



CITY OF TAMPA

Pam Iorio, Mayor

Internal Audit Department

Cynthia D. Miller, Audit Director

December 3, 2004

Honorable Pam Iorio
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Tampa Police Department, Impound & Auction, Audit 04-02
Tampa Police Department, Property Room, Audit 04-04

Dear Mayor Iorio:

Attached is the Internal Audit Department's report on Tampa Police Department, Impound & Auction, and Property Room, Audits 04-02 and 04-04 respectively.

We thank the management and staff of the Tampa Police Department's Property Unit for their cooperation and assistance during this audit.

Sincerely,

Cynthia D. Miller
Director of Internal Audit

cc: Steven Hogue, Chief of Police
Tina Wright, Assistant Chief of Police
Darrell Smith, Chief of Staff

**TAMPA POLICE DEPARTMENT
ADMINISTRATIVE DIVISION
PROPERTY UNIT
IMPOUND & AUCTION and PROPERTY ROOM
AUDIT 04-02 and 04-04
SEPTEMBER 14, 2004**

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Auditor

Audit Supervisor

Audit Director

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INTRODUCTION

The Tampa Police Department's Property Unit acquires thousands of items annually as a result of law enforcement activities. These items are stored in the Property Room and Impound Lot. Property Unit personnel are responsible for maintaining an accurate inventory and providing adequate security over all held evidence, found property and impounded vehicles. The Versadex System is used to process and record stored property information.

Confiscated property such as vehicles, boats, and bicycles released for disposal is sold at auctions conducted at the Impound Lot. Other miscellaneous items are sent to an Internet auction vendor for disposal. Disposal of weapons, hazardous waste, etc. is made in a method that is appropriate to the specific item.

STATISTICS

	1/01/04 To <u>7/31/04</u>	Calendar Year <u>2003</u>	Calendar Year <u>2002</u>
Evidence Received	19,414	28,414	24,438
Evidence Released	7,880	17,261	14,332
Wrecker Fee Revenue	\$139,734	\$201,824	\$177,461
Storage Fee Revenue	\$74,035	\$115,142	\$120,187
City Code 14-27 Revenue ¹	\$142,405	\$216,250	N/A
LETF Revenue ²	\$145,904	\$169,283	N/A
Auction Revenue	\$177,809	\$222,828	\$273,782
Seized Currency	\$370,586	\$585,456	\$257,716

Source: Property Unit Annual Reports.

¹ Sec. 14-27: Impoundment of motor vehicles used to facilitate prostitution and drug related crimes.

² Law Enforcement Trust Fund

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY04 Audit Agenda. The objectives of this audit were to ensure that:

1. Currency greater than \$5,000 held as evidence and high valued narcotics were adequately safeguarded and accounting records were accurate;
2. Controls over cash not held as evidence were adequate and timely deposits were made;
3. Evidence stored in the Property Room and Impound Lot was not retained longer than necessary;
4. Held evidence was accurately recorded in the Versadex System; and
5. Vehicle auction process was consistent with established procedures and all transactions were adequately accounted for.

STATEMENT OF SCOPE

The audit period covered evidence inventory as of August 17, 2004, and Property Unit activity that occurred from October 1, 2002, to July 31, 2004. Source documentation was obtained from the Property Unit and Impound Lot. Original records as well as copies were used as evidence and verified through physical examination. We limited our audit scope to ensure an uninterrupted chain of custody. To preserve the chain of custody the sealed evidence envelopes were not opened. The contents listed on the Property Record form attached to the envelope were matched to the data listed in the Versadex System.

STATEMENT OF METHODOLOGY

Government Auditing Standards require auditors to determine if computer-processed data are sufficiently reliable to be used in the audit process. The Versadex System is used to process and record information relating to property taken into custody by the Tampa Police Department. Also, the Property Unit utilizes an Access software program to process and record information relating to vehicle auctions. We performed certain procedures to assess the reliability of the computer-processed data. Based on the results of these procedures, the computer-processed data appears to be sufficiently reliable in all material aspects.

The sample size and selection were statistically generated using a desired confidence level of 90%, expected error rate of 5% and a desired precision of +/- 5%. Statistical sampling was used in order to infer the conclusions of test work performed on a sample to the population from which it was drawn and to obtain estimates of sampling error involved. When appropriate, judgmental sampling was used to improve the overall efficiency of the audit.

STATEMENT OF AUDITING STANDARDS

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

AUDIT CONCLUSIONS

Based upon the test work performed and the audit findings noted below, we conclude that:

1. Currency greater than \$5,000 held as evidence and high valued narcotics were adequately safeguarded; however, the Versadex records for the narcotics were not accurate;
2. Controls over cash not held as evidence were adequate and timely deposits were made;
3. Evidence stored in the Property Room and Impound Lot was retained longer than necessary;
4. Held evidence was not accurately recorded in the Versadex System; and
5. The vehicle auction process did not fully follow written procedures; however, all transactions were adequately accounted for.

While the findings discussed below may not, individually or in the aggregate, significantly impair the operations of the Property Unit, they do present risks that can be more effectively controlled.

VERSADEX SYSTEM

To determine the accuracy of the data recorded in Versadex for high value narcotics (one kilogram or more of cocaine or heroin) we performed a 100% inventory of the items secured in the inner vault. We tested the inventory to compare what we actually observed stored in the vault to the Versadex Inventory Report. Additionally, the inventory report listing was compared to our physical inventory. We noted three exceptions. Two packages of evidence listed as being disposed were still in the vault. The first involved the transfer of evidence to court. The TPD Property Transfer form was completed and Versadex updated to show the evidence as disposed and transferred to federal court. When the evidence was returned to the Property Room, Versadex was not updated to reflect that it had been returned. SOP 339 specifically addresses the procedure for the temporary removal and re-entry of property. This procedure must be followed to maintain a record of the chain of custody. The second exception was that Versadex indicated that narcotics were destroyed in a drug burn. However, we found the narcotics listed as being burned in the vault during our inventory. The other exception was that the storage location recorded in Versadex was incorrect.

Our second test was to verify the validity of the information recorded in the Versadex System for items other than high value narcotics. A list of all Versadex data entries from October 1, 2002 through July 31, 2004 was prepared. From this list, a random sample of fifty-two items was selected to be tested. There were four exceptions found. Two of the exceptions involved the transfer of evidence to court. A TPD Property Transfer form was completed for each transaction. However, the transfer was not recorded in Versadex. The other two exceptions were property listed in Versadex as being in the Property Room; however, it was not found in the location listed in the report.

RECOMMENDATION 1

A periodic inventory of high value narcotics stored in the vault should be performed. The inventory should determine if the stored evidence is listed in Versadex and conversely that the items on the system are in storage.

AUDITEE RESPONSE

Concur. Policy will be written.

RECOMMENDATION 2

Spot checks of randomly selected property listed on the Versadex Inventory Report should be made to confirm that the evidence location is correct and that the status is correct.

Compliance with SOP 339 to record all property transfers out and all re-entry of property at both the Property Room and Impound Lot in Versadex should be reinforced. A copy of the high value narcotics Property Transfer form should be sent to the Evidence Services Supervisor who will confirm that the transfer out and re-entry were recorded in Versadex.

AUDITEE RESPONSE

Concur. A policy will be written.

HIGH VALUE NARCOTICS

SOP 339.2 defines high value narcotics as “the amount of narcotics subject to inner vault storage shall be the single entry of one kilogram or more of cocaine or heroin.” During our inventory of the drugs stored in the walk-in vault we noted that two packets of heroin weighing in total of more than one kilo that was not stored in the inner vault. Although each packet weighed less than a kilo, both were seized as evidence on the same case. Property Room personnel agreed that since this was a single entry that the drugs should have been stored in the inner vault.

RECOMMENDATION 3

Property Room personnel with access to the vault should review SOP 339.2 to update themselves on the proper procedures for storing high value drugs.

AUDITEE RESPONSE

Concur.

PROPERTY ROOM SECURITY

We observed a TPD employee that was not a member of the Property Room staff in the break room, which is located inside the Property Room on several occasions. The employee in question had a key to the locked main door of the Property Room. Apparently, at one time the employee was assigned to the Property Room and provided keys to the section. When the employee was assigned administratively to another section in TPD they did not surrender their keys to the Property Room. Good internal control is one where when an employee is reassigned to another unit in the organization that any keys to the section are turned in prior to their departure.

Contracted custodian personnel were observed cleaning the evidence storage area, but were not escorted or under the observation of Property Room staff. The contracted cleaning persons had access to the physical evidence in storage.

The combination to the walk-in safe in the Property Room is only known to the Evidence Services Supervisor, Assistant Evidence Services Supervisor, and the Chief of Police. A common internal control requires that a combination be changed whenever any person who has knowledge of the combination leaves the organization or is transferred to another area in the organization. Another good internal control is to change the combination periodically. The combination was not changed when the previous Police Chief left the City. Also, there is not a written policy addressing when the combination should be changed.

RECOMMENDATION 4

Access to the Property Room should be restricted to the unit's personnel. Other TPD employees holding keys to the section should surrender them.

AUDITEE RESPONSE

Concur. The property section is being re-keyed.

RECOMMENDATION 5

Determine if the custodial personnel should be supervised by Property Room personnel while they are cleaning the evidence storage area.

AUDITEE RESPONSE

Concur. Custodial personnel are to be escorted any time they are in the Property Room.

RECOMMENDATION 6

The combination to the walk-in safe should be changed.

AUDITEE RESPONSE

Concur. The combination has been changed.

RECOMMENDATION 7

A written policy should be developed and implemented as to when the combination to the walk-in safe is to be changed. The policy should also address that keys in possession of the staff be surrendered when they are reassigned within the department or leave it.

AUDITEE RESPONSE

Concur. The combination to the walk-in vault has been changed. This procedure regarding when locks will be changed will be documented into policy.

EVIDENCE SAFEKEEPING

SOP 339 states “Employees of the Tampa Police Department have the responsibility of recording and submitting for secure storage all property which has come into their custody....” The Property Room and Impound Lot have been designated as the secure storage areas. We noted that the Fraud Squad of the Criminal Investigation Division often keeps checks seized as evidence within their office. The checks are considered to be fingerprint evidence and are stored in locked cabinets except when they are under examination. According to the unit this process is used because the checks are reviewed more frequently than other types of evidence would be and are more accessible if held in-house.

RECOMMENDATION 8

The policy for retaining the fingerprint evidence checks at the Fraud Squad should be reviewed. If the review determines that current procedure is viable for the operation of the squad SOP 339 should be amended to reflect that.

AUDITEE RESPONSE

Concur. The procedure for handling check/document evidence will be addressed in a formal policy.

EVIDENCE DISPOSAL PROCESS

The “Evidence Review and Disposal List” details the evidence under the control of an individual officer. It is used to update evidence during the officer’s annual evaluation process. The officer indicates on the list as to whether the evidence should be retained or disposed. A judgmental sample of thirty-nine entries was selected from thirty of the annual individual lists to evaluate the disposal process. According to SOP 339, the final disposition of evidence marked for disposal should be accomplished within 30 days after being identified. Our testing took place five months or more after the evidence disposal authorization date of the items in the sample. There were thirteen items (twelve in the Impound Lot and one in the Property Room) that had not been disposed of. The Assistant Evidence Services Supervisor was unable to determine the reason why the evidence was not removed from storage.

RECOMMENDATION 9

The current process for evidence disposal should be evaluated to determine if additional steps or checks are needed to ensure that the property disposal takes place and it is completed to meet the time objective for disposal stated in SOP 339.

AUDITEE RESPONSE

Concur.

RECOMMENDATION 10

Evidence Review and Disposal Lists should be reconciled to Versadex to determine if other property in storage was marked for disposal.

AUDITEE RESPONSE

Concur.

ONLINE AUCTION

The City of Tampa entered into agreement with Property Bureau.Com INC., for Internet auction of unclaimed goods on behalf of the Tampa Police Department. There are no written procedures for the function some 18 months after the contract was signed.

Property Room personnel are not familiar with the contract and are not monitoring it in any way. Proceeds from the vendor are accepted without question. We noted that the vendor destroyed property that was not sold. Property Room personnel were not aware that the vendor was permitted to destroy items sent for auction that was not sold without permission from the City.

We could not determine if a particular item or items were identified by TPD to be auctioned online. It appears that generally jewelry and watches are the main items sent to be auctioned. Proceeds from the auction from March 2003 through February 2004 were \$4,415. We did not determine whether this amount was reasonable.

RECOMMENDATION 11

Written procedures for the online auction function should be prepared.

AUDITEE RESPONSE

Concur.

RECOMMENDATION 12

The contract with the online auction vendor expires December 18, 2005. TPD should evaluate if the contract is providing the anticipated service and value prior to extending or renewing it.

AUDITEE RESPONSE

Concur.

IMPOUND LOT AUCTION

The July 16, 2004 auction at the Impound Lot was observed. We noted that IDP 606.05 "Auctions" states "an employee from a section other than the Property Room will be utilized during the auctions for the purpose of writing receipts and bill of sale, and for the collection of currency and checks." The current practice is to use only Property Room personnel to perform this task. Also, section III.A.5. of the IDP states...the property will be sold to the highest bidder for cash...however, section B. makes reference to the collection of cash and checks. Payment by check is not accepted at the auction. Finally, personal funds are used for the \$300 bank provided to the cashier.

RECOMMENDATION 13

A petty cash fund should be established to be used as the bank at the auctions.

AUDITEE RESPONSE

Concur. The process has been implemented.

RECOMMENDATION 14

IDP 606.05 should be reviewed and modified as needed concerning the auction operations.

AUDITEE RESPONSE

Concur.

IMPOUND LOT STORAGE FACILITY

The storage area at the Impound Lot is not climate controlled. During a tour of the facility with TPD personnel they stated that some of the evidence appeared to be deteriorating due to the effects of heat and humidity. Whenever possible, the effects of the storage area environment could have on the evidence needs to be considered.

RECOMMENDATION 15

Evidence stored at the Impound Lot should be evaluated to determine if it should be stored in a controlled atmosphere. Evaluate whether climate controlled areas need to be developed or obtained.

AUDITEE RESPONSE

Concur. We agree the evidence at the Impound Lot should be stored in a controlled atmosphere; however, funding was not allocated for this project this fiscal year. Although funding had been allocated in previous fiscal years, these monies were diverted to other capital improvement projects. The Property room Supervisor will continue to submit a request for funding for the acquisition of a climate controlled Impound Lot each fiscal year.