



Internal Audit Report
APD – Property and
Evidence Audit

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Auditor's Opinion

May 23, 2019

Internal Audit has completed the APD – Property and Evidence Audit. We conducted this engagement as part of our 2019 Annual Audit Plan.

The audit objectives were to:

- Ensure compliance with CALEA Standard 84 – Property and Evidence Control.
 - An annual audit of property and evidence, in compliance with Appendix K, is conducted by a supervisor not routinely or directly connected with control of property and evidence.
- Ensure the reliability and integrity of internal controls that ensure the chain of custody for property and evidence is unbroken.

Internal controls consist of all the measures taken by management to:

- Protect its resources against accidental loss, waste, fraud, and inefficiency;
- Ensure the completeness, accuracy, timeliness, and reliability of accounting and operating data;
- Ensure compliance with federal, state, and local laws, regulations, and internal policies and procedures;
- Promote efficient and effective operations; and,
- Monitor the achievement of management's goals and objectives.

Internal Audit conducted the procedures and issued separate opinions for each engagement objective as noted below.

Objective 1: Ensure compliance with CALEA Standard 84 – Property and Evidence Control.

- Internal Audit tested a sample of items from the inventory system and from items held in storage to ensure that items were properly submitted, documented, packaged, stored, moved, secured, purged, and disposed of in accordance with the prevailing standards, directives, policies, and procedures.

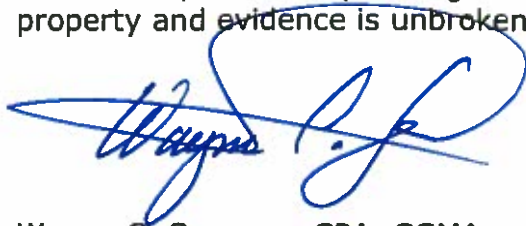
Per CALEA Standard 84.1.6, (t)he annual audit should be a significant representative sampling of property including high risk items (defined as money, precious metals, jewelry, firearms, and drugs.) CALEA standards (per newly issued guidance) require a two-tailed random sampling method to be applied to high risk items. If the agency has 100 or more high risk items, then the annual audit should review a representative sample of 100 risk items (Appendix K).

It is our opinion, based upon the results of our engagement procedures that the City of Aurora Police Department Business Services Division – Property and Evidence Unit has complied with CALEA standard 84.1.6 and Appendix K.

Objective 2: Ensure the reliability and integrity of internal controls that ensure the chain of custody for property and evidence is not broken.

- Internal Audit obtained, reviewed, and evaluated CALEA Property and Evidence Standards, City of Aurora Police Policies and Procedure Directives and Manuals, and other materials related to best practices in property and evidence management.
- We documented the chain of custody process to ensure that sufficient internal controls are present to deter fraud, misuse, and abuse.
- We observed the state of the physical facilities and the practices of the property and evidence staff to ensure compliance with stated policies and procedures.

It is our opinion, based upon the results of our engagement procedures, that the controls in place are operating effectively to ensure the chain of custody for property and evidence is unbroken.

A handwritten signature in blue ink, appearing to read "Wayne C. Sommer". The signature is stylized with a large loop at the end.

Wayne C. Sommer, CPA, CGMA
Internal Audit Manager

Audit Profile

Audit Team

Wayne Sommer, CPA, CGMA – Manager

Michelle Crawford, M.Acct, CIA, CFE – Engagement Supervisor

Sheree Van Buren, CIA – Lead Auditor

Background

Internal Audit conducts this annual engagement to review controls that ensure the chain of custody is unbroken. It is a requirement for the Commission on Accreditation for Law Enforcement Agencies (CALEA) accreditation.

Scope

The scope of our work covered January 1 - December 31, 2018.

Milestone Reports

Milestone 1 Entrance Conference Memo Letter
Milestone 2 Client Evaluation
Milestone 3 Process Controls and Efficiency
Milestone 4 Risks
Milestone 5 Engagement Letter
Fieldwork

Issued Date

January 29, 2019
May 23, 2019
May 23, 2019
May 23, 2019
March 25, 2019
May 23, 2019



Milestone 2 Report
APD – Property and Evidence Audit

May 23, 2019

BACKGROUND

In Milestone 2, we seek a deeper understanding of the client's operating environment and client issues that may affect the engagement objectives and that may influence subsequent engagement procedures. We accomplish this by reviewing policies and procedures, performance measures, statistics, and administering culture and customer service surveys.

PROCEDURES	CONCLUSIONS
<ul style="list-style-type: none"> • <i>Review policies and procedures</i> 	<p>We reviewed the most recent policies, procedures, directives, manuals, and standard operating procedures (SOPs). We did not identify any issues during the review.</p>
<ul style="list-style-type: none"> • <i>Review performance measures</i> 	<p>Property and Evidence (P&E) has relevant performance measures in place. Internal Audit recommends that management determine acceptable ranges for the destruction and correction notice measures. See ISS.1 below.</p>
<ul style="list-style-type: none"> • <i>Issue culture survey</i> 	<p>The survey results point to an overall positive culture within P&E. We believe there are areas where the unit has an opportunity to improve the positive environment.</p> <ul style="list-style-type: none"> ○ <u>Leadership</u>: Overall leadership results were positive. Staff expressed a degree of comfort talking to their supervisors about job-related issues but management is only sometimes receptive to their ideas. ○ <u>Motivation</u>: Staff perceives that all levels should be responsible for achieving area goals.

	<ul style="list-style-type: none">○ <u>Teamwork</u>: Staff perceives high degrees of cooperation within the division and a moderate amount of cooperation among the City departments.○ <u>Communication</u>: Effective communication is critical to a team's success. Staff perception is that communication mostly flows downward and upward. Staff receives communication from above with some caution. Majority of staff perceive that management only somewhat knows the problems they face.○ <u>Decision-making</u>: Staff perception is that decision-making occurs at the top. By increasing staff involvement in how decisions are made, staff may feel more involved and take greater ownership over work-related decisions. Management can benefit from staff's experience and their understanding that comes from being closest to the processes.○ <u>Goals</u>: Staff perception is that goal establishment occurs at the top with little staff discussion or comment.○ <u>Control</u>: Staff perceives review and control functions occurring mostly at the top. Core 4 is important to staff.
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Wayne C. Sommer, CPA, CGMA
Internal Audit Manager

Issue Details

ISS.1 – Performance Measures

Property and Evidence (P&E) has not established acceptable ranges for the performance measures below:

- Monthly Measures:
 - The number of days between the time property/evidence is approved for destruction and the actual date of destruction.
 - The number of corrections sent compared to the number of corrections completed.

Without ranges, the unit is not able to assess the efficiency or effectiveness of the P&E procedures.

Establishing acceptable, yet challenging, ranges will enable the unit to monitor progress and/or make operational changes to meet performance measures. "For performance measures to have meaning and provide useful information, it is necessary to make comparisons. The comparisons may evaluate progress in achieving goals/targets and assess trends in performance over time"¹.

Recommendation

Using historical data, we recommend that Management establish appropriate ranges for the disposal and correction notice performance measures.

Management Response

The Property and Evidence Team will research the historical data and come up with the appropriate ranges to monitor this measure.

Estimated Implementation Date: June 30, 2019

Issue Contributor: James Lesnansky

Issue Final Approver: John Schneebeck

¹ <https://www.nap.edu/read/11344/chapter/5>

Internal Audit Observations

Drug Disposal Issue

The Property and Evidence (P&E) unit currently has over one ton of drugs in the unit's storage locations and at least one ton of drugs ready for disposal. Per discussion with the P&E Management team, the unit has not been able to incinerate drugs (authorized for disposal) since December 2017. The prior method of taking drugs to the incinerator at Denver International Airport is no longer an option.

The longer property and evidence that is authorized for disposal sits undisposed, the more susceptible the property and evidence is to theft, misuse, or loss. Holding property that could be disposed takes up space that P&E could use for current case property and evidence storage.

Aurora Police Department Special Operations Bureau is preparing an application to request funding from the Marijuana Enforcement Grant (to be awarded in June 2019.) Included in the request is funding for an incinerator.

Obtaining an incinerator and preparing it for operation is a long-term effort. As an interim solution, the P&E unit is requesting approval from the Aurora Police Department Chain of Command to perform a one-time landfill dump.

This observation is not an Internal Audit finding, as Management was aware of the issue and researching a solution prior to the engagement. However, Internal Audit believes this issue represents a significant risk and will monitor the progress of this long-term project using the standard Team Central tracking system.

Management Response: The Property and Evidence Unit has been authorized to do a onetime disposal of Marijuana at the dump This will occur prior to the end of April. Also, the department is waiting to see if it will be the recipient of the Marijuana Enforcement Grant. This should be known around the first of June.

P&E Culture

We created and issued a culture survey based on Rensis Likert's Four Systems of Management² to Property and Evidence staff. The survey questions fall within the following categories:

- Leadership
- Motivation
- Teamwork
- Communication
- Decision Making

² <https://www.pocketbook.co.uk/blog/tag/likerts-four-management-systems/>; <https://www.business.com/articles/management-theory-of-rensis-likert/>; Rensis Likert studied people, group dynamics, values, and management styles, developing his theory on the systems of management. The survey was also adapted from work performed by the Commonwealth Centers for High-Performance Organizations (CCHPO).

- Goals
- Controls

The unit scored high in the areas of leadership, motivation, and teamwork. The survey highlighted that the unit can make improvements in the areas of communication, setting goals as a team, and including staff in decision making (where feasible). When staff feels their ideas are not incorporated into the decisions affecting them or incorporated into the goals they play a role in achieving, staff become less motivated to work towards accomplishing established goals and may feel less satisfaction and loyalty within the organization.

The Participative system (System 4) is considered the most productive management system. In a Participative system staff:

- Need *and* want to do a good job at work (*emphasis added*)
- Produce excellent work products without much external control or direction
- Have challenging work assignments
- Experience professional development
- Receive recognition for contributions

In this system, management incorporates staff ideas in establishing goals, reaping the benefit of motivated and loyal staff members.

We recommend P&E management consider ways to increase staff involvement in setting unit goals and providing input on decisions that affect their work. Combining these efforts may increase the culture survey scores in the areas of communication, goals, and decision making.

Management Response: The Leadership Team did the first all unit inclusive planning session this year. The team has been researching the recommendations provided by the staff and looking at implementing some of the suggestions.



Milestone 3 Report
 APD – Property and Evidence Audit

May 23, 2019

Internal Controls

In Milestone 3, we seek to determine whether appropriate controls exist for key processes and whether these processes are efficient. We flowchart and perform walkthroughs of key processes, identifying missing controls and process inefficiencies.

PROCEDURES	CONCLUSIONS
<ul style="list-style-type: none"> Flowchart key processes. Evaluate key processes for missing or weak internal controls, efficiency issues, and IT related issues. 	<p>We flowcharted and evaluated the processes related to the following activities:</p> <ul style="list-style-type: none"> Evidence drop-off Intake and storage Release and return to courts Officer check in/out Release to owner Disposal and interdepartmental transfers Inventory process <p>Our review did not identify missing or weak internal controls or inefficient processes.</p>
<ul style="list-style-type: none"> Determine any impact on fieldwork procedures. 	<p>There is no impact on the planned fieldwork procedures. Internal Audit originally planned for and will perform testing over the following activities:</p> <ul style="list-style-type: none"> Officer check in/out of property and/or evidence Release of personal property (disposal)

Wayne C. Sommer, CPA, CGMA
 Internal Audit Manager

Internal Audit Observations

The National Integrated Ballistic Information Network (NIBIN) automates ballistics evaluations and provides actionable investigative leads in a timely manner. NIBIN is the only interstate automated ballistic imaging network in operation in the United States and is available to most major population centers in the United States.

Prior to the opening of the Regional Crime Lab, the Aurora Police Department (APD) crime lab staff triaged and transported fired cartridge cases to the Denver Police Department for submission into the NIBIN system (by DPD crime lab staff). After the opening of the regional lab in Q4 2018, APD personnel, rather than Regional Lab personnel, have been transporting the cartridge cases to the DPD Crime Lab. Denver Police Department crime lab staff is triaging and entering cartridge cases into NIBIN.

Per discussion with Lt. Tim DuFour, Crime Lab Director, the lab was waiting for fiber optic capabilities and computer hardware. The fiber optics and hardware have arrived to the lab. The next step is to wait for the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) to finish installation of the hardware. This will enable APD to bring all activities in house and increase the regularity of entering the cartridges.

This observation is not an Internal Audit recommendation because Management was aware of the matter and the temporary transition of duties to DPD is the result of not having the NIBIN program fully operable at the crime lab. As this is a significant procedure, that involves Property and Evidence and APD as a whole, Internal Audit will monitor the progress of bringing the procedures in-house using the standard Team Central tracking system.



Milestone 4 Report
APD – Property and Evidence Audit

May 23, 2019

Risk

In Milestone 4, we seek to assess the impact of identified risks on the engagement objectives, scope, and planned test work procedures. We accomplish this by discussing risk in key areas with the client and comparing risk responses to leading practices.

PROCEDURES	CONCLUSIONS
<ul style="list-style-type: none">• <i>Assess IT Risk</i>	No additional IT issues noted. During fieldwork, Internal Audit will verify the system information to the physical inventory and vice versa, assessing the accuracy of record keeping within Versadex. We will also assess the check-in/check-out report.
<ul style="list-style-type: none">• <i>Assess Governance Risk</i>	We assessed the governance level as excellent ³ . There are formal procedures in place for the governance of the unit. The processes are comprehensive and operating effectively.
<ul style="list-style-type: none">• <i>Assess Fraud Risk</i>	We assessed the fraud risks and controls. We did not identify additional fraud risks or general risks that would impact the planned audit objectives or fieldwork procedures.

Wayne C. Sommer, CPA, CGMA
Internal Audit Manager

³ Excellent: The governance processes are comprehensive and operating effectively.
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Fieldwork Report
APD – Property and Evidence Audit

May 23, 2019

Fieldwork

In Fieldwork, we seek to obtain sufficient competent evidential matter to afford a reasonable basis for conclusions on the engagement objectives. We accomplish this by performing tests, data analysis, and any other means necessary.

OBJECTIVES	CONCLUSIONS
<ul style="list-style-type: none">• <i>Ensure compliance with CALEA Standard 84 – Property and Evidence Control.</i><ul style="list-style-type: none">• <i>An annual audit of property and evidence, in compliance with Appendix K, is conducted by a supervisor not routinely or directly connected with control of property and evidence.</i>	The City of Aurora Police Department Business Services Division – Property and Evidence Unit has complied with CALEA standard 84.1.6 and Appendix K.
<ul style="list-style-type: none">• <i>Ensure the reliability and integrity of internal controls that ensure the chain of custody for property and evidence is unbroken.</i>	The controls in place at the Property and Evidence Unit are operating effectively and ensure the chain of custody for property and evidence is unbroken.

Wayne C. Sommer, CPA, CGMA
Internal Audit Manager

Issue Details

Issue 1 (ISS.1 – Performance Measures) was included in the Milestone 2 report.

ISS.2 – IT-Developed Query Reports

Aurora Police Department uses the Versadex system to manage property and evidence. The City Information and Technology Department (IT) developed query reports to pull the population data from Versadex according to Property and Evidence requested specifications.

During our audit, eight of the items chosen from property storage to trace to the Versadex system inventory were not included in the IT-developed property query reports. (We did assure ourselves that all items were in the database.) The query reports should pull all items under the specific property types (articles, guns, jewelry, securities, and drugs).

Internal Audit relies on these reports to choose our audit samples; the report's accuracy and completeness is important and integral to our ability to conduct the audit. Audit sampling risk increases if the data set is incomplete. Sampling risk is defined as the risk that the internal auditor's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same audit procedure.⁴

Recommendation

We recommend IT review the query report coding to ensure each report pulls all items under the specific property types.

Management Response

Deann Robertson, IT Public Safety Supervisor, has initiated an IT service ticket to review the report coding and address this matter.

Estimated Implementation Date: September 30, 2019

Issue Contributor: Deann Robertson

Issue Final Approver: Aleta Jeffress

⁴ Institute of Internal Auditors Practice Advisory 2320-3: Audit Sampling