



City of Chattanooga

INTERNAL AUDIT

City Hall

Chattanooga, Tennessee 37402

Stan Sewell
Director

Ron Littlefield
Mayor

August 18, 2008

Mayor and City Council
City of Chattanooga
Chattanooga, TN 37402

RE: Police Department Impounds and Property Room, Audit 08-04

Dear Mayor Littlefield and City Council Members:

Attached is the Internal Audit Division's report on Police Department Impounds and Property Room.

We thank the management and staff of the Police Property and Evidence Unit for their cooperation and assistance during this audit.

Sincerely,

A handwritten signature in black ink, appearing to be "Stan Sewell", with a long horizontal flourish extending to the right.

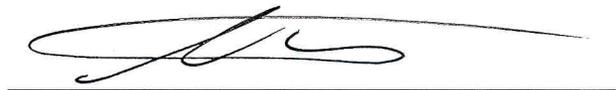
Stan Sewell, CPA, CGFM
Director of Internal Audit

cc: Dan Johnson, Chief of Staff
Freeman Cooper, Chief of Police
Sgt. Craig Johnson, Property/Evidence Unit Sergeant

**POLICE DEPARTMENT
IMPOUNDS AND PROPERTY ROOM
AUDIT 08-04
June 12, 2008**

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Auditor


Audit Director

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INTRODUCTION

The Chattanooga Police Department acquires thousands of items (evidence, found, recovered and safekeeping/public safety property) annually as a result of their law enforcement operations. These items are stored in the Chattanooga Police Department property room or impound lot. The Property Room has seven employees. The Property Room employees are responsible for maintaining an accurate inventory and providing adequate security over all property and impound vehicles.

Impounded vehicles that are not ultimately returned to individuals or held indefinitely due to evidence rules are sold at the Chattanooga Auto Auction. In the past, all other such property (with the exception of drugs, weapons and hazardous material) was sold at a public auction located off Amnicola Highway. However, an auction has not been performed in the last two years. Recently, the property/evidence unit began utilizing an auction website for property disposition: www.propertyroom.com.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Division's 2008 Audit Agenda. The objectives of this audit were to determine if:

1. Written policies and procedures exist for property submitted to the property/evidence unit and if they provide sufficient internal control.
2. Items are adequately safeguarded.
3. Items placed in custody of the property/evidence unit are present or sufficient documentation of disposal exists.

STATEMENT OF SCOPE

Based upon on the work performed during the preliminary survey and the assessment of risk, the audit period covered July 1, 2006 to January 31, 2008. Source documentation was obtained from the Police Property room and Finance department. Original records as well as copies were used as evidence and verified through physical examination.

STATEMENT OF METHODOLOGY

Auditors interviewed property room staff to gain an understanding of the intake, security, storage, and disposition process, as well as basic operations and systems in use. Submission forms and associated documentation were reviewed, as well as property procedures manuals, personnel files, disposition documentation and collection reports, where appropriate. Auditors physically toured and inspected property room facilities and the impound lot. Original records, as well as copies were used as evidence and verified through physical examination. Random samples were tested for the impound lot and the property room.

The sample size and selection were statistically generated using a desired confidence level of 90 percent, expected error rate of 5 percent, and a desired precision of 5 percent. Statistical sampling was used in order to infer the conclusions of test work performed on a sample to the population from which it was drawn and to obtain estimates of sampling error involved. When appropriate, judgmental sampling was used to improve the overall efficiency of the audit.

STATEMENT OF AUDITING STANDARDS

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions. In addition, we abide by the standards of professional practice established by the Institute of Internal Auditors. An internal audit charter has not been approved by the City Council.

AUDIT CONCLUSIONS

Based upon the test work performed and the audit findings noted below, we conclude that:

1. Written policies and procedures exist for property submitted to the property/evidence unit and they provide for sufficient internal control.
2. Items are adequately safeguarded.
3. Items placed in custody of the property/evidence unit are present or sufficient documentation of disposal exists.

NOTEWORTHY ACCOMPLISHMENTS

The staff of the property/evidence unit should be commended for the exceptional organization, completeness and documentation that exist in their unit. It appears they have instituted excellent controls over items in their custody and they have managed to maintain adequate organization of items with limited space and technology.

While the findings discussed below may not, individually or in the aggregate, significantly impair the operations of the property/evidence unit, they do present issues that, if addressed, may result in increased efficiency and/or reduction of risks.

FACILITY SECURITY

Although the door to the actual property room is locked, the entrance door to the sign-in area leading to the property room is not locked. Further, there is a window at the sign in counter that is not bullet proof nor is it secured by a high strength framing system. Auditors also noted that the rear doors are hinged on the outside allowing for easy entry from the exterior. Further, there is not an active alarm on these rear doors until after 3:00 PM each day. Considering the property room contains drugs, money, high dollar items, as well as critical evidence to be utilized in criminal prosecutions, it is the auditors' opinion that enhanced security is warranted. In particular, such security measures seem reasonable considering there are times when only one staff member is on duty at the property room and it is open 24/7.

RECOMMENDATION 1

Police administration should install a remote activated (magnetic) lock on the exterior door to the sign-in area along with an external camera allowing staff to determine who is at the door. Or, police administration should install a bullet proof window that is secured by heavily reinforced framing. Rear door security should also be enhanced.

AUDITEE RESPONSE

I have no objection to the Auditors recommendation. I have recommended this several times. This is a holding/storage facility for various types of evidence and needs to have better security at all times. This is not only for the evidence we store but for the employee's safety and security as well.

DETERRENCE CONTROLS

During the audit, it was noted that there are no cameras inside the facility. Although this may not be mandated to meet security needs, it may be a cost effective method of enhancing

security (deterrence of employee theft). In particular, it could be useful as a deterrent whenever there is only one staff person on duty.

RECOMMENDATION 2

Police administration should install a camera system to monitor interior areas of the property room. In particular, the system should be capable of data storage in a secured area, possibly the adjacent facility.

AUDITEE RESPONSE

No objection to the installation of internal security cameras. With the current staff, there is not a concern for internal theft at this time. The potential is always there due to the nature of the position and is always a possibility. However, with retirements, resignations and people terminating employment, new hires may not be as honest as the current staff. In addition, with the types of items this section handles on a daily basis, the temptation is always present.

I have no objection to internal cameras being installed provided that better cameras, door locks, intercom system and exterior lighting be upgraded to the exterior prior to or in combination of internal camera installation. Without improving external security and only adding internal cameras would send the wrong message to current staff, which could result in lowering moral and implying that the department no longer trusts them after they have severed between 5-20 years in the position with no problems. The main focus should be the safety and security to the employee's first and the facility.

STORAGE CAPACITY

While touring the facility, auditors noted that space is very limited. Evidence/items cover the floors, except for minimal space that is available to maneuver through the facility. Staff was able to demonstrate that an organized system existed. However, the risk of disorganization is much higher than would be the case if there were sufficient space for items to be placed in/on labeled shelves or bins. Currently items on the floor are tracked by reference to a shelf location that it is in front of. Items do tend to be slightly shifted and over time it is conceivable that a critical piece of evidence could be misplaced or lost.

RECOMMENDATION 3

Police administration should consider expansion of space or relocation for the property room.

AUDITEE RESPONSE

There is no complaint with the auditor's recommendation. The current facility was not designed for a police property room and was a "patch" on a problem from previous administrations that dates back decades. Prior administrations did not foresee the long term problem and plan for the future. Just a few short years ago the section was only taking in under 1800 cases per year. Now the section is accepting nearly 6000 submissions and with the increased technology and better crime scene processing, the cases have more than just a few items submitted. Two cases that occurred within the last eight years have at or over 200 items of evidence attached to them. As more serious crimes occur, better evidence collection causes more space to be used and more space will be needed.

Crime trends change rapidly and therefore, so does evidence collections. Major crime cases such as murder have more evidence associated with them now than 10-15 years ago. Even after the case is closed and a person is convicted, the evidence that wasn't used in trial remains in the evidence room. That evidence has to be held for 20 or more years due to the appeals process. Only if the defendant dies in prison or has completed their sentence can the evidence be disposed of and this office is never notified of that information.

ELECTRONIC DATA SYSTEMS

Property room employees currently use the VISIONS system to maintain electronic information related to property in their custody. The system does not utilize bar codes or RFID technology. Also, the system does not allow for some basic search functions needed to take advantage of digital information. The system lacks fields for some needed information and forces incorrect information into others. Further, the system only contains information on items received from 2004 forward.

Property room administration could be more efficient. Some benefits of a management system using current technology with complete (all historical) data include: The ability to look in one place for information (no paper system to check in addition to electronic); instant search capability providing the ability to easily identify evidence/items that can be purged (providing space in the facility); and it provides additional protection of records/information (for example: employee theft can be more easily concealed when only paper records exist and can be shred).

RECOMMENDATION 4

Police administration should consider entering all property information into the electronic system. Further, they should consider a software system that is specifically designed for records/property management that includes bar codes or RFID. Should administration choose to continue using VISIONS for inventory purposes, we would recommend they investigate the ability to integrate bar code or RFID.

AUDITEE RESPONSE

I agree with the auditors findings. Inventory/tracking software programs are much more advanced and are able to provide a much higher degree of functions with a higher degree of reliability and accuracy.