

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



Police Cash Follow-Up

August 5, 2019

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AUDIT OBJECTIVES & SCOPE

Audit Objectives:

1. Are quarterly billings to Roanoke County for joint use of the Roanoke City Police Academy prepared for the correct amount in accordance with the operating agreement?

Yes – Quarterly billings to Roanoke County for joint use of the Roanoke City Police Academy were materially correct and this issue has been remediated.

2. Are checks for mailed in verification report requests processed timely?

Yes with Qualifications – The log of mailed requests received by the Police Department during calendar years 2018 and 2019 (as of May 9, 2019) show that more requests continue to be returned than processed. However, since the RMS software upgrade was just completed in April 2019, it is too soon to know if the upgrade has resolved the interface issue with Virginia DMV. Municipal Auditing will perform follow-up testing again in 2020 to confirm that the issue is resolved.

3. Are fees received from Lexis Nexis for police verification reports sold through BuyCrash.com consistent with the verification reports sold?

Yes with Qualifications – We confirmed that fees received from Lexis Nexis for police verification reports sold through BuyCrash.com during calendar year 2018 and 2019 (through June 30) were consistent with the reports sold. The Budget Analyst should validate the revenue received each month to the number of reports sold as reported on the CrashLogic.com sales summary report, and resolve any differences with the vendor.

4. Are vendors accurately billed, and police officers accurately paid, for off duty work?

Yes – The off 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 off duty assignments are appropriate and safe for officers to work. We found that off duty billings were substantially correct, as were payments to officers for off duty hours. Payment errors were minimal, and are corrected by the Police Department Administrative Assistant.

5. Are police officer schedules revised in the InTime system, or is paid leave entered for officers working off duty assignments that overlap with regular time?

Yes – Revisions to the PD-34 form implemented in September 2018 have caused officers to proactively consider if an off duty assignment will conflict with their schedule and take appropriate action to address the conflict. No overlapping time was noted after September 2018 for those officers who met our criteria for testing.

Audit Scope:

In order to confirm that Management Action Plans were implemented and satisfactorily addressed the issues identified in the prior audit, we reviewed the following:

- Quarterly billings to Roanoke County for joint use of the Roanoke City Police Academy made after March 15, 2018 (date of last payment reviewed in prior year audit)
- Log of mailed in requests for police verification reports for calendar year 2018 through May 9, 2019, and the reasons for returned requests
- Monthly revenue received from Lexis Nexis for sales of online accident reports from January 1, 2018 through June 30, 2019, versus number of reports sold (less any refunds)
- Police Department off duty billing data from Advantage, Lawson and NLA entries from the Time Entry System for calendar year 2018
- Police Department off duty billing modifications for calendar year 2018 through May 30, 2019
- InTime Scheduling data, off duty billing documentation, and NLA data for police officers working more than 400 off duty hours during calendar 2018 or 150 off duty hours January 1 through May 15, 2019

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 cash handling activities can be broken down into the following areas:

- Vice Monies – Flash & Buy and Federal Drug Cash Fund
- Petty Cash Fund
- Fees such as:
 - Towing Fees
 - Verification Report Request Fees
 - Public Vehicle Driver's License Fees
 - Precious Metals (Gold) Permit Fees
 - Security Alarm System Permit Fees
 - System False Alarm Fees
 - Roanoke Police Academy Fees
- Other Revenues as follows:
 - Off Duty Billings

- DEA/OCDETF Service Reimbursements
- Roanoke County Joint Academy Reimbursements
- ATF Service Reimbursements
- FBI Joint Task Force Service Reimbursements
- US Marshal Joint Task Force Service Reimbursements
- Grant Donations

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 2018:

Police Revenues					
RSRC	Revenue	Jan - June	July - Dec	Total 2018	Total 2017
0829	Towing	\$ -	\$ 157	\$ 157	\$ -
0856	Police Fees	\$ 51,723	\$ 27,723	\$ 79,446	\$ 56,815
1298	Off Duty Billings	\$ 247,930	\$ 253,984	\$ 501,914	\$ 453,640
1377	School Resource Officers	\$ 301,770	\$ 244,806	\$ 546,576	\$ 519,231
1405	Security Alarm Registration	\$ 9,052	\$ 11,700	\$ 20,752	\$ 19,270
1406	False Alarm Fines	\$ 23,765	\$ 15,814	\$ 39,579	\$ 36,068
1461	Police Training	\$ 1,540	\$ 3,638	\$ 5,178	\$ 3,745
1552	RCACP Fees	\$ 8,628	\$ 9,502	\$ 18,130	\$ 21,480
1561	Billings to GS - Police	\$ 23,286	\$ 21,404	\$ 44,690	\$ 41,378
1860	Grant Donations	\$ 8,053	\$ 7,067	\$ 15,120	\$ 8,272
	Reimbursements				
1409	ATF	\$ 6,863	\$ 7,231	\$ 14,094	\$ 14,755
1414	DEA/OCDETF	\$ 9,317	\$ 6,961	\$ 16,278	\$ 23,632
1554	FBI	\$ 9,396	\$ 11,451	\$ 20,847	\$ 15,581
1553	Roanoke County	\$ 33,687	\$ 30,639	\$ 64,326	\$ 74,239
1555	US Marshal	\$ 22,810	\$ 32,078	\$ 54,888	\$ 42,503
1602	Police Academy	\$ 5,573	\$ 6,376	\$ 11,949	\$ -
	Totals	\$ 763,393	\$ 690,531	\$ 1,453,924	\$ 1,330,609

The Police Department budgeted the following program revenue for FY 2018-19:

The calendar year 2017 audit identified observations in the areas of police academy billing, returned checks for mailed in payments for verification reports, validation of online sales of verification reports, and off duty billing and approval. As a follow-up audit, this year Municipal Auditing focused on reviewing the implementation of corrective measures arising from prior year observations, and did not include review of the cash funds (Petty Cash, Flash and Buy Fund, Federal Drug Fund and Staff Fund). These funds do not generate revenue and have not incurred material or significant amounts of expenditures in prior years.

End of Background

Objective 1: Police Academy Billing

In the prior year’s audit, we noted that the charges billed to Roanoke County in fiscal year 2018 were not increased to reflect the newly agreed upon amounts specified in joint use agreement for the Police Academy.

Management planned to ensure the joint use agreement is filed with the Budget Analyst responsible for preparing the invoice, each time the agreement is revised. The appropriate supervisor will be responsible for reviewing the paperwork each quarter prior to Budget Analyst entering the invoice into the billing system.

Action Completed / Issues Resolved – Yes

Follow Up – June 2019:

The Budget Analyst enters the receivable into the Advantage system for reimbursement from Roanoke County for the joint use of the Police Academy by the 15th of September, December, March and June of each fiscal year.

We reviewed all four (4) quarterly billings to Roanoke County for joint use of the Police Academy made after March 15, 2018 (date of last payment reviewed in prior year audit), and noted that all were entered into Advantage for the correct amounts:

Quarterly Billing	Agreed Amount	Billed Amount	Difference
June 2018	\$ 15,319.53	\$ 15,319.53	\$ -
September 2018	\$ 15,319.53	\$ 15,319.53	\$ -
December 2018	\$ 15,319.53	\$ 15,319.53	\$ -
March 2019	\$ 15,833.05	\$ 15,833.18	\$ 0.13
			<u>\$ 0.13</u>

We concluded that quarterly billings to Roanoke County for joint use of the Roanoke City Police Academy were materially correct and that this issue has been remediated.

End of Objective 1

Objective 2: Accident Verification Reports

The prior audit found that more requests for accident verification reports were returned to the requestors (161) unfulfilled than were processed (78) over a sample of ten days from December 2017 to March 2018. An issue with unrecognized data elements in the interface between the Virginia Department of Motor Vehicles (DMV) and the Police Department’s records management system (RMS) was thought to be causing some validated reports to drop out of the interface. An upgrade to the RMS software was expected to fix the interface.

Management actions included having the Traffic Safety Officer regularly comparing accident reports listed in Computer Aided Dispatch (CAD) system with the reports uploaded in the RMS system, and having the Services Lieutenant review the results.

The Department of Technology (DoT) planned to complete the installation of the RMS upgrade sometime in the early half of calendar 2019.

Action Completed / Issues Resolved – Yes with Qualifications

Follow Up – June 2018:

The RMS upgrade was completed just prior to April 1, 2019. The data available at the time of our audit only ran through May 9, 2019.

We reviewed the log of mailed requests received by the Police Department during calendar year 2018 and up through May 9, 2019, with the following results:

	CY18		1/1/19 to 5/9/19	
	#	%	#	%
Request Processed – Fee Deposited	707	37%	286	33%
Request and Fee Returned to Requestor	754	40%	379	44%

The percentage of requests that could be satisfied was no better than had been noted in the prior year’s audit. Requests in April and May 2019, after the system upgrade, continued to be rejected 40% of the time because a validated report was not yet available in the RMS system. This represents a small improvement over the rejection rate prior to the upgrade, as can be seen in the table below:

January 1, 2018 - May 9, 2019	#	%
Request Satisfied	993	36%
Request Returned - Another jurisdiction	389	14%
Request Returned - Invalid information / more information needed	140	5%
Request Returned - No report written/Civil/No motor vehicle accident	77	3%
Request Returned – FOIA	29	1%
Request Returned - Per Client or Client no longer needed	2	0%
Request Returned - CRC prepared the report (not in RMS)	6	0%
Request Returned - Report Not Found / Not Available	1,133	41%
	2,769	100%

Management should continue to log the disposition of all requests for verification reports. If a high percentage of verification reports continue to be dropped during the interface with DMV, additional effort should be taken in 2019 to identify the root cause and resolve the issue. Municipal Auditing will perform follow-up testing again in 2020 to confirm that the issue is resolved.

End of Objective 2

Objective 3: Validation of Online Sales

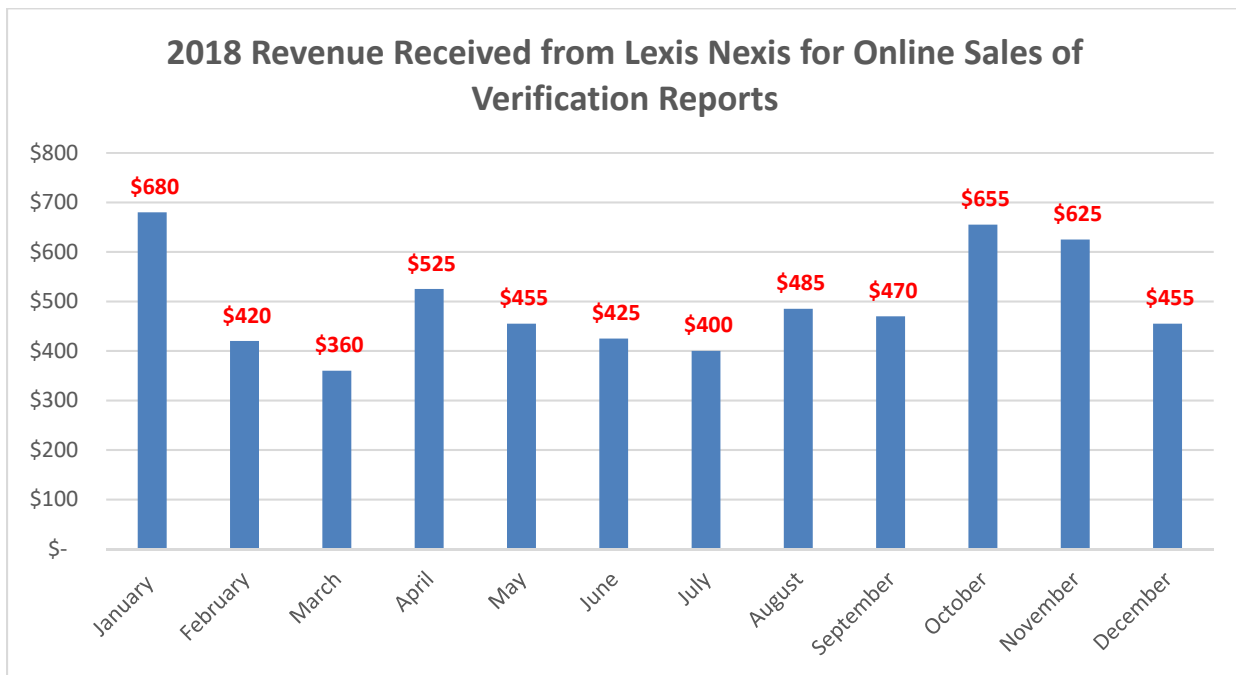
In the prior audit, the Budget Analyst who deposits payments from Lexis Nexis for police verification reports sold through BuyCrash.com did not verify the amount received was consistent with the number of reports sold per the BuyCrash.com system.

Management agreed that having the Budget Analyst and Traffic Safety Officer compare the list of reports sold to the payments from Lexis Nexis would be prudent. Platoon Commanders will be responsible for contacting Lexis Nexis about any issues identified.

Action Completed / Issues Resolved – Yes with Qualifications

Follow Up – June 2018:

The former Traffic Safety Officer was transferred to a task force assignment in November 2018; therefore, the current Traffic Safety Officer had been in the position for six (6) months at the time of our fieldwork. The current Traffic Safety Officer and the Budget Analyst indicated they were not familiar with the CrashLogic Sales Summary Across Month report or with the expectation that they would use it to verify the reasonableness of the payments from Lexis Nexis. The total amount of revenue received from Lexis Nexis during calendar year 2018 for online sales of verification reports was \$5,955:



During the course of our audit, the Traffic Safety Officer was able to obtain the access rights necessary to produce reports from the Lexis Nexis system. Using the *Sales Summary* report, we verified that the amount received each month from Lexis Nexis was consistent with the reports sold (less any refunds) from January 1, 2018 through June 30, 2019.

We noted that five (5) of the 12 monthly checks from Lexis Nexis in calendar year 2018 were deposited 10 or more days after the date of the check. City Administrative Policy 3.3 – *Cash Receipts and Collection Reports*, requires Departments to deposit all funds by noon of the next business day. Taking longer to deposit checks increases the risk that checks might be lost or stolen.

End of Objective 3

Objective 4: Off Duty Billing Errors

In the prior audit, we identified a small number of errors related to entering invoices to bill businesses using off duty officers for security. We also identified a handful of erroneous pay rates entered into the payroll system for off duty hours worked by officers. The financial impact to the City and the officers involved was not material in these cases. Errors do however cause rework for City staff and the businesses involved.

Management planned to assign responsibility for regularly reviewing the list of unpaid invoices to an Administrative Assistant. The Administrative Assistant would also be responsible for correcting any payment errors.

Management also planned to have off duty pay setup in the time entry system for selection when entering adjustments so that pay rate overrides would not need to be entered manually.

Action Completed / Issues Resolved – Yes

Overview:

We reviewed Police Department off duty billing data from Advantage, Lawson and NLA entries from the Time Entry System for calendar year 2018 to identify off duty billing and/or payment errors, and determine if a process is in place to identify and correct those errors.

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 off duty billings and payroll were within \$8,783 without accounting for timing differences. This was considered reasonable given the \$570,000 base and the sound design and operation of the controls over this process. We also reconciled off duty hours paid via the Lawson Payroll System to off duty hours approved to be worked in the NLA system and found no material errors.

Errors and Modifications

Our review of off duty payments in the Lawson Payroll System identified seven (7) underpayments in police officer pay during calendar year 2018 totaling less than \$500. The underpayments were spread among five (5) different officers:

- * Officer A: \$ 129.00
- * Officer B: \$ 55.25

* Officer C: \$ 151.90
* Officer D: \$ 65.10
* Officer E: \$ 36.60
\$ 437.85

Four (4) of the underpayments (Officers C and D) were the result of the officers entering their own NLA for off duty work without submitting a supporting invoice from the outside employer to the PD Administrative Assistant. The officers were unable to enter the override rate of \$40/hour, and were therefore paid at their regular hourly rate. The lack of a supporting invoice also resulted in the failure to collect approximately \$400 in revenue (10 off duty hours x \$40/hour) from the outside employer.

Two (2) of the underpayments (Officers A and B) were the result of manual adjustments keyed by the City Payroll Department. The adjustments were erroneously entered for the police officer's regular rate of pay, not the override rate of \$40/hour.

The underpayment to Officer E was the result of the officer erroneously inputting an NLA for overtime as off duty time. The officer was unable to enter the override rate of \$40/hour and was therefore paid at his regular hourly rate.

Based on a total of 2,670 off duty payments to police officers during calendar year 2018, the approximate error rate is less than 1% (7 errors / 2,670 payments = 0.26%).

The results of our testing indicate that human error and inattentive approvals of NLAs were the primary cause of errors. Off duty pay rate overrides were not setup in the system for automatic entry since officers can be paid either \$40 or \$55 per hour, depending on the timing of the request, the number of officers requested, and the rank of each officer. However, due to the volume and immateriality of the errors noted, we will not continue to follow-up on off duty payment errors.

End of Objective 4

Objective 5: Off Duty Overlap

In the prior year, we identified officers who worked an off duty assignment that started before they were scheduled to finish their shift for the Roanoke City Police Department. There were no records showing alterations to the officers’ original schedules, equivalent hours worked off schedule, or paid leave taken.

Management planned to revise the Statement for Police Department Personnel Working for Outside Agencies form so that officers explicitly acknowledge if a change to their schedule or an NLA was necessary to accommodate the off duty assignment.

Action Completed / Issues Resolved – Yes

Overview:

We confirmed that the proposed changes were made to the PD-34 Statement for Police Department Personnel Working for Outside Agencies form.

Similar to our approach in the prior audit, we reviewed off duty hours worked by those reporting the greatest number of hours (> 400 hours in CY18 or > 150 hours January 1st thru May 15th in 2019). We reviewed times worked in detail for dates on which they worked 15 or more combined hours:

	No Overlapping Times	Paid Leave / Holiday Taken	Schedule Changed	Schedule & Off Duty Times Overlapped	Total Days Detail Tested
Person #1	13	4	1	4	22
Person #2	20	3	0	0	23
Person #3	4	5	0	4	13
Total Days	37	12	1	8	58
Exceptions				13.79%	

All eight (8) exceptions occurred prior to the revised PD-34 form being implemented and as such, we felt additional research was unlikely to produce conclusive results.

Revisions to the PD-34 form implemented in September 2018 have caused officers to proactively consider if an off duty assignment will conflict with their schedule and take appropriate action to address the conflict. No overlapping time was noted after September 2018 for those officers who met our criteria for testing.

End of Objective 5

SUMMARY OF MANAGEMENT ACTION PLANS

Management Action Plan - Returned Checks

The city is currently experiencing a problem with requests for FR-300 (accident reports) not being available when a request along with a check for payment comes in. This results in the check being returned. In reviewing this issue to see what is causing it and/or how it can be corrected I have noticed a large part of this problem was a technology issue with the reports not making it into the system when the officer sent it. A majority of the time it was found that the missing report had been completed by the officer but when that officer routed the report, the report was not making it into the system. Recently this past April there were upgrades completed to our RMS system and at this time we are seeing a significant improvement with this issue.

Going forward our traffic safety officer, Officer J. Smith, will be doing a bi-weekly audit through dispatch to keep track of all FR-300's submitted. She will also be sending an account summary of sales to Cari Spichek (Municipal Auditing) the first week of every month. Hopefully this will prove to be beneficial and significantly lower the amount of checks being returned. Also, PST K. Baker began tracking where the reports were pulled from to satisfy the request (RMS or Treds) in an effort to see if the upgrade to RMS is working.

Officer J. Smith and PST K. Baker will be the main employees tracking the success rate of this issue. We will set a target date for review for January 1, 2020.

Assigned To	Target Date
Officer J. Smith and PST Kathy Baker	01/01/2020

Management Action Plan – Validation of Online Sales

- 1) Traffic Safety Officer (TSO) Jada Smith now has access to the BuyCrash.com system.
- 2) TSO Smith will produce a *Sales Summary Across Month* report on the first Monday of each month. The report will be sent to Cari Spichek (Municipal Auditing), Budget Analyst Samuel Penn-Timity and Lieutenant Bowdel.
- 3) Mr. Penn-Timity will compare the total sales less refunds to the check received from Lexis Nexis. Any discrepancies will be immediately made aware to Lieutenant Bowdel and TSO Smith.
- 4) Mr. Penn-Timity will ensure that all payments received from Lexis Nexis will be deposited within 24 hours unless not possible due to approved time off.

Assigned To	Target Date
Jada Smith, Traffic Safety Officer	8/31/19
Samuel Penn-Timity, Budget Analyst	8/31/19

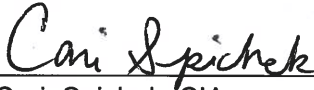
End of Summary of Management Action Plans

MANAGEMENT COMMENTS


None provided

ACKNOWLEDGEMENTS

We would like to thank the Roanoke City Police Department for their cooperation and assistance throughout the audit.



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