

INTRADEPARTMENTAL CORRESPONDENCE

July 23, 2015
14.2

TO: The Honorable Board of Police Commissioners

FROM: Chief of Police

SUBJECT: PROPERTY DIVISION AUDIT (AD No. 15-002)

RECOMMENDED ACTIONS

1. It is recommended that the Board of Police Commissioners REVIEW and APPROVE the attached Property Division Audit.
2. It is recommended that the Board of Police Commissioners REVIEW and APPROVE the attached Executive Summary thereto.

DISCUSSION

Audit Division conducted the Property Division Audit to evaluate compliance with Department policies and procedures.

If additional information regarding this audit is required, please contact Arif Alikhan, Director, Office of Constitutional Policing and Policy, at (213) 486-8730.

Respectfully,



CHARLIE BECK
Chief of Police

Attachment

LOS ANGELES POLICE DEPARTMENT

PROPERTY DIVISION AUDIT

(AD No. 15-002)



Conducted by
AUDIT DIVISION

CHARLIE BECK
Chief of Police

July 2015

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**EXECUTIVE SUMMARY
PROPERTY DIVISION AUDIT
Conducted by
Audit Division
Second Quarter, Fiscal Year 2014/15**

PURPOSE

In accordance with the Los Angeles Police Department (Department) Annual Audit and Inspection Plan for fiscal year 2014/15, Audit Division (AD) completed the Property Division audit to determine whether the Department adhered to policies and procedures, as well as, regulatory requirements. The information contained in this audit is intended to be used as a management tool to provide useful feedback to Department management and Property Division.

SUMMARY OF FINDINGS

The Department did well with each of the objectives/sub-objectives pertaining to this audit. Table No. 1 provides the results for each objective.

Table No. 1 – Summary of Findings

Objective No.	Description	Items Meeting Standards	Percentage Meeting Standards
1	Evaluation of Chain of Custody for Property/Evidence		
1(a)	Evaluation of the Completeness of Records for Property/Evidence	324	100%
1(b)	Evaluation of the Existence and Accuracy of Records for Property/Evidence	346	100%
2	Evaluation of Safeguarding of Property/Evidence		
2(a)	Evaluation of Whether Internal Controls Are in Place for the Safeguarding of Property/Evidence	Yes	N/A

RECOMMENDATIONS

None.

ACTIONS TAKEN/MANAGEMENT'S RESPONSE

A copy of the audit report was presented to the Commanding Officer, Property Division, who provided a response indicating general agreement with the audit findings.

A copy of the audit report was also presented to the Assistant to the Director, Office of Special Operations, who indicated general agreement with the audit findings.

PROPERTY DIVISION AUDIT
Conducted by
Audit Division
Second Quarter, Fiscal Year 2014/15

PURPOSE

In accordance with the Los Angeles Police Department (Department) Annual Audit and Inspection Plan for fiscal year 2014/15, Audit Division (AD) completed the Property Division Audit to determine whether the Department adhered to policies and procedures, as well as, regulatory requirements. The information contained in this audit is intended to be used as a management tool to provide useful feedback to Department management and Property Division.

Audit Division conducted this audit under the guidance of generally accepted government auditing standards, specifically pertaining to performing the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Audit Division has determined that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

BACKGROUND

Organizational Placement and Staffing

Property Division is under the direction of the Office of Special Operations, which is organizationally separate from the Office of Operations which oversees all patrol operations. This organizational structure enables Property Division to carry out its required functions without organizational influence. Property Division is staffed with 66 civilian and nine sworn personnel. The mission of Property Division is to serve all the diverse entities of the City of Los Angeles by receiving, documenting, safeguarding, preparing for release, releasing and destroying items booked into the custody of the Department in accordance with Department policies.

Facilities

Property Division has 24 property rooms, with only ten in operation and 14 temporarily closed due to staff shortages. The ten operating property rooms are: Central Property Section (CPS), Forensic Science Center (FSC), Evidence Control Section (ECS), Commercial Street Warehouse (CSW), Harbor, Olympic,¹ Pacific, Topanga, Van Nuys, and 77th Street.²

Central Property Section serves as the main location for Property Division and is located within the basement of Metropolitan Detention Center. Central Property Section is responsible for receiving, booking, storing, maintaining continuity, releasing items from custody, and reviewing the work from the previous watch.

The FSC is located on the campus of California State University, Los Angeles. All shifts are responsible for receiving, booking, storing, and releasing items in custody.

¹As of January 25, 2015, the Olympic Area property room is closed.

²Of the 21 geographic Areas within the Department, Central Area is the only facility that does not have a property room on-site; however, all items for Central Area are booked/processed at CPS.

Evidence Control Section is a long term storage warehouse located at the Piper Technical Facility for narcotics and DNA. Evidence Control Section is responsible for the receiving, booking, storing, and releasing items (narcotics and DNA) from custody.

The CSW is the receiving area for large and unusual bookings. The Warehouse also conducts follow-up activities such as converting, storing, releasing, transferring and processing property items that are no longer needed in custody, from various locations. It then sorts and prepares the items for proper disposition.

Computer System

The current inventory management system, Automated Property Information Management System (APIMS) was implemented in 1992, and is administered by Information Technology Agency (ITA). As of December 31, 2014, there were 619,406 items in APIMS. An inventory breakdown by classification is shown below in Table No. 1.

Table No. 1 – Inventory Breakdown by Classification

Classification of Items	Per APIMS as of 12/31/14
Firearms	14,704
Narcotics	51,582
Money	29,097
General property	524,023
Total Items	619,406

PRIOR AUDIT

Audit Division previously conducted a Property Division audit during the fourth quarter of fiscal year 2010/11. The prior audit made four recommendations, one was implemented and three were not. The three recommendations that were not implemented involved replacing APIMS with a more reliable and efficient system that combines the functions of APIMS and Laboratory Information Management System which is currently used by Scientific Investigation Division (SID). Requests for Proposals went out in 2013, but Information Technology Bureau (ITB) does not have a contract with a vendor yet. Presently, ITB is deciding whether to select a vendor that will replace APIMS with a new system, or have ITA hire consultants to rewrite APIMS on a more current platform.

SCOPE AND METHODOLOGY

This audit focused on high value property: firearms, narcotics, currency, and jewelry. The audit scope was limited to the key controls necessary to carry out the Property Division functions.³

³This audit did not extend to SID, which has temporary custody of narcotics, firearms, and DNA kits for testing purposes.

Various tests were conducted for each objective and further described within the Audit Procedures.

Furthermore, Audit Division reviewed Department policies and procedures, Property Division Operation Procedures, and the standards established by the International Association of Property and Evidence. Audit Division interviewed Property Division personnel, Property Disposition Coordinators and system specialists from ITA, to gain an understanding of the operations of Property Division.

SUMMARY OF FINDINGS

The Department did well with each of the objectives/sub-objectives pertaining to this audit. Table No. 2 provides the results for each objective.

Table No. 2 – Summary of Findings

Objective No.	Description	Items Meeting Standards	Percentage Meeting Standards
1	Evaluation of Chain of Custody for Property/Evidence		
1(a)	Evaluation of the Completeness of Records for Property/Evidence	324	100%
1(b)	Evaluation of the Existence and Accuracy of Records for Property/Evidence	346	100%
2	Evaluation of Safeguarding of Property/Evidence		
2(a)	Evaluation of Whether Internal Controls Are in Place for the Safeguarding of Property/Evidence	Yes	N/A

Objective No. 1 – Evaluation of Chain of Custody for Property/Evidence

For the purposes of this audit, chain of custody refers to the chronological documentation of the seizure, custody, control, transfer, and disposition of evidence, once booked into Property Division. The evidence must be stored and examined in a manner which protects it from loss, contamination, or destruction.

Property reports and computerized systems are used to document the chain of custody. Property reports record data as it pertains to the handling, tracking, and storage of property/evidence. Computerized systems organize data, and provide accurate and complete records and reports.

Objective No. 1(a) – Evaluation of the Completeness of Records for Property/Evidence

Criteria

The International Association of Property and Evidence Section A, Property Room Glossary, states, "*Chain of custody is a record of the seizure or receipt, transport, storage, access,*

transfer, analysis and ultimate disposition of property, documents and items pertinent to criminal investigations. The chain of evidence must be properly maintained to provide the legal custodial linkages of permissible evidentiary handling in order to avoid missing, mishandled or tainted evidence that will jeopardize a criminal investigation."

The International Association of Property and Evidence Section 4, Standard 4.1 Documentation – Property Report, states, *"A property report is the basis for documenting the chain of custody of all items that enter the property room."*

Audit Procedures

Audit Division excluded the seizure of property because Property Division's chain of custody begins with taking custody of property from officer(s) that has already been seized. Audit Division observed property officers receive incoming property and record those items into the Booking Log. To further test the controls for chain of custody, AD conducted the following test.

To test the completeness of records for property from Division of Record (DR)-to-system, AD obtained data from Application Development and Support Division of 2,107 felony arrest reports listed by DR numbers for March 1, 2014, to March 31, 2014. A statistical valid sample yielded 100 felony arrest reports. The felony arrest reports were viewed in the Integrated Crime and Arrest Records System to extract the Property Report, Form 10.01.00. The items from the Property Reports had to include our scope of firearms, narcotics, currency or jewelry. The sample yielded 324 property/evidence items from the 100 Property Reports. All 324 items were traced in APIMS to determine whether they were booked into Property Division and accurately documented in APIMS.

Findings

Each (100%) of the 324 items were traced in APIMS to determine that the chain of custody for property/evidence items were booked into Property Division and accurately documented in APIMS.

Objective No. 1(b) – Evaluation of the Existence and Accuracy of Records for Property/Evidence

Criteria

Property Division Manual Section 6/400, Booking Property – APIMS Input, states, *"The Automated Property Information Management System is a customized software system used for booking, storing, tracking, and documenting the intake, storage, and disposal of evidence. It provides complete chain-of-custody, release, and history records."*

Audit Procedures

To test the existence of the property/evidence and the accuracy of records for chain of custody, AD performed two tests. The first test was a system-to-shelf test, and the second was a shelf-to-system test.

For the system-to-shelf test, AD obtained an APIMS report of 57,280 DR numbers with firearms, narcotics, and jewelry booked from April 1, 2014 to June 30, 2014, while currency was for September 1, 2014, to September 30, 2014, which had 751 DR numbers. The audit period for currency was more recent as cash is deposited within 60 days of booking. A statistically valid random sample yielded 149 property items, which included: 12 items recorded as destroyed; ten packages of narcotics listed to be destroyed; 14 items documented as available for release; and 14 firearms scheduled for disposal. These 50 items were examined for all required approvals, documentation for disposal, and release or destruction, while the 99 property items were traced to the shelf.

For the shelf-to-system test, AD selected a judgmental random sample of 197 property/evidence items from the shelf (lockers, cages, safes, and cabinets) of all open property rooms and traced them back to APIMS.⁴ Information that was traced from shelf to APIMS included DR number, location, property report, and description of the item.

Findings

For the first test, each (100%) of the 99 property/evidence items were traced to the shelf, while the remaining 50 property/evidence items were examined for all required approvals, and documentation for disposal, release or destruction.

For the second test, each (100%) of the 197 property/evidence items were traced to APIMS.

Objective No. 2 – Evaluation of Safeguarding of Property/Evidence

Internal controls should be in place restricting access to property rooms. These controls include, but are not limited to: key control, changing locks or access codes with changes of personnel, access logs, after-hours procedures, use of surveillance cameras and alarms. Enforceable policies are needed to compel employees to adhere to security requirements that, if violated, can jeopardize the integrity of the property room and interfere with the chain of custody.

Objective No. 2(a) – Evaluation of Whether Internal Controls are in Place for the Safeguarding of Property/Evidence

Criteria

The International Association of Property and Evidence Section 8, Standard 8.2 Security – Access, states, *“Entry into restricted storage areas should be closely controlled to prevent accusations of alteration, unauthorized removal, theft, or tampering with property or evidence stored by the Department. Access restriction protects the proper chain of custody. Those permitted access should include the property officer(s), and the supervisor.”*

⁴The 197 property items were sampled from the following property rooms: CPS-15, FSC-30, ECS-21, Harbor-20, Van Nuys-30, 77th Street-19, Pacific-21, Olympic-21, and Topanga-20.

Department Manual, Section 1/740, Property, states, "*The Department will safeguard and properly dispose of all property which comes into its custody.*"

Audit Procedures

Audit Division visited all ten operating property rooms and observed that entry is restricted to property officers and their supervisors. Officers arriving to book property are required to transfer items through the front window. They are not allowed in the storage area. Anyone entering the property room on official business, e.g., auditors, must sign in and out on the log book. They are always accompanied by a property officer.

During the existing testing of currency, jewelry, firearms and narcotics, auditors were accompanied by a property officer to the lockers, cages, safes, and cabinets. These places were found to be further secured under lock and key. The items tested were found to be at the assigned location. Currency, jewelry and narcotics were kept in sealed packages or boxes. Large firearms were placed on racks and pistols were placed in sealed packages after securing them for safe handling. Property Division also conducts periodic audits of inventory at Area property rooms to ensure the items as shown in APIMS exist on the shelves.

Findings

Audit Division observed that Property Division's internal controls are in place for the safeguarding property.

RECOMMENDATIONS

None.

ACTIONS TAKEN/MANAGEMENT'S RESPONSE

A copy of the audit report was presented to the Commanding Officer, Property Division, who provided a response indicating general agreement with the audit findings.

A copy of the audit report was also presented to the Assistant to the Director, Office of Special Operations, who indicated general agreement with the audit findings.

INTRADEPARTMENTAL CORRESPONDENCE

April 20, 2015
18.2.3


TO: Commanding Officer, Internal Audits and Inspections Division

FROM: Commanding Officer, Property Division

SUBJECT: PROPERTY DIVISION AUDIT

Property Division is in receipt of the draft Property Division Audit for the Second Quarter, Fiscal Year 2014/15. After reviewing the document, the Commanding Officer, Property Division is in general agreement. The only suggestion would be to include the authorized Property Division Table of Organization so that the magnitude of the achievement is seen given the significantly reduced staffing.

Please contact Yvette Burney, Commanding Officer, Property Division, should you have questions. She can be reached at (213) 356-3710.


YVETTE A. BURNEY, Police Administrator
Commanding Officer
Property Division