

AUDITING THE SHERIFF'S OFFICE PROPERTY ROOM

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WHY AUDIT THE PROPERTY ROOM?

- **Inherently High Risk – High volume of valuable assets exchanging hands**
- **Variety of Property – Evidence, Seized, Forfeited, Found, Guns, Narcotics, Inmate, Counterfeit Etc.,**
- **Liability – County is responsible for lost, stolen, and/or damaged property**
- **Notable Resistance to Audit = Red Flag**

GETTING ACCESS TO THE PROPERTY ROOM

- Know Your Statutes & AG Opinions
- Communicate with the Sheriff Prior to the Review
- Offer Reasonable Solutions to Opposing Reasons for not Conducting the Audit Review
- If Necessary - Get Other County Officials Involved

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AUTHORITY OF THE AUDITOR TO AUDIT THE PROPERTY ROOM

- AG Opinion No. GA-1002 – Tarrant County
 - LGC §112.006 – General oversight...money or other property
 - LGC §115.001 – Grants “continual” access of any office...
- LGC §115.002 – Examination of books and reports for all officers on a quarterly basis
- LGC §115.0035 – Fully examine funds collected by county entity or the district (including accounts of law enforcement)
- LGC §115.901 – Examination of “the accounts, dockets, and records of...the sheriff” by County Auditor

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GETTING STARTED

Know Your Sheriff's Property Room

- **Pre-Planning:**
 - Internal Control Questionnaires
 - Narratives – Operating hours, personnel, etc.
 - Flow charts – Org chart, process and procedures
 - Property Room Contents

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PROPERTY ROOM CONTENTS

- Evidence,
- Seized items not forfeited,
- Property found and delivered to the Sheriff,
- Stolen items recovered,
- Seized narcotics, and
- Items delivered to the Sheriff for safekeeping
- Inmate banking

See handout A-2

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GETTING STARTED

- **Detailed Audit Program**
- **Entrance Conference**
 - Scope
 - Time Frame
 - Points of Contact
 - Restricted Areas
 - Other

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PROPERTY ROOM AUDIT PROGRAM – OBJECTIVES

General Objectives – Determine If:

- The Property Room has implemented recommendations from the most recent audit, dated:
- The Property Room has effective internal controls over property and cash.
- The Property Room's intake procedures, both during work hours and non-work hours are strictly controlled.
- The Property Room inputs property and cash into the evidence and property management system - in accordance with established department procedures.
- The Property Room is actively working old cases.

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PROPERTY ROOM AUDIT PROGRAM – OBJECTIVES

General Objectives – Determine If:

- The Property Room safeguards all assets under its control.
- The Property Room disposes of cases in accordance with statutory requirements.
- Property stored off-site is on-hand, secure, and in good condition.
- The Property Room maintains and completes the proper documentation to support the chain of custody of the property.

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AUDIT PROGRAM – FIELD WORK PROCEDURES

Objective – Implementation of Recommendations of Prior Audit Review

- **Receipts** – Intake, Transfer, Disposal, to Auctioneer
 - Appropriate Forms, authorized signatures, retention
- **Re-working of Old Cases**
 - No “limbo” areas, proper disposition, indemnification
- **Internal Controls**
 - Pre-numbered receipts, accurate/complete case info, cash counts
- **System Issues**
 - Reporting issues, back up plan for system crash, security controls in place

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AUDIT PROGRAM – FIELD WORK PROCEDURES

Objective – Effective internal controls in place over property and cash

- **Separation of Incompatible Duties –**
 - Intake, recording, disposal, release, inventory

- **Procedures – Written, Updated, Followed**
 - Intake – regular and non-business hours
 - Recording – in system, logs, case files
 - Release – to respondent, inmate, other LEO
 - Destruction

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AUDIT PROGRAM – PROPERTY

Objective – Is property disposed of in accordance to applicable statutes, laws, and department procedures

- **Property returned to the owner**
- **Sold Property**
- **Donated Property**
- **Auctioned Property**
- **Property Converted to County Use**
- **Destroyed Property**

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AUDIT PROGRAM – PROPERTY

Objective – Is property disposed of in accordance to applicable statutes, laws, and department procedures

▪ **Abandoned Property - CCP §18.17**

- Unclaimed for 30 Days:
 - \$500 > Notify owner through certified mail
 - \$500 < Publish notice in newspaper
 - If not claimed after 90 days, can be sold; proceeds deposited in County Treasury

▪ **Found Property –**

- Documented support of good faith effort to find owner
- Written policies and procedures for found property

▪ **Abandoned Found Property – Property Code Ch. 72 & 74**

▪ **Recovered Stolen and Seized Property – CCP 18 & 47**

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PROPERTY ROOM – STANDARD INVENTORY PROCEDURES

Performing a Physical Inventory

- Select the items from source documents (seizure logs, actual case files, etc.)
- Select random items from the property room and trace back to case records (look for older cases)
- Sample released and disposed items and verify proper disposition documentation is on file
- Have a good lead schedule
 - Case #
 - Who received it: Respondent, Auctioneer, County Employee
 - Condition
 - Make/model/Serial #
 - County tag #
 - Date received, disposition date, Method
 - Notes - etc.

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PROPERTY ROOM – AUDIT FINDINGS

- 41% of sample did NOT have appropriate documentation or the property could not be located
- 32 cases from 2007 and prior indicated \$72,940.50 in missing cash
- Documents to support property disposition were missing
- The EPMS indicated property was in the Property Room, but it could not be located (vice-versa)
- When reconciling old case property files, they deleted the missing items from EPMS
- There is not a report from EPMS showing how much cash and jewelry is in the Property Room Safe

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SEIZED AND FORFEITED PROPERTY – AUDIT PROGRAM OBJECTIVES

- Compliance with State statute and contracts
 - Code of Criminal Procedure – Ch. 59
 - Law Enforcement Local Sharing Agreements
 - Auctioneer Contract
- Evaluate Internal Controls for processes pertaining to property that was:
 - Seized
 - Returned to respondent
 - Forfeited
 - Transferred to Auctioneer
- Property & Cash
 - Properly Safeguarded
 - Used and disposed of in accordance with statutes, department policies, and Local Agreements

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SEIZED AND FORFEITED - REPORT FINDINGS

- Incompatible Duties – Seizure deputy prepares receipts, is property & records custodian, and is able to decide what cases to drop and what seized property to return without management approval
- Property receipts –
 - 26% of receipts not located
 - 86% not signed by respondent
 - 29% did not have a witness signature
 - No sequential numbers
- Auctioneer – overpaid; used wrong commission rate on auction proceeds
- Seized Vehicle storage – County paid excess fees

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MY CONTACT INFO

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Thank You and God Bless!

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