

# *Office of the City Auditor*

City of  
Gainesville,  
Florida

## **GPD Property and Evidence Cash Audit**

**July 13, 2021**





# City of Gainesville Office of the City Auditor

## GAINESVILLE CITY COMMISSION

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**\*Audit & Finance Committee Member**

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## City of Gainesville Office of the City Auditor

### GPD Property and Evidence Cash Audit

# Executive Summary

July 13, 2021

#### **What We Did**

The objective of this audit engagement was to assess the adequacy of design and operating effectiveness of internal controls over the handling of cash and cash equivalents in GPD Property and Evidence and drug task force processes. This audit was added to the City Auditor's Office 2021 Audit Plan when audit follow-up activities determined that a past due management action plan from a previous audit report was not yet implemented.

GPD's Property and Evidence Unit (PEU) serves as the custodian of property and evidence cash and cash equivalents submitted by officers. PEU cash handling activities include the following high-level steps:

- Submission – The submitting officer collects, packages, and records the cash, then submits the cash to the PEU.
- Intake – PEU personnel retrieve the submitted package and verify the recorded information.
- Storage – PEU personnel record and store cash property and evidence.
- Disposition – The case officer or courts authorize cash disposal. PEU personnel dispose of the cash according to guidelines and record the disposition.

We assessed the control environment and management monitoring processes around PEU cash handling activities through interviews, observation, limited substantive testing and data analysis.

#### **What We Found**

##### Inconsistent and Incomplete Policies and Procedures

Policies and procedures for handling property and evidence cash and cash equivalents are either inconsistent or incomplete. Evidence cash not containing forensic evidentiary value is not deposited into a City bank account. Roles and responsibilities are not defined in procedures. Steps for creating inventory reports are not documented in procedures. Cash is deposited in inconsistent manners.

##### Insufficient Separation of Key Duties

Key cash handling duties (submission, intake, storage, and disposition) were performed by the same person in some instances. 9 of 24 items of cash evidence had unexplained and unsupported reductions to the amount recorded at submission, with changes totaling \$6,869.

##### Inadequate Oversight and Monitoring

Management does not consistently monitor effectiveness of key controls around GPD PEU cash handling processes.

##### Inadequate Information Technology Controls

GPD Property and Evidence information systems and applications are not yet incorporated into the City's Enterprise IT Governance program. Certain system patches were not installed timely. One legacy system had not been patched or updated for 19 years. User access management is not adequate.

*We would like to thank GPD, Budget & Finance, and IT personnel for their cooperation and professionalism throughout this audit.*



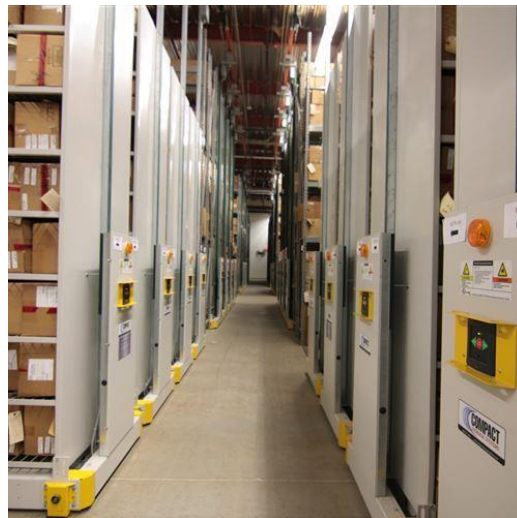
## INTRODUCTION

In 2020 a Gainesville Police Department (GPD) property and evidence cash audit issue that had remained open for an extended period failed validation testing. Due to high inherent risk of cash handling activities in general, and existence of a past due open audit issue, the City Auditor's Office added a new GPD property and evidence cash and cash equivalents audit to the Audit Plan, which was approved by the City Commission on March 22, 2021.

GPD's Property and Evidence Unit (PEU) staff serve as custodians of property and evidence cash and cash equivalents and are responsible for ensuring that items are submitted, recorded, stored and secured, and disposed of properly.

Property and evidence cash and cash equivalents are stored in PEU controlled and secured evidence rooms. Chain of custody of PEU cash and cash equivalents is tracked in the GPD records management system. As of April 20, 2021, there were 2,700 items of property and evidence cash and cash equivalents, totaling \$454,721, recorded as inventory in two evidence rooms.

The objective of this audit was to assess the design and operating effectiveness of internal controls over the handling of cash and cash equivalents in GPD property and evidence and drug task force processes.



## SCOPE AND METHODOLOGY

The scope of this engagement included a review of internal controls around handling of property and evidence cash and cash equivalents where GPD is custodian, including PEU Main and PEU Special Investigations Division. During this engagement, we interviewed GPD and PEU leadership and staff, observed operations, and tested PEU cash and cash equivalents events and transactions. Specifically, the audit team:

### Governance

- Reviewed accuracy and completeness of property and evidence policies and procedures providing guidance for the handling of PEU cash and cash equivalents.
- Reviewed management oversight and monitoring activities surrounding property and evidence cash activities, compliance with policy and procedures, and reporting processes.

### Property and Evidence Cash and Cash Equivalents

- Assessed the design and effectiveness of controls surrounding the submission, intake and recording, storage, and disposal of property and evidence cash and cash equivalents.
- Assessed adequacy of separation of duties around key GPD PEU activities.

### Information Technology

- Assessed the effectiveness of user access management for GPD systems that house property and evidence cash and cash equivalents information.



- Assessed systems user roles and responsibilities to determine whether key duties were adequately separated.
- Assessed the level of information technology governance by reviewing management of user activity, systems monitoring, and security patches and updates.

## RESULTS AND CONCLUSION

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As a result of our review, we identified opportunities for improvement to better design and strengthen controls around handling GPD PEU cash and cash equivalents. Adequate policies and procedures, separation of duties, strong IT governance of related systems, and effective oversight and monitoring of the PEU cash handling activities are critical to mitigate risks of error, loss, and misappropriation. Four moderate to high risk observations are listed below.

1. Inconsistent and incomplete policies and procedures (High)
  2. Insufficient separation of key duties (High)
  3. Inadequate oversight and monitoring (Moderate)
  4. Inadequate Information Technology controls (Moderate)
- **High Risk:** Key controls do not exist or are not effective, resulting in an impaired control environment. High Risk control weaknesses require immediate corrective action detailed in the management action plan.
  - **Moderate Risk:** Adequate control environment exists for most processes. Moderate risk control weaknesses require corrective action detailed in the management action plan.
  - **Low Risk:** Satisfactory overall control environment with a small number of low risk control improvement opportunities that do not require corrective action or a management action plan.

Audit issue details and management action plans are included within the *Audit Issues and Management Action Plans* section beginning on page 10. We would like to thank GPD management, Property and Evidence Unit, Budget & Finance, and Enterprise IT Governance personnel for their professionalism and cooperation during this engagement.

## GOVERNMENT AUDITING STANDARDS COMPLIANCE

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We conducted this audit engagement in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the engagement 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 observations and conclusions based on our audit objectives.

## INTERNAL AUDIT TEAM

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Ginger Bigbie, CPA, CFE, City Auditor  
 Brecka Anderson, CIA, CFE, CGAP, Assistant City Auditor (Lead Auditor for this engagement)  
 Vincent Iovino, CISA, CRISC, IT Audit Manager  
 Gregory Robeson, CPA, CIA, CFE, Internal Audit Manager  
 Patrick Keegan, CISA, Senior IT Auditor  
 Diana Ferguson-Satterthwaite, FCCA, CIA, Senior Internal Auditor



## BACKGROUND

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Police property and evidence personnel are tasked with managing and safeguarding property and evidence cash and cash equivalents (U.S. dollars and coins, foreign currency, gift cards, other instruments easily converted to cash). Lost or abandoned cash and cash equivalents (cash), submitted to GPD Property and Evidence Unit (PEU) but not tied to an arrest or case, is considered *property cash*. Cash submitted in relation to an arrest or case is considered *evidence cash*, and may contain forensic evidence.

### GPD Property Cash

Property cash is non-evidentiary cash that is collected by an officer while performing a Department or police function. Property cash is handled differently based on whether the property owner is known. Property cash with an *unknown* owner is maintained in storage for 90 days then returned to the finder (if applicable), or transferred to City Billing and Collections and deposited as revenue. A *known* owner of property cash is notified the cash is available and may be claimed by the specified date. If unclaimed after 90 days, the unclaimed property cash is transferred to City Billing and Collections for deposit, maintained for 5 years, then sent with owner's name to the State of Florida as unclaimed property.

### GPD Evidence Cash

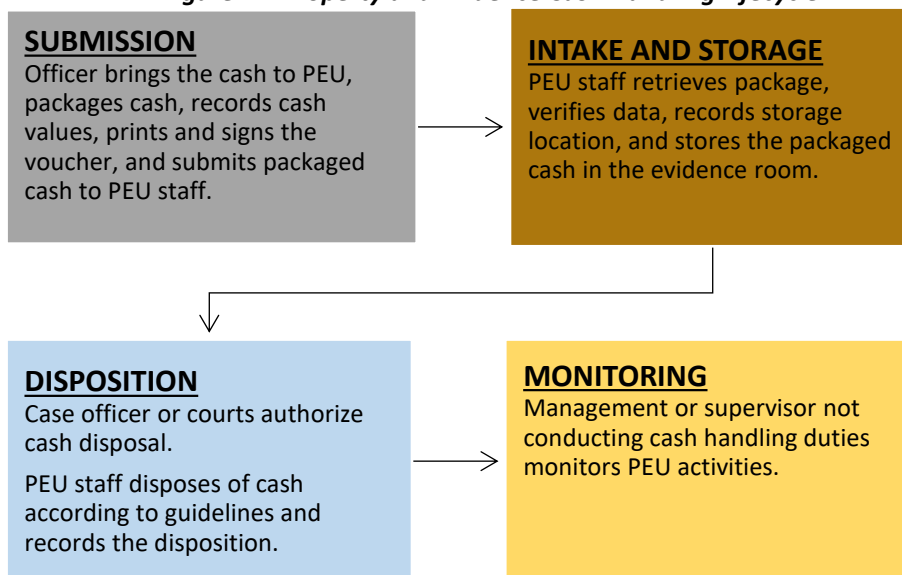
Evidence cash may be needed to establish that a crime has been committed, or may provide links between a crime, its victim(s) and perpetrator(s). Officers collect evidence cash during policing activities, such as when issuing search warrants, during arrests, or while conducting traffic stops. Evidence cash with forensic value contains DNA, fingerprints, or other forensic attributes. Evidence cash with no forensic value does not need to be preserved for forensic testing. Evidence cash is maintained in inventory until an authorization for release is received from the case officer, courts, or attorneys. PEU staff then disposes cash evidence by returning the cash to the owner or another party, depositing forfeited cash with the City, or transferring forfeited cash to another law enforcement agency.

### GPD Property and Evidence Cash Handling Lifecycle

GPD established General Order 84 procedures to govern preservation, storage, security and disposition of property and evidence, including cash. GPD established two locations to manage property and evidence cash - PEU Main and PEU Special Investigation Division. The daily operations of the property and evidence units are managed by a Property and Evidence Supervisor (Evidence Custodian) and Property and Evidence Specialists. Several steps are performed by GPD officers, PEU staff, and management to ensure that cash is accounted for. The property and evidence cash handling lifecycle is depicted in Figure 1 below:



**Figure 1 – Property and Evidence Cash Handling Lifecycle**



#### Cash Submission

Officers collecting property and evidence cash during the scope of their duties package the cash, sign and date the envelope, record data in the records management system, and submit the packaged cash to the PEU. Two persons (the submitting officer and another officer or a supervisor) verify that the cash is submitted to the PEU. Officers are required to submit the package to the PEU prior to the end of their current shift which is important to minimize risk of loss or theft of cash.

#### Cash Intake and Storage

PEU staff retrieves the package with cash, inspects the accuracy of data on the package, selects the storage location in the records management system, affixes a tracking label to the package, and stores the package in the property and evidence room. Management enforces security by limiting access to the evidence rooms. Persons entering the PEU evidence rooms must be accompanied by PEU personnel. Security cameras are active in the property and evidence rooms to record cash handling activities.

#### Cash Disposition

PEU staff is required to obtain authorization for disposition prior to releasing cash. The authorization required for disposal, the length of time it may remain in storage, and how cash is disposed are determined by the type of cash that was submitted to the PEU. Figure 2 below details how GPD disposes cash based on the type of cash.





**Figure 2 – PEU Process for Disposing Cash by Cash Type**

| <i>Cash Type</i>   | Property Cash Found or Abandoned (Owner Unknown)  | Property Cash Found or Abandoned (Owner Known)  | Evidence Cash with Forensic Value   | Evidence Cash with No Forensic Value   |
|--|---|---|---|--|
| What authorization is required for disposal?   | Not Applicable  | Owner submits identification and claims cash  | Case Officer, courts, or attorney authorization. Then the owner claims and submits identification.  | Case Officer, courts, or attorney authorization. Then the owner claims and submits identification.   |
| How long can the cash be kept in PEU storage?  | 90 days   | 90 days after notifying owner   | Cash is kept as long as the case is still open, or if the evidence no longer has evidentiary value.   | 60 days after the PEU receives notification that the case is closed, or 90 days after the PEU receives notification that the case is closed if it is the property of the victim. |
| How is the cash disposed if claimed by owner?  | Not Applicable  | Cash is given directly to owner from PEU storage  | Cash is given directly to the owner or designee from PEU storage. The City keeps forfeited funds, or transfers funds to other law enforcement agencies. | Cash is given directly to the owner or designee from PEU storage. The City keeps forfeited funds, or transfers funds to other law enforcement agencies.                          |
| How is cash disposed if not claimed by owner after authorization for disposal is received? | Cash is returned to the finder, if applicable, otherwise, cash reverts to the City, is deposited in a City bank account, and recognized as revenue. | Cash is deposited in a City bank account for 5 years and recognized as a liability. If not claimed, cash is transferred to the State as unclaimed property. | If not claimed within 60 days, cash reverts to the City and is deposited in a City bank account and recognized as revenue.                              | If not claimed within 60 days, cash reverts to the City and is deposited in a City bank account and recognized as revenue.   |

#### Cash Monitoring

PEU staff conducts semi-annual quality reviews by verifying a sample of property and evidence cash in storage based on the PEU cash report. GPD accreditation staff also conducts announced and unannounced quality reviews of PEU cash inventory based on the PEU cash report. In both instances, the packages remain sealed and actual cash is not counted.

#### Property and Evidence Systems and Reports

GPD Property and Evidence cash inventory records dated back to 1999. Figure 3 below displays the number of cash items in inventory and the value as of April 20, 2021. The number of items considered as cash equivalents are displayed below; however, the value could not be determined from the records management system.





**Figure 3 – Cash Inventory on Hand**

| PEU Cash and Cash Equivalents Inventory* |                 |                  |
|--|-----------------|------------------|
| Category                                 | Number of Items | Value            |
| EVIDENCE CASH                            | 1,137           | \$453,759        |
| EVIDENCE CASH EQUIVALENTS                | 1,482           | Not Recorded     |
| PROPERTY CASH                            | 42              | \$962            |
| PROPERTY CASH EQUIVALENTS                | 39              | Not Recorded     |
| <b>TOTAL IN INVENTORY</b>                | <b>2,700</b>    | <b>\$454,721</b> |

*\*Obtained from GPD's record management system as of April 20, 2021*

The information included in Figure 3 was obtained from the OneSolution RMS (RMS) records management system. RMS is the records management system used by GPD to manage the chain of custody for property and evidence from submission to disposition. This system has been operational since 2005. Property and evidence cash and cash equivalents submitted prior to 2005 are maintained in the Q-tel System and in a Microsoft Access Database.

GPD utilizes various legacy systems as well as industry-standard applications to maintain property and evidence cash and cash equivalents inventory records. Internal Audit reviewed several aspects of these systems, including user access management, user activity monitoring, separation of duties for systems user roles, and enterprise IT governance. Our audit testing criteria were derived from the Criminal Justice Information Services (CJIS) Security Policy version 5.9 published June 1, 2020.



## AUDIT ISSUES AND MANAGEMENT ACTION PLANS

### ISSUE #1 Inconsistent and Incomplete Policies and Procedures

Risk rating: [High]

**Observation:**

Components of Gainesville Police Department's (GPD) policies and procedures for handling property and evidence cash and cash equivalents are either inconsistent or incomplete. Furthermore, Internal Audit was unable to close the prior audit issue entitled "*Cash Procedures Need Updating*" from a September 15, 2015 audit report of the GPD Property and Evidence Unit. Specific areas noted during our current audit include:

Depositing Property and Evidence Cash

Property cash received is stored in the Property and Evidence Unit (PEU) evidence room for up to 90 days prior to being deposited into the City's bank account. Evidence cash received is stored in the PEU evidence room until authorization for disposition is received. Our review of Florida State Statute 90.91, GPD policy, professional best practices, case law, and professional opinion revealed that both property and evidence cash not containing forensic value may be deposited into a City bank account upon receipt. See Table 1 below.

**Table 1**

**Should GPD Property and Evidence cash be deposited to a City bank account upon receipt?**

| GPD Property and Evidence Cash       | Desired Outcome Y/N | State Attorney | Florida Statutes | Policy and Procedures | Professional Standards IAPE & CALEA | Case Law             |
|--------------------------------------|---------------------|----------------|------------------|-----------------------|-------------------------------------|----------------------|
| Property Cash                        | Yes                 | Not addressed  | Not addressed    | Not addressed         | Yes                                 | N/A                  |
| Evidence Cash with no forensic value | Yes                 | Yes            | Yes              | Not addressed         | Yes                                 | Yes (Bolden v State) |
| Evidence Cash with forensic value    | No                  | No             | No               | No                    | No                                  | No                   |



### Roles and Responsibilities

General Order 84.1 “Property and Evidence Control” provides guidance over the Property and Evidence Unit (PEU); however, the policy does not include roles and responsibilities for all key PEU personnel. Furthermore, there are no current standard operating procedures for the PEU Property and Evidence Main and Special Investigations Division custodians of cash and cash equivalents.

### Standard Operating Procedures for Financial Recording of Cash Deposits and Reconciliation of Liability Accounts

Standard operating procedures are not in place to ensure accurate, complete and timely accounting of forfeited cash deposits and payments to third parties. When PEU forfeited cash is deposited, amounts owed to a third party agency (e.g., Alachua County Sheriff’s Office) are coded in the general ledger to a special liability account. Once payments are remitted to the third party, the amount is removed from the liability account to reflect the payment.

A review of the liability account showed two PEU cash deposits recorded on March 2021 and April 2021, owed to a third party, remained in the liability account through June 2021 (60-90 days) . A third deposit made in February 2020 with a portion owed to a third party was disbursed correctly but incorrectly recorded in the general ledger resulting in an overstated liability account. Monitoring PEU forfeited cash payment activity and reconciliation of the liability accounts would have detected missed or late payments and payments not recorded properly.

Furthermore, deposits to the Unclaimed Property account were not periodically reviewed by GPD personnel. The Unclaimed Property liability account is used when disposing of cash property in which the owner is known and has not claimed the cash in 90 days. GPD personnel should coordinate with Budget and Finance personnel to periodically review the account and ensure timely remittances are provided to the State of Florida in compliance with Florida Statute 717 *Disposition of Unclaimed Property*.

### Inconsistent Deposit Practices

PEU detailed standard operating procedures do not provide consistent guidance for depositing forfeited cash. The PEU process for depositing forfeited cash was inconsistent between each Property and Evidence area reviewed. Property and Evidence Main deposited cash available for disposition through the City’s Finance Billing and Collections Office. The Special Investigations Division deposited cash directly into the City’s bank account or purchased a cashier’s check disbursed directly to a federal agency receiving forfeiture funds.

### PEU Gift Cards

Standard operating procedures to safeguard and manage PEU gift cards are inconsistent and incomplete. During our review of disposals we identified gift cards that had been destroyed. The method for recording gift cards during property and evidence submission is inconsistent, therefore, we were unable to identify the complete population of gift cards in the system. We identified 327 gift cards coded as destroyed between April 2013 and April 2021. Four gift cards were recorded as being turned over to city surplus. The dollar amounts of each gift card were not documented in RMS. No documentation supporting the transfer to surplus was obtained. We could not conduct further research on gift cards transferred to City surplus due to the lack of financial controls and records. Gift cards pose a high risk of misappropriation and require strong financial and fraud prevention controls.



### PEU System Inventory Reports

Property and evidence inventory reports are compiled from data housed in three systems (OneSolution RMS, Q-tel, and a Microsoft Access database). The Property Specialist uses several manual processes to adjust the inventory report. Written procedures are not in place to document the process for creating the inventory report. Manual processes increase the risk of error.

### ***Criteria:***

The International Association for Property and Evidence, Inc. (IAPE) Standard 2.1 entitled “Policies and Procedures – Written Directives” states that the submission, handling, storage, and disposition of property and evidence needs to be documented in written directives. The IAPE also recommends that policies and procedures surrounding property and evidence cash and cash equivalents should clearly establish proper cash handling procedures to achieve effective governance.

IAPE Standard 10.3 Money – Documentation of Movement states that money should be deposited or transferred out of the property room as soon as practical once it no longer has evidentiary value.

Commission on Accreditation for Law Enforcement Agencies’ (CALEA) Chapter 84.1.7 states that the final disposition of found, recovered, and evidentiary property is accomplished within six months after legal requirements have been satisfied.

Florida Statute 90.91 Photographs of property wrongfully taken; use in prosecution, procedure; return of property to owner — In any prosecution for a crime involving the wrongful taking of property, a photograph of the property alleged to have been wrongfully taken may be deemed competent evidence of such property and may be admissible in the prosecution to the same extent as if such property were introduced as evidence. Such photograph shall bear a written description of the property alleged to have been wrongfully taken, the name of the owner of the property, the location where the alleged wrongful taking occurred, the name of the investigating law enforcement officer, the date the photograph was taken, and the name of the photographer. Such writing shall be made under oath by the investigating law enforcement officer, and the photograph shall be identified by the signature of the photographer. Upon the filing of such photograph and writing with the law enforcement authority or court holding such property as evidence, the property may be returned to the owner from whom the property was taken.

The State Attorney’s Office provided an opinion that they are fine with GPD photographing and releasing currency as permitted by law.

Florida Statute 717.102 Property presumed unclaimed; general rule —

- (1) All intangible property, including any income or increment thereon less any lawful charges, that is held, issued, or owing in the ordinary course of the holder’s business and the owner fails to claim such property for more than 5 years after the property becomes payable or distributable is presumed unclaimed, except as otherwise provided by this chapter.
- (2) Property is payable or distributable for the purpose of this chapter notwithstanding the owner’s failure to make demand or to present any instrument or document required to receive payment.



Florida Statute 717.117 Report of unclaimed property —

(1) Every person holding funds or other property, tangible or intangible, presumed unclaimed and subject to custody as unclaimed property under this chapter, shall report to the department on such forms as the department may prescribe by rule. In lieu of forms, a report identifying 25 or more different apparent owners must be submitted by the holder via electronic medium as the department may prescribe by rule.

(3) The report must be filed before May 1 of each year. The report shall apply to the preceding calendar year. The department may impose and collect a penalty of \$10 per day up to a maximum of \$500 for the failure to timely report or the failure to include in a report information required by this chapter. The penalty shall be remitted to the department within 30 days after the date of the notification to the holder that the penalty is due and owing. As necessary for proper administration of this chapter, the department may waive any penalty due with appropriate justification. On written request by any person required to file a report and upon a showing of good cause, the department may postpone the reporting date. The department must provide information contained in a report filed with the department to any person requesting a copy of the report or information contained in a report, to the extent the information requested is not confidential, within 45 days after the report has been processed and added to the unclaimed property database subsequent to a determination that the report is accurate and that the reported property is the same as the remitted property.

Florida Statute 717.119 Payment or delivery of unclaimed property —

(1) Every person who is required to file a report under s. 717.117 shall simultaneously pay or deliver to the department all unclaimed property required to be reported. Such payment or delivery shall accompany the report as required in this chapter for the preceding calendar year.

#### ***Cause:***

General Order 84.1 is written more as a policy and does not provide specific guidance for the proper handling of property and evidence cash and cash equivalents. Also, cash is held in multiple locations and processed by different personnel. Procedures for handling the depositing and disposition of cash have not been standardized.

#### ***Risk:***

The lack of consistent and complete policies and procedures for handling PEU cash and cash equivalents increases the risk that errors or irregularities are not detected timely, or business operations are interrupted. In addition, a lack of strong financial policy and procedures increases the risk that financial reporting errors or fraud will not be prevented or detected timely.

#### ***Recommendation:***

The City Auditor recommends and agrees with the following management action plan.

##### ***Management Action Plan***

GPD Management will work on corrective measures, including policy enhancements and creating an internal procedure manual for the Property and Evidence Unit. Of course, some of the recommendations will be accomplished in consultation with City Finance.

GPD Management will collaborate with Budget and Finance to establish or enhance policies and standard operating procedures for effective and efficient handling of PEU cash and cash



equivalents, and the proper accounting of property and evidence cash and cash equivalents transactions. Areas where policies and procedures should be established or enhanced include but are not limited to:

- Ensuring that cash deposits are recorded properly in the City's accounting system and that payments are subsequently made to third party agencies.
- Ensuring that any PEU-related asset and liability accounts where deposits are recorded are periodically reconciled.
- Ensuring that fiscal controls surrounding property and evidence cash and cash equivalents are effective for strong fraud risk management.
- Ensuring that all property and evidence cash is photographed and deposited upon receipt into a City bank account, except where forensic value is present.

GPD Management will establish or enhance standard operating procedures to guide the proper handling of property and evidence cash and cash equivalents. Areas where PEU policies and procedures will be established or improved include but are not limited to:

- Ensuring that property and evidence cash procedures surrounding the submission, intake, storage, and disposition of property and evidence cash and cash equivalents are effective.
- Strengthening the handling of gift cards and other cash equivalents. Both Property and Evidence Main and the Special Investigations Division indicate they will adopt methods to retrieve cash balances from gift cards to be secured in a City bank account.
- Defining key roles and responsibilities of PEU personnel and management.
- Documenting the process to create PEU cash and cash equivalents inventory reports, which is a manual process at this time.

**Due date:** 12/31/2021

**Responsible Parties:** Joy Robinson, Police Lieutenant  
Cintya Ramos, Finance Director

**Consulted:** Demetrica Tyson, Police Property and Evidence Specialist  
Bryon Schaefer, Police Property and Evidence Supervisor  
Mike Schentrup, Police Captain  
Melinda Pensinger, Internal Control Manager  
Tresa Petty-Edwards, Analyst Lead

**Informed:** Jamie Kurnick, Police Chief Inspector  
Lonnie Scott, Assistant Police Chief  
Terrence Pierce, Assistant Police Chief  
Tony Jones, Police Chief



## ISSUE #2 Insufficient Separation of Key Duties

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**Risk rating:** [High]

### *Observation:*

Key GPD Property and Evidence Unit (PEU) responsibilities and duties for handling property and evidence cash and cash equivalents are not adequately separated. During our review we noted the following areas where incompatible duties were evident:

- The Property and Evidence Specialist submitted, received, and stored 313 of 4,275 pieces of property and evidence cash and cash equivalents. Primary duties of submitting and recording cash evidence should be separated from receiving and providing custody of the cash evidence.
- Multiple roles have the ability to change PEU systems information. While we noted some changes in the system that increased cash values, we analyzed evidence with reductions to the cash value of \$100 or more. Of 24 items of cash evidence tested due to changes made in the system that reduced the cash value, 9 items could not be validated or explained. The changes in the samples totaled \$6,869.

### *Criteria:*

The basic idea underlying separation of duties is that no employee or group of employees should be in a position both to perpetrate and to conceal unintentional errors or intentional fraud in the normal course of their duties. The general premise of separation of duties is to prevent one person from having both access to assets and responsibility for maintaining the accountability of those assets.

IAPE Standards 3.0, Standard 10.3 states that money is considered a high profile item and requires the highest level of internal controls.

IAPE Standards 3.0, Standard 15.3 Other Internal Controls includes the need for periodic management inspections. Management participation and oversight is critical to maintaining control over the property and evidence function.

IAPE Standards 3.0, Standard 14.2 Disposition – Authority to Purge states that the property officer should be considered the guardian of the items and not the decision-maker of its final disposition. Such procedures provides for a good internal control by separating responsibilities and duties.

### *Cause:*

Limited PEU staffing, inconsistent and incomplete policy and procedures, and limited monitoring and risk assessment capabilities has led to insufficient separation of duties.

### *Risk:*

According to the U.S. Department of Justice, the two highest risks in running a property room are





mismanagement and corruption<sup>1</sup>. Without proper separation of duties, assurance that all submitted PEU cash and cash equivalents items are accounted for cannot be provided.

***Recommendation:***

The City Auditor recommends and agrees with the following management action plan.

***Management Action Plan***

GPD management will work on corrective measures, including policy enhancements. While the addition of staff where there is only one dedicated PEU Special Investigations staff could enhance separation of duties capabilities, the addition of new staff is not possible in the current fiscal environment.

In general, the principal incompatible duties to be separated are:

- Submitting cash and cash equivalents to the PEU.
- PEU receiving, storage, and data management of cash and cash equivalents.
- Authorizing PEU disposal of cash and cash equivalents.
- Monitoring user access and changes to cash and cash equivalents data.

GPD management will be mindful of separation of duties when any role temporarily delegates their authority to another role in the case of absence.

|                             |   |
|-----------------------------|---|
| <b>Due date:</b>            | 12/31/2021  |
| <b>Responsible Parties:</b> | Joy Robinson, Police Lieutenant<br>Mike Schentrup, Police Captain   |
| <b>Consulted:</b>           | Demetrick Tyson, Police Property and Evidence Specialist<br>Bryon Schaefer, Police Property and Evidence Supervisor   |
| <b>Informed:</b>            | Jamie Kurnick, Police Chief Inspector<br>Lonnie Scott, Assistant Chief of Police<br>Terrence Pierce, Assistant Chief of Police<br>Tony Jones, Chief of Police |

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<sup>1</sup> Pilant, L. (1992) Property and Evidence Management. Police Chief. Volume 59 Issue 11. Retrieved from <https://www.ojp.gov/ncjrs/virtual-library/abstracts/property-and-evidence-management>



## ISSUE #3 Inadequate Oversight and Monitoring

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**Risk rating:** [Moderate]

### **Observation:**

The Gainesville Police Department (GPD) Property and Evidence Unit (PEU) lacks strong management oversight and monitoring of the key controls around handling property and evidence cash and cash equivalents. Management does not consistently monitor effectiveness of key controls around GPD PEU submitting, intake, storage, and disposition of property and evidence cash and cash equivalents to determine whether activities were performed according to established policy and procedures. While management conveyed that periodic spot checks were conducted, we were unable to verify monitoring during our review.

Cash and cash equivalents are susceptible to theft or fraud and therefore are considered inherently high risk, requiring strong internal controls. Based on ownership details, GPD cash and cash equivalents property may be claimed, turned over to the City as revenue, or turned over to the state as unclaimed property where citizens have the right to claim their property any time at no cost. Based on law enforcement procedures and evidentiary value, GPD cash and cash equivalents evidence may be returned to the owner or turned over to the City as revenue.

### **Criteria:**

Monitoring is a component of strong enterprise risk management. Once policies and procedures are established, it is essential that management monitor for compliance to increase accountability while managing reduced resources. Monitoring activities must ensure that issues and other problems are remediated timely.

Principle 16 of The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework states, "The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning." Monitoring is one of the five components of internal control identified by COSO.

General Order 84.1 Timely Disposition states, "To ensure the prompt release or destruction of property and to prevent property from accumulating, the Property and Evidence Unit shall develop and implement a system that enables the release (or destruction) of property after legal requirements have been satisfied."

### **Cause:**

A strong GPD PEU oversight and monitoring program was not in place due to lack of awareness of the risk and impact when key controls fail. Limited staffing resources also had an impact on availability of management to perform monitoring duties. Additional training is needed for management to effectively oversee and monitor PEU operations.



### ***Risk:***

The two highest risks in running a property room are mismanagement and corruption<sup>2</sup>. Inadequate oversight and monitoring of GPD PEU submission, intake, storage, and disposition activities increases the risk for mishandling or misappropriation of cash and cash equivalents, potential lost revenue, less efficient operations, and reduced accountability.

### ***Recommendation:***

The City Auditor recommends and agrees with the following management action plan.

#### ***Management Action Plan***

GPD management will work on corrective measures, including policy enhancements and identifying an independent review source. Management will establish procedures and conduct periodic reviews of submitting, intake, storage, and disposal activities of property and evidence cash and cash equivalents. The monitoring program will align with applicable policy and procedures, such as periodic review of the following key controls:

- Submitting – ensure property and evidence cash and cash equivalents are immediately turned in to the PEU staff when acquired.
- Intake – ensure PEU staff correctly and timely record cash and cash equivalents and edits to transactions.
- Storage – ensure PEU cash and cash equivalents are stored according to policy and procedures and periodically and independently verified.
- Disposal – ensure cash and cash equivalents are disposed timely according to law enforcement and financial policy and procedures.
- Databases – ensure PEU systems user access and edits to transactions are reviewed periodically to identify and research unusual activity in a timely manner.

PEU monitoring activities will be performed by personnel who do not perform the activities being monitored. Monitoring activities should be documented and retained for review.

|                             |   |
|-----------------------------|---|
| <b>Due date:</b>            | 12/31/2021  |
| <b>Responsible Parties:</b> | Joy Robinson, Police Lieutenant<br>Mike Schentrup, Police Captain   |
| <b>Consulted:</b>           | Demetrica Tyson, Police Property and Evidence Specialist<br>Bryon Schaefer, Police Property and Evidence Supervisor   |
| <b>Informed:</b>            | Jamie Kurnick, Police Chief Inspector<br>Lonnie Scott, Assistant Chief of Police<br>Terrence Pierce, Assistant Chief of Police<br>Tony Jones, Chief of Police |

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<sup>2</sup> Pilant, L. (1992) Property and Evidence Management. Police Chief. Volume 59 Issue 11. Retrieved from <https://www.ojp.gov/ncjrs/virtual-library/abstracts/property-and-evidence-management>



## ISSUE #4 Inadequate Information Technology Controls

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**Risk rating:** [Moderate]

### **Observation:**

GPD Property and Evidence information systems and applications are not yet incorporated into the City's Enterprise IT Governance program, which provides a framework, guidance and best practices to identify and manage cybersecurity and information technology risks across the City. The Enterprise IT Governance program includes assessing IT risks and controls around user access management, systems patches and systems support in general.

Within GPD Property and Evidence information systems, two management positions and two generically named user accounts have the ability to bypass property and evidence segregation of duties controls. User groups are not granular enough to limit access privileges to the lowest level necessary to perform job duties. The ability to modify and delete data are two permissions within the system that can affect the integrity of property and evidence data. Overall, user permission testing identified 38 of 326 (12%) user accounts with the ability to modify data and 1 of 20 (5%) user accounts that could delete data were not set as restrictively as possible.

Certain GPD Property and Evidence system patches were not installed in a timely manner. The two in-scope servers tested had nine open patches. The vendor listed two of the nine patches as critical and one as important. At the time of our testing, the patches were not installed on the systems for 16, 91 and 95 days, respectively. One application still in use by the Property and Evidence Department is no longer supported by the vendor and has not been patched or updated in 19 years.

### **Criteria:**

The Enterprise IT Governance program provides best practices for citywide systems and applications to be inventoried, risk assessed and prioritized.

The Criminal Justice Information Services (CJIS) Security Policy, version 5.9, Requirement 5.5.2.1 *Least Privileged* states *the agency shall enforce the most restrictive set of rights/privileges or access needed by users for the performed of specified tasks and implement least privilege based on specific duties, operations, or information systems necessary to mitigate risk to CJI.*

CJIS Security Policy Requirement 5.10.4.1 *Patch Management* states that *a local policy is developed and implemented to ensure prompt installation of newly released security relevant patches, service packs and hot fixes.*



### ***Cause:***

In an effort to reduce Criminal Justice Information Services (CJIS) training requirements, the Property and Evidence information systems and applications are separate from the City of Gainesville network infrastructure. The lack of integrating GPD Property and Evidence systems and applications with the enterprise IT governance program results in continued non-integrated approach to systems maintenance, dispersed data, challenges with legacy systems, and poor communication between business operations and Information Technology support.

Property and Evidence user access is not periodically reviewed by management to ensure access privileges are aligned with job duties. Multiple user groups' permissions propagate through the Record Management System's modules resulting in users having more access than necessary.

GPD Information Technology placed Property and Evidence systems patch management processes on hold due to the pandemic and lack of available resources. In March 2020, GPD Information Technology shifted focus from information systems maintenance to supporting remote staff due to the pandemic.

When the GPD Property and Evidence Department moved to the current records management system, the data from the legacy application was not migrated over due to financial budget constraints. The legacy system remained operational so that property and evidence staff could access the application's data.

### ***Risk:***

Lack of effective integration with enterprise IT governance programs increases the risk of systems failure, systems that do not adequately support business or regulatory process, and systems that do not produce accurate reporting. In addition, non-integrated systems and applications do not utilize the City's best practices for systems security and controls that minimize risk of unauthorized access and changes.

### ***Recommendation:***

The City Auditor recommends and agrees with the following management action plan.

#### **Management Action Plan**

The GPD Information Technology group will consult with Enterprise IT Governance to ensure property and evidence information systems and applications are identified, assessed, and adequately managed.

#### **GPD systems user access management**

GPD IT will ensure access privileges to GPD systems are aligned with job duties as defined by management and will limit "modify" or "delete" access to property and evidence system administrators as well as the global application system administrators. Activity logs will be utilized where possible. GPD IT, within 30 days, will provide access to management, an on-demand user security report so they may ensure access privileges are aligned with job duties that management has defined. GPD IT will only update permissions upon request by authorized management. GPD IT management will ensure the City's Cybersecurity Program Lead be involved with the review of access guidelines relating to Criminal Justice Information Services (CJIS) requirements and policy.



#### Security updates and patches

GPD IT management will install the critical patches as soon as possible and follow up within 60 days on all other patches. GPD IT will consult with Enterprise IT Governance to schedule Quarterly Preventative Maintenance (QPM) where IT systems are patched and updated. GPD IT will determine if they will schedule their own similar QPM or merge with the City's IT QPM.

#### Legacy systems cash items

Property and Evidence management will transfer all legacy system cash entries (and any cash equivalents items if applicable) to the current property and evidence information system within 30 days.

#### Legacy systems access

Until the legacy systems are removed, GPD IT, within 30 days, will limit access to only two city AD accounts as determined by roles defined by management.

#### Retirement of legacy systems

Property and Evidence management will transfer all non-cash property and evidence entries in the legacy systems as soon as possible. Upon the transfer of entries, the legacy systems will be shut down and removed from the network. This process is expected to take at least one year. GPD IT management will consult with Enterprise IT Governance to have a documented plan in place by 12/31/2021, with milestones and dates, to retire the GPD legacy systems.

**Proposed Due date:** 12/31/2021

**Responsible Parties:** Chad Griffin, Technical Systems Analyst Coordinator  
David Duda, General Government IT Director

**Consulted Parties:** T.C. Kelley, IT Enterprise Strategy and Governance Director  
Walt Banks, Chief Information Officer

**Informed Parties:** Lee Feldman, City Manager  
Ed Bielarski, GRU General Manager  
Jamie Kurnick, Police Chief Inspector  
Lonnie Scott, Assistant Chief of Police  
Terrence Pierce, Assistant Chief of Police  
Tony Jones, Chief of Police

