

AUDIT TEAM

Jim Williamson, CPA, CIA, City Auditor

Matt Weller, CPA, Assistant City Auditor

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**POLICE DEPARTMENT
ASSET FORFEITURE PROGRAM**

**FOR THE TWO YEARS ENDED
DECEMBER 31, 2008**

MAYOR AND CITY COUNCIL

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<i>Gary Marrs</i>	<i>Ward 1</i>
<i>Sam Bowman</i>	<i>Ward 2</i>
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<i>Patrick Ryan</i>	<i>Audit Committee, Ward 8</i>



October 6, 2009

The Mayor and City Council:

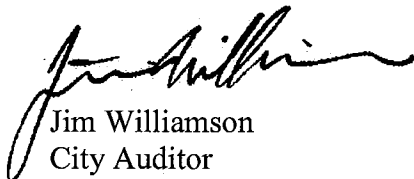
The Office of the City Auditor has completed an audit of the Oklahoma City Police Department's (OCPD) Asset Forfeiture Program. Results of our audit indicate Asset Forfeiture Program receipts were materially accurate and complete, related disbursements were valid and complied with applicable regulations, and related controls were reasonably adequate during the two years ended December 31, 2008.

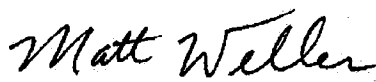
Recommendations discussed in more detail in the attached report are summarized as follows:

- Processes to notify the OCPD Asset Forfeiture Coordinator (Coordinator) of drug-related cases involving seized cash and vehicles should be strengthened to ensure that the Coordinator is completely informed of cases that may meet forfeiture criteria. See Recommendations 1 and 2.
- An inventory of forfeited property placed in use should be maintained in accordance with State statutes. See Recommendation 3.
- The completeness and accuracy of cash on hand in the Property Room should be verified through an annual physical inventory. See Recommendation 4.

We also evaluated the status of recommendations relating to drug-related cash seizures included in our previous audit report dated December 2, 2003. Management has addressed our previous recommendations as of December 31, 2008. However, the possibility of prosecuting agencies electronically transferring asset forfeiture funds to the City should be revisited. See Status 6.

The content and emphasis of the items in this report have been discussed in detail with appropriate representatives from management. These discussions were held to assure a complete understanding of the recommendations and observations arising from our audit. Management's responses are attached to this report in their entirety.


Jim Williamson
City Auditor


Matt Weller
Assistant City Auditor


Janet McWilliams
Audit Manager

POLICE DEPARTMENT ASSET FORFEITURE PROGRAM

AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

The objectives of this audit were to:

- Evaluate the adequacy and determine the effectiveness of controls reasonably ensuring Asset Forfeiture Program receipts are accurate and complete and related disbursements are valid and comply with applicable regulations during the two years ended December 31, 2008.
- Evaluate the status, as of December 31, 2008, of recommendations and related management responses included in our previous audit report dated December 2, 2003 relating to drug-related cash seizures.

The Oklahoma City Police Department's (OCPD) Special Investigations Division administers the Asset Forfeiture Program. Assets seized by OCPD in drug-related cases may be forfeited upon successful prosecution of the case. Program revenues consist of seized assets shared by prosecuting agencies (i.e. cash or vehicle/property sale proceeds) upon successful forfeiture. Seized vehicles and property may also be placed into use upon successful forfeiture. Program expenditures of federal case proceeds must be for law enforcement purposes, while state case proceeds may be for any municipal purpose and all expenditures must be for purposes without an existing permanent funding source. Asset Forfeiture fund revenues totaled approximately \$3.6 million, while fund expenditures totaled approximately \$4.2 million for the audit period.

Procedures performed during this audit included management interviews; review of applicable Federal regulations, State statutes and agreements with local prosecuting agencies; confirmation of revenues with prosecuting agencies; review of case logs and supporting incident reports; and examination of deposit receipts and disbursement details. Assessing the completeness of OCPD's classification of drug-related cases was considered outside the scope of this audit.

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 audit 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. Each recommendation included in this report is immediately followed by management's response. Management's responses are attached to this report in their entirety.

RESULTS OF WORK PERFORMED

Results of our audit indicate Asset Forfeiture Program receipts were materially accurate and complete, disbursements were valid and complied with applicable regulations, and related controls were reasonably adequate.

The OCPD Property Room notifies the Asset Forfeiture Coordinator (Coordinator) of cases involving drug-related cash seizures. The OCPD Information Desk notifies the Coordinator of cases involving drug-related vehicle seizures. The Coordinator may identify additional property eligible for forfeiture when associated with a case involving seized cash or vehicles. The Coordinator files cases meeting forfeiture criteria with the appropriate prosecuting agency. Upon successful forfeiture, OCPD may receive a share of the seized cash and vehicle/property sale proceeds from the prosecuting agency or may receive permission from the prosecuting agency to place the seized vehicles/property into use.

Comment 1

The Property Room classified 805 cases as drug-related on their case log during the audit period. The Property Room case log included 31 cases that were not on the Coordinator's case log. Of these cases, 10 were filed by the Coordinator but not logged. The Coordinator was not notified of 21 cases that should have been filed with the prosecuting agency. One of those cases would have met the \$2,500 threshold for equitable sharing of revenue and the OCPD's share could have been approximately \$3,900.

Recommendation 1

The Coordinator should log all cases received from the Property Room and establish a monthly process for reconciling the Coordinator case log to the Property Room case log.

OCPD Response 1

Agree. A monthly reconciliation process has been established and implemented between the Property Management Unit and the Asset Forfeiture Coordinator. This reconciliation will be included in the Standard Operating Procedures (SOP's) for both units.

Comment 2

The Coordinator's vehicle log included seized vehicles related to 218 drug-related cases. The Coordinator received notification from the OCPD Information Desk upon seizure for 87 of these cases. Notification for the remaining 131 cases was received after seizure through various other methods including, but not limited to, calls from the owners requesting release of their vehicles.

Of the 218 drug-related cases involving seized vehicles, 25 cases involving 33 seized vehicles were filed with the prosecuting agency from which OCPD received proceeds relating to the sale of two of these vehicles. Cases related to 28 of the seized vehicles are pending, while court order required two seized vehicles be returned to owners and one be placed in use by another local law enforcement agency.

Recommendation 2

A consistent process should be implemented to ensure the Coordinator is notified of all vehicles seized in drug-related cases. For example, all cases involving seized vehicles could be submitted to the Coordinator for review.

OCPD Response 2

Agree with modification. A process is currently being established between the Information Desk personnel and the Asset Forfeiture Coordinator regarding notification of drug related vehicle impounds. Once a process is established and implemented the SOP's will reflect this process. This process will be established and in place by November 30, 2009.

Comment 3

State statutes allow forfeited property to be placed in use, but require that an inventory of the property be maintained. Additionally, court orders often require property placed in use be returned to the prosecuting agency upon disposal. While an inventory of forfeited vehicles placed in use is maintained, an inventory of forfeited property placed in use is not maintained by OCPD.

Recommendation 3

OCPD should maintain an accurate inventory of forfeited property placed in use in accordance with State statutes.

OCPD Response 3

Agree. With the exception of forfeited vehicles, any other property that is forfeited will not be placed into use by the Police Department unless authorized by the Chief of Police or designee. The Asset Forfeiture Coordinator's SOP will be amended to reflect the aforementioned statement. In the event any forfeited property is placed into use, the Asset Forfeiture Coordinator will maintain an inventory of such property. This modification will be in place by November 30, 2009.

OTHER ISSUES

Comment 4

The Property Room cash log is not reconciled to the total of the bank account balance and physical cash on hand. OCPD Standard Operating Procedures effective January 1, 2000 require an annual physical inventory of cash on hand in the Property Room. A physical inventory of cash on hand was last performed in 2003. Periodic physical inventories are important to ensuring the accuracy and completeness of the Property Room accounting records and safeguarding cash on hand.

Recommendation 4

OCPD should perform an annual physical inventory of cash on hand in the Property Room. The Property Room cash log should be reconciled to the total of the bank account balance and the physical inventory of cash on hand with investigation of material reconciling items and adjustments to the cash log as necessary.

OCPD Response 4

Agree with modification. A process will be established where the Property Management Unit will perform an annual physical inventory of the cash on hand. The cash log will be reconciled to the total of the bank account balance and cash on hand on a regular basis. The established process will be included in the Property Management Unit's SOP by November 30, 2009.

STATUS OF RECOMMENDATIONS FROM PRIOR AUDIT

The status, as of December 31, 2008, of recommendations and related responses included in our previous audit report are presented below. Each status is immediately followed by management's response.

Status 5

Implemented. Procedures have been modified to restrict employees with responsibilities for administration and record keeping from physical access to assets as recommended.

OCPD Response 5

Agree. Current procedures are still in place restricting physical access to assets as recommended in the previous audit. The Asset Forfeiture Coordinator currently only has access to vehicles and property, not money.

Status 6

Substantially Addressed. Checks are currently used to transfer funds to/from prosecuting agencies, and as noted in Status (1), procedures have been implemented to restrict the access of employees with responsibilities for administration and record-keeping. However, we recommend that management revisit with prosecuting agencies the possibility of transferring funds electronically to the City to further enhance the efficiency and security of the process.

OCPD Response 6

Agree with modification. Efforts will be made to establish electronic transfer procedures with prosecuting agencies for asset forfeiture funds being dispersed to the City.



MEMORANDUM

The City of
OKLAHOMA CITY
Police Department

TO: Jim Williamson, City Auditor
THROUGH: James D. Couch, City Manager *JDC*
FROM: William Citty, Chief of Police *WC*
DATE: September 11, 2009
SUBJECT: Audit #09-05 Police Asset Forfeiture Fund



The following are management's responses to recommendations outlined in the Asset Forfeiture Program audit:

1. Agree. A monthly reconciliation process has been established and implemented between the Property Management Unit and the Asset Forfeiture Coordinator. This reconciliation will be included in the Standard Operating Procedures (SOP's) for both units.
2. Agree with modification. A process is currently being established between the Information Desk personnel and the Asset Forfeiture Coordinator regarding notification of drug related vehicle impounds. Once a process is established and implemented the SOP's will reflect this process. This process will be established and in place by November 30, 2009.
3. Agree. With the exception of forfeited vehicles, any other property that is forfeited will not be placed into use by the Police Department unless authorized by the Chief of Police or designee. The Asset Forfeiture Coordinator's SOP will be amended to reflect the aforementioned statement. In the event any forfeited property is placed into use, the Asset Forfeiture Coordinator will maintain an inventory of such property. This modification will be in place by November 30, 2009.
4. Agree with modification. A process will be established where the Property Management Unit will perform an annual physical inventory of the cash on hand. The cash log will be reconciled to the total of the bank account balance and cash on hand on a regular basis. The established process will be included in the Property Management Unit's SOP by November 30, 2009.
5. Agree. Current procedures are still in place restricting physical access to assets as recommended in the previous audit. The Asset Forfeiture Coordinator currently only has access to vehicles and property, not money.

