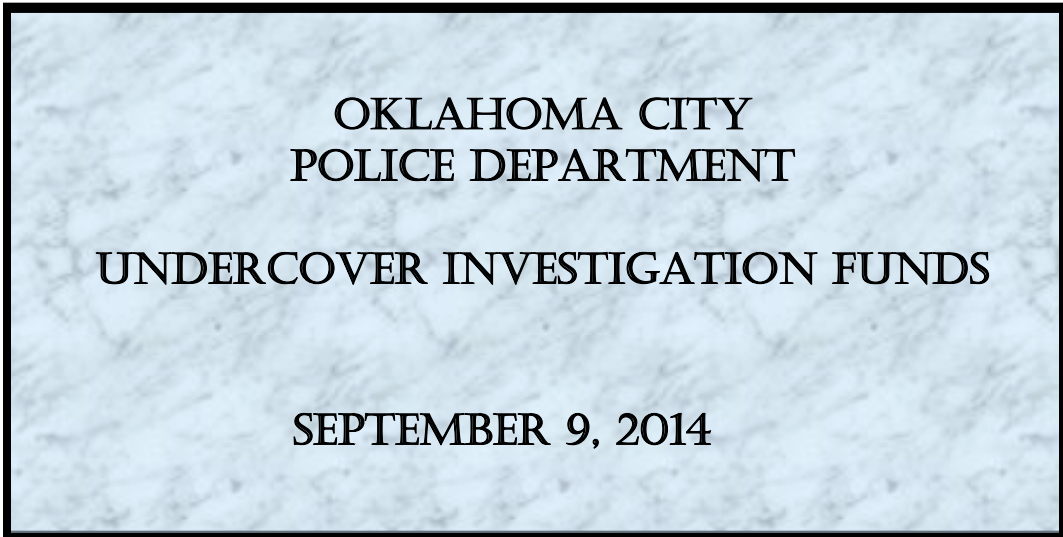


AUDIT TEAM

Jim Williamson, CPA, CIA, City Auditor
Janet McWilliams, CPA, Audit Manager
Tim Alvarez, CICA, Senior Auditor



MAYOR AND CITY COUNCIL

<i>Mick Cornett</i>	<i>Audit Committee, Mayor</i>
<i>James Greiner</i>	<i>Ward 1</i>
<i>Ed Shadid</i>	<i>Ward 2</i>
<i>Larry McAtee</i>	<i>Audit Committee, Ward 3</i>
<i>Pete White</i>	<i>Ward 4</i>
<i>David Greenwell</i>	<i>Audit Committee, Ward 5</i>
<i>Margaret S. "Meg" Salyer</i>	<i>Ward 6</i>
<i>John A. Pettis, Jr.</i>	<i>Ward 7</i>
<i>Patrick Ryan</i>	<i>Ward 8</i>



The City of
OKLAHOMA CITY
Office of the City Auditor

Executive Summary

Audit Report 14-02

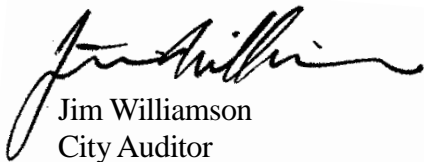
September 9, 2014

The Mayor and City Council:

The Office of the City Auditor has completed an audit of the Oklahoma City Police Department undercover investigation funds. Based upon the results of our audit, we believe that:

- Internal controls ensuring the accuracy and validity of undercover investigation expenditures were adequate and effective during the ten months ended April 30, 2014.

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


Jim Williamson
City Auditor


Janet McWilliams
Audit Manager

**OKLAHOMA CITY POLICE DEPARTMENT
Undercover Investigation Funds**

AUDIT OBJECTIVE, BACKGROUND, SCOPE AND METHODOLOGY

The objective of this audit was to evaluate the adequacy and determine the effectiveness of internal controls ensuring the accuracy and validity of undercover investigation expenditures during the ten months ending April 30, 2014.

The Oklahoma City Police Department (OCPD) - Special Projects Group (SPG) provides investigative services to the Oklahoma City community relating to vice, drug and gang criminal activity.¹ Undercover investigation funds² accumulative balances average \$55,600 per month and are managed by the SPG. The funds are comprised of:

- Two external bank accounts
 - Investigative account funding cash held by officers for undercover investigation expenditures;
average monthly balance - \$16,721
 - Building & Maintenance account funding undercover facility expenditures;
average monthly balance - \$11,096
- Cash held by officers for undercover investigation expenditures;
average monthly balance - \$15,782
- Flash rolls funds in the amount of 12,000

SPG undercover investigation and facility expenditures are posted in Access. Quicken financial software is used to track all banking transactions and perform monthly bank reconciliations. Reimbursements to the external bank accounts are funded from the Asset Forfeiture Fund.

Expenditure Type	FY14 @ 4/30/2014	FY 2013	FY2012
Investigations	\$44,471	\$60,098	\$80,175
Facility	\$111,291	\$107,825	\$86,828
Total	\$155,762	\$167,923	\$167,004

¹ City of Oklahoma City 2013-2014 Adopted Budget

² Oklahoma City Municipal Code 2010, Chapter 2 provides special permission for the Chief of Police to have undercover investigation funds with an accumulative outstanding balance limited to \$150,000

Procedures performed during our audit included

- interviewing OCPD management
- reviewing SPG policies and procedures
- reviewing systems used by OCPD to account for investigative expenditures and banking transactions (Access and Quicken)
- reviewing expenditure documentation and bank reconciliation processes
- comparing activity posted in Access to expenditures in PeopleSoft Financial System
- physically counting Flash roll cash on hand
- tracing purchases of controlled dangerous substances to booking in OCPD Property Room
- we did not physically count cash held by officers

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our 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.

RESULTS OF WORK PERFORMED

Results of our audit indicate that internal controls ensuring the accuracy and validity of undercover investigation expenditures were adequate and effective during the ten months ended April 30, 2014.

COMMENT:

To account for undercover investigation funds in the City's 2013 financial statements, the OCPD submitted June 30, 2013 balances for the OCPD external checking accounts and flash funds, totaling \$33,840, to the Finance Department. Cash held by officers in the amount of \$16,133 was not included resulting in the understatement of Non Pooled Cash and Cash Equivalents in the FYE 2013 Comprehensive Annual Financial Reports.

RECOMMENDATION: OCPD management should include the total cash held by officers in their fiscal year-end report to the Finance Department.



MEMORANDUM

The City of
OKLAHOMA CITY
Police Department



TO: Jim Williamson, City Auditor
THROUGH: James D. Couch, City Manager *Joe*
FROM: William Citty, Chief of Police *W*
DATE: August 25, 2014
SUBJECT: Audit 14-02 Undercover Investigation Funds

Agree with Recommendation. Total cash amount held by officers at the conclusion of each fiscal year will be included in the fiscal year-end report to the City's Finance Department beginning with end of fiscal year 2014-2015.

Thank you for your professional review.