

**TAMPA POLICE DEPARTMENT
SPECIAL SERVICES DIVISION
TPD AIR SERVICE
AUDIT 07-01
JUNE 30, 2008**



CITY OF TAMPA

Pam Iorio, Mayor

Internal Audit Department

Roger Strout, Internal Audit Director

June 30, 2008

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

RE: TPD Air Service, Audit 07-01

Dear Mayor Iorio:

Attached is the Internal Audit Department's report on TPD Air Service.

The Police Aviation Unit has already taken positive actions in response to our recommendations. We thank the management and staff of the Aviation Unit for their cooperation and assistance during this audit.

Sincerely,

/s/ Roger Strout

Roger Strout
Internal Audit Director

cc: Darrell Smith, Chief of Staff
Bonnie Wise, Director of Revenue and Finance
Steven Hogue, Chief of Police
Major John Bennett
Major Marc Hamlin
Captain Cherie Adkins

**TAMPA POLICE DEPARTMENT
SPECIAL SERVICES DIVISION
TPD AIR SERVICE
AUDIT 07-01
JUNE 30, 2008**

/s/ Thomas A. Sanchez

Auditor

/s/ Roger Strout

Audit Director

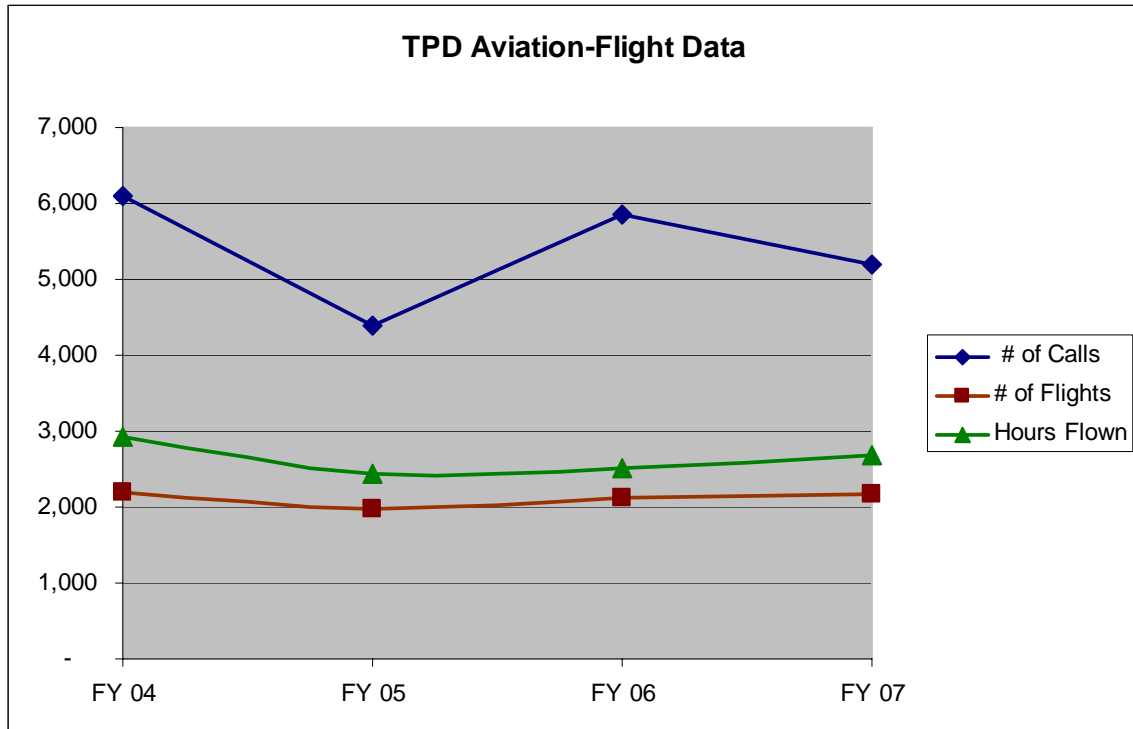
**TAMPA POLICE DEPARTMENT
SPECIAL SUPPORT DIVISION
TPD AIR SERVICE
AUDIT 07-01
JUNE 30, 2008**

INTRODUCTION

Air support for the Tampa Police Department (TPD) is provided by the Aviation Unit (the Unit). The Unit operates as a part of the Special Operations Bureau of the Special Support Division. The Unit currently operates 5 helicopters. Two fixed wing aircraft were sold in 2007 and there are no plans to replace them. The Unit is staffed 24 hours per day, 7 days per week. Overlapping shifts provide the ability to operate multiple aircraft during hours when the need tends to be greatest. The Unit normally patrols specified areas, and while aloft, can respond quickly to support ground operations when needed.

STATISTICS

FLIGHT ACTIVITY



FINANCIAL

	<u>FY06</u> Actual	<u>FY07</u> Actual	<u>FY08</u> Budget
Operating Expenditures	\$943,307	\$883,086	\$1,157,384
Personal Services	<u>1,184,973</u>	<u>1,413,242</u>	<u>1,467,873</u>
Total	<u>\$2,128,280</u>	<u>\$2,296,328</u>	<u>\$2,625,257</u>

PERSONNEL

The Unit has the following complement of personnel:

- 1 Aviation Unit Supervisor
- 1 Chief Pilot
- 5 Pilots
- 6 Tactical Flight Officers (TFO's)
These thirteen positions are sworn Officers

- 1 Director of Maintenance
- 1 Mechanic
- 1 Materials Coordinator
These three positions are civilian

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY07 Audit Agenda. The objectives of this audit were to determine if:

1. Maintenance is effective and in compliance with Federal Aviation Administration (FAA) regulations.
2. Operations (including pilot training and certification) are in compliance with applicable Federal Aviation Regulations.
3. The Unit is meeting its flight hour goals.
4. The parts inventory is accurate and adequately safeguarded, and is adequate to meet maintenance requirements.

STATEMENT OF SCOPE

Based on the work performed during the preliminary survey and the assessment of risk, the audit period covered the operations of the Unit from October 1, 2006, to September 30, 2007. With respect to aircraft disposal, the scope was extended to include the sale of a Bell 407 in April, 2008.

Source documentation was obtained from the Unit, other TPD offices, Purchasing, and General Accounting when appropriate. Original records as well as copies were used as evidence and verified through physical examination.

STATEMENT OF METHODOLOGY

Documentation of all 100-hour and 300-hour maintenance requirements for each of the 5 helicopters was reviewed. All required training, licensing, and medical examinations for each of the 6 pilots was examined. Flight hours were determined from Unit reports and logs. Inventory was tested subject to the limitations described later in this report.

To achieve the audit's objectives, reliance was placed on computer-processed data contained in the City's financial system (FAMIS) and the purchasing system (ADPICS). These systems have been determined in previous audits to be reliable and no additional work was necessary. The database used by the Unit to account for inventory was used as a reference, but price and quantity data contained in the database were not found to be sufficient upon which to draw conclusions. This is addressed further in Objective #4.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT CONCLUSIONS

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

1. Maintenance meets or exceeds FAA requirements.
2. Operations (including pilot training and certification) are in compliance with applicable FAA regulations.
3. The Unit is not meeting its flight hour goals due to maintenance personnel availability and budgetary constraints. New goals may need to be established that reflect the present fiscal environment and the Department's current assessment of flight hours.
4. There are some control weaknesses in the inventory process. This is due primarily to the small administrative staff resulting in a lack of separation of duties. Physical security over inventory is somewhat weakened by insufficient storage space.

NOTEWORTHY ACCOMPLISHMENTS

The Unit reviewed the continuing use of its fixed wing aircraft and determined that it was not cost effective to continue to operate them. Both of these aircraft were sold in 2007, netting approximately \$410,000 for the City and a reducing annual operating expense of approximately \$65,000.

During April, 2008, excess inventory was sold by competitive bid, generating cash receipts in excess of \$150,000.

We commend Unit personnel for identifying ways to reduce their operating costs and converting underutilized assets into cash for the City.

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

FLIGHT HOUR GOALS

The Unit's stated goal is 4 hours of flight time for the night shift, 2-3 hours for the other two shifts, or about 9 hours per day, 365 days per year. For FY07, 2,670 hours were logged, which averages out to 7.3 hours per day.

The maintenance section of the Unit was short one mechanic during part of the audit period. Since periodic maintenance requirements are a function of flight hours, hours were intentionally reduced in order to prevent a backlog of maintenance.

Subsequent Event

The Unit just hired an assistant aircraft mechanic in January, 2008. As he becomes more proficient and assists in maintenance, this would permit more frequent maintenance, and, by extension, would allow additional flight hours.

We have been advised that due to rapidly rising fuel costs and other budgetary constraints, flights during FY09 will normally be limited to 3 hours for the night shifts, 2 hours for each of the other two shifts. This works out to 2555 hours/ year. TPD recently stated that the goal will be further reduced to 2000-2500 flight hours per year in order to further reduce operating costs.

RECOMMENDATION 1

Revise flight hour goals, and document any material variances.

AUDITEE RESPONSE Agree.

The Aviation Unit is analyzing extensive data with regards to calls for services, requests for air service assistance, and required duties as they relate to specific hours of the twenty-four hour period and days of the week. By studying this analytical data, the Aviation Unit is scheduling its flight hours based on the documented demands in attempts to be as effective and efficient as possible. This in turn should reduce the estimated budgeted flight hours from 2,500-3,000 hours for fiscal year 2008, to 2,000-2,500 hours for fiscal year 2009. The Aviation Unit will continue to keep meticulous records of flight hours, gallons utilized and its associated cost.

INVENTORY

The Unit maintains a large inventory of aircraft parts in order to avoid aircraft downtime. Some parts take months to obtain and having a ready supply stocked is necessary to avoid taking aircraft out of flight status for extended periods of time while awaiting parts.

Inventory records are maintained in a Microsoft Access® database. The system is largely a manual system used for recording price quotes, parts receipts, and parts issued via a work order request. The database had 652 different parts (line items) with a carrying value of \$745,000. A complete physical inventory has not been taken in over 5 years.

It is important to note that the database does provide a means to determine when reorder of parts is necessary, and when quotes are solicited, they are recorded in the database. While much of the database is for small, low value items such as nuts, bolts, and bushings, the majority of the dollar value is invested in a relatively few number of items. Sixty items with a unit cost greater than \$1,000 comprise over 75% of the dollar value of the inventory¹.

We noted that there are some opportunities to improve internal control given the relatively high dollar value of many of the parts. Such weaknesses are not uncommon where a limited number of personnel make segregation of duties difficult. We also recognize that implementing controls similar to other City warehousing facilities would require adding personnel at a time when positions are being reduced. Efforts to improve the system will also require time from the maintenance staff, which may not be possible.

¹ Aircraft engines were excluded from these calculations since they were military surplus acquired at no cost.

RECOMMENDATION 2

We recommend that high value items be physically secured, counted, and that current costs be recorded. Acquisitions, issuance via work orders, and adjustments should be documented and reviewed by the Unit Supervisor. Physical inventories of these items could be done by TPD personnel who are not responsible for maintaining the inventory or the database.

AUDITEE RESPONSE Agree.

The Tampa Police Aviation Unit will continue to comply with the Unit Supervisor review of acquisitions, issuance via work orders, and adjustments.

We acknowledge certain deficiencies regarding our current inventory system. Currently, the Aviation Unit has a surplus of non-usable inventory parts that is in the process of being liquidated at this time. This is a large undertaking that we expect to take at least one year. Once this liquidation is complete, then we will begin the search and budget request for a comprehensive computer based inventory system.

The building is equipped with a roll down door that secures the Aviation Unit hangar. The Aviation Unit will continue to secure all doors when no personnel are present at the facility. As surplus of inventory diminishes, smaller high value items that do not require equipment to move will be placed inside the secure parts room. Periodically, the Tampa Police Department Special Support Division will ask that an assigned employee, outside the Aviation Unit conduct a sample audit of the inventory.

Other Audit Observations

During the course of the audit, it came to our attention that a Bell 407 helicopter was sold through a negotiated sale to a private entity in North Dakota. The Chief Pilot and the Director of Maintenance may have had some input into the negotiation.

Once the terms of the sale were agreed upon, the buyer made an arrangement directly with these two persons to fly the helicopter to North Dakota and to provide comprehensive orientation and familiarization with the aircraft being sold.

This would appear to fall under the provisions of the City's Ethics code requiring prior written approval from the Department Director before accepting non-City employment or engaging in active participation in any private business entity. Only the Chief Pilot had a disclosure form on file, for outside employment with a single Florida vendor.

Upon return, both employees submitted the appropriate disclosure and approval forms, indicating that they were self-employed. The forms were approved by the Chief of Police.

We believe that this approval should have been obtained prior to the engagement.