



FINAL

City of Albuquerque
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Internal Audit

Interoffice Memorandum

July 24, 2003

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**To: Gilbert Gallegos, Chief, Albuquerque Police Department
Ann Talbot, Scientific Evidence Division Manager, APD
Art J. Acosta, Evidence Supervisor, APD**

From: Debra Yoshimura, Director, Office of Internal Audit

**Subject: SECOND FOLLOW-UP REVIEW OF AUDIT REPORT NO. 99-111,
ALBUQUERQUE POLICE DEPARTMENT, EVIDENCE UNIT**

The Office of Internal Audit (OIA) completed a second follow-up review of Management Audit Report No. 99-111, Albuquerque Police Department (APD), Evidence Unit (EU). The purpose of our review was to determine if the audit recommendations had been implemented. Many of the recommendations were a result of security issues. The EU has moved to a new facility, the Metropolitan Forensic Scientific Center, in which many of the security controls have greatly improved. We determined the following:

At the time of our first follow-up report, the recommendations on findings No. 4, 5, 6, 9 and 10 were fully implemented. Therefore, those items are not discussed in this follow-up.

RECOMMENDATION NO. 1:

We recommended that the EU develop written procedures to adequately safeguard evidence cash. Procedures should include keeping the safe locked, ensuring separation of duties, and dual control over the cash. Employees should be held accountable for cash held while in their physical control. The cash should be deposited in the bank promptly.

ACTION TAKEN:

The recommendation has been partially implemented. At the time of the first follow-up review, APD had not implemented a couple of the recommended controls. The person who was reconciling the evidence cash bank account was also signing the account checks. In order to ensure separation of duties, that practice has been changed. There are two separate individuals performing the two functions now.

Also, at the time of the first follow-up review, only one person was counting the evidence cash and preparing the deposit. That practice has also changed. OIA was told that two

employees count the evidence cash together and prepare the bank deposit; however, there is no documentation to support this practice.

Additionally, the security controls for the evidence cash have improved since the EU has moved to the new facility. The cash is now kept in a vault with a locked gate during the day. During non-business hours the vault is securely locked, and the alarm is activated.

According to the cash logs that we reviewed, it appears that the EU still holds cash in the vault a long time before making a bank deposit. Most months, the EU only made one deposit. There were two months in our review period in which the EU made no bank deposits at all. This practice significantly increases the risk for loss of the cash. APD's response to this finding in the original audit stated that it would begin depositing the money on a weekly basis.

FOLLOW-UP RECOMMENDATION

We recommend that APD ensure the two employees who count the evidence cash and prepare the bank deposit both sign or initial the work papers as evidence of dual control. Additionally, APD should ensure that deposits are made weekly in order to reduce the risk of loss.

EXECUTIVE RESPONSE FROM APD

“A revised Unit SOP has been written, approved and implemented as a result of this recommendation to address the area of concern by Internal Audit.”

RECOMMENDATION NO. 2:

We recommended that the evidence cash be deposited into a separate non-interest-bearing bank account. We also recommended that a separate general ledger account be set up to reconcile and track the evidence cash. We recommended that a monthly reconciliation be made by someone other than the person making the deposits or signing the checks.

ACTION TAKEN:

The recommendation has been partially implemented. At the time of the second follow-up review, the bank account for the evidence cash had been changed to a non-interest-bearing account. A separate general ledger account has been set up. However, at the time of the follow-up, APD was unable to reconcile the evidence cash to the general ledger.

It appears that no one at the EU is posting the transactions timely, in order to provide an accurate balance in the general ledger. The EU should prepare a transmittal for checks

written and bank deposits the day the transaction takes place so that the APD Fiscal Division can make the appropriate entries to the general ledger. The EU cash journal, the Fiscal Division's records, and the general ledger should reconcile to the bank statement. At the end of fieldwork, the balance discrepancy between the general ledger and the bank was approximately \$650. The balance discrepancy between the EU cash journal and the general ledger was approximately \$9,050.

FOLLOW-UP RECOMMENDATION

We recommend that APD ensure that the checking account remains a non-interest bearing account in order to be in compliance with the legal requirements. Additionally, the EU should ensure that it is preparing its transmittals timely in order to reflect an accurate evidence cash balance in the general ledger.

The Fiscal Division should ensure that it reconciles its records to the bank statement and the general ledger. This should ensure that an accurate balance is reflected in the general ledger. There should be supervisory review to ensure that the EU cash log, the bank statement and the general ledger are reconciled.

EXECUTIVE RESPONSE FROM APD

“The checking account was previously, and is currently, in a non-interest bearing account. A revised Unit SOP has been written, approved and implemented as a result of this recommendation to address the other areas of concern by Internal Audit.”

RECOMMENDATION NO. 3:

We recommended that APD ensure that a complete and accurate evidence inventory is available at all times. It should convert the items entered on the New World System to the Evidence Unit System. At the last follow-up audit, APD was waiting until it purchased and implemented a new system before it committed to consolidating the evidence in the two systems.

ACTION TAKEN:

The recommendation has not been implemented. APD had not yet completed the purchase of the new computerized tracking system. At the time of our fieldwork, the Request for Bid (RFB) was still out, and although the process had been initiated, it had not been completed. The EU is waiting to implement the new system, before it combines the two current systems, and ensures that the evidence inventory is complete.

FOLLOW-UP RECOMMENDATION

We recommend that the APD EU prepare a complete and accurate inventory of the evidence in the new system as soon as possible. The inventory on the two current systems should be combined.

EXECUTIVE RESPONSE FROM APD

“The new Evidence MIS went on-line in May 2003. The data conversion, combining the inventory in the old MIS to the new MIS, occurred on May 28, 2003. The EU is still experiencing problems with the data transfer, as not all the information converted properly. While there is some data entry backlog, all current evidence is being entered into the new MIS. As a back up, the inventory kept in the old MIS is being retained until all of the issues with the new software are resolved. The unit is currently working with the new MIS vender, and City ISD in order to resolve the issues. In addition, the Evidence Unit is still waiting for signature pads and scanners to complete the new MIS. The vendor representatives are due to come out in late July, in an effort to finalize the transition of data, and finish up with training issues. It is estimated that the new MIS will be fully operational by December2003.”

RECOMMENDATION NO. 7:

We recommended that APD consider redesigning the evidence tag to allow recording multiple items on one tag. The EU personnel should reject items that have not been properly tagged. In the original audit, we identified situations where multiple items were recorded on one evidence tag. Due to space limitations, the item descriptions were not complete.

ACTION TAKEN:

The recommendation was not implemented. Although the evidence tags were revised somewhat, the tags are designed for recording one evidence item per tag. The EU responded after the first follow-up review that the new MIS system in EU would be phasing out the current evidence tag, and at that time the method of tagging of evidence would be re-evaluated. We reviewed a sample of 5 evidence items, and noted one exception. The one exception was an evidence item with an incomplete tag. A significant amount of required information was missing on the evidence tag. The EU should have rejected the item and tag, until the submitting officer completed the tag.

FOLLOW-UP RECOMMENDATION

The APD EU should ensure that all evidence tags are complete and accurate before accepting the evidence. Evidence accompanied by incomplete evidence tags should be rejected.

EXECUTIVE RESPONSE FROM APD

“Evidence personnel are required to reject items of evidence that are improperly packaged or fail to have all the necessary information on the tag. The proper packaging and tagging procedures are delineated in the APD SOP for the officers. The new Evidence MIS does not allow an entry if critical information is not included, acting as a second stage check for evidence admission. Current APD SOP allows for remediation by the officer or in some cases by an Evidence Technician. A considerable amount of evidence is rejected on a daily basis and subsequently corrected by either the officer or the Evidence Technician. Rejected evidence is not left at the respective substations.”

RECOMMENDATION NO.8:

We recommended that APD implement additional security measures in the EU, the warehouse and the substations. Alarms should be activated in the high-risk areas. Additionally, all visitors should be required to sign in and out.

ACTION TAKEN

The recommendation has been partially implemented. As stated in the introduction, the EU has moved to new facilities with increased security. Entry to the EU is controlled. Entry to the warehouse areas, where the evidence is stored, requires an access card. However, the up-dated SOPs do not require that the alarms in the high-risk areas be activated until the end of the day, when the whole unit is alarmed.

EU security procedures still require that all visitors sign in and out in a visitors' log book. OIA reviewed the logs for FY03. There were many incomplete log entries. We were unable to determine if there were visitors, who did not register at all.

FOLLOW-UP RECOMMENDATION

For security purposes and to comply with its SOPs, the APD EU should ensure that all visitors sign the visitors' log before entering the evidence room and sign out before leaving.

EXECUTIVE RESPONSE FROM APD

“Retraining of staff was conducted to address this area of concern. The Evidence Unit supervisor will check the sign in and out logs daily to determine if there is a deviation from the policy. If discrepancies are noted, the Evidence Unit supervisor will immediately determine a cause and make the appropriate notation on the log.”

RECOMMENDATION NO. 11:

We recommended that APD improve procedures to review disposal of evidence that is neither narcotic nor guns. We recommended that APD require supervisory review and write this into its SOPs. In the original audit, OIA found a few errors in this area.

ACTION TAKEN

The recommendation has not been implemented; supervisory review of disposal procedures is not required. However, we did not find any errors in the sample of five disposal items that we reviewed.

FOLLOW-UP RECOMMENDATION

APD should consider improving procedures for review of evidence disposal. In the original audit APD responded that the supervisor would take a more “proactive role” in reviewing items released until the new Evidence Unit System is implemented.

EXECUTIVE RESPONSE FROM APD

“When the new Evidence MIS is completely implemented, it will track when items can be reviewed for disposal. Proposals have been made, and approved by the District Attorney’s Office allowing for processes to dispose of misdemeanor evidence from 1999 and earlier, and researched felony evidence to be disposed of, but only after review by the District Attorney. The Evidence Unit SOP has been updated to further detail the items on the disposal and auction lists, allowing a more complete review of what has been disposed of. Certain evidence disposal issues are outside the scope and control of the Unit and Department because of the District Attorney. Notwithstanding any future staff shortages in the Evidence Unit and the outside factors of the District Attorney, disposal should be more efficient.”

RECOMMENDATION NO. 12:

We recommended that APD continue its efforts to update the SOPs for the EU. It should also develop a process to continue to update the SOPs as procedures and systems change.

ACTION TAKEN

The recommendation has been implemented. The EU has completed updating its SOPs, which are current and applicable to the new facility. The EU supervisor stated that the process is continuous, and the SOPs are up-dated as circumstances change.

Other Items Noted During the Follow-Up Audit

This additional item was noted during the second follow up. It is included in this report due to its serious nature.

Fraud at the EU Should be Reported and Investigated

The EU has a checking account used to return confiscated and safekeeping funds to individuals. The APD Fiscal Division performs a monthly bank reconciliation of the EU checking account. The accountant performing the reconciliation discovered some fraudulent checks and bankcard transactions that were charged to the EU bank account in September 2002. The unauthorized external transactions were made, using the EU checking account number. The bank's fraud investigation division was notified and the bank followed its own fraud procedures. However, it is unknown who was responsible for the fraud. The bank reimbursed the EU in the amount of \$1,173.50 for the eight fraudulent checks and the two fraudulent bankcard transactions.

APD closed the checking account involved in the fraud to prevent further fraudulent use of the account number. Additionally, APD and the bank have a positive pay arrangement to ensure that a similar situation does not occur with the new checking account.

APD did not investigate the fraudulent activity; therefore, it is unknown if there was involvement by APD employees. Administrative Instruction No. 1-6 states: "City employees and officials shall promptly notify the Office of Internal Audit of instances of theft or other disappearance of cash, checks or property, of misfeasance or nonfeasance, defalcations, and non-compliance with laws and City regulations of which they are aware." The apparent fraud perpetrated against the City was not reported to the Office of Internal Audit by anyone at APD.

RECOMMENDATION

APD should assign officers outside of the EU to investigate the apparent fraud.

APD should comply with Administrative Instruction No. 1-6, and report any “instances of theft or other disappearance of cash, checks or property, of misfeasance or nonfeasance, defalcations, and non-compliance with laws and City regulations of which they are aware.” to the Office of Internal Audit.

RESPONSE FROM APD

“The Criminal Investigations Division (CID) of the APD will investigate all cases of reported fraud in the Evidence Unit. The Deputy Chief of Police for the CID Bureau will be immediately notified of the case and will be responsible for compliance with the Administrative Instruction noted, as well as coordinating which unit within CID will conduct the investigation.”

DDY/EMM/njt

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