

# MUNICIPAL AUDITING REPORT CITY OF ROANOKE



## **Police Cash** **July 25, 2018**

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Audit Plan Number: 18-016

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## 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 maintained a \$2,000 authorized balance during calendar year 2017. Due to inactivity in the account over the past three (3) years, the Police Department closed the account on March 12, 2018.

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 were properly authorized.

4. Are the costs for providing off-duty Roanoke City Police Officers as security for public events billed correctly and timely?

**Yes with Exceptions** – The extra duty program helps to increase police presence and provide supplemental income to officers with minimal additional cost to the City. There are sound processes in place to help ensure extra duty assignments are appropriate and safe for officers to work. We found that extra duty billings were substantially correct, as were payments to officers for extra duty hours. Opportunities to strengthen controls over scheduling and payroll processing were noted.

5. Were Management Action Plans from the previous year's audit completed and operating as intended?

**Yes with Exceptions** – Improvements over processing payments for verification reports were implemented, helping to ensure all payments were properly recorded and deposited timely.

The information systems used for validating traffic accident data through the Virginia DMV experienced ongoing issues throughout 2017. This caused a substantial number of requests for verification reports to go unfilled, requiring the checks to be returned to the requestor. Efforts to address system issues are ongoing.

The number of accident reports being uploaded to the web-based service that sells city accident reports online had increased over the prior year, but a significant number of accident reports were taking several weeks and longer to upload. We were unable to verify that all reports were uploaded.

6. Is the Police Department Staff Fund properly accounted for, adequately safeguarded, and used for the intended purpose?

**Yes** – A log is maintained which provides a record of contributor’s name and date each time someone retires from the rank of Chief of Police, Deputy Chief, Captain or Lieutenant. The funds are deposited into a credit union account and used to fund dinner and gift expenses for the retiree. The fund is audited quarterly by a Lieutenant who does not have access to the funds.

Audit Scope:

We evaluated the system of controls in place over police cash funds and a sample of police revenues as of December 31, 2017, and reviewed transactions occurring in these accounts between January 1, 2017 and December 31, 2017. We counted cash on hand as of the following dates:

Fund	Date Counted
Petty Cash Fund	3/29/2018
Narcotics and Organized Crime (NOC) Cash	4/3/2018
Community Response Team (CRT) Cash	4/3/2018
Flash and Buy Fund Cash	4/3/2018
Staff Fund Cash	3/21/2018

In order to adequately follow-up on observations identified during the prior year audit, we also reviewed transactions occurring in 2018 as follows:

- Quarterly billing to Roanoke County for joint use of the Roanoke City Police Academy
- Revenue collected for Requests for Police Verification of a Report
- Cash register drawdowns and subsequent deposit of funds

- Crash report uploads reported by Lexis Nexis
- Checks received by the Police Department through the mail for Requests for Police Verification of a Report but returned due to unavailability of reports

**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 to be used for 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.

City Code requires departments who receive payments of any kind to enter them into the accounts receivable system the day received, and to deposit all funds with the Treasurer by noon the following business day. The Director of Finance may grant a written exception to departments allowing them to deposit funds less frequently.

The following table outlines the revenues generated from police services during calendar year 2017:

Police Revenues					
RSRC	Revenue	Jan - June	July - Dec	Total 2017	Total 2016
0829	Towing	\$ -	\$ -	\$ -	\$ 380
0856	Police Fees	\$ 31,731	\$ 25,084	\$ 56,815	\$ 53,222
1298	Off Duty Billings	\$ 224,966	\$ 228,674	\$ 453,640	\$ 325,164
1377	School Resource Officers	\$ 303,681	\$ 215,550	\$ 519,231	\$ 471,549
1405	Security Alarm Registration	\$ 7,507	\$ 11,763	\$ 19,270	\$ 47,408
1406	False Alarm Fines	\$ 16,320	\$ 19,748	\$ 36,068	\$ 33,007
1461	Police Training	\$ 3,155	\$ 590	\$ 3,745	\$ 2,060
1552	RCACP Fees	\$ 13,140	\$ 8,340	\$ 21,480	\$ 21,106
1561	Billings to GS - Police	\$ 26,426	\$ 14,952	\$ 41,378	\$ 17,385
1860	Grant Donations	\$ 8,252	\$ 20	\$ 8,272	\$ 10,219
<b>Reimbursements:</b>					
1409	ATF	\$ 5,279	\$ 9,476	\$ 14,755	\$ 11,716
1414	DEA/OCDETF	\$ 5,595	\$ 18,037	\$ 23,632	\$ 19,844
1554	FBI	\$ 13,330	\$ 2,251	\$ 15,581	\$ -
1553	Roanoke County	\$ 29,696	\$ 44,543	\$ 74,239	\$ 59,391
1555	US Marshal	\$ 36,069	\$ 6,433	\$ 42,503	\$ -
<b>Totals</b>		<b>\$ 725,148</b>	<b>\$ 605,462</b>	<b>\$ 1,330,610</b>	<b>\$ 1,072,451</b>

The Police Department budgeted the following program revenue for FY 2017-18:

- Investigative and Support \$ 11,928
- Patrol \$ 300,000

• 599 Funding	\$	5,339,407
• Grant Donations Police	\$	10,624
• Academy	\$	56,551
• Police School Resource Officers	\$	514,822

Contracts and Agreements

The Police Department has a contract with Apriss, 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.

**End of Background**



**Objective 1: Petty Cash**Audit 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 dollar supplies and travel reimbursements. The Budget Analyst disburses cash to employees based on a purchase request form that documents the need for the funds, an immediate supervisor's approval, and a Deputy Chief's approval.

At least once annually, the Budget Analyst should prepare a payment voucher requesting a check to replenish the fund. The voucher includes copies of all expenditure receipts, and is reviewed and approved by the Deputy Chief. When the Department of Finance processes the voucher, the expenditures are recorded in the City's financial system and a check is issued to replenish the fund.

The Budget Analyst maintains a ledger in Excel listing all payments into and out of the petty cash fund. Only the Budget Analyst and the Services Division Deputy Chief have the access and authority to disburse petty cash funds.

We confirmed that the cash and receipts in the petty cash fund on March 29, 2018, combined to equal the \$200 authorized balance. There were only three (3) purchases from petty cash during 2017. Each was supported by an approved purchase request form and receipt consistent with the request. A petty cash ledger was not maintained during 2017 and no payment voucher requesting replenishment was prepared for CY17 expenditures.

Overall, 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 Fund**

### Audit 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 Pinnacle Bank for unexpected expenses that may arise, such as the extradition of a prisoner. The Chief's Secretary maintains the check book; the Chief and Deputy Chiefs are the only persons authorized with the bank to sign checks and approve changes to the account.

Employees needing emergency cash must request funds in a written memo addressed to the Chief of Police. If approved, a check payable to the employee is signed by the Chief or a Deputy Chief.

Checks to replenish the account are issued by the Department of Finance upon receiving a payment request signed by the Chief and the City Manager. This process records the associated expenditure in the City's accounting system.

Based on our review of all the monthly statements, there were no deposits or withdrawals from the Pinnacle bank account in CY17. The Police Department received a dormancy notice during each of the past three (3) calendar years. The Chief closed the account on March 12, 2018.

**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 Pinnacle bank account for VICE operations. The Chief's Secretary administers the 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 maintains approximately \$3,000 in cash that can be issued to officers for undercover purchases. The Sergeant maintains a record of cash distributions and expenditures in Quick Books, along with supporting documentation.

The Lieutenant of Investigations reviews a monthly report of cash 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 April 3, 2018 as follows:

- Flash and Buy Fund: \$2,660
- NOC Cash Fund: \$3,005.71
- CRT Cash Fund: \$2,211.00

We agreed the NOC and CRT cash to the Quick Books Account Quick Report balance as of April 3, 2018 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 Pinnacle bank statements for each month during 2017 and reconciled the account to the corresponding checkbook.

Bank Balance 12/31/17	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 2017 to evidence his review of the account.

We reviewed all disbursements made from the Federal Drug Fund account during 2017 to ensure they were properly authorized by the Chief of Police and deposited into the NOC or CRT accounts. The following eleven (11) disbursements were authorized by the Chief during the year:

Check Date	Amount	NOC/CRT Account Deposit Date into QuickBooks
1/6/2017	\$3,000	1/9/2017
1/25/2017	\$3,000	1/30/2017
3/8/2017	\$3,000	3/13/2017
4/12/2017	\$3,000	4/12/2017

4/12/2017	\$3,000	4/12/2017
5/17/2017	\$3,000	5/18/2017
5/26/2017	\$3,000	5/31/2017
9/7/2017	\$3,000	9/7/2017
9/7/2017	\$3,000	9/7/2017
10/24/2017	\$3,000	10/25/2017
11/29/2017	\$3,000	11/29/2017
<b>\$33,000</b>		

All disbursements were deposited into the appropriate accounts.

We reviewed all replenishments to the Federal Drug Fund account during 2017 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 eleven (11) checks totaling \$33,000 were deposited to the Federal Drug Fund account during 2017:

Payment Voucher		Check Pick Up	Pinnacle Bank	
Date	Amount	Date	Deposit Date	Deposit Amount
1/5/2017	\$3,000	1/11/2017	1/13/2017	\$3,000
1/24/2017	\$3,000	1/31/2017	2/2/2017	\$3,000
3/7/2017	\$3,000	3/15/2017	3/21/2017	\$3,000
4/11/2017	\$3,000	4/7/2017	4/26/2017	\$3,000
4/11/2017	\$3,000	4/7/2017	4/26/2017	\$3,000
5/5/2017	\$3,000	4/24/2017	5/25/2017	\$3,000
11/29/2017	\$3,000	6/1/2017	6/7/2017	\$3,000
5/25/2017	\$3,000	9/20/2017	9/21/2017	\$3,000
9/6/2017	\$3,000	9/20/2017	9/21/2017	\$3,000
9/6/2017	\$3,000	11/1/2017	11/1/2017	\$3,000
10/24/2017	\$3,000	12/6/2017	12/7/2017	\$3,000
<b>\$33,000</b>			<b>\$33,000</b>	

All replenishments were properly authorized, approved, and from one the Federal Forfeiture Program accounts. Six (6) of the eleven (11) checks, or 55%, were deposited 2 or more business days after being picked up. This issue was noted in the prior year’s audit and staff immediately began depositing checks on a timely basis after June.

Undercover Transactions

We selected a sample of 40 undercover transactions for calendar year 2017 and reviewed the corresponding money slips and receipts to ensure that NOC and CRT purchases were properly

authorized and documented. Twenty seven (27) of the transactions we selected were expenditures, twelve (12) were transfers and one (1) was a deposit. Our review revealed the following:

Attribute	Yes	No	NA
Permissible expense - US Department of Justice Guidelines	40	0	0
Money slip signed by Detective incurring expense	40	0	0
Money slip signed by NOC Sergeant	40	0	0
Money slip initialed by Lieutenant of Investigations	40	0	0
Detailed receipts attached to money slip	10	0	30
Signed confidential informant receipt attached to money slip	9	0	31
Expense authorized by Chief or Deputy Chief (> \$1,000)	0	0	40

We also reviewed the monthly Vice / OC expenditure reports for calendar year 2017 to ensure they were reviewed and approved by the Deputy Chief. Monthly reports were on file for all 12 months and were initialed by the Deputy Chief evidencing his review.

We selected a sample of 20 drug buys to determine if the money slips, evidence bags, and property logs were consistent. In all cases, drugs were properly logged into the records by the Officer and the Property Room. Our review revealed the following:

- 5 of 20 were immediately sent to the DEA and are currently in DEA custody.
- Of the remaining 15 cases we sampled,
  - 11 (73%) had recorded weights within expected tolerances.
  - 4 (27%) weighed slightly more than recorded by the officer, after allowing for variances caused by the weight of the evidence bags.

After discussing the differences with the Police Support Lieutenant and the Records/Property Sergeant, we concluded that the differences were not material.

### End of Objective 3

## Objective 4: Police Revenues

### Audit Objective:

Are the costs for providing off duty Roanoke City Police Officers as security for public events billed correctly and timely?

### **Yes with Exceptions**

### Overview:

The Roanoke City Police Department (RCPD) off duty program enables event organizers and businesses to hire uniformed officers to provide extra security. Officers follow RCPD policies and standards when providing security and are actually logged into the dispatch system when working off duty. This effectively increases policing capacity without increasing the City's costs.

Event organizers and businesses must complete a standard application that describes the event or need, the dates and times involved, and their billing information. Applications are reviewed by the Patrol Captain for potential conflicts and risks to officers. If approved, the request is posted so that officers can sign-up if they are interested. Any officer who has been approved by their unit commander to work extra duty assignments may sign up as long as the duty does not interfere with their regular duties or affect their "fitness for duty." If an extra duty assignment overlaps with an officer's regularly scheduled shift, the officer must file a request for paid leave, use floating rest time, or request a schedule change.

Upon completion of the extra duty assignment, police officers complete a statement listing the date, beginning and ending time, and location. The statement is typically signed by a representative from the event or business attesting to the number of hours worked. The statement serves as the basis for paying the officer through the City's payroll and for billing the event or business through the City's accounts receivable system.

The City's payroll is an exception based system in which employees are assumed to have worked their regularly scheduled hours unless an exception is entered. Exceptions are entered for paid leave days, overtime, and other earnings such as Police off duty pay. These exceptions are processed using Notices of Leave and Adjustments (NLAs) through a Lotus Notes workflow system. Once the payroll is processed, the RCPD enters an invoice into the City's accounts receivable system.

The Treasurer's Office mails accounts receivable invoices to the outside employers within 24 hours. Penalty and interest are automatically applied to invoices that are not paid by the due date, which is 30 days from the invoice date. The Treasurer's Office manages all collection

activities for Police off duty billings. Approximately **\$495,000** in off duty billings was collected in calendar year 2017.

As a preliminary test of reasonableness, we compared off duty pay reported in the City's payroll system with off duty fees billed through the City's accounts receivable system. Our analysis showed that extra duty billings and payroll were within \$11,826 without accounting for timing differences. This was considered reasonable given the \$450,000 base and the sound design and operation of the controls over this process. We also reconciled extra duty hours paid via the Lawson Payroll System to extra duty hours approved to be worked in the NLA system and found no material errors.

### Errors and Modifications

Our review of extra duty payments identified three payroll keying errors that resulted in the following incorrect payments during calendar year 2017:

- One underpayment of \$116.77
- One underpayment of \$37.47
- One overpayment of \$210

### Approvals

We looked for approvals for a sample of 20 uniformed police personnel who worked extra duty assignments during calendar year 2017. We noted that one or more Extra Duty Request Forms were not on file or were unsigned for 13 of 20 personnel reviewed. Based on interviews with the supervisors responsible for signing request forms, it was unclear that any significant control value was being realized from the form. All vendor requests for extra duty officers are made in writing and reviewed by a Captain for conflicts of interest and other risks. Once approved by the Captain, supervisors are unlikely to deny an officer's or investigator's requests to take the extra duty assignment.

### Processing and Billing

We reviewed the supporting documentation for a sample of 20 NLA entries for extra duty assignments to determine if each assignment was valid and processed timely and accurately. In all cases, documentation was on file to corroborate the date and time of day worked, as well as the hours to be paid. We also noted:

- Officers were paid correctly for time worked
- Outside employers were billed correctly, and within 30 days of the work being performed
- Revenue collected agreed to the amount billed



Eight (8) of the 20 forms used to document the hours worked (40%) were not signed by the outside employer. This frequently happens due to the shift ending late at night when the outside employer’s representative is unavailable to sign the form. The Police Department mails the outside employer a copy of the form, whether signed or not, as confirmation of the hours worked. On this basis, we concluded the unsigned forms were not a significant concern.

Payments

We identified all invoices that were due by the end of calendar year 2017 or earlier that were still outstanding as of the end of our fieldwork (May 11, 2018). There were 33 invoices totaling \$13,636 broken down as follows:

\$ 11,279.53	Principal
\$ 1,013.85	Interest
\$ 1,103.43	Late Fees
\$ 240.00	Admin Fees
<b><u>\$ 13,636.81</u></b>	

We concluded that invoices for off duty work have been substantially paid in full, and the outstanding balances and ages of accounts are reasonable.

Extra Duty Hours

There were 40 uniformed police personnel who worked more than 100 extra duty hours during calendar year 2017. Four (4) personnel recorded more than 400 hours in 2017.

We compared the regular work schedules for personnel working 400+ extra duty hours to the dates and times of their extra duty assignments on days when they worked more than 15 combined hours:

	No Conflicts	Paid Leave Entered	Paid Leave Not Entered	Schedule Not Revised	Total Days
<b>Person #1</b>	3	2	0	3	8
<b>Person #2</b>	2	2	0	1	5
<b>Person #3</b>	3	3	1	0	7
<b>Person #4</b>	5	3	0	0	8
<b>Total Days:</b>	<b>13</b>	<b>10</b>	<b>1</b>	<b>4</b>	<b>28</b>
<b>Exceptions:</b>			<b>3.6%</b>	<b>14.3%</b>	

As shown in the table above, the records indicate personnel were working extra duty when they were scheduled to be working for the City. Three of four personnel involved stated that they had worked unscheduled hours for the City that offset what had appeared to be overlapping

extra duty hours. One person had forgotten to submit an NLA for 1 hour of scheduled time for which he had not worked.

The City's exception based payroll process assumes an employee works his or her scheduled hours unless an NLA is submitted to document exceptions to the schedule, including paid leave and overtime. When personnel work off schedule without it being notated on the schedule or through an NLA, payroll cannot be properly managed.

The practice of police officer extra duty work is significant for the RCPD as evidenced by the 11,000 + hours logged through the NLA system for 2017, and the corresponding \$495,000 received from outside employers as payment for this work. Controls over the extra duty approval and billing processes could be strengthened with the following:

- Revision of Operational Directive 2.1.4 and the Extra Duty Request Form based on the different types of assignments and related risks the department wants to control
- Implementation of written procedures for extra duty payroll processing and subsequent billing in the Advantage Financial System
- A process to reconcile the NLA entries for extra duty pay in the Lawson Payroll System to the outside employer payments billed through the Advantage Financial System on a monthly basis
- Formal acknowledgement by officers that extra duty hours did not conflict with regularly scheduled shifts
- Annual audit of extra duty hours to confirm no overlap with schedules without an approved NLA for paid leave

**End of Objective 4**

## Objective 5: Follow-Up on Prior Year Observations

### Audit Objective:

Are Management Action Plans implemented as a result of the previous year audit in place and operating as intended?

**Yes – with Exceptions**

### Overview:

#### Federal Drug Fund Deposits

During the prior year audit, we noted that checks were frequently deposited 2 or more business days after being picked up by the Police Department, which was in violation of City of Roanoke Administrative Police 3.3 requiring deposit of funds collected by noon of the business day following collection. The current year audit revealed that all checks deposited after June 2017 were deposited within one (1) business day.

#### Police Academy Billings

Prior year audit testing revealed that all four (4) 2016 quarterly billings to Roanoke County for joint use of the Roanoke City Police Academy were prepared at least 10 days after the agreed-upon bill date for the quarter, with the June billing prepared more than 90 days late. We reviewed both quarterly billings to Roanoke County that were prepared after the prior year audit ended, and noted that both billings were billed timely, but were billed at incorrect rates according to the agreement. The billing errors resulted in a total undercharge to Roanoke County of \$1,415.

#### Timely Deposits

Approximately 53% of the weekly deposits of verification report fees in 2016 were not considered timely.

As this issue was identified late in 2017, we tested deposits made from November 1, 2017 through March 26, 2018, in this year's audit. Fifty percent (50%) were not considered timely based on allowing no more than seven (7) days between deposits. Most of the late deposits occurred from November 2017 through January 2018, while new processes were being worked out. Deposits in February and March were timely, indicating that the issue has been effectively addressed.

### In-Person Requests for Verification Reports

Requests for verification reports made in-person at the Police Department are processed by one person who provides the report and also takes the payment. The use of pre-numbered request forms was implemented on February 12, 2018, to help ensure all payments received at the window are properly recorded.

### Vendor Payments for Online Sales of Verification Reports

We tested payments from the vendor selling Roanoke City Police Department verification reports online and concluded these are now being posted to the proper revenue account (0856 – Police Fees) and for the correct amounts.

### Processing Mailed Requests

A new procedure was implemented to better segregate responsibilities for receiving, processing and holding checks received through the mail for verification reports. An employee logs each check received daily and prints the report if available. The employee returns any checks to the requestor by the following business day if the verification report cannot be located in the records management system. She notes the final disposition on the daily check log, prints the log, and places it and the associated checks into the cash register each day. Another employee takes the money from the register, prepares the deposit, enters the collection report into the receivables system, and takes the money to the City Treasurer's Office.

We reviewed a sample of 12 dates through 2017 and verified that a Request for Police Verification of a Report was in file for each entry on the cash register internal tape. Files for January and February could not be located, and Police Department personnel thought that most likely these months were accidentally shredded with the 2016 files identified during the prior year audit. All files from March to December 2017 were on hand and no discrepancies were identified in the current year testing of these records.

We reviewed all pre-numbered Request for Police Verification of a Report forms used from February 12, 2018 through March 26, 2018. A total of 83 forms were used during this period, with two (2) being voided and one (1) being accidentally shredded upon realization that the citizen did not want the report. All staff have since been instructed to void any unused forms and maintain them in file.

We also reviewed cash register drawdowns and subsequent deposits from December 27, 2017 through March 26, 2018 and noted that cash and checks included in all deposits were secured in the cash register, properly accounted for, and deposited with the Treasurer's Office within 24 hours of the drawdown date by someone other than the Police Support Technician processing the verification reports.

Due to the number of returned checks identified during the current year review, we selected a sample of 10 dates during 2017 and 2018 and examined the volume of returned checks and the corresponding root causes for the returns. During the ten (10) day period reviewed, more checks were returned (161 or 67%) than were processed (78 or 33%):

	Subpoena Needed	Report Not Available	Other Jurisdiction	No Report Written (Civil) / Not an Accident	Need More Info	Total
# Returned	7	98	30	16	10	161
% Returned	4.35%	60.87%	18.63%	9.94%	6.21%	100.00%

As the chart shows, the majority (almost 61%) of checks are returned because the report is not available. A change in data elements coming from TREDIS to be interfaced into RMS was not immediately identified by the City’s software vendor or City DoT. Those accident reports that included data elements that differed from the data RMS was configured to receive were rejected by RMS. There were fixes applied to the interface over the course of time that were thought to have resolved the issues with rejected reports. However, upon closer scrutiny by the Police Department, rejections were still occurring. On January 17, 2018, the Police Department notified DoT who then filed a new help ticket with the RMS vendor. The vendor finally identified the core issue with the data elements on April 23, 2018, and suggested an upgrade to RMS version 17 would fix the issue.

Crash Report Uploads

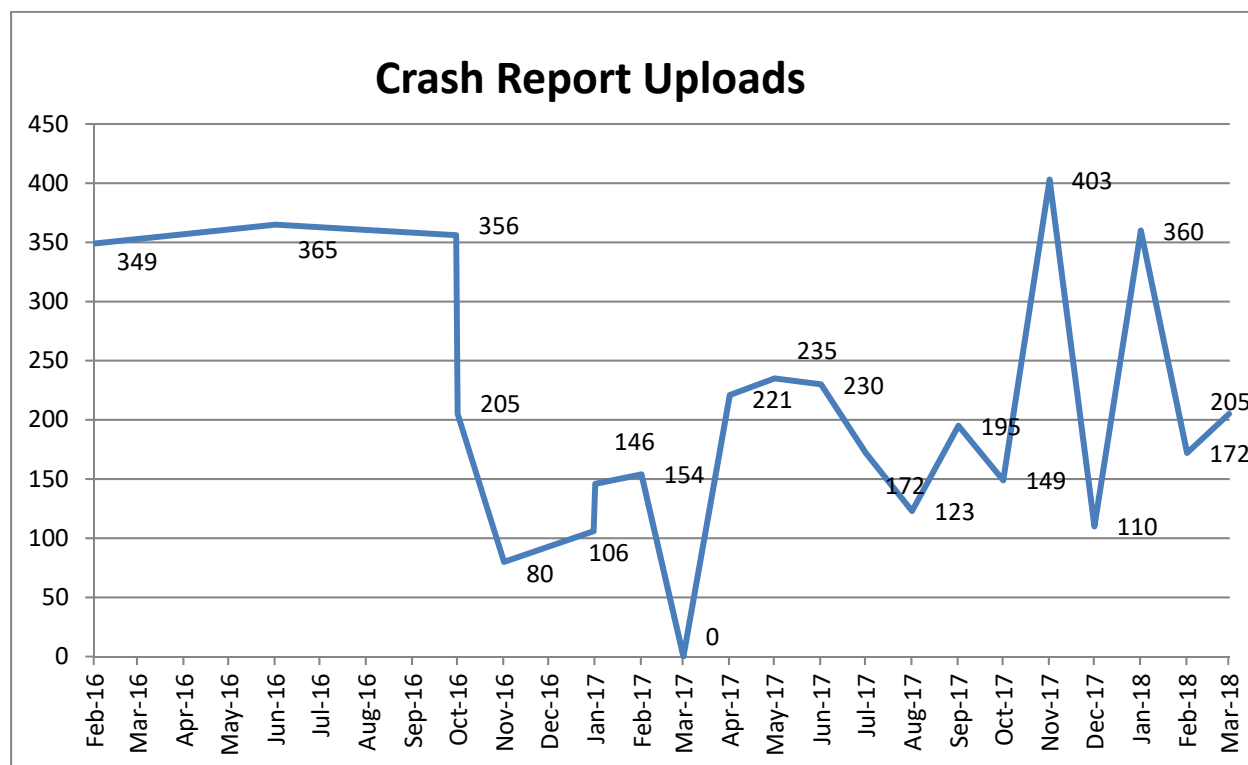
During the prior year audit we noted that the number of crash reports shown as having been uploaded to the online reporting vendor’s system had significantly declined since September 2016 as follows:

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

As a result, Roanoke City Police Department was not in compliance with the Service Agreement signed with the vendor, which specifies reports will be uploaded within 24 hours. Additionally, the inventory of reports on the vendor’s website (BuyCrash.com) is incomplete, which causes issues for the vendor, customers, and the Police Department.

We reviewed the number of crash reports shown as having been uploaded to the online reporting vendor’s system from August 2017 through March 2018 in comparison to the data reviewed in the prior year. We also obtained crash data from the RMS system and Collision Reporting Center (CRC) to analyze against the crash report uploads.

Our review revealed that crash reports uploaded to CrashLogic.com by RCPD for calendar year 2017 and through March 2018 still appear to be well below the average volume of reports uploaded in 2016 prior to September. As the graph below illustrates, 2017 uploads remained below 300, except for November, which spiked at 403 and January 2018 with 360:



On average, we identified approximately 26 less reports are uploaded to BuyCrash.com than are prepared by RCPD and the CRC:

<b>(ISTAR Data) Accident Reports</b>					
	<b>City PD</b>	<b>CRC</b>	<b>Total Reports</b>	<b>Buy Crash Uploads</b>	<b>Difference</b>
<b>Jan-17</b>	114	65	179	146	(33)
<b>Feb-17</b>	124	50	174	154	(20)
<b>Mar-17</b>	177	59	236	0	(236)
<b>Apr-17</b>	153	54	207	221	14
<b>May-17</b>	162	67	229	235	6
<b>Jun-17</b>	165	45	210	230	20
<b>Jul-17</b>	141	43	184	172	(12)
<b>Aug-17</b>	150	68	218	123	(95)
<b>Sep-17</b>	170	40	210	195	(15)
<b>Oct-17</b>	226	57	283	149	(134)
<b>Nov-17</b>	196	46	242	403	161
<b>Dec-17</b>	229	44	273	110	(163)
<b>Jan-18</b>	224	27	251	360	109
<b>Feb-18</b>	135	23	158	172	14
<b>Mar-18</b>	184	24	208	205	(3)
<b>Total</b>	<b>2,550</b>	<b>712</b>	<b>3,262</b>	<b>2,875</b>	<b>(387.00)</b>

<b>Average</b>	<b>170</b>	<b>47.47</b>	<b>217.47</b>	<b>191.67</b>	<b>(25.80)</b>
<b>St. Dev</b>	<b>36.40</b>	<b>14.75</b>	<b>35.77</b>	<b>96.96</b>	<b>99.91</b>

While the number of reports being uploaded has increased over the prior year, we cannot confirm that all reports are being uploaded. Ongoing issues with the records management system and the DMV interface have produced timing differences that preclude reconciling accident reports written with accident reports uploaded to the vendor website.

**End of Objective 5**

### Objective 6: Staff Fund

#### Audit Objective:

Is the Police Department Staff Fund properly accounted for, adequately safeguarded, and used for the intended purpose?

**Yes**

#### Overview:

The Police Department maintains a morale and welfare fund using contributions from the Chief of Police, Deputy Chiefs, Captains and Lieutenants. When someone from these ranks retires, the funds are used to pay for a celebration dinner for the retiree and his family, as well as a gift of \$250. Each time a retirement is announced, each person contributes \$25 to the fund.

The bulk of these funds are maintained in an account at the Roanoke Valley Community Credit Union (RVCCU). A small amount of cash is kept in the Deputy Chief of Operations' office in a locked drawer to make change when contributions are received, and for small purchases authorized by the Chief.

Credit Union Account:	\$1,808.60
Cash on Hand:	<u>21.11</u>
Total Funds at 12/31/17:	<u>\$1,829.71</u>

The Chief and Deputy Chief of Operations are the only authorized signers on the credit union account. The Deputy Chief has primary responsibility for managing the funds.

The Deputy Chief of Operations receives all contributions, logging the contributor's name and the date. Contributions are deposited into the credit union account and subsequently used to fund dinner and gift expenses.

The Planning and Analysis Lieutenant performs a quarterly audit of the morale and welfare fund. He verifies deposits and withdrawals on the quarterly statements from the credit union are consistent with the entries on the log used to record contributions and expenses. At this time, the Lieutenant also counts the cash on hand and associated receipts for small purchases to confirm all cash can be accounted for. The results are documented in a memo that is reviewed by the Deputy Chief of Investigations. This process was instituted in June 2017.

As part of our audit testing, we reviewed the quarterly audits on file for calendar year 2017. The first audit was completed August 15, 2017, and covered the period from 1/1/15 through 6/30/17.



No errors or irregularities were noted. Subsequent quarterly audits were completed timely and also noted no issues.

We prepared our own reconciliation of the fund covering calendar year 2017 and confirmed the balance per the log (\$1,808.60) equaled the account balance reported by the credit union.

Based on our review, we noted:

- Four (4) retirements were celebrated in CY17.
- Contributions for each retirement were received and deposited.
- All disbursements were properly authorized and consistent with the purpose of the account.

We also confirmed the cash on hand as of March 21, 2018 was consistent with the recorded balance.

**End of Objective 6**

## SUMMARY OF MANAGEMENT ACTION PLANS

Police Academy Billing																	
Condition	Recommendation	Action Plan															
Two (2) of the four (4) 2017 quarterly billings and the March 15, 2018 quarterly billing to Roanoke County for joint use of the Roanoke City Police Academy were prepared for \$14,847.82 instead of the agreed-upon amount of \$15,319.53.	The Police Department Budget Analyst should maintain a file with a copy of the current Police Academy Operating Agreement between the City of Roanoke and Roanoke County. He should also be provided with documentation to support any changes to the quarterly payment amount, once they are finalized, and be instructed to prepare the billings for the current amount.	Mr. Samuel Penn-Timothy will ensure that he is having his immediate supervisor Lt. Jamey Bowdel review paperwork prior to submission to ensure that the correct amounts are being requested per agreement. This is done quarterly. A copy of the agreement is in file for use when preparing his bills.															
Returned Checks																	
Condition	Recommendation	Action Plan															
A review of checks mailed in for verification report requests over a ten (10) day period ranging from December 2017 to March 2018, identified more checks were returned (161) than were processed (78).	<p>Protocols should be developed to immediately communicate system failures to the Automation Support Assistant, City's DoT and the software vendor.</p> <p>The Police Department Automation Support Assistant should work with City DoT to upgrade RMS from version 14 to version 17 to correct the core issue. The Automation Support Assistant should be responsible for ensuring the upgrade is completed properly, and for verifying that 100% of accident reports are being accepted into RMS.</p> <p>The Police Department should continue to log the number of requests for verification reports that could not be fulfilled, categorized by cause.</p>	Traffic Safety Officer will ensure that they are verifying reports are being uploaded in a timely manner by cross-referencing CAD printouts to what is available in the system. This will be verified by the Services Lieutenant (Newman). DOT has the update scheduled since the beginning of the year for Q3-Q4 for implementation. The log already in use by records will continue to be used and logged identifying the requested information.															
Validation of Online Sales																	
Condition	Recommendation	Action Plan															
The Budget Analyst who receives and deposits fees paid by Lexis Nexis for police verification reports sold through BuyCrash.com does not perform a reconciliation or other cross-check to validate the fees remitted are consistent with the reports sold.	The Budget Analyst should request the CrashLogic.com Sales Summary Across Month report from the Traffic Safety Officer each month and compare the total sales less refunds to the check received from Lexis Nexis. Any differences should be researched and resolved with Lexis Nexis.	Mr. Penn-Timothy and Traffic Safety Officer need to review list of reports sold to the amount reimbursed to the City from Lexis Nexis to ensure that they match and no issues identified. Reports that are sent back for correction will be sent through the platoon commanders who will get them returned for entry.															
Extra Duty Billing Errors																	
Condition	Recommendation	Action Plan															
<p>A review of modifications on the Lotus Notes financial workflows identified the following errors in outside employer extra duty billings during calendar year 2017:</p> <table border="0" style="width: 100%;"> <tr> <td>* Wrong Employer Billed</td> <td style="text-align: right;">5</td> <td style="text-align: right;">\$3,988.45</td> </tr> <tr> <td>* Overcharge</td> <td style="text-align: right;">3</td> <td style="text-align: right;">575.91</td> </tr> <tr> <td>* Undercharge</td> <td style="text-align: right;">1</td> <td style="text-align: right;">258.36</td> </tr> <tr> <td>* Duplicate Bill</td> <td style="text-align: right;">1</td> <td style="text-align: right;">1,227.21</td> </tr> <tr> <td>* Employer Request Bill Under Dff. Account</td> <td style="text-align: right;">1</td> <td style="text-align: right;">215.30</td> </tr> </table> <p>There were also six (6) account information changes: 4 changes of address and 2 requests to re-activate customers.</p> <p>A review of extra duty payments in the Lawson Payroll System identified the following errors in police officer pay during calendar year 2017:</p> <ul style="list-style-type: none"> <li>• One underpayment of \$116.77</li> <li>• One underpayment of \$37.47</li> <li>• One overpayment of \$210</li> </ul>	* Wrong Employer Billed	5	\$3,988.45	* Overcharge	3	575.91	* Undercharge	1	258.36	* Duplicate Bill	1	1,227.21	* Employer Request Bill Under Dff. Account	1	215.30	<p>The Police Department should document written procedures for extra duty payroll processing and subsequent billing in the Advantage Financial System. At a minimum the procedures should include:</p> <ul style="list-style-type: none"> <li>• A process to confirm the override rate was correctly accepted in the NLA Time Entry and agrees to the rate per the Statement for Police Department Personnel Working for Outside Agencies</li> <li>• Guidelines for selecting the correct customer to receive the invoice</li> <li>• Information that should be included in the Advantage Financial System when creating the Receivable</li> <li>• Validations that should be performed between the NLA Time Entry, the Statement for Police Department Personnel Working for Outside Agencies, and the Advantage Financial System Receivable screen PRIOR to the receivable being submitted</li> <li>• A process to reconcile NLA entries for extra duty payments to police officers (paid through the Lawson Payroll System) to the reimbursements received through the Advantage Financial System on a monthly basis</li> </ul>	<p>As the number of invoices entered manually by Ms. Spence is minor, we will handle any over/under charged reimbursements individually. She will however work with the treasurer's office to receive a list of unpaid invoices to ensure they remain current. An audit of overdue payments should be included in the treasurer's audit. Lt. Bowdel will work and create guidelines for ways to ensure that reports are able to be pulled from the Lawson entries done during payroll as well as report from Advantage to be matched to ensure that incorrect amounts are manually entered. He will request the current set amounts be added as an individual entry selection to prevent entering the wrong amount.</p>
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## SUMMARY OF MANAGEMENT ACTION PLANS


Extra Duty Approval	Recommendation	Action Plan																																										
<p><b>Condition</b></p> <p>13 of 20 uniformed staff working extra duty assignments during calendar year 2017 had at least one Extra Duty Request Form missing or incorrectly completed:</p> <ul style="list-style-type: none"> <li>* 7 worked one or more extra duty assignments without a completed Extra Duty Request Form on file.</li> <li>* 5 had at least one Extra Duty Request Form in file that was not signed by the Unit Commander or other command staff.</li> <li>* 1 approved his own Extra Duty Request Form for one (1) outside employer</li> </ul>	<p>The Police Department should revise OD 2.1.4 and the Extra Duty Request Form after considering the risk they want to control for each type of assignment:</p> <ul style="list-style-type: none"> <li>- Extra duty (in uniform and paid thru city)</li> <li>- Off duty (second job, non-uniform, paid thru employer)</li> <li>- Regularly scheduled extra duty assignments (RRHA and Civic Center)</li> <li>- One-time events (Freight Car America)</li> </ul>	<p>Accreditation manager will change OD 2.1.4 noting that approval will be done by an on duty platoon supervisor and filed in their maintenance files. If the off duty request is received outside of normal approval hours the assigned field commander will be responsible for approving and getting personnel assigned.</p>																																										
<p><b>Extra Duty Overlap</b></p> <p><b>Condition</b></p> <p>We reviewed the schedules for four (4) officers who had worked more than 400 extra duty hours during calendar year 2017. We selected a sample of 28 days on which the officer worked more than 15 combined hours based on scheduled shift and extra duty assignments.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #e0e0e0;"> <th></th> <th>No Conflicts</th> <th>Paid Leave Entered</th> <th>Paid Leave Not Entered</th> <th>Schedule Not Revised</th> <th>Total Days</th> </tr> </thead> <tbody> <tr> <td>Officer 1</td> <td style="text-align: center;">3</td> <td style="text-align: center;">2</td> <td style="text-align: center;">0</td> <td style="text-align: center;">3</td> <td style="text-align: center;">8</td> </tr> <tr> <td>Officer 2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Officer 3</td> <td style="text-align: center;">3</td> <td style="text-align: center;">3</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> <td style="text-align: center;">7</td> </tr> <tr> <td>Officer 4</td> <td style="text-align: center;">5</td> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">8</td> </tr> <tr> <td><b>Total Days:</b></td> <td style="text-align: center;"><b>13</b></td> <td style="text-align: center;"><b>10</b></td> <td style="text-align: center;"><b>1</b></td> <td style="text-align: center;"><b>4</b></td> <td style="text-align: center;"><b>28</b></td> </tr> <tr> <td><b>Exceptions:</b></td> <td></td> <td></td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">14.3%</td> <td></td> </tr> </tbody> </table>		No Conflicts	Paid Leave Entered	Paid Leave Not Entered	Schedule Not Revised	Total Days	Officer 1	3	2	0	3	8	Officer 2	2	2	0	1	5	Officer 3	3	3	1	0	7	Officer 4	5	3	0	0	8	<b>Total Days:</b>	<b>13</b>	<b>10</b>	<b>1</b>	<b>4</b>	<b>28</b>	<b>Exceptions:</b>			3.6%	14.3%		<p><b>Recommendation</b></p> <p>Add a check box on the Statement for Police Department Personnel Working for Outside Agencies form that officers must check to acknowledge that either:</p> <ul style="list-style-type: none"> <li>• The extra duty hours worked did not conflict with the scheduled shift</li> <li>• An NLA for paid leave was submitted for extra duty hours worked during their scheduled shift as reported in the InTime Scheduling Software</li> <li>• The scheduled shift was revised in the InTime Scheduling Software to allow the officer to work the extra duty hours</li> </ul> <p>A sample of extra duty hours should be audited at least annually to confirm hours worked did not overlap with schedules reported in the InTime Scheduling Software without an NLA for paid leave having been approved.</p>	<p><b>Action Plan</b></p> <p>Each supervisor will be responsible to ensure that correct changes are done to the In-time management program. They are audited quarterly by the shift commanders and can check overtime NLA's at the same time. Changes will be made to PD-34 Statement for Outside Work where officers will have to advise if NLA was needed to work the assignment due to scheduling alterations (last minute request coming in).</p>
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**MANAGEMENT COMMENTS**

None

**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 M. Spichek, CIA  
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Municipal Auditor