

Memorandum



CITY OF DALLAS
(Report No. A09-015)

Date: August 28, 2009

To: Honorable Mayor and Members of the City Council

Subject: Follow-Up of Audit Recommendations, Dallas Police Department Property Room

The Dallas Police Department (DPD) and the Property Unit personnel are to be commended for their actions on the fourteen recommendations resulting from the “*Audit of Internal Controls at the Dallas Police Department Property Unit*”, dated May 16, 2008. The Property Unit has fully implemented seven of the fourteen recommendations. Additionally, the Property Unit has taken actions which have resulted in partial implementation of the remaining seven recommendations for areas within their control, for example: updating operating procedures, conducting physical inventories on a sample basis, and taking actions to maximize the use of storage space. However, full implementation of the seven recommendations is dependent upon certain factors, such as the availability of funding and *Evidence Manager* Software enhancements. *Attachment A* provides detailed information for the fourteen recommendations included in this audit¹ report.

Summary of Follow-up Audit Results

Fiscal Year Audit Report Issued	Number of Report Recommendations	Recommendations Implemented	Recommendations Partially Implemented
2008	14	7	7*

* DPD cannot fully implement Recommendation No. 10 until the physical space limitations of the Property Room are resolved.

DPD’s inherent risk (risk without considering controls) associated with processing property and evidence remains high. Like other City departments,

¹ The audit objective was to verify that management has taken corrective action(s), the corrective action(s) are achieving the desired results or management has assumed the risk of not taking corrective action(s). This audit was conducted under the authority of the City Charter, Chapter IX, Section 3 and 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

the Property Unit faces resource constraints. However, these constraints create unique challenges for the Property Unit because an unpredictable amount of property and evidence must be processed and stored as received and a significant backlog of property and evidence must also be transitioned into *Evidence Manager*.

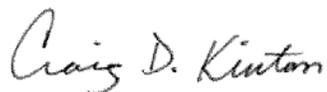
According to Property Unit management, as of July 2009, there is a backlog of approximately 261,000 invoices and 439,000 associated articles from the prior inventory systems (PRIMS and APRIS) that have yet to be transitioned into *Evidence Manager*. Property Unit management estimates that it will take four to six years, at the current personnel resource level and transitioning rate, to enter all articles into *Evidence Manager* and complete the necessary reconciliations.

Due to the City's current budget situation, there is a potential for Property Unit staffing levels to decrease at the end of Fiscal Year 2009. The potential loss of personnel will likely slow property and evidence transitioning rates, drug and weapon disposal rates, and ultimately result in less storage space as the rate of intake exceeds the disposal rate.

We appreciate the cooperation from DPD and Property Unit personnel. This report and the results from the follow-up were discussed with DPD management, but a written response was not requested.

If you have any questions or need additional information, please contact me at 214-670-3222 or Carol Smith, Assistant City Auditor, at 214-670-4517.

Sincerely,



Craig D. Kinton
City Auditor

Attachment A

C: Mary K. Suhm, City Manager
Ryan S. Evans, First Assistant City Manager
Chief David M. Kunkle – Dallas Police Department
Cynthia Villarreal, Assistant Chief of Police – DPD
Zachary Belton, Deputy Chief – DPD
Michael Dromgoole, Manager – DPD Property Room
Leatrice Conwright, Manager – DPD Inspections Unit
Dana Perez, Accreditation Coordinator – DPD

Attachment A

Audit Report	Audit Issues	Audit Recommendations	Audit Follow-Up Results
<p>Audit of Internal Controls at the Dallas Police Department Property Unit, Report No. A08-013 (May 16, 2008)</p>	<p>Property Unit standard operating procedures are not current and do not address all processes performed</p>	<p><u>Recommendation 1:</u></p> <p>The Audit Report recommends the Chief of Police ensures the General Orders and the Property Unit's Standard Operating Procedures (SOPs) are revised to include all activities noted above. Additionally, the SOPs should be written in sufficient detail so that the Property Unit, and other DPD personnel responsible for property and evidence, complies with the following: Applicable state statutes; Dallas City Code; Administrative Directives; DPD management's objectives related to property and evidence.</p> <p>The report also recommends the Chief of Police ensure that revised SOPs are disseminated in an efficient manner to personnel who will be held accountable for adhering to them.</p>	<p>IMPLEMENTED</p> <p>The Property Unit revised their Standard Operating Procedures (SOPs) in January 2009. The SOPs address the processes and procedures followed by the Property Unit to ensure compliance with applicable state statutes, Dallas City Code, Administrative Directives, and DPD management's objectives related to property and evidence.</p> <p>The SOPs have been communicated to Property Unit personnel. Property Unit personnel, by signature, acknowledged reading the revised SOPs.</p>

Audit Report	Audit Issues	Audit Recommendations	Audit Follow-Up Results
	<p>Property Room security and access controls are not functioning as intended</p>	<p><u>Recommendation 2:</u></p> <p>The Audit Report recommends the Chief of Police ensures the internal controls over Property Unit security are in place, functioning consistently, monitored, and documented.</p> <p>The following should be performed:</p> <ul style="list-style-type: none"> • The access code to the main entrance and electronic card-swipe locks for the high-risk areas should be changed regularly and when there is a change in key Property Unit personnel • Property Unit management should create an entry log form to be placed at the entrance for each high-risk area. The entry log should include the date, time of entry, printed name of the individual, purpose of entry, badge number (if applicable), name of the Property Unit personnel, and time of exit • Property Unit management should enforce the two-person rule when Property Unit personnel work in the storage areas designated for money and drugs • Property Unit management should monitor the camera surveillance system periodically and document the results to ensure the camera surveillance system is operating as intended <p>Monitoring of the internal controls over physical security should be documented and maintained at the Property Unit.</p>	<p>IMPLEMENTED</p> <p>The Property Unit installed new proximity locks (card swipe access system) in June 2008. Access to the Property Room and secure areas within the Property Room, such as the drug vault, gun vault, money vault, and computer server room are setup with Property Unit Manager approval. The proximity locks are maintained by DPD Technology.</p> <p>In April 2008, entry logs were revised and/or established to document entry into secure areas within the Property Room such as the drug vault, gun vault, and money vault.</p> <p>The two-person rule for entry into the money vault is followed whenever possible. However, due to personnel availability, there are some circumstances where the two-person rule cannot be followed.</p> <p>This control issue is mitigated by the camera surveillance system. In April 2009, the Property Room was equipped with a camera surveillance system (cameras and software). The system is monitored daily by Property Unit management.</p>

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	<p>Property Unit Management does not have reliable information needed to properly manage and control property and evidence</p>	<p><u>Recommendation 3:</u></p> <p>The Audit Report recommends the Chief of Police ensures an inventory transition plan is developed and documented to include adequate detail on how the transition of PRIMS records into <i>Evidence Manager</i> will be performed. This plan should also include:</p> <ul style="list-style-type: none"> • What instruction and training is to be provided • Who will perform the transition • Estimate of time needed to transition PRIMS records into <i>Evidence Manager</i> by classification of property (firearms, drugs, money, and property) • Discrepancy resolution • Description of the monitoring activities to be performed to provide assurance that PRIMS inventory records are imported completely and accurately into <i>Evidence Manager</i> 	<p>IMPLEMENTED</p> <p>The Property Unit documented the property and evidence transition plan and communicated it to DPD management in September 2008. The elements of the transition plan included procedures outlined in the recommendation as well as other transition procedures determined to be relevant. Based on observation of the transition process, it appears that the procedures in the transition plan are being performed.</p>

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	<p>The Property Unit's inventory tracking system, <i>Evidence Manager</i>, lacks functionality</p>	<p><u>Recommendation 4:</u></p> <p>The Audit Report recommends the Chief of Police ensures additional functionality of automatic notification and batch processing are added to <i>Evidence Manager</i> as soon as possible.</p> <p>Additionally, Property Unit personnel should be provided with detailed training on the additional functionality so that property and evidence is consistently and accurately reflected in the inventory tracking system.</p>	<p>PARTIALLY IMPLEMENTED</p> <p>According to Property Unit personnel, batch processing functionality in <i>Evidence Manager</i> was implemented in January 2009 and is currently being used to process large quantities of invoices for disposition.</p> <p>However, the automated notification functionality has not been implemented. According to the Property Unit Manager, as of May 2009, the automated notification functionality is in the testing stage and is expected to be available in the next several months.</p>
	<p>Physical inventories of property and evidence have not been performed</p>	<p><u>Recommendation 5:</u></p> <p>The Audit Report recommends the Chief of Police ensures routine physical inventories are performed for all classifications (firearms, drugs, money, and property) of items in the Property Unit. The results of the physical inventory should be documented and compared to the inventory tracking system.</p> <p>At a minimum, the documentation should include who performed the inventory, dates the inventory was conducted, discrepancies noted, and associated resolutions. The results of all physical inventories should be documented and retained at the Property Unit.</p>	<p>PARTIALLY IMPLEMENTED</p> <p>Property Unit Supervisors have been performing and documenting quarterly physical inventories, by category (drugs, guns, money and property) and location for a small number of locations since October 2008. Due to technical issues with the inventory tracking system, the Property Unit does not currently have the functionality to conduct large scale physical inventories (all guns, all drugs, etc.). These technical issues have been communicated by Property Unit personnel for resolution and should be resolved by the end of the year. However, significant personnel resources would also be needed to conduct a complete physical inventory.</p>

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	<p>Property Room management does not perform regular and unannounced inventory audits</p>	<p><u>Recommendation 6:</u></p> <p>The Audit Report recommends the Chief of Police ensures Property Unit managers schedule and perform inventory audits on a sample basis at least quarterly. Additional unscheduled inventory audits should be conducted at least once a year and as often as deemed necessary by Property Unit management.</p> <p>As inventory audits are more frequent than physical inventories, the shelf-to-system and system-to-shelf audits should include items from each classification of property and evidence.</p> <p>The results of the inventory audits should be documented and retained at the Property Unit. At a minimum, the documentation for each inventory audit should include who performed the inventory audit, date of the inventory audit, discrepancies noted, and associated resolutions.</p>	<p>PARTIALLY IMPLEMENTED</p> <p>The Property Unit Supervisors are conducting quarterly physical inventory audits on a sample basis, by classification of property and evidence, and documenting the results, timing, personnel who conducted the audits, and discrepancies noted. The Property Unit Manager is judgmentally selecting locations for these quarterly physical inventories and is monitoring the quarterly physical inventory testing performed. Although quarterly inventory audits are performed, they are not consistently being performed within the quarter assigned.</p> <p>In addition to the quarterly physical inventories, Property Unit Supervisors are conducting monthly employee reviews of work processed in <i>Evidence Manager</i> to help ensure data integrity and accuracy of information entered.</p> <p>In June 2009, DPD Inspections Unit personnel conducted an unscheduled inventory to test each classification of property and evidence (drugs, money, guns, property). As of July 14, 2009 DPD Inspections Unit has not released the report.</p> <p>In July 2009, City Auditor personnel conducted a similar inventory audit where 80 invoices (20 invoices from each of the following categories – drugs, guns, money and property) were judgmentally selected for testing. Location references were verified and a comparison of information on the property tags to information in <i>Evidence Manager</i> was performed. One of the 80 invoices (one item) was not located.</p>

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	<p>Internal controls over temporary storage of some property and evidence are not in place or operating as intended</p>	<p><u>Recommendation 7:</u></p> <p>The Audit Report recommends the Chief of Police ensures the DPD General Orders and Property Unit's SOPs establish proper internal controls over the temporary storage and transfer of property and evidence.</p> <p>The Audit Report also recommends DPD periodically review patrol station transfer logs to ensure property held in temporary storage is consistently transferred to the Property Unit according to the established schedule. Additionally, a formal process to track items that were submitted, but returned for correction, should be developed and implemented.</p>	<p>PARTIALLY IMPLEMENTED</p> <p>The Property Unit's Standard Operating Procedures (SOPs) and General Orders relating to evidence and property have been revised (January 2009 and February 2009 respectively). The revisions clarify internal controls over temporary storage and the transfer of property and evidence to the Property Unit.</p> <p>Property Unit personnel are performing periodic reviews of the station property transfer logs. Testing of the property transfer logs for June 2009 through July 13, 2009 indicated that none of the six patrol stations transferred property and evidence as often as required (within seven days of receipt) per DPD General Order 321.05. Property Unit personnel issued an e-mail to the six patrol station Division Commanders on July 15, 2009 reminding them of the transfer requirements established in the General Orders and the revised log document to be used.</p> <p>According to DPD management, effective September 1, 2009, property and evidence will no longer be stored at the individual patrol stations. Field officers will deliver property and evidence directly to the DPD Property Room.</p>

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	<p>Property and evidence packaging requirements have not been sufficiently documented</p>	<p><u>Recommendation 8:</u></p> <p>The Audit Report recommends the Chief of Police develop a property and evidence packaging manual, with example photos by classification (firearms, drugs, money, and property) to ensure that DPD personnel package property and evidence consistently and appropriately. This manual should be distributed to each patrol station and be made available in the Property Unit's packaging area as well as on-line through the DPD on-line training system, Breeze, or through the DPD intranet.</p>	<p>IMPLEMENTED</p> <p>The Property Unit developed a packaging manual in August 2008. The packaging manual was placed in the officer packaging area of the Property Room and copies of the manual were distributed to each patrol station and to the Lew Sterret jail.</p> <p>The Property Unit has revised the packaging manual and the revised manual is scheduled for printing and distribution in August 2009. According to Property Unit personnel, the revised packaging manual will also be available on DPD's intranet.</p>
	<p>The Property Unit does not have a formal process to identify property and evidence that is a candidate for disposal</p>	<p><u>Recommendation 9:</u></p> <p>The Audit Report recommends the Chief of Police ensures the critical functionality of automatic notification for <i>Evidence Manager</i> is acquired as soon as possible to assist Property Unit personnel by identifying property and evidence in the Property Unit that has met the statute of limitations based on offense and that is a candidate for disposal.</p> <p>The Audit Report also recommends the Chief of Police ensures regular dispositions for all classifications of property and evidence are established and followed to assist in more effectively managing inventory, storage, and the workflow of Property Unit personnel and to reduce unnecessary overtime.</p>	<p>PARTIALLY IMPLEMENTED</p> <p>According to Property Unit personnel, the automated notification functionality has not been implemented, but is in the testing stages as of July 2009.</p> <p>The Property Unit has had four weapons and four drug destructions during FY 2009. Regular dispositions of other classifications of property have occurred during FY 2009. The auditor observed items being staged for pick-up by the City store (for resale) and by Green Planet (for destruction and disposal).</p>

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	<p>Storage practices result in inefficient use of shelf space</p>	<p><u>Recommendation 10:</u></p> <p>The Audit Report recommends the Chief of Police ensures the Property Unit discontinues the use of non-fixed storage locations and organizes and stores like-sized packages in fixed storage locations by classification and by offense type to:</p> <ul style="list-style-type: none"> • Maximize the use of shelving space • Increase efficiency of retrieval • Better manage property with high evidentiary value 	<p>PARTIALLY IMPLEMENTED</p> <p>The Property Unit cannot fully implement this recommendation until additional physical space is available. Although the Property Unit has taken several actions to maximize the use of shelving space, increase efficiency of retrieval, and better manage property with high evidentiary value the physical limitations of the Property Room prohibit full implementation of this recommendation. These actions include, but are not limited to, revising the packing requirements, reorganizing a limited number of property and evidence items by packaging size, and expanding the drug vault. The Property Unit is also in the process of purchasing high-density shelving. According to City management, the purchase of high density shelving (\$460,000 in bond funding) is a single bidder item and has been set on the September 23, 2009 City Council Agenda.</p>

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	<p>Property and evidence with potential DNA is not always stored in a climate controlled section of the Property Room</p>	<p><u>Recommendation 11:</u></p> <p>The Audit Report recommends the Chief of Police ensures the Property Unit store all property and evidence items in an environmentally controlled area. Additionally, the Audit Report recommends that the Chief of Police work with City management to evaluate the cost benefit of:</p> <ul style="list-style-type: none"> • Upgrading the current Property Room facility, and/or • Building or acquiring a new facility 	<p>PARTIALLY IMPLEMENTED</p> <p>The entire Property Room is not environmentally controlled at this time. In order to address the recommendation, the Property Unit has moved as much of the property and evidence items with potential DNA evidence inside the climate controlled areas of the facility. However, there is still property and evidence with DNA stored in the uncontrolled climate area of the facility due to space limitations.</p> <p>The Property Unit has been working with the City's Equipment and Building Services (EBS) department to determine the feasibility of converting the remaining portions of the Property Room into climate controlled areas. According to City management, Equipment and Building Services (EBS) selected three consultant proposals and requested and received Request for Proposals (RFP) from each of these consultants. EBS has selected a contractor for the project and will seek approval from the City Council in September. The \$460,000 in general funds required for the climate control project will be encumbered prior to the end of the fiscal year.</p> <p>The Property Room has completed other construction projects to upgrade the facility. These include the renovation of the bathrooms and front counter intake. Additionally, the installation of the backup electrical generator is in progress.</p>

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	<p>Some drug items are improperly stored throughout the Property Room</p>	<p><u>Recommendation 12:</u></p> <p>The Audit Report recommends the Chief of Police ensures all drug items are properly secured in storage areas that have appropriate ventilation systems. The Audit Report also recommends the Chief of Police ensures the Property Unit conducts regular drug destructions to minimize storage space for these high-risk items</p>	<p>IMPLEMENTED</p> <p>Drug items are currently being packaged in specifically designed drug storage bags which are heat sealed. Additionally, the drug vault is currently undergoing an expansion. According to City management, the drug vault expansion construction project is awaiting installation of HVAC for completion.</p> <p>The Property Unit arranged for an indoor environmental quality evaluation in August 2008. According to the December 2008 report, the sample results were within established regulatory guidelines.</p> <p>Additionally, the Property Unit is conducting quarterly drug destructions. The fourth drug destruction in Fiscal Year 2009 occurred on July 22, 2009.</p>
	<p>Regular formal training for handling property and evidence and membership to professional organizations is not required</p>	<p><u>Recommendation 13:</u></p> <p>The Audit Report recommends the Chief of Police ensures entry-level Property Unit personnel receive appropriate training for handling, packaging, and storing high-risk items and hazardous materials. The Audit Report also recommends the Chief of Police encourage the attainment of appropriate professional certifications and memberships for property and evidence personnel.</p>	<p>IMPLEMENTED</p> <p>Property Unit personnel have attended training on handling, packaging, and storing property and evidence provided by the International Association of Property and Evidence (IAPE) during 2008 and 2009. A one-year membership to the IAPE is included in the course registration.</p>

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	<p>The Property Recovery Team's organization placement does not comply with the IAPE standard</p>	<p><u>Recommendation 14:</u></p> <p>The Audit Report recommends the Chief of Police ensures the Property Recovery Team is not under the direction of, or reporting to, the Property Unit Commander.</p>	<p>IMPLEMENTED</p> <p>The Property Recovery Team has been physically moved to DPD headquarters in January 2009.</p> <p>In addition, the Property Recovery Team was moved out from the organizational control of the Property Unit and now reports directly to the Chief who is responsible for the Comp Stat Division.</p>