

AUDIT TEAM

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**OKLAHOMA CITY POLICE DEPARTMENT
PROPERTY MANAGEMENT UNIT
INVESTIGATION REPORT**

MAY 12, 2020

MAYOR AND CITY COUNCIL

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May 12, 2020

The Mayor and City Council:

At the request of the Oklahoma City Police Department (OCPD), the Office of the City Auditor has worked with the OCPD Office of Professional Standards to investigate allegations of unaccounted for OCPD Property Management Unit currency and to identify currency-related control weaknesses and improvements.

Our investigation substantiated unaccounted for onsite currency envelopes totaling \$10,775 (of \$513,418) as of November 2, 2018, and missing support for certain onsite currency releases totaling \$16,296 (of \$99,395) between May 15, 2003 and November 2, 2018.

Our investigation also revealed certain currency control weaknesses, some of which management has already addressed. Recommended control improvements are included in the attached report and summarized below.

- Currency access, record-keeping, and oversight responsibilities should be separated to minimize the risk of currency loss, theft, or misuse. See Recommendations 1, 2, 3, 9, and 10.
- Additional oversight should be performed to verify the completeness of currency records and the validity of releases. See Recommendations 4, 5, 11, and 12.
- The various currency systems' records and reporting should be improved. If feasible, the Record Management System should be used as the sole system for currency recording and reporting. See Recommendations 6, 7, 13, and 14.
- Currency disposition procedures, record-keeping, and reporting should be improved to ensure more timely dispositions and related reductions of accumulating currency balances. See Recommendations 8 and 16.
- Communication with the Finance Department and the Municipal Counselor's Office should be continued to transfer \$26,746 of unclaimed property currency to the General Fund and to resolve additional General Fund transfers potentially up to \$296,320. See Recommendations 15 and 17.
- Owner notification record-keeping and reporting should be improved to facilitate effective and efficient compliance with owner notification requirements. See Recommendation 17.

EXECUTIVE SUMMARY: Investigation Report #170-19

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 comments and recommendations arising from our work. Management's responses are attached to this report in their entirety.


Jim Williamson
City Auditor


Brett Rangel
Audit Manager

**OKLAHOMA CITY POLICE DEPARTMENT
PROPERTY MANAGEMENT UNIT
INVESTIGATION REPORT**

OBJECTIVE, SCOPE, BACKGROUND AND METHODOLOGY

At the request of Oklahoma City Police Department (OCPD) management, the Office of the City Auditor has worked with the OCPD Office of Professional Standards to investigate unaccounted for currency detected during a Property Management Unit (PMU) count of onsite currency envelopes. During our investigation, PMU also detected additional unaccounted for currency reportedly released to the Oklahoma County District Attorney's (D.A.'s) Office.

We performed a count of onsite currency as of November 2, 2018, an assessment of bank-deposited currency as of November 2, 2018, and a review of currency dispositions from July 1, 2017 to November 2, 2018. Our investigation confirmed the unaccounted for currency and revealed certain related operational weaknesses. OCPD management had identified most of the unaccounted for currency detailed in this report and has already implemented some of the recommendations relating to the weaknesses identified.

Among other duties, OCPD field officers are responsible for assuming possession of evidence or other property (including currency) relevant to a police incident report, recording the property in the OCPD Records Management System (RMS), and delivering the property to the PMU. The PMU is responsible for receiving, storing, retrieving, and ultimately disposing all property delivered by field officers and for maintaining a complete, accurate, and documented chain-of-custody record of all property from receipt through release or other disposal. Total currency receipts and releases from July 1, 2017 through November 2, 2018 were about \$2.35 million and \$2.14 million, respectively. As of June 30, 2019, the PMU held about \$1.4 million of currency onsite (\$658,000) and in the bank (\$757,000).

Procedures performed during our investigation included interviewing PMU personnel; reviewing relevant policies, procedures, and controls over the currency (receipt to release) lifecycle; reviewing, analyzing, and comparing various electronic and manual PMU currency records for completeness and accuracy; verifying the existence and completeness of onsite currency envelopes¹; assessing the reasonableness of bank deposits and balances reflected in PMU electronic and manual records, City Treasurer's Office (CTO) cash register receipts, Accounting Services reconciliations, and the PMU Agency Fund balance in PeopleSoft; and examining supporting documentation for selected currency releases and other dispositions.

Our work focused on investigating the recent allegations referenced above. We did not perform an audit of current PMU operations. Therefore, we have no opinion regarding the adequacy of internal controls in the areas mentioned above.

RESULTS OF WORK PERFORMED

Recommendations included in this report are intended to provide constructive suggestions for addressing certain operational matters noted during our investigation. Each recommendation is immediately followed by *management's response*, which is also attached to this report in its entirety.

ONSITE CURRENCY: INITIAL RECEIPT, STORAGE, AND RELEASE

All currency received by the PMU is initially recorded and secured onsite. Most onsite currency is deposited and released through the bank. However, some is held onsite as physical evidence, released for temporary purposes (e.g., D.A. exhibits, lab testing, etc.), and/or ultimately released to owners or other legal recipients. PMU's primary record of onsite currency is maintained in an Excel Currency Log and in paper receipt and release logs. Onsite currency was also recorded (along with all other non-currency property) in the OCPD RMS.¹ The following comments and recommendations relate to operational weaknesses over the initial receipt, storage, and release of onsite currency.

During our review of onsite currency-related controls, we identified and communicated certain weaknesses to management. Though management continues to address the recommendations described in subsequent sections, the table below is a summary of improvements and issues already addressed:

IMPROVEMENTS MADE:	ISSUES ADDRESSED:
<ul style="list-style-type: none">All incoming currency is now verified (recounted) upon initial receipt, sealed in tamper-proof bags, and secured in a separate location with video-monitored, two-person access.	<ul style="list-style-type: none">Reducing the risks of an unaccountable loss, theft, or misuse of currency;²Improving accuracy, completeness, security, and access to onsite currency; andImproving compliance with policy and best-practice.
<ul style="list-style-type: none">Access to currency has been removed from the primary currency record-keeper (and her spouse) andAccess to the primary onsite currency record and RMS record deletion privileges has been removed from most staff.	<ul style="list-style-type: none">Reducing the risks of a loss, theft, or misuse of currency and a manipulation of records to prevent its detection;Improving separation of incompatible currency-handling responsibilities; andImproving compliance with policy and best-practice.

¹ During our investigation, a new RMS replaced the previous Varuna Records Management System and Surelock Property Management System. Related comments and recommendations in this report only address issues remaining in the new RMS.

² An example of this risk included \$5,082 of unaccounted for currency we confirmed during our November 2, 2018, verification of total (\$513,418) onsite currency.

IMPROVEMENTS MADE:	ISSUES ADDRESSED:
<ul style="list-style-type: none"> The primary currency record-keeper has attended Microsoft Excel training classes. 	<ul style="list-style-type: none"> Improving skills needed to improve the design and use of the Excel Currency Log as the primary currency reporting and oversight tool.

COMMENT (1)

The primary onsite currency record is not well separated from onsite currency oversight and physical access. The CTO Cash Handling Policy contemplates separating record-keeping from reconciling and physical access. An appropriate separation of currency-related responsibilities helps to ensure completeness of the currency records used to verify the completeness of physical currency.

<p>During our investigation, we noted \$5,693 of unaccounted for onsite currency was excluded from the primary currency record (totaling \$513,418) used to identify unaccounted for currency during periodic onsite currency verifications.</p>	<p>An unseparated assignment of record-keeping responsibilities could result in the loss, theft, or misuse of additional onsite currency and a manipulation of records to prevent its detection.³</p>
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PMU currently uses the Excel Currency Log as the primary currency record and control for verifying the existence of currency. Though access to the Excel Currency Log has been restricted, it remains accessible to the PMU supervisor who has onsite currency oversight responsibilities and physical currency access.

RECOMMENDATION (1)

To help improve the completeness and reliability of the Excel Currency Log used as the primary record (and control) for currency existence verifications, management should grant Excel Currency Log access to PMU staff without physical currency handling access and currency oversight responsibilities.

MANAGEMENT RESPONSE (1)

Agree with recommendation. As of February 19th, 2020, the Police Department has segregated currency record-keeping from physical currency handling access. As of January 2020, the currency oversight responsibilities have been segregated from currency record-keeping and physical currency handling access.

³ PMU changed the records for this unaccounted for currency during a previous Office of Professional Standards investigation. Although the currency records were not changed to prevent detection of this unaccounted for currency, unseparated record-keeping responsibilities does allow such a manipulation of records.

COMMENT (2)

RMS record deletion and correction⁴ privileges have not been well separated from onsite currency oversight and physical access. The CTO Cash Handling Policy contemplates separating record-keeping from reconciling and physical access. An appropriate separation of currency-related responsibilities helps to ensure completeness of the onsite currency records used to verify the completeness of physical currency.

The RMS allows property record deletions without a secondary approval or an audit trail. The RMS also allows property record corrections without a secondary approval, but with a more visible and accountable audit trail. Though RMS record deletion and correction privileges have been restricted, they were still granted to the PMU supervisor who has Excel Currency Log access, onsite currency oversight responsibilities, and physical currency access.

An unseparated assignment of RMS record deletion and correction privileges could result in the loss, theft, or misuse of onsite currency and a manipulation of the RMS and Excel Currency Log records to prevent its detection.

RECOMMENDATION (2)

To improve the separation and effectiveness of record-keeping responsibilities, management should remove RMS record deletion privileges from all PMU staff members and assign the more visible and accountable RMS property record correction privileges to employees without onsite currency access and oversight responsibilities.

MANAGEMENT RESPONSE (2)

Agree with recommendation. As of November 19th, 2019, the Police Department removed RMS record deletion privileges from all Property Management Unit (PMU) staff members, including the PMU supervisor. PMU will continue to use the unlink option (identified as the record correction option in the report) for duplicate property items through approval from Police Data Systems.

COMMENT (3)

Onsite currency oversight was not well separated from onsite currency access or record-keeping. The CTO Cash Handling Policy contemplates separating oversight from record-keeping and physical access. An appropriate separation of currency-related responsibilities helps to ensure the completeness of the currency records used to verify the completeness of the physical currency and the validity of currency releases and related records. Though improved,

⁴ Corrections may include detaching or replacing the property record associated with a specific case or editing the amount of the existing record.

some PMU staff members with currency access and record-keeping access have also been performing certain oversight responsibilities:

- Some PMU staff members performed periodic currency existence verifications.
- Some PMU staff members performed a recent one-time Currency Log completeness verification.

An unseparated assignment of oversight responsibilities could result in the loss, theft, or misuse of onsite currency and the manipulation of records or reconciliations to prevent or conceal its detection.

RECOMMENDATION (3)

To improve the separation and effectiveness of the currency oversight function, management should assign currency oversight responsibilities to PMU staff without physical currency handling access and record-keeping responsibilities.

MANAGEMENT RESPONSE (3)

Agree with recommendation. By June 30th, 2020, the Police Department will create PMU currency oversight responsibilities and assign these currency oversight responsibilities to a PMU staff member. This staff member does not have edit access to the currency records and does not have physical currency handling access.

COMMENT (4)

Some onsite currency oversight functions ensuring Excel Currency Log completeness are not performed. The CTO Cash Handling Policy contemplates a well separated reconciliation and review function to help ensure the completeness and validity of onsite currency and related records. However, we noted the following reconciliations and reviews were not consistently performed:

- Completeness of the Excel Currency Log is not verified by periodic agreement to RMS.
- Validity of RMS currency record deletions/corrections are not verified by periodic review and agreement to deletion/correction support.

Without regular oversight ensuring completeness of the Excel Currency Log, currency existence verifications (using the Excel Currency Log) will be a less effective control for ensuring the completeness of onsite currency.

RECOMMENDATION (4)

To improve oversight ensuring the completeness of the Excel Currency Log (and related onsite currency), management should develop new, well separated procedures and reports to begin verifying:

- Excel Currency Log completeness through regular agreement to RMS currency records.
- RMS onsite currency record deletion/correction validity through regular reviews of RMS currency record deletions/corrections and agreement to support.

Refer to COMMENTS (6) and (7) regarding currency data and reporting improvements needed to facilitate these completeness verifications.

MANAGEMENT RESPONSE (4)

Agree with recommendation. By June 30th, 2020, the Police Department will have well separated procedures and reports to verify the Excel Currency Log completeness through monthly reconciliation with RMS currency records. The deletion privileges have been removed from all Property Management Unit (PMU) staff members, including the PMU supervisor. The unlink option (identified as the record correction option in the report) is necessary and may be used through and with the approval of Police Data Systems.

COMMENT (5)

The oversight function is not designed to ensure the validity of onsite currency releases. PMU procedures and the CTO Cash Handling Policy contemplate a separated oversight function to help ensure the validity of currency releases/records and the related completeness of onsite currency. To verify the validity of releases, PMU procedures require retention of signatures while IAPE⁵ best practices recommend confirmation with government issued photo IDs. We determined the PMU supervisor does perform monthly oversight or reviews of:

- An onsite currency activity summary (ins, outs, and balances) submitted to the CTO.
- A sample of property statuses submitted to the supervising captain.

However, neither review verifies the validity of currency releases during the month through agreement to required supporting documentation. In addition, the property status review includes a sample of all (vs currency) property onsite (vs released).

Monthly reviews of onsite currency releases excluding validity verifications (of required support and recipient signatures) could result in an undetected loss, theft, or misuse of onsite currency. During our investigation, the Office of Professional Standards began a second investigation of

⁵ International Association for Property and Evidence.

unaccounted for currency without required signatures supporting an apparent release to the D.A.'s Office.

We reviewed the entire Excel Currency Log⁶ and determined about 24 of 323 items (or \$28,250 of \$99,395) with a D.A. Office release status were not supported by required D.A. Office representatives' signatures, without which there is no evidence that the currency was received by the D.A.'s Office. We subsequently determined 7 items totaling \$11,954 were reasonable through a review of other documentation.

However, for 17 items totaling **\$16,296**, we could not locate signatures or any other evidence supporting a release to the D.A.'s Office.⁷

RECOMMENDATION (5)

To improve oversight ensuring validity of releases (and related completeness of currency), management should develop new, well separated procedures and reports to begin 100% reviews of onsite currency releases averaging about 18 (or \$145,429) a month. Review procedures should include:

- Verifying retention of all documentation required for the release (e.g., D.A. Office signatures, owner affidavits and IDs, CTO deposit slips, etc.).
- Periodic confirmation of *temporary* D.A. Office (or other) releases with the appropriate D.A. Office (or other) representative.

Refer to COMMENTS (6) and (7) regarding currency data and reporting improvements needed to facilitate these release verifications.

MANAGEMENT RESPONSE (5)

Agree with recommendation. By June 30th, 2020, the Police Department will have developed new procedures to require a monthly review of all releases of money, either by check or by actual currency released in order to verify the retention of all required documentation. The Police Department will also require monthly verification of all temporary District Attorney's Office releases to verify the evidence is still needed for court proceedings.

COMMENT (6)

The Excel Currency Log has not been designed or used as an effective and efficient tool for record-keeping and oversight. Effective and efficient record-keeping and oversight help to ensure the accuracy, completeness, and accountability of onsite currency. Around 2004, PMU

⁶ Our review of the entire Excel Currency Log included D.A. Office releases dating back to May 15, 2003, a date preceding our original review period of July 1, 2017 through November 2, 2018.

⁷ The D.A.'s Office confirmed that they have no record of receiving the currency and pointed out that one of the cases relating to the unaccounted for items is a federal case with which the D.A.'s Office was not involved.

created the Excel Currency Log to maintain a more effective and efficient record of onsite currency activity previously recorded in manual logs.

Although the Excel Currency Log is used as the primary onsite currency record, PMU has not discontinued the manual logs, calculations, and summaries or created automated Excel Currency Log reports to facilitate onsite currency oversight, including summaries of:

- Onsite currency envelopes to periodically verify the existence of onsite currency.
- Onsite currency envelopes to periodically verify the completeness of Excel Currency Log (i.e., agreement to RMS) used for existence verifications.
- Monthly onsite currency disbursements to verify the validity of deposits and other releases (i.e., agreement to supporting documentation).
- Monthly onsite currency receipt, disbursement, and balance submissions to Accounting Services used for PMU Agency Fund updates.

We noted the following weaknesses in the design and use of the Excel Currency Log, which limit management's ability to create meaningful onsite currency oversight reports:

- No use of location or release type labels to facilitate summary reports for verifying currency onsite, deposited, or released (vs use of inconsistent text descriptions).
- No use of restricted data entry and formatting standards (e.g., date, amount, labels restrictions) to facilitate summary reports for verifying currency and data completeness.
- No use of features ensuring calculation accuracy and consistency. Though corrected, item balances were overstated by \$41,844.50 during our November 2, 2018 currency verification.
- No use of current and historical entry labels to facilitate summary reports of current record totals and location/release types (vs overstated, comingled historical record summaries).
- No functionality for retaining or recovering deleted records/data or creating (audit trail) reports for verifying the validity of deleted records/data.

Underutilization of the Excel Currency Log and continued reliance on manual records and reporting limits management's ability to efficiently and effectively oversee onsite currency and creates an unnecessary risk of inaccurate, incomplete, or invalid onsite currency balances and releases.

RECOMMENDATION (6)

PMU management should discontinue the use of manual onsite currency logs, calculations, and summaries and should work with OCPD Finance to improve the design and use of the Excel Currency Log minimally addressing the reporting and data weaknesses outlined above.

MANAGEMENT RESPONSE (6)

Agree with recommendation. As of December 5, 2019, PMU has discontinued using the manual onsite currency logs. As of December 5, 2019, PMU has improved and updated the Excel currency and bank ledgers to address the data weaknesses outlined in the Auditor's Report.

COMMENT (7)

RMS currency-related records and reports have not been maintained or created for effective and efficient onsite currency record-keeping and oversight. The CTO Cash Handling Policy contemplates a reconciliation and review function to help ensure the completeness and accuracy of onsite currency and related records. Although RMS is used as the official property record, we noted the following currency-related record-keeping and reporting weaknesses:

- RMS currency data contains several inconsistencies imported from the previous system. For example, currency types, values, locations, and descriptions are not consistent enough to ensure accurate and complete counts and values of onsite currency locations and releases.
 - RMS currency reports have not been created to facilitate onsite currency oversight. There are no reports summarizing the count and value of onsite currency activity (e.g., receipts, locations, releases, etc.) to (minimally) help ensure accuracy and completeness of the Excel Currency Log or to (preferably) replace the Excel Currency Log as the primary onsite currency record.
 - RMS currency reports have not been created to facilitate validity reviews of record deletions/corrections.
- These RMS data and reporting weaknesses limit management's ability to effectively and efficiently oversee onsite currency and creates an unnecessary risk of inaccurate, incomplete, invalid, or inconsistent onsite currency balances, releases, and related records.

RECOMMENDATION (7.1)

To improve accuracy, completeness, and consistency of onsite currency records and oversight, PMU management should work with the OCPD Data Systems Unit to:

- Assess the accuracy and completeness of historical RMS currency-related data fields/entries and make corrections as necessary.
- Develop edit controls, exception reports, and/or manual procedures to ensure accuracy and completeness of future RMS currency-related data fields/entries.
- Develop reports to summarize and itemize all onsite currency receipts, inventories, and releases (by type, value, location, or other information needed) to improve periodic onsite currency monitoring and comparisons to the Excel Currency Log.
- Develop automated reports allowing an efficient and effective validity review of RMS record deletions/corrections.

MANAGEMENT RESPONSE (7.1)

Agree with recommendation. As of December 5, 2019, the PMU has been, and will continue to work with Police Data Systems to assess the accuracy and completeness of historical RMS currency-related fields and make corrections as necessary; develop control procedures to ensure the accuracy and completeness of future currency-related fields; and create RMS reports to reconcile with the Excel Currency Log, currency held in the bank, currency held in the vault, and money releases, either by currency or check.

RECOMMENDATION (7.2)

To maximize the efficiency and effectiveness of onsite currency records and oversight, PMU management should work with the OCPD Data Systems Unit to assess the feasibility of discontinuing the Excel Currency Log and using the RMS as the primary record of currency.⁸ Consideration should be given to the availability of system controls, fields, and reporting features to minimally address the data and reporting weaknesses outlined in COMMENTS (6) and (7).

MANAGEMENT RESPONSE (7.2)

Agree with Modification of the recommendation. As of December 5, 2019, the Police Department has updated the Excel Currency Log to accommodate the other recommendations listed. It is not feasible to discontinue the use of the Excel Currency Log because the limitations with the current RMS will not support the required tracking of money necessary. The Police Department is continuing to search for alternate Property Room software which will better accomplish the required outcomes and accounting necessary.

COMMENT (8)

Onsite currency is not timely reviewed for release, deposit, or retention. Untimely reviews have contributed to an increasing balance of onsite currency, especially between FYE2016 (\$386,000) and FYE2019 (\$658,000). OCPD policies and State statutes encourage a prompt return of property not needed for evidentiary or litigation purposes. Due to the higher risk of holding onsite currency, IAPE best practices also recommend a prompt deposit or transfer of non-evidentiary currency. However, currency-related procedures, practices, records, and reports do not encourage or support timely disposition requests, reviews, or responses ensuring prompt onsite currency release, deposit, or retention decisions. For example:

- A preliminary currency disposition is not requested or provided upon: transfer to PMU, receipt by PMU, or Investigations assignment/review.

⁸ If not feasible to replace the Excel Currency Log, RECOMMENDATION (7.1) should still be implemented to ensure RMS onsite currency records are accurate, complete, and consistent with the Excel Currency Log.

- The required periodic 6-month follow-up disposition requests are only performed once a year, in part, due to delayed Investigations responses and a manually intensive process for verifying recipients, preparing and routing requests, and locating/updating responses.
- Investigations responses are not performed or effectively monitored to ensure completion within the required 14-day timeline.
- Procedures do not provide statutory guidance for distinguishing between onsite currency (needed as evidence) and bank deposited currency (needed for other litigation purposes).
- Procedures do not encourage immediate deposit of currency approved for release.

The retention of a large onsite currency balance, if not needed for evidentiary or other litigation purposes, poses an unnecessary risk of currency loss, theft, or misuse.

RECOMMENDATION (8.1)

Management should review and amend procedures to expand and clarify criteria and guidance ensuring more prompt onsite currency release, deposit, and retention decisions. At a minimum, consideration should be given to procedures addressing the following:

- A practical assignment of authority and responsibility for completing a timely preliminary currency disposition request and/or response after initial booking.
- Requiring, monitoring, and enforcing more frequent and more timely (at least high dollar) follow-up disposition requests and responses.
- Providing statutory criteria and guidance to distinguish between onsite currency (needed as evidence) and bank deposited currency (needed for other litigation purposes).
- Encouraging the deposit of (at least high dollar) currency approved for release.

MANAGEMENT RESPONSE (8.1)

Agree with recommendation. As of December 2, 2019, Chief's Directive 19-09 was issued which requires timely initial currency dispositions, monitoring and enforcing timely follow-up currency dispositions, and criteria to distinguish between currency which must be held on-site and currency which can be held in the bank until a final disposition can be determined. Police Department is working in cooperation with the Finance Department to deposit currency in the bank as quickly as possible. During January 2020, PMU reduced the amount of on-site currency by \$476,311 with an ending balance of \$212,440 as of January 31st, 2020.

RECOMMENDATION (8.2)

Management should work with the OCPD Data Systems Unit to assess the feasibility of creating RMS data fields, labels, and reports to facilitate prompt onsite currency release, deposit, and retention decisions. At a minimum, consideration should be given to addressing the following:

- Automated routing to the areas or individuals responsible for performing preliminary and periodic follow-up disposition requests and responses.
- Automated system reports to facilitate more timely currency disposition routing, monitoring, and prioritizing by high-dollar, age, key dates (e.g., statutory asset forfeiture or owner notification periods), or other relevant criteria.
- Creation of consistent data fields or labels needed to facilitate complete, accurate, and timely routing, reporting, and monitoring of currency release, deposit, and retention decisions (e.g., disposition reviewers, periods, dates, deadlines, thresholds, responses, etc.).

If the use of RMS is not feasible, management should work with OCPD Finance to use the existing Excel Currency Log (or a replacement application) to automate these procedures as much as possible.

MANAGEMENT RESPONSE (8.2)

Agree with recommendation. As of December 5, 2019, the PMU has been working with Police Data Systems in creating RMS reports to facilitate prompt onsite currency release, deposits and retention decisions. By June 30th, 2020, the RMS reports will be implemented.

BANK-DEPOSITED CURRENCY: INITIAL DEPOSIT, STORAGE, AND RELEASE

Most currency received by the PMU is subsequently deposited with the bank and recorded and held in a distinct PMU Agency Fund until released. Although most bank-deposited currency is released to the district attorney for asset forfeiture purposes, some is released to owners and some (if determined unclaimed) is transferred to the General Fund. As with onsite currency, PMU maintains multiple sets of bank-deposited currency records. The primary record of bank-deposited currency is maintained in an Excel Bank Ledger and in paper receipt and release logs. Bank-deposited currency is also recorded (along with all other non-currency property) in the new RMS. The following comments and recommendations relate to operational weaknesses over the initial deposit, storage, and release of bank-deposited currency.

During our review of bank-deposited currency-related controls, we identified and communicated certain weaknesses to management. Though management continues to address the recommendations described in subsequent sections, the table below is a summary of improvements and issues already addressed:

IMPROVEMENTS MADE:	ISSUES ADDRESSED:
<ul style="list-style-type: none"> • Access to the primary bank deposited currency record and RMS record deletion privileges has been removed from most staff. 	<ul style="list-style-type: none"> • Reducing the risks of a loss, theft, or misuse of currency and a manipulation of records to prevent its detection; • Improving separation of incompatible currency-handling responsibilities; and • Improving compliance with policy and best-practice.

IMPROVEMENTS MADE:	ISSUES ADDRESSED:
<ul style="list-style-type: none"> The primary currency record-keeper has attended Microsoft Excel training classes. 	<ul style="list-style-type: none"> Improving skills needed to improve the design and use of the Excel Bank Ledger as the primary currency reporting and oversight tool.
<ul style="list-style-type: none"> The City Ordinance relating to OCPD-held unclaimed property has been revised. 	<ul style="list-style-type: none"> Improving consistency with State statutes and contributing to ongoing efforts to clarify owner identification/notification procedures.

COMMENT (9)

Checkbook access to bank-deposited currency is not well separated from record-keeping and oversight. The CTO and PMU checking account and cash handling procedures encourage separating physical access from record-keeping and oversight. An appropriate separation of bank-deposited currency-related responsibilities helps to ensure completeness of bank-deposited currency and the records used to verify completeness.

Although checkbook access has been limited to a few employees, it remains accessible to: (1) the PMU Supervisor responsible for oversight and (2) the Currency Custodian (and spouse) responsible for record-keeping and oversight (including submitting checks to Accounting Services for bank reconciliations and verifying check numerical completeness).

Granting checkbook access to those responsible for bank-deposited currency record-keeping and oversight could result in the loss, theft, or misuse of bank-deposited currency and the manipulation of records or reconciliations to prevent or conceal its detection.

RECOMMENDATION (9)

To improve access and security over bank deposited currency, management should ensure record-keeping and oversight responsibilities are assigned to PMU staff (including immediate family) without checkbook access.

MANAGEMENT RESPONSE (9)

Agree with modification of recommendation. As of December 5, 2019, oversight responsibilities were segregated from “checkbook” access and does not have check signing privileges. The currency record-keeper also does not have check signing privileges but does have access to the “checkbook” because the checks are drafted on the computer and printed out for dual signatures.

COMMENT (10)

RMS record deletion and correction⁹ privileges have not been well separated from bank deposited currency oversight and physical access. The CTO Cash Handling Policy contemplates separating record-keeping from reconciling and physical checkbook access. An appropriate separation of currency-related responsibilities helps to ensure completeness of the bank deposited currency records used to reconcile bank balances for accuracy and completeness.

The RMS allows property record deletions without a secondary approval or an audit trail. The RMS also allows property record corrections without a secondary approval, but with a more visible and accountable audit trail. Though RMS record deletion-and correction privileges have been restricted, they were still granted to the PMU supervisor who has Excel Bank Ledger access, bank deposited currency oversight responsibilities, and physical checkbook access.

An unseparated assignment of RMS record deletion and correction privileges could result in the loss, theft, or misuse of bank deposited currency and a manipulation of the RMS and Excel Bank Ledger records to prevent its detection.

RECOMMENDATION (10)

To improve the separation and effectiveness of record-keeping responsibilities, management should remove RMS record deletion privileges from all PMU staff members and assign the more visible and accountable RMS property record correction privileges to employees without bank deposited currency access and oversight responsibilities.

MANAGEMENT RESPONSE (10)

Agree with recommendation. As of November 19th, 2019, the Police Department removed RMS record deletion privileges from all Property Management Unit (PMU) staff members, including the PMU supervisor. PMU will continue to use the unlink option (identified as the record correction option in the report) for duplicate property items through approval from Police Data Systems.

COMMENT (11)

Some bank-deposited currency oversight functions ensuring Excel Bank Ledger completeness are not performed. The CTO Cash Handling Policy contemplates a well separated reconciliation and review function to help ensure the completeness and validity of bank deposited currency and related records. However, we noted the following reconciliations and reviews were not performed:

⁹ Corrections may include detaching or replacing the property record associated with a specific case or editing the amount of the existing record.

- Completeness of the Excel Bank Ledger is not verified by periodic agreement to RMS or to the Excel Currency Log.
- Validity of RMS bank deposited currency record deletions/corrections are not verified by periodic review and agreement to deletion/correction support.

Without regular oversight ensuring completeness of the Excel Bank Ledger, Accounting Services bank reconciliations (using the Excel Bank Ledger) will be a less effective control for ensuring the accuracy and completeness of bank deposited currency.¹⁰

RECOMMENDATION (11)

To improve oversight ensuring the completeness of the Excel Bank Ledger (and related bank deposited currency), management should develop new procedures and reports to begin verifying:

- Excel Bank Ledger completeness through regular agreement to RMS and Excel Currency Log records.
- RMS bank deposited currency record deletion/correction validity through regular reviews of RMS currency record deletions/corrections and agreement to support.

Refer to COMMENTS (13) and (14) regarding currency data and reporting improvements needed to facilitate these completeness verifications.

MANAGEMENT RESPONSE (11)

Agree with recommendation. By June 30th, 2020, the Police Department will have well separated procedures and reports to verify the Excel Bank Ledger completeness through monthly reconciliation with RMS currency records. The deletion privileges have been removed from all Property Management Unit (PMU) staff members, including the PMU supervisor. The unlink option (identified as the record correction option in the report) is necessary and may be used through and with the approval of Police Data Systems.

COMMENT (12)

The oversight function is not designed to ensure the validity of bank-deposited currency releases. The CTO and PMU checking account and cash handling procedures contemplate a separated oversight function to help ensure completeness of bank-deposited currency. PMU procedures also include recipient signature/documentation and dual check signature requirements intended to help ensure the validity of bank-deposited currency releases and records.

¹⁰ We noted about \$290K of *potential* bank balances reflected in the Excel Currency Log but excluded from the Excel Bank Ledger. Upon review of the largest 3 records, we determined about \$251K had been deposited and released. PMU is reviewing the balance to determine if related to the unreconciled total noted in COMMENT (15).

However, the dual signature control is not used as evidence of compilation (first signature) and verification (second signature) of the required recipient-signed documents. Rather, checks are pre-signed prior to the recipient's arrival. In addition, as described in COMMENT (5), monthly reviews by the PMU supervisor do not include verifying the validity of currency releases during the month through agreement to required supporting documentation.

Reviews of bank-deposited currency releases excluding validity verifications (of required support and recipient signatures), could result in an undetected loss, theft, or misuse of bank-deposited currency.

RECOMMENDATION (12)

To improve oversight ensuring validity of releases (and related completeness of currency), management should revise procedures and reports to begin well separated, 100% reviews of bank-deposited currency releases averaging about 33 (or \$125,021) a month. Review procedures should include:

- Granting check writing authority to counter staff responsible for compiling required support and recipient signatures.
- Performing a separate review of each release verifying retention of required support and signatures either monthly (evidenced on automated reports) or real-time (evidenced by a second check signature).

Refer to COMMENTS (13) and (14) regarding currency data and reporting improvements needed to facilitate monthly release verifications.

MANAGEMENT RESPONSE (12)

Agree with modification of recommendation. By June 30th, 2020, the Police Department will have the oversight person complete monthly reviews of all bank-deposited and cash currency releases, verifying retention of required support, documentation and signatures. The current check writing protocol is useful in keeping accurate records. There are checks and balances in place to prevent inappropriate check writing. First verification is completed by a PMU Custodian, 2nd verification is completed by the currency record keeper, 3rd verification is by the dual signature requirement on each check, and there will be a 4th verification with a monthly oversight review of all checks written on the account.

COMMENT (13)

The Excel Bank Ledger has not been designed or used as an effective and efficient tool for record-keeping and oversight. Effective and efficient record-keeping and oversight help to ensure the accuracy, completeness, and accountability of onsite currency. In June 2017, PMU created the Excel Bank Ledger to maintain a more effective and efficient record of bank-deposited currency activity previously record in manual logs and in the Excel Currency Log.

Although the Excel Bank Ledger is used as the primary bank-deposited currency record, PMU has not discontinued the manual logs, calculations, and summaries; or created automated Excel Bank Ledger reports to facilitate bank-deposited currency oversight, including summaries of:

- Bank-deposited currency to periodically verify completeness of the Excel Bank Ledger (i.e., agreement to the Excel Currency Log and to RMS) used for periodic release verifications and PMU Agency Fund updates and reconciliations.
- Monthly bank-deposited currency disbursements to verify the validity of releases and transfers (i.e., agreement to supporting documentation).
- Monthly bank-deposited currency deposit, disbursement, and balance submissions to Accounting Services for PMU Agency Fund updates and bank reconciliations.

We noted the following weaknesses in the design and use of the Excel Bank Ledger, which limit management's ability to create meaningful bank-deposited currency oversight reports:

- No use of location or release type labels to facilitate summary reports for verifying currency deposited or released (vs use of inconsistent text descriptions).
- No use of restricted data entry and formatting standards (e.g., date, amount, labels restrictions) to facilitate summary reports for verifying currency and data completeness.
- No use of features ensuring calculation accuracy and consistency.
- No use of current and historical entry labels to facilitate summary reports of current record totals and location/release types (vs overstated, comingled historical record summaries).
- No functionality for retaining or recovering deleted records/data or creating (audit trail) reports for verifying the validity of deleted records/data.

Underutilization of the Excel Bank Ledger and continued reliance on manual records and reporting limits management's ability to efficiently and effectively oversee bank-deposited currency and creates an unnecessary risk of inaccurate, incomplete, or invalid bank-deposited currency balances and releases.

RECOMMENDATION (13)

PMU management should discontinue the use of manual bank deposited currency logs, calculations, and summaries and should work with OCPD Finance to improve the design and use of the Excel Bank Ledger minimally addressing the reporting and data weaknesses outlined above.

MANAGEMENT RESPONSE (13)

Agree with recommendation. As of December 5, 2019, PMU has discontinued using the manual currency bank logs. As of December 5, 2019, PMU has improved and updated the Excel currency and bank ledgers to address the data weaknesses outlined in the Auditor's Report.

COMMENT (14)

RMS currency-related records and reports have not been maintained or created for effective and efficient bank deposited currency record-keeping and oversight. The CTO Cash Handling Policy contemplates a reconciliation and review function to help ensure the completeness and accuracy of bank deposited currency and related records. Although RMS is used as the official property record, we noted the following currency-related record-keeping and reporting weaknesses:

- RMS currency data contains several inconsistencies imported from the previous system. For example, currency types, values, locations, and descriptions are not consistent enough to ensure accurate and complete counts and values of bank deposited currency locations and releases.
 - RMS currency reports have not been created to facilitate bank deposited currency oversight. There are no reports summarizing the count and value of bank deposited currency activity (e.g., deposits, locations, releases, etc.) to (minimally) help ensure accuracy and completeness of the Excel Bank Ledger or to (preferably) replace the Excel Bank Ledger as the primary bank deposited currency record.
 - RMS currency reports have not been created to facilitate validity reviews of record deletions/corrections.
- These RMS data and reporting weaknesses limit management's ability to effectively and efficiently oversee bank deposited currency and creates an unnecessary risk of inaccurate, incomplete, invalid, or inconsistent bank deposited currency balances, releases, and related records.

RECOMMENDATION (14.1)

To improve accuracy, completeness, and consistency of bank deposited currency records and oversight, PMU management should work with the OCPD Data Systems Unit to:

- Assess the accuracy and completeness of historical RMS currency-related data fields/entries and make corrections as necessary.
- Develop edit controls, exception reports, and/or manual procedures to ensure accuracy and completeness of future RMS currency-related data fields/entries.
- Develop reports to summarize and itemize all bank deposited currency deposits, inventories, and releases (by type, value, location, or other information needed) to improve periodic bank deposited currency monitoring, and comparisons to the Excel Bank Ledger.

- Develop automated reports allowing an efficient and effective validity review of RMS record deletions/corrections.

MANAGEMENT RESPONSE (14.1)

Agree with recommendation. As of December 5, 2019, the PMU has been, and will continue working with Police Data Systems to assess the accuracy and completeness of historical RMS currency-related fields and make corrections as necessary; develop control procedures to ensure the accuracy and completeness of future currency-related fields; and create RMS reports to reconcile with the currency held in the bank, currency held in the vault, and money releases, either by currency or check. As of November 19th, 2019, the Police Department removed RMS record deletion privileges from all PMU staff members, including the PMU supervisor.

RECOMMENDATION (14.2)

To maximize the efficiency and effectiveness of bank deposited currency records and oversight, PMU management should work with the OCPD Data Systems Unit to assess the feasibility of discontinuing the Excel Bank Ledger and using the RMS as the primary record of currency.¹¹ Consideration should be given to the availability of system controls, fields, and reporting features to minimally address the data and reporting weaknesses outlined in COMMENTS (13) and (14).

MANAGEMENT RESPONSE (14.2)

Agree with Modification of the recommendation. As of December 5, 2019, the Police Department has updated the Excel Bank Ledger to accommodate the other recommendations listed. It is not feasible to discontinue the use of the Excel Bank Ledger because the limitations with the current RMS will not support the required tracking of money necessary. The Police Department is continuing to search for alternate Property Room software which will better accomplish the required outcomes and accounting necessary.

COMMENT (15)

Bank-deposited currency reflected in the PMU Agency Fund has not been fully reconciled to the Excel Bank Ledger. PMU procedures and the CTO Cash Handling Policy require monthly reviews, including reconciliations to business system records (e.g., Excel Bank Ledger), to help ensure the completeness of bank-deposited currency and related records.

PMU began reconciling to detailed records in July 2017 but could not locate original deposit or owner records for \$232,066.

¹¹ If not feasible to replace the Excel Bank Ledger, RECOMMENDATION (14.1) should still be implemented to ensure RMS bank deposited currency records are accurate, complete, and consistent with the Excel Bank Ledger.

With district court approval, State statutes allow the transfer of unclaimed currency to the General Fund. We determined \$26,746 of the balance related to an unposted unclaimed currency transfer to the General Fund (prior to the start of monthly reconciliations). Continued retention of the remaining \$205,320 unsupported bank-deposited balance creates an unnecessary risk of theft or misuse of bank-deposited currency.

RECOMMENDATION (15.1)

Management should work with the Finance Department to transfer the unposted \$26,746 to the General Fund.

MANAGEMENT RESPONSE (15.1)

Agree with recommendation. By June 30th, 2020, PMU management will coordinate with the Finance Department regarding the transfer of the unposted \$26,746 bank-deposited funds to the General Fund.

RECOMMENDATION (15.2)

Management should work with the Municipal Counselor’s Office to determine the feasibility and timing of declaring the remaining \$205,320 bank-deposited currency balance as unclaimed and transferring it to the General Fund.

MANAGEMENT RESPONSE (15.2)

Agree with recommendation. By June 30th, 2020, PMU management will coordinate with City Finance to research historical bank transactions to determine proper dispositions of the remaining \$205,320. If proper dispositions cannot be determined, the Police Department will coordinate with the Municipal Counselor’s Office to determine requirements needed to declare the remaining \$205,320 bank-deposited currency balance as unclaimed and transferring it to the General Fund.

COMMENT (16)

Bank deposited currency is not periodically reviewed for release or retention. Unreviewed bank deposited currency has contributed to an increasing balance of bank deposited currency, especially between FYE2014 (\$267,000) and FYE2019 (\$757,000).

PMU estimates \$430,000 of the FYE2019 balance related to deposits awaiting their first post-deposit disposition request, review, and investigator response.

OCPD policies and State statutes encourage a prompt return of property not needed for evidentiary or litigation (including asset forfeiture) purposes. However, currency-related procedures, practices, records, and reports do not encourage or support timely disposition requests, reviews, or responses ensuring prompt bank deposited currency release or retention

decisions. PMU also stated that required 6-month follow-up disposition requests for bank deposited currency have not been performed due to ongoing delays in processing the onsite currency disposition requests, reviews, and responses addressed in COMMENT (8).

The retention of a large bank deposited currency balance, if not needed for litigation purposes, poses an unnecessary risk of currency loss, theft, or misuse. Untimely reviews of drug-related balances could also lead to the expiration of the asset forfeiture statutes of limitations, preventing recovery of related funds on behalf of the arresting governing agencies.¹²

RECOMMENDATION (16.1)

Management should review and amend procedures to expand and clarify criteria and guidance ensuring more prompt bank deposited currency release and retention decisions. At a minimum, consideration should be given to onsite and bank deposited procedures addressing the following:

- A practical assignment of authority and responsibility for completing a timely preliminary currency disposition request and/or response after initial booking.
- Requiring, monitoring, and enforcing more frequent and more timely (at least high dollar) follow-up disposition requests and responses.
- Providing statutory criteria and guidance to distinguish between onsite currency (needed as evidence) and bank deposited currency (needed for other litigation purposes).
- Encouraging the deposit of (at least high dollar) currency approved for release.

MANAGEMENT RESPONSE (16.1)

Agree with recommendation. As of January 2020, the Police Department has been coordinating with the Municipal Counselor's Office to create procedures to clarify and give direction to ensure prompt bank deposited currency release and retention decisions. By June 30th, 2020, the Police Department will have these procedures in place.

RECOMMENDATION (16.2)

Management should work with the OCPD Data Systems Unit to assess the feasibility of creating RMS data fields, labels, and reports to facilitate prompt bank deposited currency release and retention decisions. At a minimum, consideration should be given to addressing the following onsite and bank deposited currency improvements:

- Automated routing to the areas or individuals responsible for performing preliminary and periodic follow-up disposition requests and responses.

¹² The portion of deposits relating to asset forfeiture could be over \$300,000, based on the history of asset forfeiture transfers from July 2017 through October 2018.

- Automated system reports to facilitate more timely currency disposition routing, monitoring, and prioritizing by high-dollar, age, key dates (e.g., statutory asset forfeiture or owner notification periods), or other relevant criteria.
- Creation of consistent data fields or labels needed to facilitate complete, accurate, and timely routing, reporting, and monitoring of currency release, deposit, and retention decisions (e.g., disposition reviewers, periods, dates, deadlines, thresholds, responses, etc.).

If the use of RMS is not feasible, management should work with OCPD Finance to use the existing Excel Bank Ledger (or a replacement application) to automate these procedures as much as possible.

MANAGEMENT RESPONSE (16.2)

Agree with recommendation. As of February 3rd, 2020, the Police Department has been working with Police Data Systems to create automated reports to facilitate prompt bank deposited currency release and retention decisions. By June 30th, 2020, the Police Department will have these reports in place.

RECOMMENDATION (16.3)

PMU management should work with investigators as soon as practical to identify, assess, and process any high-dollar drug-related bank deposited balances meeting the statute of limitations and other asset forfeiture requirements.

MANAGEMENT RESPONSE (16.3)

Agree with recommendation. By June 30th, 2020, the Police Department will have procedures in place to identify, assess and process any drug-related bank deposited balances past the statute of limitations and not meeting other asset forfeiture requirements.

COMMENT (17)

Recent bank deposited balances have not been timely returned to owners or transferred to the General Fund. OCPD policies and State statutes encourage a prompt return of property not needed for evidentiary or litigation purposes. With district court approval, State statutes also allow transfer of unclaimed currency to the General Fund.

During recent reviews of unclaimed property transfer requests, the Municipal Counselor's Office identified potential improvements in the prerequisite owner notification procedures adopted by PMU. Potential procedural improvements include clarification of owner identification and notification requirements and responsibilities and system modifications to support a more consistent, efficient, and effective recording and reporting of owner information.

PMU estimates **\$91,000** of the FYE2019 balance relates to deposits pending suggestions from the Municipal Counselor's Office to improve owner notifications before requesting district court approval for additional General Fund transfers.

The retention of a large bank deposited currency balance poses a risk of currency loss, theft, or misuse.

RECOMMENDATION (17.1)

Management should continue working with the Municipal Counselor's Office to implement improvements to the owner identification and notification procedures, records, and reports and begin processing unclaimed currency transfers to the General Fund.

MANAGEMENT RESPONSE (17.1)

Agree with recommendation. The Police Department is continuing to work with the Municipal Counselor's Office to implement improved owner identification and notification procedures. By June 30th, 2020, the Police Department will have implemented these improved procedures. The Police Department will continue processing unclaimed currency transfers to the General Fund.

RECOMMENDATION (17.2)

Management should work with the OCPD Data Systems Unit to assess the feasibility of using RMS to record and report currency owner information to facilitate compliance with statutory and procedural owner notification requirements. If not feasible, PMU management should work with OCPD Finance to use the Excel Bank Ledger (or a replacement application) to more effectively and efficiently record and report necessary owner information.

MANAGEMENT RESPONSE (17.2)

Agree with Recommendation. RMS has the capability to report currency owner information and is being used to do so.

OTHER COMMENT

COMMENT (18)

Procedures for the sale of unclaimed property have not been designed or communicated to ensure completeness of related deposits. The CTO Cash Handling Policy contemplates separating physical access from record-keeping and reconciling. An appropriate separation of currency-related responsibilities helps to ensure completeness of deposited currency and the records used to periodically verify completeness.

Occasionally, owners' property is not claimed. With district court approval, State statutes allow a third-party sale of unclaimed property and a deposit of the proceeds to the General Fund.¹³ However, formal procedures have not been adopted to ensure completeness of unclaimed property records and deposited third-party receipts. In addition, informal procedures include the following weaknesses:

- Third-party auction proceeds/checks are sent directly to PMU staff with RMS edit access.
- Standard RMS location labels have not been created to identify unclaimed property (records) sent to the third-party for online auction.
- Automated RMS reports have not been created to identify unclaimed property records awaiting receipt and deposit of third-party proceeds.
- Unclaimed property records are not reviewed to ensure an appropriate disposition for each item (e.g., receipt and deposit of proceeds).
- Unseparated check-handling and record-keeping could result in the theft or misuse of unclaimed property proceeds and the manipulation of records preventing detection.
- Incomplete unclaimed property records/reports or unperformed oversight could result in an undetected third-party retention of unclaimed property proceeds or an undetected loss, theft, or misuse of the proceeds after receipt.

RECOMMENDATION (18.1)

PMU management should work with Finance Department Procurement Services and CTO to develop well separated unclaimed property sales procedures. At a minimum, the procedures should ensure a direct payment of sales proceeds to the CTO and a periodic independent

¹³ General Fund deposits of unclaimed property proceeds totaled about \$141,000 during the 10 years prior to the recent Municipal Counselor's Office reviews of unclaimed currency transfer requests noted in COMMENT (17).

review of unclaimed property records to ensure completeness of deposits or validity of other dispositions.

MANAGEMENT RESPONSE (18.1)

Agree with recommendation. As of December 4th, 2019, the Police Department has made arrangements with the City Treasurer's Office and Propertyroom.com to have all future funds, from the sale of unclaimed property, be direct deposited (ACH) into the City's General Fund. The Police Department will conduct periodic review of unclaimed property records to ensure completeness of deposits or validity of other dispositions.

RECOMMENDATION (18.2)

PMU management should work with the OCPD Data Systems Unit to create:

- Standard RMS location or other labels to facilitate accurate, complete, and consistent reporting of unclaimed property statuses (e.g., awaiting sale, deposited, or other disposition).
- Automated RMS reports to facilitate effective and efficient periodic reviews of unclaimed property statuses and verifications of deposits and other dispositions.

MANAGEMENT RESPONSE (18.2)

Agree with recommendation. As of December 5, 2019, PMU management is working with Police Data Systems to standardize location labels, disposition labels, and create automated reports to facilitate reviews of property dispositions in need of updating.



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

MEMORANDUM

TO: Jim Williamson, City Auditor

THROUGH: Craig Freeman, City Manager *CF*

FROM: Wade Gourley, Chief of Police *W. G.*

DATE: May 1, 2020

SUBJECT: Audit of the Police Department's Property Management Unit

Following are management's responses to recommendations outlined in the recent Oklahoma City Police Department Property Management Unit Investigation Report.

1. Agree with recommendation. As of February 19th, 2020, the Police Department has segregated currency record-keeping from physical currency handling access. As of January 2020, the currency oversight responsibilities have been segregated from currency record-keeping and physical currency handling access.
2. Agree with recommendation. As of November 19th, 2019, the Police Department removed RMS record deletion privileges from all Property Management Unit (PMU) staff members, including the PMU supervisor. PMU will continue to use the unlink option (identified as the record correction option in the report) for duplicate property items through approval from Police Data Systems.
3. Agree with recommendation. By June 30th, 2020, the Police Department will create PMU currency oversight responsibilities and assign these currency oversight responsibilities to a PMU staff member. This staff member does not have edit access to the currency records and does not have physical currency handling access.
4. Agree with recommendation. By June 30th, 2020, the Police Department will have well separated procedures and reports to verify the Excel Currency Log completeness through monthly reconciliation with RMS currency records. The deletion privileges have been removed from all Property Management Unit (PMU) staff members, including the PMU supervisor. The unlink option (identified as the record correction option in the report) is necessary and may be used through and with the approval of Police Data Systems.
5. Agree with recommendation. By June 30th, 2020, the Police Department will have developed new procedures to require a monthly review of all releases of money, either by check or by actual currency released in order to verify the retention of all required documentation. The Police Department will also require monthly verification of all temporary District Attorney's Office releases to verify the evidence is still needed for court proceedings.

6. Agree with recommendation. As of December 5, 2019, PMU has discontinued using the manual onsite currency logs. As of December 5, 2019, PMU has improved and updated the Excel currency and bank ledgers to address the data weaknesses outlined in the Auditor's Report.
7. 7.1 Agree with recommendation. As of December 5, 2019, the PMU has been, and will continue to work with Police Data Systems to assess the accuracy and completeness of historical RMS currency-related fields and make corrections as necessary; develop control procedures to ensure the accuracy and completeness of future currency-related fields; and create RMS reports to reconcile with the Excel Currency Log, currency held in the bank, currency held in the vault, and money releases, either by currency or check.

7.2 Agree with Modification of the recommendation. As of December 5, 2019, the Police Department has updated the Excel Currency Log to accommodate the other recommendations listed. It is not feasible to discontinue the use of the Excel Currency Log because the limitations with the current RMS will not support the required tracking of money necessary. The Police Department is continuing to search for alternate Property Room software which will better accomplish the required outcomes and accounting necessary.
8. 8.1 Agree with recommendation. As of December 2, 2019, Chief's Directive 19-09 was issued which requires timely initial currency dispositions, monitoring and enforcing timely follow-up currency dispositions, and criteria to distinguish between currency which must be held on-site and currency which can be held in the bank until a final disposition can be determined. Police Department is working in cooperation with the Finance Department to deposit currency in the bank as quickly as possible. During January 2020, PMU reduced the amount of on-site currency by \$476,311 with an ending balance of \$212,440 as of January 31st, 2020.

8.2 Agree with recommendation. As of December 5, 2019, the PMU has been working with Police Data Systems in creating RMS reports to facilitate prompt onsite currency release, deposits and retention decisions. By June 30th, 2020, the RMS reports will be implemented.
9. Agree with modification of recommendation. As of December 5, 2019, oversight responsibilities were segregated from "checkbook" access and does not have check signing privileges. The currency record-keeper also does not have check signing privileges but does have access to the "checkbook" because the checks are drafted on the computer and printed out for dual signatures.
10. Agree with recommendation. As of November 19th, 2019, the Police Department removed RMS record deletion privileges from all Property Management Unit (PMU) staff members, including the PMU supervisor. PMU will continue to use the unlink

option (identified as the record correction option in the report) for duplicate property items through approval from Police Data Systems.

11. Agree with recommendation. By June 30th, 2020, the Police Department will have well separated procedures and reports to verify the Excel Bank Ledger completeness through monthly reconciliation with RMS currency records. The deletion privileges have been removed from all Property Management Unit (PMU) staff members, including the PMU supervisor. The unlink option (identified as the record correction option in the report) is necessary and may be used through and with the approval of Police Data Systems.
12. Agree with modification of recommendation. By June 30th, 2020, the Police Department will have the oversight person complete monthly reviews of all bank-deposited and cash currency releases, verifying retention of required support, documentation and signatures. The current check writing protocol is useful in keeping accurate records. There are checks and balances in place to prevent inappropriate check writing. First verification is completed by a PMU Custodian, 2nd verification is completed by the currency record keeper, 3rd verification is by the dual signature requirement on each check, and there will be a 4th verification with a monthly oversight review of all checks written on the account.
13. Agree with recommendation. As of December 5, 2019, PMU has discontinued using the manual currency bank logs. As of December 5, 2019, PMU has improved and updated the Excel currency and bank ledgers to address the data weaknesses outlined in the Auditor's Report.
14. 14.1 Agree with recommendation. As of December 5, 2019, the PMU has been, and will continue working with Police Data Systems to assess the accuracy and completeness of historical RMS currency-related fields and make corrections as necessary; develop control procedures to ensure the accuracy and completeness of future currency-related fields; and create RMS reports to reconcile with the currency held in the bank, currency held in the vault, and money releases, either by currency or check. As of November 19th, 2019, the Police Department removed RMS record deletion privileges from all PMU staff members, including the PMU supervisor.

14.2 Agree with Modification of the recommendation. As of December 5, 2019, the Police Department has updated the Excel Bank Ledger to accommodate the other recommendations listed. It is not feasible to discontinue the use of the Excel Bank Ledger because the limitations with the current RMS will not support the required tracking of money necessary. The Police Department is continuing to search for alternate Property Room software which will better accomplish the required outcomes and accounting necessary.
15. 15.1 Agree with recommendation. By June 30th, 2020, PMU management will coordinate with the Finance Department regarding the transfer of the unposted \$26,746 bank-deposited funds to the General Fund.

15.2 Agree with recommendation. By June 30th, 2020, PMU management will coordinate with City Finance to research historical bank transactions to determine proper dispositions of the remaining \$205,320. If proper dispositions cannot be determined, the Police Department will coordinate with the Municipal Counselor's Office to determine requirements needed to declare the remaining \$205,320 bank-deposited currency balance as unclaimed and transferring it to the General Fund.

16. 16.1 Agree with recommendation. As of January 2020, the Police Department has been coordinating with the Municipal Counselor's Office to create procedures to clarify and give direction to ensure prompt bank deposited currency release and retention decisions. By June 30th, 2020, the Police Department will have these procedures in place.

16.2 Agree with recommendation. As of February 3rd, 2020, the Police Department has been working with Police Data Systems to create automated reports to facilitate prompt bank deposited currency release and retention decisions. By June 30th, 2020, the Police Department will have these reports in place.

16.3 Agree with recommendation. By June 30th, 2020, the Police Department will have procedures in place to identify, assess and process any drug-related bank deposited balances past the statute of limitations and not meeting other asset forfeiture requirements.

17. 17.1 Agree with recommendation. The Police Department is continuing to work with the Municipal Counselor's Office to implement improved owner identification and notification procedures. By June 30th, 2020, the Police Department will have implemented these improved procedures. The Police Department will continue processing unclaimed currency transfers to the General Fund.

17.2 Agree with Recommendation. RMS has the capability to report currency owner information and is being used to do so.

18. 18.1 Agree with recommendation. As of December 4th, 2019, the Police Department has made arrangements with the City Treasurer's Office and Propertyroom.com to have all future funds, from the sale of unclaimed property, be direct deposited (ACH) into the City's General Fund. The Police Department will conduct periodic review of unclaimed property records to ensure completeness of deposits or validity of other dispositions.

18.2 Agree with recommendation. As of December 5, 2019, PMU management is working with Police Data Systems to standardize location labels, disposition labels, and create automated reports to facilitate reviews of property dispositions in need of updating.

Thank you for the professional review of this program.