

AUDIT TEAM

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**POLICE DEPARTMENT
FIREARMS AND AMMUNITION
INVENTORIES**

OCTOBER 8, 2019

MAYOR AND CITY COUNCIL

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<i>James Greiner</i>	<i>Audit Committee, Ward 1</i>
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October 8, 2019

The Mayor and City Council:


The Office of the City Auditor has completed an audit evaluating the adequacy and effectiveness of controls over Police Department firearms and related ammunition inventories as of December 31, 2018.

Based on the results of our audit, we believe that overall, OCPD firearm and ammunition inventories were accurate and complete as of December 31, 2018; however, implementation of certain controls is needed to ensure accountability for firearm and ammunition inventories and improve efficiency.

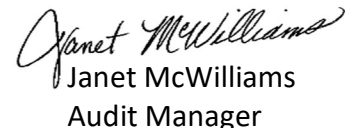
Recommendations discussed in more detail in the attached report include:

- Periodically, firearm and ammunition purchases should be reconciled to inventory additions and firearms removed from inventory should be reviewed for validity by personnel not responsible for ordering, receiving or custody of the inventory. See Recommendation 1.
- Physical counts should be performed or observed by personnel that are not responsible for custody of the inventory and issuances of ammunition by Firearms Training Unit staff to themselves should be prohibited. See Recommendations 2 and 4.
- Replacement of the Access database used for the firearms inventory and the ammunition inventory system with a system adequate for managing the inventories should continue to be pursued. See Recommendations 3 and 4.

All comments, recommendations, suggestions, and observations arising from our audit have been discussed in detail with appropriate representatives from management. These discussions were held to assure a complete understanding of the content and emphasis of the items in this report. Management's responses to the recommendations in this report are attached. Certain sensitive information has been omitted from this report. This information has been provided to management in a separate communication.


Jim Williamson
City Auditor


Matt Weller
Assistant City Auditor


Janet McWilliams
Audit Manager

**POLICE DEPARTMENT
FIREARMS AND AMMUNITION INVENTORIES**

AUDIT OBJECTIVE, BACKGROUND, SCOPE AND METHODOLOGY

The objective of this audit was to evaluate the adequacy and effectiveness of controls over Police Department (OCPD) firearms and related ammunition inventories as of December 31, 2018.

OCPD’s Firearms Training Unit (FTU) provides firearms training for recruits and commissioned police officers and purchases, issues, and manages firearms and ammunition inventories. The FTU is located at the OCPD Pistol Range and is staffed by a Police Lieutenant and two Police Sergeants.

OCPD’s firearms inventory consists of firearms issued to commissioned police officers, unissued firearms stored at the Pistol Range, and firearms assigned for specific purposes that may be issued to a commissioned police officer or stored at a location other than the Pistol Range. The FTU reported an inventory totaling 3,080 firearms on February 1, 2019¹ as included in Exhibit 1.

Exhibit 1

Assignment or Storage Location	Firearms	
OCPD Commissioned Police Officers	1,744	
OCPD Pistol Range	733	*
OCPD Ballistics Testing	401	*
OCPD Tactical Team	150	*
Fire Department	29	
OCPD Training Center	13	*
OCPD Emergency Response Team	9	*
OCPD Property Room	1	*
Total	3,080	

*Count includes unissued firearms.

All unissued ammunition inventory is stored at the Pistol Range. Ammunition inventories totaled nearly 1.7 million rounds as of December 31, 2018.

Firearm and ammunition inventory values are estimated to exceed \$1.5 million² and approach \$500,000³, respectively.

Policies governing firearm and ammunition inventories include:

- The OCPD operations manual and FTU standard operating procedures,
- City policies for inventories of non-capitalized, non-consumable items and items that will be used or consumed in normal operations of City functions.

¹ The firearms inventory reported by FTU on February 1, 2019 was the firearms inventory as of December 31, 2018 adjusted for differences identified through their process for physically counting the inventory.

² The estimate was calculated by determining a median price based on high and low prices provided by FTU personnel for firearm types accounting for the largest portion of the inventory.

³ The estimate is based on ammunition inventory values reported by the FTU to the City’s Accounting Services Division as of June 30, 2018.

Procedures performed during this audit included interviewing management; reviewing policies and procedures; observing work processes; examining inventory records and documentation supporting inventory procedures; and inspecting inventory.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). GAGAS requires 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. Certain sensitive information has been omitted from this report. This information has been provided to management in a separate communication.

The following section of this report includes recommendations intended to provide constructive suggestions for improving management of police firearms and ammunition inventories. Each recommendation is immediately followed by management's response. Responses from management are attached to this report in their entirety.

RESULTS OF WORK PERFORMED

Overall, OCPD firearm and ammunition inventories were accurate and complete as of December 31, 2018; however, implementation of certain controls is needed to ensure accountability for firearm and ammunition inventories and improve efficiency.

Segregation of Employee Responsibilities

Comment 1

The Lieutenant in charge of the FTU orders firearms and ammunition, may receive the orders, can physically remove inventory on hand, and update or initiate inventory record updates⁴.

The FTU staff consists of only three employees, making appropriate segregation of employee responsibilities difficult. Segregation of inventory ordering, receiving, custody, and recordkeeping responsibilities is not addressed in FTU standard operating procedures.

Without segregation of inventory ordering, receiving, custody, and recordkeeping responsibilities, or effective compensating controls, theft of purchased firearms or ammunition could occur without detection.

⁴ Firearm orders can be directly entered into the firearm inventory records by the Lieutenant, while the packing slips for ammunition orders are forwarded to the Lieutenant's supervisor to be entered into the ammunition inventory records.

Recommendation 1

To compensate for the difficulty of segregating FTU staff responsibilities due to the small size, the FTU Lieutenant's supervisor or another OCPD employee not responsible for firearm and ammunition inventory ordering, receiving, or custody should periodically:

- Reconcile firearm and ammunition purchases recorded in the City's PeopleSoft financial system to inventory additions, and
- Review documentation supporting firearms removed from inventory for validity.

OCPD Response 1

Agree with recommendation. By December 31, 2019, the FTU will update its Standard Operating Procedures (SOPs) to require the captain over the FTU (or a designee chosen by the captain who is not directly responsible for the firearms and ammunition inventory) to periodically:

- *Reconcile firearm and ammunition purchases recorded in the City's PeopleSoft financial system to inventory additions; and*
- *Review documentation supporting firearms removed from inventory.*

Comment 2

Physical counts of firearm and ammunition inventories are conducted by the same personnel that are responsible for the inventory. FTU staff conduct the physical counts of firearms and ammunition stored at the Pistol Range as required by standard operating procedures, while physical counts of firearms stored at other locations for specific purposes (e.g. Ballistics, Tactical Unit, etc.) are conducted by specific personnel assigned responsibility for those firearms. City policies for non-capitalized inventories require physical counts be observed or performed by personnel not responsible for custody of the inventory.

Without segregation of inventory custody and physical count responsibilities, theft of firearms or ammunition could be concealed through physical counts without detection.

Recommendation 2

Physical counts of firearm and ammunition inventories at the Pistol Range and firearms stored at other locations for specific purposes should be conducted or observed by personnel that are not responsible for the inventory.

OCPD Response 2

Agree with recommendation. By December 31, 2019, the FTU will update its SOPs to require the captain over the FTU (or a designee chosen by the captain who is not directly responsible for the firearms and ammunition inventory) to conduct or observe the annual physical count of firearms and ammunition inventory at the FTU. Furthermore, the captain over the FTU will work with the Ballistics Lab and Tactical Unit supervisors to update their individual unit SOPs to require a non-custodial supervisor to observe the annual inventory conducted in their respective areas.

Computerized Inventory Records

Comment 3

The Access database used for the firearms inventory is not adequate for managing the inventory. All information relevant to managing the inventory is not available within the database and managing the inventory using the database is inefficient. The database:

- Includes only a single field for entry of the last activity date (e.g. date of purchase, issuance, return, identified for trade or destruction, etc.)⁵.
- Does not include original values for the firearms inventory.
- Requires manual tracking of physical inspections of firearms assigned to commissioned officers during annual officer firearm qualification by marking the firearms off on a lengthy paper listing and updating the inventory database later rather than as inspections occur⁶.
- Does not have developed reports that would be useful for inventory management (e.g., summarized firearm counts by type, status, assignment, and/or location, listing of firearms not physically inspected during annual officer firearm qualification, etc.).

City non-capitalized inventory policies require that purchase and disposition dates, and original values be included in inventory records. Management stated that plans are being made to replace the Access database used for the firearms inventory with a new system designed to track officer training and firearms and ammunition inventories.

Recommendation 3

OCPD should continue to pursue replacement of the Access database used for the firearms inventory. The system purchased should, at a minimum, allow for:

⁵ Last activity dates are not entered for all firearms and if entered, are not consistently updated. However, the dates are not meaningful even when entered or consistently updated since it is not clear what activity has occurred.

⁶ Officers are annually required to fire a qualifying score with department-issued firearms or department-approved personally-owned firearms being used while on or off duty.

- Entry of all relevant and policy-required dates and original firearm values.
- Immediate update of inventory records for physical inspection of firearms assigned to commissioned officers during annual officer firearm qualification through a means of direct entry such as scanning of barcodes placed on the firearms.
- The development of reports that would be useful for managing firearm inventories.

OCPD Response 3

Agree with recommendation. The FTU is continuing to pursue a replacement inventory system and will immediately ensure replacement systems under consideration address the needs identified in this recommendation. In mid-2018, the Training Division began evaluating software programs designed to manage the day-to-day inventories of law enforcement firearm training units. The Training Division determined that Armorer Link was the only company that could provide the product we need. Armorer Link software is designed to track firearms inventory, ammunition inventory, parts inventory, officer qualification records, firearm maintenance records, transactions, and numerous other key items, many of which were identified as core needs in the audit. The department is engaged in talks with Armorer Link at this time regarding pricing. It is estimated that the initial cost of implementing this software and installing the necessary hardware will be approximately \$24,000. Annual software licensing fees are estimated to be \$12,000. The department is expecting the implementation of this program within the next three to four months.

Comment 4

The ammunition inventory system allows staff to issue ammunition to themselves and does not produce reporting that allows for assessment of ammunition issuance reasons by officer. The ammunition inventory system includes a record of the employee issuing ammunition and the employee receiving the issued ammunition. Of the 708,250 rounds of ammunition issuances recorded in the inventory system from July 1, 2018 through December 31, 2018:

- Approximately 183,000 rounds or 26% of total recorded issuances were issued to the FTU Lieutenant and one of the Sergeants, of which 87,000 rounds were issued by other FTU staff, 54,000 rounds were issuances to themselves, and 42,000 rounds were duplicate issuance entries from corrections of types of issued ammunition originally entered⁷.
- Approximately 47,000 rounds or 7% of total recorded issuances were issued to only 6 officers⁸.

⁷ FTU staff frequently receive and distribute bulk amounts of ammunition to recruits and officers for training purposes. Corrections of ammunition issuance types originally entered requires a return of the ammunition issuance type originally entered and another issuance of the correct ammunition type be recorded in the inventory system, resulting in two different issuances recorded for the same ammunition.

⁸ Members of certain teams (e.g. pistol, tactical, etc.) are authorized to receive bulk ammunition issuances for the entire team to use when practicing.

Issuance reasons are documented in the inventory system and were examined for reasonableness on a test basis for the above issuances totaling nearly a third of total issuances during the period. However, a report of issuances by officer with issuance reasons is not available for routine assessment of the reasonableness of issuances. Additionally, allowing staff to issue ammunition to themselves could result in theft of ammunition without detection.

Management states that system functionality and reporting can no longer be modified because the Information Technology Department employee responsible for setting up the system for their use is no longer employed with the City. Management stated that plans are being made to replace the ammunition inventory system with a new system designed to track officer training and firearms and ammunition inventories.

Recommendation 4

OCPD should immediately implement a policy prohibiting FTU staff issuance of ammunition to themselves and continue to pursue replacement of the ammunition inventory system. The system purchased should:

- Include a system control preventing staff from issuing ammunition to themselves, and
- Allow for development of reports deemed necessary for managing ammunition inventories, including assessing the reasonableness of ammunition issuance reasons by officer.

OCPD Response 4

Agree with recommendation. The employees currently assigned to the FTU have been ordered to no longer issue ammunition to themselves and advised that any ammunition issued to a FTU staff member must be issued by another authorized FTU staff member. By December 31, 2019, the FTU will update its SOPs to require FTU staff to no longer issue ammunition to themselves and to require ammunition used for recruit training to be issued to the lead firearms instructor for each specific recruit class under the category (explanation) of "Recruit Training." As noted in the Response to Recommendation 3, the FTU is in the process of obtaining a replacement inventory system that will address the needs included in this recommendation.

FTU Standard Operating Procedures (SOPs)

Comment 5

Firearm record forms are not completed for all firearm issuances as required by SOPs and, when completed, the forms are not signed by the officers receiving the firearms. SOPs require completion of a firearm record form for each firearm issuance or transfer and update of the firearm inventory records using information from the completed firearm record form. Firearm record forms were not completed for firearms issued to 42 recruits during the audit.

The firearm record form also serves as documentation of the transfer of responsibility for firearm custody to an officer and, as such, should include the officer's signature as an acknowledgement of that responsibility and receipt of the firearm.

Without a completed firearm record forms signed by an officer for each firearm issuance and transfer, responsibility for the firearm is not established.

Recommendation 5

A firearm record form should be completed for each firearm issuance and transfer as required by SOPs and a requirement that each firearm record form be signed by the officer receiving the firearm should be included in the SOPs.

OCPD Response 5

Agree with recommendation. The "Firearm Record Form" has been updated to include a section which will be signed by the officer who is transferring (receiving and returning) the firearm. By December 31, 2019, the FTU will update its SOPs to reflect the need for a physical signature or digital signature. As noted in Response to Recommendation 3, Armorer Link will perform this function.

Comment 6

A significant number of firearms identified for destruction or trade are being carried in the firearms inventory. Firearm inventory records at February 1, 2019 indicated 76 firearms identified for destruction and 94 firearms identified for trade. Due to the unreliability of the dates entered in the firearms database, it is unclear exactly how long these firearms have been identified for destruction or trade.

SOPs indicate that when the number of firearms identified for destruction exceeds 50, the process of obtaining approvals for destruction will be initiated⁹. SOPs do not address thresholds for initiating firearm trades.

Unnecessary, long-term storage of firearms no longer of use increases the risk for theft or loss. Further, the condition of firearms identified for trade may deteriorate and lose value if not maintained.

Recommendation 6

The destruction process should be initiated for firearms identified for destruction as required by SOPs and a threshold for initiating firearm trades should be included in the SOPs to avoid unnecessary, long-term storage of firearms no longer of use.

⁹ SOPs indicate that firearms are identified for destruction when they are either no longer serviceable or of value to OCPD.

OCPD Response 6

Agree with recommendation. The process is currently underway for all firearms identified for destruction to be completely demolished using an industrial metal shredder operated by a local vendor. Additionally, by December 31, 2019, the FTU will update its SOPs to include a threshold amount for when a bulk firearms trade should be initiated with an authorized vendor.

FTU Physical Inventory Counts

Comment 7

Documentation supporting annual physical counts of firearms stored at the OCPD Pistol Range is not retained. The FTU reported 733 firearms, 24% of the total firearms inventory, as stored at the OCPD Pistol Range as of February 1, 2019.

City policies for inventories of non-capitalized, non-consumable items and items defined as “small and attractive” require retention of inventory records for 5 years. Retention of annual physical count documentation is necessary to support adjustments to inventory records based on those counts.

Recommendation 7

Documentation supporting annual physical counts of firearms stored at the OCPD Pistol Range should be retained in accordance with City policies.

OCPD Response 7

Agree with recommendation. Beginning immediately, documentation supporting annual physical counts of firearms stored at the FTU will be retained for five years in accordance with City policies. As mentioned in Response to Recommendation 3, Armorer Link will also perform this function. This record retention period will also be added to the FTU SOPs by December 31, 2019.

Comment 8

Monthly physical counts of specific ammunition types are conducted without suspending or accounting for ammunition issuances occurring during the counts. From two to five ammunition types are physically counted each month according to a schedule, resulting in a physical count of all ammunition types twice per year.

City policies for non-capitalized, consumable inventory items require that inventory receipts and issuances be suspended or accounted for during physical counts. Inaccurate counts could occur without suspending or accounting for ammunition issuances occurring during physical counts.

Recommendation 8

Issuances of ammunition types physically counted each month should either be suspended during those counts or a process to account for issuances occurring during the counts should be developed.

OCPD Response 8

Agree with recommendation. As of August 1, 2019, issuing and receiving consumable inventory has been suspended during the physical counting of inventory to comply with the current City policies. The added step of stopping normal operations during an official inventory will be added to the FTU SOPs by December 31, 2019.

Comment 9

All ammunition is not physically counted and accounted for in the ammunition inventory system. Ammunition ordered and used solely by the Tactical Unit, totaling approximately 30,000 rounds annually, is stored at the OCPD Pistol Range but is not counted or accounted for in the inventory system.

Ammunition inventory records are incomplete if all ammunition is not physically counted and accounted for in the ammunition inventory system.

Recommendation 9

All ammunition, including ammunition ordered and used solely by the Tactical Unit, should be physically counted and accounted for in the ammunition inventory system.

OCPD Response 9

Agree with recommendation. Effective immediately, ammunition ordered and used by the Tactical Unit (TU) will be entered into the FTU ammunition inventory system and inventoried monthly by the TU Commander or his/her designee. The monthly count will be provided to the FTU supervisor and the inventory will be updated. By December 31, 2019, this process will be added to the FTU SOPs and the captain over the FTU will coordinate with the TU Captain to have the language added to the TU SOPs.



The City of
OKLAHOMA CITY
POLICE DEPARTMENT
Wade Gourley
Chief of Police

MEMORANDUM

TO: Jim Williamson
City Auditor

THROUGH: Craig Freeman *CF*
City Manager
Kenton Tsoodle *KT*
Assistant City Manager

FROM: Wade Gourley *WG*
Chief of Police

DATE: September 24, 2019

SUBJECT: Response to Firearms and Ammunition Inventories Audit



The City Auditor's Office recently completed an audit of the department's firearms range facility and issued a report. The report provided nine recommendations to improve the adequacy and effectiveness of controls over the department's firearm and ammunition inventory systems. I agree with all of the recommendations and will take the following action in response:

Response to Recommendation 1

By December 31, 2019, the Firearms Training Unit (FTU) will update its Standard Operating Procedures (SOPs) to require the captain over the FTU (or a designee chosen by the captain who is not directly responsible for the firearms and ammunition inventory) to periodically:

- Reconcile firearm and ammunition purchases recorded in the city's PeopleSoft financial system to inventory additions; and
- Review documentation supporting firearms removed from inventory.

Response to Recommendation 2

By December 31, 2019, the FTU will update its SOPs to require the captain over the FTU (or a designee chosen by the captain who is not directly responsible for the firearms and ammunition inventory) to conduct or observe the annual physical count of firearms and ammunition inventory at the FTU. Furthermore, the captain over the FTU will work with the Ballistics Lab and Tactical Unit supervisors to update their individual unit SOPs to require a non-custodial supervisor to observe the annual inventory conducted in their respective areas.

Response to Recommendation 3

The FTU is continuing to pursue a replacement inventory system and will immediately ensure replacement systems under consideration address the needs identified in this recommendation. In mid-2018, the Training Division began evaluating software programs designed to manage the day-to-day inventories of law enforcement firearm training units. The Training Division determined that Armorer Link was the only company that could provide the product we need. Armorer Link software is designed to track firearms inventory, ammunition inventory, parts inventory, officer qualifications records, firearm maintenance records, transactions, and numerous other key items, many of which were identified as core needs in the audit. The department is engaged in talks with Armorer Link at this time regarding pricing. It is estimated that the initial cost of implementing this software and installing the necessary hardware will be approximately \$24,000. Annual software licensing fees are estimated to be \$12,000. The department is expecting the implementation of this program within the next three to four months.

Response to Recommendation 4

The employees currently assigned to the FTU have been ordered to no longer issue ammunition to themselves and advised that any ammunition issued to a FTU staff member must be issued by another authorized FTU staff member. By December 31, 2019, the FTU will update its SOPs to require FTU staff to no longer issue ammunition to themselves and to require ammunition used for recruit training be issued to the lead firearms instructor for each specific recruit class under the category (explanation) of "Recruit Training." As noted in the Response to Recommendation 3, the FTU is in the process of obtaining a replacement inventory system that will address the needs included in this recommendation.

Response to Recommendation 5

The "Firearm Record Form" has been updated to include a section which will be signed by the officer who is transferring (receiving and returning) the firearm. By December 31, 2019, the FTU will update its SOPs to reflect the need for a physical signature or digital signature. As noted in Response to Recommendation 3, Armorer Link will perform this function.

Response to Recommendation 6

The process is currently underway for all firearms identified for destruction to be completely demolished using an industrial metal shredder operated by a local vendor. Additionally, by December 31, 2019, the FTU will update its SOPs to include a threshold amount for when a bulk firearms trade should be initiated with an authorized vendor.

Response to Recommendation 7

Beginning immediately, documentation supporting annual physical counts of firearms stored at the FTU will be retained for five years in accordance with city policies. As mentioned in Response to Recommendation 3, Armorer Link will also perform this function. This record retention period and process will also be added to the FTU SOPs by December 31, 2019.

Response to Recommendation 8

As of August 1, 2019, issuing and receiving consumable inventory has been suspended during the physical counting of inventory to comply with the current city policies. The added step of stopping normal operations during an official inventory will be added to the FTU SOPs by December 31, 2019.

Response to Recommendation 9

Effective immediately, ammunition ordered and used by the Tactical Unit (TU) will be entered into the FTU ammunition inventory system and inventoried monthly by the TU Commander or his/her designee. The monthly count will be provided to the FTU supervisor and the inventory will be updated. By December 31, 2019, this process will be added to the FTU SOPs and the captain over the FTU will coordinate with the TU Captain to have the language added to the TU SOPs.