

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



Police Cash **October 17, 2017**

Report Number: 18-004
Audit Plan Number: 18-007

Municipal Auditing Department
Chartered 1974

www.roanokeva.gov/auditing

Phone 540.853.5235

TABLE OF CONTENTS

Audit Objectives & Scope	1
Background	3
Objective 1 – Petty Cash	6
Objective 2 – Chief’s Emergency Cash Fund.....	7
Objective 3 – Vice Operating Funds	8
Objective 4 – Cash Register	12
Objective 5 – Police Revenues	14
Summary of Management Action Plans	19
Acknowledgements	22

AUDIT OBJECTIVES & SCOPE

Audit Objectives:

1. Is the Police Department Petty Cash Fund properly accounted for, adequately safeguarded, and used for the intended purpose?

Yes – A ledger is maintained which provides a complete record of all activity and the funds on hand at any point in time. The receipts and cash on hand at the time of our audit equaled the authorized balance.

2. Is the Chief's Emergency Cash Fund properly accounted for, adequately safeguarded, and used for the intended purpose?

Yes – This fund has a \$2,000 authorized balance, and has had no activity the past two (2) calendar years. If the emergency account could be closed, it would eliminate the administrative time to review and file monthly bank statements.

3. Are Vice Operating Funds properly accounted for, adequately safeguarded, and used for the intended purpose?

Yes – Cash on hand agreed with supporting records and were used for permissible expenditures. Disbursements and requests for fund replenishment related to the Federal Drug Fund were properly authorized. Additional care is needed to ensure replenishment checks are deposited within one business day, as required by City Administrative Policy.

4. Are cash register receipts properly accounted for, adequately safeguarded, and deposited timely with the City Treasurer?

Yes – Cash and checks received in the records department were correctly entered into the cash register, secured in the locked register drawer, and counted by two employees weekly prior to being deposited with the Treasurer's Office. We noted no differences between the cash register tapes and deposits.

5. Are processes in place to ensure that Police Department fees are properly accounted for, adequately safeguarded, and deposited timely with the City Treasurer?

Yes with Exceptions – The risks of errors and irregularities could be reduced through better segregation of duties, the use of pre-numbered forms, a more complete published listing of fees, and more active monitoring of actual revenues to budget.

Audit Scope:

We evaluated the system of controls in place over police cash funds and a sample of police revenues as of December 31, 2016, and reviewed transactions occurring in these accounts between January 1, 2016 and December 31, 2016. We counted cash on hand as of the following dates:

Fund	Date Counted
Petty Cash	8/2/2017
Narcotics and Organized Crime (NOC) Cash	8/3/2017
Community Response Team (CRT) Cash	8/3/2017
Flash and Buy Fund Cash	8/3/2017

Based on the potential impact on revenues and input from the Chief of Police, we evaluated how the Collision Reporting Center (CRC) pilot program affected verification report processes and agreements.

End of Audit Objectives and Scope

BACKGROUND

The Commission on Accreditation for Law Enforcement Agencies (CALEA) requires police departments to establish written directives governing the maintenance of all cash fund accounts. CALEA standards require, at a minimum, that the written directives include the following components:

- A ledger system that identifies initial balances, cash received and disbursed, and ending balances
- Records or documentation for cash received
- Authorization for disbursements
- Documentation requirements for expenditures
- Designation of positions authorized to disburse or accept cash
- Quarterly accounting of agency cash activities
- Independent audits of fiscal activities

The Roanoke City Police Department maintains the required written directives and utilizes the City's Advantage Financial System and QuickBooks to administer its cash funds. The Police Department maintains four (4) cash funds that are essential to the department's administrative and operational activities:

1. Petty Cash Fund – The Police Department maintains \$200 in cash for small administrative expenses such as postage. These funds are replenished through the City's normal payment voucher process.
2. Emergency Fund– The Office of the Chief of Police maintains a checking account that provides ready access to funds for unanticipated expenses that arise on short notice and outside of normal business hours. The Chief's Office replenishes this fund through the City's normal payment voucher process, which requires appropriate supporting documentation. A \$2,000 balance is typically maintained in this account.
3. Flash and Buy Fund – Established by court order, the flash and buy fund contains \$2,660 in cash that is secured in a Police Department safe. These funds are only used in operations when an arrest is anticipated and the funds are expected to be recovered immediately at the scene.
4. Federal Drug Funds Checking Account – The Office of the Chief of Police maintains \$10,000 in this checking account for Narcotics and Organized Crime (NOC) Squad and Community Response Team (CRT) operations. These funds derive from the Federal Forfeited Asset Sharing Program. The Police Department withdraws cash funds from the Federal Drug Fund Account and issues the monies to detectives for use in undercover operations. Detectives record the use of cash on money slips that detail the

specifics of the transaction. Management reviews each money slip and posts the transaction in QuickBooks.

Section 2-239 of the Roanoke City Code grants the authority to establish petty cash and change funds necessary for the efficient operation of the various departments and offices of the City. Under no circumstances shall any petty cash fund contain in excess of \$10,000 and no change fund shall contain funds in excess of \$5,000.

Section 2-171 of the Roanoke City Code requires daily deposits with the City Treasurer of all city funds. Section 2-172 of the code requires each officer or employee of the City who collects or receives money for the account of the City, to enter an invoice in the accounts receivable system by the end of each day to report all items collected or received. The officer or employee receiving the money must deposit those funds with the Treasurer by 12:00 noon on the following business day, unless an exception has been granted by the Director of Finance in writing.

The City also charges for certain police services, which are collected either by the Police Department or the City Treasurer. During calendar year 2016, the City collected the following revenues related to Police Department activities:

Police Revenues				
RSRC	Revenue	Jan 2016 - June 2016 (1)	July 2016 - Dec 2016 (2)	Total 2016 (3)
0333	Moped Registration Fees	\$ -	\$ -	\$ -
0829	Towing Fees	\$ 154.35	\$ 225.59	\$ 379.94
0856	Police Fees	\$ 25,924.80	\$ 27,296.80	\$ 53,221.60
1298	Off Duty Billings - Police	\$ 142,940.14	\$ 182,223.80	\$ 325,163.94
1405	Security Alarm Reg Fees	\$ 34,086.58	\$ 13,321.29	\$ 47,407.87
1406	Police - False Alarm Fines	\$ 17,170.90	\$ 15,836.08	\$ 33,006.98
1411	Impound/Boarding Animals	\$ -	\$ -	\$ -
1412	DUI Offender Fee	\$ -	\$ -	\$ -
1414	DEA/OCDETF Service Reimb	\$ 7,525.95	\$ 12,318.12	\$ 19,844.07
1461	Police Training	\$ 1,610.00	\$ 450.00	\$ 2,060.00
1552	RCACP Fees	\$ 11,831.66	\$ 9,274.20	\$ 21,105.86
1553	R Cnty Joint Academy Reimb	\$ 29,695.64	\$ 29,695.64	\$ 59,391.28
1561	Billings to GS - Police	\$ 8,924.13	\$ 8,460.64	\$ 17,384.77
1860	Grant Donations Police	\$ 9,219.00	\$ 1,000.00	\$ 10,219.00
1890	Donations - Police Color Guard	\$ -	\$ -	\$ -
	Total	\$ 289,083.15	\$ 300,102.16	\$ 589,185.31

The Police Department budgeted the following program revenue for FY 2016-17:

- Investigative and Support	\$	15,860
- Patrol	\$	103,250
- 599 Funding	\$	5,339,407
- Grant Donations	\$	3,000
- Academy	\$	4,480
- Animal Control and Protection	\$	6,900

Contracts and Agreements

The Police Department has a contract with Appriss, Inc. (formerly Docview, LLC), which allows citizens and insurance companies to obtain accident reports online. The vendor pays the City \$5.00 for each report that it sells, remitting a monthly check to the Police Department.

In September 2016, the City of Roanoke, County of Roanoke, and City of Salem entered into an agreement for a regional collision reporting center. The initial term of the agreement was for an 18 month pilot program, terminating on November 30, 2017.

Under the pilot program, a police officer performs the preliminary screening at the scene of the accident and refers those involved to the collision reporting center as appropriate. Drivers can opt out and ask that the officer complete the accident report on scene. If drivers choose to use the collision center, they must report to the center within 48 hours of the accident. The center prepares the accident report and provides a copy to the driver, the insurance company, and the police department.

End of Background

Objective 1: Petty CashAudit Objective:

Is the Police Department petty cash fund properly accounted for, adequately safeguarded, and used for the intended purpose?

Yes

Overview:

The Police Department maintains a petty cash fund of \$200 for purchasing small supplies that are needed quickly, or for small dollar travel reimbursements. The Budget Analyst serves as the custodian of the petty cash fund, securing the cash and receipts in a locked file cabinet. Funds are disbursed upon receipt of a properly approved purchase request form. A store receipt and any change is returned to the Budget Analyst after the purchase.

At least once each year, the store receipts are submitted to the Department of Finance as the basis for replenishing the fund. A Deputy Chief signs the associated check request. Finance issues the check payable to the Budget Analyst, who cashes the check and secures the money with the other petty cash on hand.

The Budget Analyst records all disbursements and replenishments in a petty cash ledger. In the Budget Analyst's absence, the Services Division Deputy Chief can disburse petty cash funds.

We counted the cash on hand as of August 2, 2017, and added the store receipts to verify that the cash and receipts reconciled to the \$200 authorized balance.

We reviewed a sample of petty cash purchases made during 2016. All purchases tested had a properly approved purchase request form and a corresponding store receipt.

Our review of the 2016 entries in the petty cash ledger found that each was supported by a store receipt. There was only one request to replenish the fund for 2016 expenditures. The date and amount of the ledger entry was consistent with the cleared check.

We conclude that the petty cash fund is properly accounted for, adequately safeguarded, and used for the intended purpose.

End of Objective 1

Objective 2: Chief's Emergency Cash FundAudit Objective:

Is the Chief's Emergency Cash Fund properly accounted for, adequately safeguarded, and used for the intended purpose?

Yes

Overview:

The Police Department maintains an emergency fund of \$2,000 in an account at BNC Bank for unexpected expenses that may arise, such as the extradition of a prisoner. The checkbook and supporting records are maintained by the Chief's Secretary. Requests for funds must be in writing and approved by the Chief, who along with the Deputy Chief, retains the authority to sign checks.

Requests to replenish the fund are signed by the Chief or Deputy Chief, and sent to the City Manager for final approval. The Department of Finance issues a check payable to the "Police Department Emergency Fund", which is then deposited into the BNC bank account.

Monthly bank statements come to the Chief's Secretary, who is responsible for reconciling the account. The Deputy Chief reviews each monthly bank statement after it is reconciled.

Our review of the bank statements revealed that the fund maintained a \$2,000 balance for each month during calendar year 2016. This account is rarely used, and we noted that there has been no activity in the account during calendar years 2015 or 2016. The Police Department has received a dormancy notice during each of the past two (2) calendar years. The Chief is reviewing the necessity of the emergency fund given the lack of activity and the availability of purchasing cards for unexpected expenses. If the emergency account is closed, it would eliminate the administrative time to review and file monthly bank statements.

End of Objective 2

Objective 3: Vice Operating Funds

Audit Objective:

Are Vice Operating Funds properly accounted for, adequately safeguarded, and used for the intended purpose?

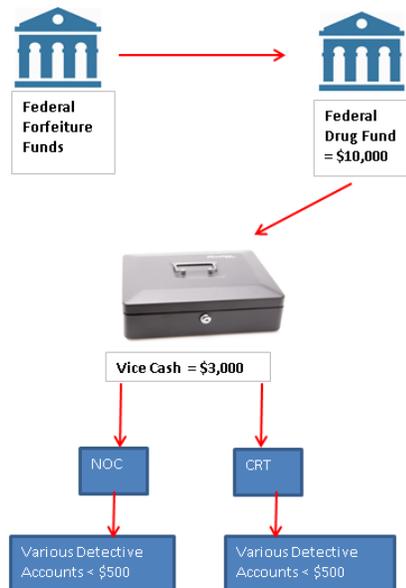
Yes

Overview:

The Vice unit maintains the following operating funds used for drug purchases and investigations:

Flash and Buy Fund - \$2,660 in cash restricted for use in drug investigations when it is known the cash will not be lost (the suspect will be arrested at the time of purchase). The cash is maintained in a zippered bag inside of a locked safe in the Narcotics and Organized Crime (NOC) Sergeant's office. This fund is rarely used, and a log is maintained to document its use.

Federal Drug Fund – \$10,000 maintained in a BNC bank account as noted below:



The Chief's Secretary administers the BNC bank account, issuing checks and requesting replenishment funds as needed. The Deputy Chief reviews the bank statements and the reconciliation with the check book on a monthly basis.

The Narcotics and Organized Crime (NOC) and Community Response Team (CRT) units use cash for undercover operations. The NOC Sergeant secures the cash box in a locked safe in

his office. The Sergeant issues funds to undercover officers and maintains a record of distributions and expenditures in Quick Books.

The Lieutenant of Investigations reviews a monthly report of distributions, expenditures, and cash balances for each officer. He evaluates expenditures for reasonableness and compliance with federal regulations.

Property Room / Drug Evidence Room

When an officer obtains drugs through investigation or arrest, he or she must weigh the drugs, seal them in an evidence bag, and initial the bag. The officer takes the drugs to the property room, and enters a description and incident number into the records management system. The system prints a label that the officer places on the evidence bag. The evidence bag is then given to the Property Room Officer or placed in a secure locker for the Property Room Officer to process when he returns. Officers do not have access into the property room.

The Property Room Officer weighs the sealed bag, logs the weight, assigns a location number in the drug evidence room, and places the bag in the location.

Cash Counts

With the NOC Sergeant present, we counted cash on hand on August 3, 2017 as follows:

- Flash and Buy Fund: \$2,660
- NOC Cash Fund: \$686.71
- CRT Cash Fund: \$1,111.00

We agreed the NOC and CRT cash to the Quick Books Account Quick Report balance as of August 3, 2017 with no differences. Flash and buy funds are not maintained on Quick Books as it is not a transaction-based fund.

Federal Drug Fund Account

We reviewed BNC bank statements for each month during 2016 and reconciled the account to the corresponding checkbook.

Bank Balance 12/31/16	10,012.27
Authorized Balance	10,000.00
<u>Difference</u>	<u>12.27</u>

We noted that the Deputy Chief had initialed each monthly statement during 2016 to evidence his review of the account.

We reviewed all disbursements made from the Federal Drug Fund account during 2016 to ensure they were properly authorized by the Chief of Police and deposited into the NOC or CRT accounts. The following six (6) disbursements were authorized by the Chief during the year:

Check Date	Amount	NOC/CRT Account Deposit Date
1/20/2016	\$ 3,000.00	1/20/2016
2/22/2016	\$ 3,000.00	2/24/2016
5/2/2016	\$ 3,000.00	5/6/2016
6/27/2016	\$ 3,000.00	6/28/2016
9/6/2016	\$ 3,000.00	9/8/2016
11/29/2016	\$ 3,000.00	12/1/2016
<u>\$18,000.00</u>		

All disbursements were deposited into the appropriate accounts.

We reviewed all replenishments to the Federal Drug Fund account during 2016 to ensure they were properly authorized by the City Manager or Assistant City Manager, issued from one of the Federal Forfeiture Program accounts, and deposited into the Federal Drug Fund checking account within one (1) business day of check pickup. The following six (6) checks totaling \$18,000 were deposited to the Federal Drug Fund account during 2016:

Payment Voucher		BNC Bank		
Date	Amount	Check Pick-Up Date	Deposit Date	Deposit Amount
1/6/2016	\$ 3,000	1/20/2016	1/20/2016	\$ 3,000
2/19/2016	\$ 3,000	3/7/2016	3/9/2016	\$ 3,000
5/2/2016	\$ 3,000	5/11/2016	6/10/2016	\$ 3,000
6/23/2016	\$ 3,000	7/6/2016	7/29/2016	\$ 3,000
8/26/2016	\$ 3,000	9/8/2016	9/16/2016	\$ 3,000
11/23/2016	\$ 3,000	12/6/2016	12/12/2016	\$ 3,000
<u>\$ 18,000</u>				<u>\$ 18,000</u>

All replenishments were properly authorized and approved, and were from one of the Federal Forfeiture Program accounts. However, five (5) of the six (6) checks, or 83%, were deposited 2 or more business days after being picked up, with one check taking 30 days to deposit. The longer that checks are held before being deposited increases the risk that checks might be lost or stolen. Additionally, the Police Department is not compliant with City Administrative Policy 3.3 – Cash Receipts and Collection Reports.

Undercover Transactions

We selected a sample of 25 undercover transactions for calendar year 2016 and reviewed the corresponding money slips and receipts to ensure that NOC and CRT purchases are properly authorized and documented. Eighteen (18) of the transactions we selected were expenditures and seven (7) were transfers. Our review revealed the following:

Attribute	Yes	No	NA
Permissible expense - US Department of Justice Guidelines	25	0	0
Money slip signed by Detective incurring expense	25	0	0
Money slip signed by NOC Sergeant	25	0	0
Money slip initialed by Lieutenant of Investigations (> 7/1/16)	21	0	4
Detailed receipts attached to money slip	9	0	16
Signed confidential informant receipt attached to money slip	6	0	19
Expense authorized by Chief or Deputy Chief (> \$1,000)	0	0	25

We also reviewed the monthly Vice / NOC expenditure reports for calendar year 2016 to ensure they were reviewed and approved by the Deputy Chief. A monthly report was on file for all 12 months; 11 of 12 (92%) were initialed by the Deputy Chief evidencing his review.

We selected a sample of 15 drug buys to determine if the money slips, evidence bags, and property logs were consistent. Our review revealed the following:

- Weights logged by the officer and property room were consistent in 14 of 15 (93%) buys. The officer did not record the drug weight for one buy.
- In all cases, drugs were properly logged into the records by the officer and property room.

We also selected a sample of seven (7) cash inventory items from the property room logs and verified by observation that each was in a sealed evidence bag and stored in the recorded location. No exceptions were noted.

End of Objective 3

Objective 4: Cash Register

Audit Objective:

Are cash register receipts properly accounted for, adequately safeguarded, and deposited timely with the City Treasurer?

Yes

Overview:

The Police Department began accepting payments at their customer service window in August of 2015. The Department of Finance installed a cash register in the customer service area for recording and securing payments. The fees collected are for verification report requests (\$10 each), precious metals (gold) permits (\$200 each), and sales of service revolvers to retired officers (\$1 each).

Prior to May 27, 2016, an employee from the Department of Finance was responsible for:

- Taking the cash and checks from the locked cash register drawer
- Clearing the register
- Filing the register tape showing the funds collected
- Entering the revenue into the accounting system
- Depositing the funds with the City Treasurer's Office

Based on the audit of 2015 fees and subsequent investigation, responsibilities were reassigned to improve segregation of duties and the timeliness of deposits. In June 2016, two (2) employees from the Department of Finance began collecting the cash and checks from the register and processing the deposit. Both employees agreed the checks and cash to the register tape; one employee entered the fees into the accounting system; the other employee deposited the funds with the City Treasurer's Office. This was the process for the remainder of 2016.

As of March 8, 2017, the Police Department assumed responsibility for drawing down the cash register and depositing the funds with the City Treasurer's Office. The City's deposit policy requires money received by a city department to be deposited no later than the next business day. The Director of Finance approved an exception for the Police Department, allowing customer service to deposit cash register funds once a week.

Cash Register Review

Based on last year's investigation of fees collected up through April 10, 2016, we limited our current year testing to transactions from April 11, 2016 through December 31, 2016. We

reviewed five (5) of the 34 cash register drawdowns identified during this timeframe to determine if the cash count sheets, register reports, collection reports and Treasurer’s Office receipts were consistent. Our review revealed the following:

Attribute	Yes	No
Funds secured in cash register	5	0
Funds deposited with Treasurer's Office within 24 hours	5	0
Cash and checks in register properly accounted for	5	0
Cash register drawdown completed by two (2) employees	5	0
Cash register closed out and reset to zero	5	0

During the period from May through December, cash register funds were deposited with the Treasurer’s Office within seven (7) calendar days from the previous deposit date. Prior to May, as procedures were being revised based on the audit investigation, three (3) deposits were delayed beyond the seven day policy. No recommendations were necessary given consistent compliance in subsequent months.

End of Objective 4

Objective 5: Police Revenues

Audit Objective:

Are processes in place to ensure that Police Department fees are properly accounted for, adequately safeguarded, and deposited timely with the City Treasurer?

Yes with Exceptions

Overview:

All fees charged by departments of the City are adopted by the City Council through the budget approval process. The Department of Finance has historically maintained a compendium that lists each city fee and the department responsible for assessing each one. The compendium provides a convenient and important resource for customers to understand the fees they can expect to be charged for a service. It is also a resource for employees to help ensure they bill customers in accordance with the fees adopted by City Council.

In preparation for our audit, we noted that the fee compendium was in need of updating. Some fees, such as those for hiring off-duty officers for security, are not included in the compendium. It is important that rates and charges for services are formally published as this helps ensure consistent and appropriate billing.

We considered all Police revenues reported for calendar year 2016 when planning our testing:

RSRC	Revenue	Jan 2016 - June 2016 (1)	July 2016 - Dec 2016 (2)	Total 2016 (3)
0333	Moped Registration Fees	\$ -	\$ -	\$ -
0829	Towing Fees	\$ 154.35	\$ 225.59	\$ 379.94
0856	Police Fees	\$ 25,924.80	\$ 27,296.80	\$ 53,221.60
1298	Off Duty Billings - Police	\$ 142,940.14	\$ 182,223.80	\$ 325,163.94
1405	Security Alarm Reg Fees	\$ 34,086.58	\$ 13,321.29	\$ 47,407.87
1406	Police - False Alarm Fines	\$ 17,170.90	\$ 15,836.08	\$ 33,006.98
1411	Impound/Boarding Animals	\$ -	\$ -	\$ -
1412	DUI Offender Fee	\$ -	\$ -	\$ -
1414	DEA/OCDETF Service Reimb	\$ 7,525.95	\$ 12,318.12	\$ 19,844.07
1461	Police Training	\$ 1,610.00	\$ 450.00	\$ 2,060.00
1552	RCACP Fees	\$ 11,831.66	\$ 9,274.20	\$ 21,105.86
1553	R Cnty Joint Academy Reimb	\$ 29,695.64	\$ 29,695.64	\$ 59,391.28
1561	Billings to GS - Police	\$ 8,924.13	\$ 8,460.64	\$ 17,384.77
1860	Grant Donations Police	\$ 9,219.00	\$ 1,000.00	\$ 10,219.00
1890	Donations - Police Color Guard	\$ -	\$ -	\$ -
	Total	\$ 289,083.15	\$ 300,102.16	\$ 589,185.31

We selected the following revenues for detailed evaluation:

- 0856 – Police Fees
- 1414 – DEA/OCDETF Service Reimbursements
- 1553 – Roanoke County Joint Academy Reimbursement

Police Fees – 0856

This source includes Precious Metals Permits (\$200 each), Police Verification Reports (\$10 each in person or \$5 each online), and costs to respond to requests for information. We focused on Gold Permits and Verification Reports.

Gold Permits:

Businesses that deal in second hand jewelry or gold, such as pawn shops or jewelers that purchase estate jewelry for resale, must apply for a precious metals permit. An application must be filed with the Police Department along with a \$200 processing fee. A numbered permit is issued to the business if the application is approved, and must be displayed at the place of business. The Police Department maintains a log of all businesses that have been issued a permit along with the permit number.

We reviewed the application package for five (5) of the 17 gold permits issued during calendar year 2016. Our review revealed the following:

Attribute	Yes	No
Completed application form including fingerprint card	5	0
\$200 application fee	5	0
Criminal history check showing no convictions	5	0
Evidence of current inspection of weighing devices	5	0
Current Surety Bond Certificate = \$10,000	5	0
Permit expiration date of 1 year	5	0

We also traced the payments for all 17 gold permits through the Police Department cash register and into the deposit with the City Treasurer’s Office.

Verification Reports:

The Police Department provides verification reports of a vehicle accident to citizens and insurance companies upon request. Requests can be made in person at the Police Department, through the mail, or online at www.buycrash.com.

- *In-Person Report Requests* are made at the customer service window at the Police Department by completing a request form. The customer can pay by check or exact change at the window and immediately receive the report. A cash register with a locked cash

drawer is used to secure the payment and provide a receipt to the customer. Police Support Personnel file the request with a copy of the cash register receipt attached.

- *Mailed-In Report Requests* must include a check and are processed by a Police Support Technician. The Technician fulfills the request, processes the payment, and deposits the checks with the City Treasurer's Office.
- *Online Report Requests* are handled by a third party, Lexis Nexis (formerly Appriss, Inc.). The Police Department uploads all accident reports to the Lexis Nexis system, making them available through the www.buycrash.com web site. Customers complete the transaction online, paying \$13 to download the verification report. The vendor remits a check to the Police Department's Budget Analyst monthly, paying \$5 for each report sold. The Analyst processes the payment and deposits the check with the City Treasurer's Office.

We noted that the responsibilities associated with processing both in person and mailed in requests were too concentrated. In both processes, one individual controlled all aspects of the transaction. This increases the risk of an error or irregularity occurring and not being detected. Segregating responsibilities, using pre-numbered forms, and routine management reviews help reduce this risk.

Given the lack of duty segregation and pre-numbered forms, our sample testing was only effective at evaluating if reported revenues were processed in accordance with policy. We cannot verify that reported revenues were complete since payments could be diverted without detection under the current processes. Also, the in-person verification report records for May through December 2016 could not be located and therefore were not available for audit review.

We were able to test a sample of seven (7) collection reports from June through December 2016, and verified all reported requests that came through the mail were properly accounted for and deposited timely with the Treasurer.

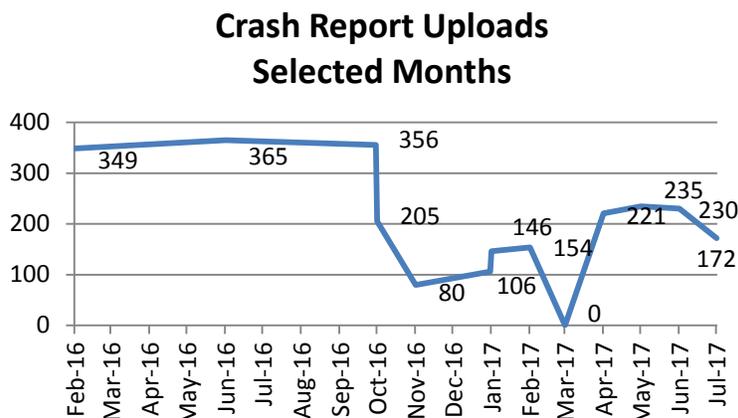
We reviewed all deposits of checks for mailed-in requests from June 1 through December 31, 2016, to verify checks were deposited weekly in compliance with the directive from the Department of Finance. Eight (8) of 15 deposits, or 53%, were not deposited within a week. Four (4) of the eight (8) had taken more than three (3) weeks to deposit. Delays in depositing checks increase the risk that checks will be lost or stolen.

For monthly payments from Lexis Nexis, we selected five (5) months to confirm payments were deposited. Our sample was expanded after we were unable to locate the December 2016 payment. After further research with Lexis Nexis and the City Treasurer's office, we determined that all monthly payments were received and deposited timely. None had been posted to the "Police Fees" revenue account where they had been budgeted. The majority of checks were posted to "Miscellaneous Revenue." One (1) had been posted to training academy revenue and two (2) were posted as negative expenses in the "Fees for Professional Services" expenditure

account. Errors and inconsistencies of this nature create issues with monitoring budgets and trends, which weakens financial management controls.

During our testing, we also noted that the number of crash reports uploaded to the Lexis Nexis system significantly declined after September 2016, as shown below:

Month	Reports Uploaded
Sep-16	356
Oct-16	205
Nov-16	80
Dec-16	106
Jan-17	146
Feb-17	154
Mar-17	0
Apr-17	221
May-17	235
Jun-17	230
Jul-17	172

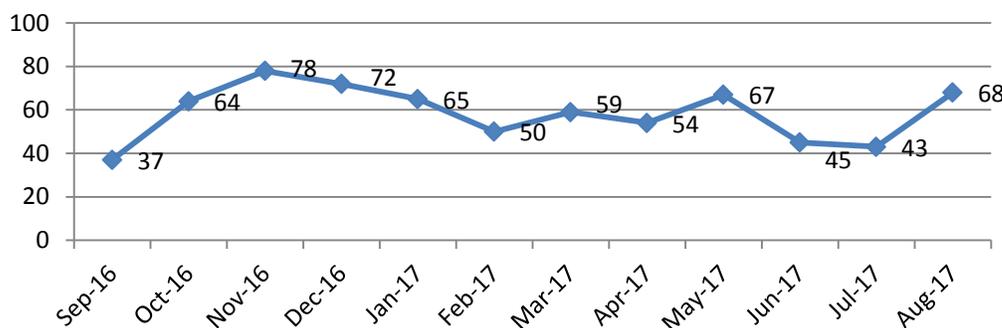


The current service agreement with Lexis Nexis requires the City to upload all accident reports to its system within 24 hours. Based on the above numbers reported by Lexis Nexis, it is clear that a substantial number of accident reports have not been successfully uploaded. This incomplete inventory of accident reports makes the online service less reliable for customers and likely increases the volume of requests the Police Department has to process.

Collision Reporting Center (CRC)

We reviewed the available data on accidents referred to the collision reporting center from September 15, 2016, through September 1, 2017. Our review revealed that of the 4,872 accidents reported, a total of 702 (14.41%) were processed by the center, as illustrated below:

**Traffic Accidents Referred to CRC
9/15/16 - 9/1/17**



The city has not reviewed the implications of using the collision reporting center as it relates to the agreement with Lexis Nexis for online reporting. The agreement is 9 years old and was written before the collision reporting center model was conceived. Certain terms related to timely upload of accident reports and directing requests for verification reports to the online system may need revision.

Police Academy Reimbursement

In November 2013, Roanoke City and Roanoke County entered into an operating agreement for joint use of the Roanoke City Policy Academy. The City invoices the County for its proportional costs for shared areas of the facility and maintenance costs on a quarterly basis.

We reviewed the quarterly cost sharing calculations and associated payments from Roanoke County for calendar year 2016, verifying they were in accordance with the agreement. Quarterly invoices were each \$14,848 and were promptly paid by the county once received. The invoice for the quarter ending June 30 was issued more than 90 days late, causing the revenue for the fiscal year to come in below budget. Delaying invoices by more than a quarter increases the risk that a quarterly payment might be overlooked and missed entirely.

Drug Enforcement Agency (DEA) Reimbursement

Roanoke City employs one (1) police officer who serves on the Drug Enforcement Agency (DEA) Task Force. The officer logs his time throughout the week as normal, tracking overtime related to DEA Task Force work. This overtime is assigned a specific exception code in the City’s time system enabling the Police Department to file for reimbursement from the DEA. The Chief of Police approves the overtime hours and the corresponding amount of DEA service reimbursements each month. The DEA wires the funds directly to the Roanoke City Treasurer’s Office, who then notifies the Police Department that the money has been received. The Police Department enters the collection report into the Advantage System and the Treasurer’s Office applies the wired funds against the collection report.

We reviewed five (5) DEA reimbursements received by Roanoke City for calendar year 2016 to determine if they were received as approved by the Chief of Police. Our review revealed the following:

Attribute	Yes	No
Reimbursement accurate based on NLA system	5	0
Reimbursement approved by Chief of Police	5	0
Reimbursement received by City Treasurer	5	0
Reimbursement recorded into Advantage	5	0

End of Objective 5

SUMMARY OF MANAGEMENT ACTION PLANS

Management Action Plan – Federal Drug Fund (FDF) Deposits	
<p>Michelle Hauck, Administrative Assistant to the Chief of Police makes these deposits. She has been updated on City Administrative Policy 3.3. – “Cash Receipts and Collection Reports” and will deposit all funds in accordance with this policy. *Target date is listed as 11-1-17 as there is nothing to review at this time and future deposits can be audited.</p>	
Assigned To	Target Date
Deputy Chief Monti Lee / Michelle Hauck	11/1/2017

Management Action Plan – Police Academy Billing	
<p>Deputy Chief Monti Lee met with Sam Penn Timity in reference to the issues noted re: late billing to Roanoke County for their portion of the operating expenses of the Roanoke Police Academy. He has been advised to set an alert on his computer to insure timely billing as agreed upon contractually by the City of Roanoke and the County of Roanoke. Those billing dates are the 15th of September, December, March, and June of each fiscal year. In addition to Mr. Penn Timity’s alert, Deputy Chief Lee has already set an alert on his electronic calendar for the 10th of the listed months to verify with Mr. Penn Timity that the billing has or will occur prior to the 15th. **Mr. Penn Timity was given a copy of the contract with the billing dates noted.</p>	
Assigned To	Target Date
Deputy Chief Monti Lee / Sam Penn Timity	12/15/2017

Management Action Plan – Timely Deposit of Verification Report Fees	
<p>The Records Unit within Police Department has adopted a new procedure where deposits of mailed <u>checks</u> for verification of reports are being made normally on a daily basis by the proper Police Department personnel. There have been instances where it was on an every other day basis.</p> <p>The timeliness of these deposits are within the exception granted to the Police Department by way of the memo dated June 1, 2016 from Barbara Dameron allowing the Police Department to do weekly deposits instead of daily deposits. This is outside of City Administrative Policy 3.3. – “Cash Receipts and Collection Reports.” The deposit of funds from the cash register has exceeded the week time limit but future deposits from the register will be in compliance with these restrictions.</p> <p>* *The new outlined procedure written by Lieutenant Keatts is being sent as an attachment to this response.</p> <p>There has been a transition of supervision since this audit was conducted. Lieutenant Jeff Newman has been assigned to the Records Unit, replacing Lieutenant Stephen Keatts. Lieutenant Newman will insure compliance moving forward.</p>	
Assigned To	Target Date
Lieutenant Jeff Newman / Lieutenant Stephen Keatts	11/1/2017

Management Action Plan – Verification Requests Received Via Mail	
<p>A new process is being implemented where a split responsibility procedure will be implemented for mail received verification report requests. This will strengthen the integrity of the process. The Police Support Technician (P.S.T.) receiving the mail verification will log the request along with the check or funds for the request. This P.S.T. will initial and date this request. A second P.S.T. will handle the verification, Advantage entry, with documented personal initials and dates and take the deposit to the Treasurer following the listed time restrictions. **This procedure will be forthcoming from Lieutenant Newman and Lieutenant Keatts.</p>	
Assigned To	Target Date
Lieutenant Jeff Newman / Lieutenant Stephen Keatts	2/1/2018

Management Action Plan – In-Person Verification Report Process	
<p>Records personnel will work to create pre-numbered verification forms that will be filled out when individuals come to the Police Department in person for report verifications. The forms should be in duplicate and the original given to the person paying for the request. The form, which will be created to capture the needed information, will also note the offense report number, and payment amount and type of payment. Any additional information required will also be included. A copy of this form will also be kept on file to document the request. This will minimize the opportunity to not properly account for cash funds. **This procedure will be forthcoming from Lieutenant Newman and Lieutenant Keatts.</p>	
Assigned To	Target Date
Lieutenant Jeff Newman / Lieutenant Stephen Keatts	2/1/2018

Management Action Plan – Posting of Online Verification Report Revenue	
<p>Payments received from Lexis Nexis for online verification reports were deposited into various accounts including account 0859 (Miscellaneous); 2010 (Fees for Professional Service) and 1461 (Police Training). Sam Penn Timity posted them into these various accounts from January 2016 to August 2017.</p> <p>Mr. Penn Timity has been spoken to and advised all payments from this vendor for the verification reports should go into account 0856 (Police Fees). He was advised to set personal monthly reminders to insure payment has been received from Lexis Nexis. He was also provided a copy of this portion of the audit and I also sent him this email.</p> <p>Sam,</p> <p>During the recent audit, payments received from Lexis Nexis for online verification reports were coded for deposit into various different accounts such as -0859 (Miscellaneous); 2010 (Fees for Professional Service) ; and 1648 (Police Training). This occurred between January 2016 to August 2017.</p> <p>Moving forward, you should set monthly reminders to verify that payment from Lexis Nexis has been received for the online verification reports, and all funds received from this vendor should go into account 0856 (Police Fees).</p>	

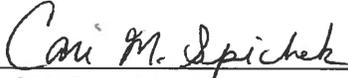
The date of March 1, 2018 is being used so we can verify the procedure is working.	
Assigned To	Target Date
Sam Penn Timity / Lieutenant Jamey Bowdel	3/1/2018

Management Action Plan – Crash Report Uploads	
<p>The issue with crash report uploads has been resolved with the software update by Lexis Nexis (per Officer Fatima Foster). This update took a few days and had to be done by their personnel as Ryan McKinney could not fix it. We will look into the reason for the reduced crash numbers. A possible reason could be the referrals to the Crash Reporting Center. Officer Foster advises that the total number of report downloads are all the crashes entered, not those purchased. The <u>Sales Summary Across Month</u> is for the sold crash reports only. Future upgrades will be coordinated through Ryan McKinney and D.O.T. Officer Foster is currently doing an audit for August, September, and October 2017 to determine the number of downloaded reports and those purchased. This will be completed within the next two weeks. Ongoing oversight will occur by Lieutenant Newman and Officer Fatima Foster who is our Traffic Safety Officer and the Lexis Nexis liaison.</p>	
Assigned To	Target Date
Lieutenant Jeff Newman / Officer Fatima Foster	1/1/2018

End of Management Action Plans

ACKNOWLEDGEMENTS

We want to thank the Roanoke City Police Department, Department of Finance, and Treasurer's Office, for their cooperation and assistance throughout the audit.


Cari Spichek, CIA
Senior Auditor


Drew Harmon, CPA, CIA
Municipal Auditor