Evidence Collection and Handling Field Guide states that jewelry will be individually itemized and a detailed description will be provided for each item. Without detailed itemization of jewelry contents, the risk is higher that individual jewelry items could go missing undetected.

Recommendation

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





Other Category Items

Finding 8: BEAST Inventory System Listed A Destroyed Handgun

One handgun item in the gun vault was destroyed two months prior but was still listed in the BEAST Inventory system at the time of our review. The handgun was destroyed on December 13, 2013 per Police and Property Unit documentation (reviewed by the auditor); however, the gun disposition was not updated in the BEAST inventory system as required by the Evidence Collection and Handling Field Guide.

Recommendation

- 8.1 Ensure that all evidence items' disposition is promptly updated within the BEAST inventory system.





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, consists of checks issued and cleared, is performed by the Police Support Division Accountant. This 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 support documentation and required signatures. From the period of January 1, 2013 to December 31, 2013 there were 599 checks issued and 553 cleared checks. From our review of the bank reconciliations and the cleared checks, we noted no exceptions.

Follow-up on Prior Audit Recommendations

In our prior audit report dated March 19, 2013, we made five recommendations. In our follow-up review in August 2013, Police management provided an updated status of each of our recommendations as follows

1. Ensure that the value of cash items are marked either on the outside brown envelope or totaled on the pre-printed currency bag.

Management Response: Staff is reminded of this regularly. Additionally, Sgt. Calhoun randomly inspects for this.

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

2. Ensure that the currency bag with pre-printed form is used for all PPE Unit items with currency. Use of the standard currency bag increases compliance for appropriate signatures and listing of currency by denomination.

Management Response: Staff is reminded of this regularly. Additionally, Sgt. Calhoun randomly inspects for this.

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



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3. Ensure that all vouchers are signed or initialed by both the witness and preparer.

Management Response: A few vouchers have had just one signature but we were able to indicate a second signature on the currency bag itself based on a verification of money in the bag.

Note: There is marked improvement from previous years but still noted two (2) exceptions this year and we will continue to monitor.

4. Ensure that all currency not needed as evidence is deposited in the Property and Evidence bank account in a timely manner as required.

Management Response: Staff is reminded to make timely deposits when money is directed for such.

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

5. Ensure all checks from the PPE bank account be signed for upon release to the payee/owner.

Management Response: For those releases at the window staff is reminded to obtain signature.

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

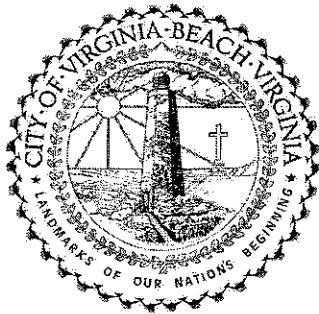


Conclusion

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 implemented 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.



City of Virginia Beach

POLICE DEPARTMENT
OFFICE OF THE CHIEF OF POLICE
(757) 385-4141
FAX (757) 427-9163

VBgov.com
MUNICIPAL CENTER
BUILDING 11
2509 PRINCESS ANNE ROAD
VIRGINIA BEACH, VA 23456

INTER-OFFICE MEMORANDUM

DATE: March 24, 2014
TO: Lyndon Remias, City Auditor
FROM: Chief James A. Cervera *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 fifth 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.

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

Recommendation 1.1 – Monitor closely and ensure that the values of cash items are entered into the “value” field in the BEAST inventory system.

Response: The finding in question involved data entry errors. Staff will be reminded periodically to review and assure the “value” field has been completed.

Recommendation 2.1 – Continue to ensure that all vouchers are signed or initialed by both the witness and preparer.

Response: Staff will be reminded periodically to assure vouchers include two signatures.

Recommendation 3.1 – Continue to ensure that all currency needed as evidence is accurately marked as evidence.

Response: Property and Evidence Unit staff typically does not physically change the property tags on items due to the fact that items periodically change status from either property to evidence or vice versa. In an effort to not degrade the packaging of an item

by removing and then adding staples and tape, the formal status of the items as either property or evidence is updated in the BEAST records system.

Recommendation 4.1 – Ensure that all jewelry items are sealed within clear plastic evidence bags.

Response: The Police Department will address this recommendation in a training bulletin.

Recommendation 5.1 – Require that all jewelry items are visible inside the clear plastic evidence bag.

Response: The Police Department will address this recommendation in a training bulletin.

Recommendation 6.1 – 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.

Response: Property and Evidence Unit staff typically does not physically change the property tags on items due to the fact that items periodically change status from either property to evidence or vice versa. In an effort to not degrade the packaging of an item by removing and then adding staples and tape, the formal status of the items as either property or evidence is updated in the BEAST records system.

Recommendation 7.1 – Require that detailed and itemized description is provided for all jewelry items.

Response: The Police Department will address this recommendation in a training bulletin and determine if policy changes are necessary.

Recommendation 8.1 – Ensure that all evidence items' disposition is promptly updated within the BEAST inventory system.

Response: Staff will be reminded periodically to assure dispositions are promptly updated and to ensure that all items are captured when scanning them into the system.

I appreciate your assistance and the professionalism of your staff during the audit and look forward to again working with you. Our processes have improved as a result of your reviews.