



City of Kingston Police Department

Internal Controls Over Selected Department Activities

Report of Examination

Period Covered:

January 1, 2010 — March 17, 2011

2012M-5



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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

July 2012

Dear City Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Common Council governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of City of Kingston Police Department entitled Internal Controls Over Selected Department Activities. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

The Kingston City Police Department (Department) has 87 employees and serves a population of approximately 22,500 residents in the City of Kingston (City). The Department's 2011 budgeted operating expenditures were \$9.6 million of the City's \$35.7 million general fund budget. The Department consists of the Administrative Division, Detective Division, and Patrol Division. The Chief of Police (Chief) is responsible for the general management and control of the Department and reports to the Mayor. The Deputy Chief of Police (Deputy Chief) is responsible for investigating complaints against officers and for the oversight of the daily activities of the Department.

Within the community, Department employees are assigned to the Kingston City School District (District) as School Resource Officers, primarily at the high school, providing police presence, assistance, and information to students and staff. Off-duty police Department officers also work as security guards at the District. Previously, in conjunction with an audit of the District, we identified a Department employee who charged the Department for overtime work for the same hours he billed the District for performing services as a security guard. A report¹ of these findings was issued on February 14, 2011.

Scope and Objective

The objective of our audit was to assess internal controls over selected Department activities during the period January 1, 2010, to March 17, 2011. Our audit addressed the following related questions:

- Are time and attendance records accurate, complete, and properly approved?
- Are employee leave accrual records accurate?
- Are internal controls over confiscated property and police evidence appropriately designed and operating effectively to safeguard assets?
- Are internal controls over confidential informant funds appropriately designed and operating effectively to safeguard assets?

Audit Results

City and Department officials need to improve internal controls over the Department's time and attendance procedures. The Department does not have an effective system for reporting and recording

¹ Report 2011M-015 *City of Kingston – Police Payroll*

time and attendance. Therefore, City officials have no assurance that Department employees have worked all the hours for which they have been paid, or that employees' leave accrual balances are accurate. In addition, Department officials do not review time and attendance schedules and patterns for reasonableness, and they do not require employees to document their hours worked. As a result, the Department potentially overpaid \$7,790 to employees for time they may not have worked. Department officials also do not always pre-approve non-mandatory overtime or require employees to provide documentation of overtime hours worked. Department officials did not require employees to submit time off requests when using leave accruals and, as a result, some employees used leave time that was not properly documented on employee attendance calendars.

We found that Department officials did not always provide adequate security for property and evidence due, in part, to the fact that the Department's operations manual (Manual) did not require that evidence submission forms be sequentially numbered to provide accountability for property and evidence. Further, the Manual did not require that the Detective Lieutenant submit periodic reports of cash evidence to the Deputy Chief, or require an independent person to reconcile cash to the logbook. Employees' noncompliance with control practices that were stated in the Manual also weakened security over evidence. For example, neither evidence control officers nor detectives immediately submitted a copy of each evidence submission form to the Deputy Chief, as required. We also found that the Deputy Chief did not perform annual physical inventories of cash and other Department-held evidence. Because of these control weaknesses, there is a risk that property and evidence could have been misappropriated without detection.

We found the internal controls over confidential informant funds were not properly designed or operating effectively to safeguard assets. There were no written procedures that described the steps the Deputy Chief should take in performing the required periodic check of the fund. As a result, in October 2010, the Deputy Chief performed an inadequate review of confidential informant funds disbursed to the Detective Lieutenant, which contributed to the loss or misappropriation of \$1,620 in unaccounted for confidential informant moneys. Also, instead of disbursing the confidential informant moneys only to the Detective Lieutenant for use by the Detective Division in paying informants as required by the operations manual, the Deputy Chief made direct disbursements to the Administrative Division Lieutenant and another detective in the Detective Division. During our audit period, the Deputy Chief disbursed \$2,700 to the Detective Lieutenant and \$350 to the Administrative Lieutenant. The \$350 disbursed to the Administrative Lieutenant was used to pay for meals for some members of the Department and the accreditation team. According to the Department's Manual, these purchases were not allowable expenditures from the confidential informant fund. Department officials did not obtain receipts or use comparable acknowledgement forms when disbursing confidential informant moneys to officers and informants. Detectives did not maintain informant files to support the disbursements and did not document the use of informants in case file notes that we reviewed.

Comments of Local Officials

The results of our audit and recommendations have been discussed with City officials and their comments, which appear in Appendix A, have been considered in preparing this report. City officials agreed with our findings and recommendations and indicated that they plan to initiate, or have already taken, corrective action.

Introduction

Background

The Kingston City Police Department (Department) has 87 employees and serves a population of approximately 22,500 residents in the City of Kingston (City). The Department's 2011 budgeted operating expenditures were \$9.6 million of the City's \$35.7 million general fund budget.

The Department consists of the Administrative Division, Detective Division, and Patrol Division. The Chief of Police (Chief) is responsible for the general management and control of the Department and reports to the Mayor. The Deputy Chief of Police (Deputy Chief) is responsible for investigating complaints against officers and for the oversight of the daily activities of the Department. A Board of Police Commissioners (Board)² has the authority to set Departmental practices in recruiting, hiring, promoting, and disciplining – all in accordance with statutory authority – and to make recommendations to the Mayor and the Chief regarding practices, procedures, policy, and planning.

Three Patrol Lieutenants, a Detective Lieutenant, and an Administrative Lieutenant report to the Deputy Chief and are responsible for the day-to-day management of the Department's three divisions. The Patrol Lieutenants oversee 24-hour police patrol squads, separated into eight hour shifts; the Detective Lieutenant is in charge of the Detective Division; and the Administrative Lieutenant is responsible for Administrative Division activities, which include the general functions of training, records retention, purchasing, and personnel. The Administrative Lieutenant also is responsible for preparing the bi-weekly payroll summaries that are forwarded to, and used by, the City Comptroller's Office for payroll processing. The Patrol Lieutenants and Detective Lieutenant ensure Departmental coverage requirements are met and maintain attendance calendars and leave time accrual balances.

Within the community, Department employees are assigned to the Kingston City School District (District) as School Resource Officers (SROs), primarily at the high school, providing police presence, assistance, and information to students and staff. Off-duty Department officers also work as security guards at the District. Previously, in conjunction with an audit of the District, we identified a Department

² The Mayor is the president of the Board and appoints all other members to the Board.

employee who charged the Department for overtime work for the same hours he billed the District for performing services as a security guard. We issued a report of examination³ to City officials on February 14, 2011 which addressed that specific issue.

Objective

The objective of our audit was to assess the internal controls over selected Department activities. Our audit addressed the following related questions:

- Are time and attendance records accurate, complete, and properly approved?
- Are employee leave accrual records accurate?
- Are internal controls over confiscated property and police evidence appropriately designed and operating effectively to safeguard assets?
- Are internal controls over confidential informant funds appropriately designed and operating effectively to safeguard assets?

Scope and Methodology

We examined internal controls over time and attendance, leave accruals, confiscated property and police evidence, and confidential informant funds of the Department for the period January 1, 2010, to March 17, 2011. Due to an ongoing investigation involving the cash safe in the Detective Division, we were not able to perform audit procedures in this area.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report.

Comments of Local Officials and Corrective Action

The results of our audit and recommendations have been discussed with City officials and their comments, which appear in Appendix A, have been considered in preparing this report. City officials agreed with our findings and recommendations and indicated that they plan to initiate, or have already taken, corrective action.

The Common Council has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the

³ Report 2011M-015 *City of Kingston – Police Payroll*

General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Common Council to make this plan available for public review in the Clerk's office.

Payroll

One of the Mayor's managerial responsibilities is to establish a system of internal controls over payroll to ensure that employees are paid wages and salaries, and provided benefits, to which they are duly entitled. Good internal controls include written policies and procedures to provide reasonable assurance that assets are properly safeguarded; that payroll transactions are authorized, recorded and reported properly; and that work performed is monitored and reviewed routinely.

City and Department officials need to improve internal controls over the Department's time and attendance procedures. The Department does not have an effective system for reporting and recording time and attendance. Therefore, City officials have no assurance that Department employees have worked all the hours for which they have been paid, or that employees' leave accrual balances are accurate. In addition, Department officials do not review time and attendance schedules and patterns for reasonableness, and they do not require employees to document their hours worked. As a result, the Department potentially overpaid \$7,790 to employees for time they may not have worked. Department officials also do not always pre-approve non-mandatory overtime or require employees to provide documentation of overtime hours worked. Department officials did not require employees to submit time off requests when using leave accruals and, as a result, some employees used leave time that was not properly documented on employee attendance calendars.

Time and Attendance

A good system of internal controls over Department operations consists of written policies and procedures that provide clear guidance for recording time worked and duties performed during a shift. All employees should complete and sign (certify) a timesheet to receive payment for time worked and authorized paid leave taken in a given week. Timesheets should be verified and signed by employees' immediate supervisors before Departmental preparation of the bi-weekly payroll summary that is submitted to the City Comptroller's Office for payroll processing. It is important that Department officials ensure that employees comply with the collective bargaining agreement (CBA) and Department policies regarding documenting time worked, on duty and off duty times (signing in at the start and signing out at the end of a shift), and leave taken. Also, Department officials should ensure that all components of time and attendance records are retained and reviewed for reasonableness and accuracy. When officers work for other municipalities, it is essential that someone verify the arrival and departure times of those employees.

Records Maintenance — The CBA between the City and the Kingston P.B.A. Union, Inc. describes scheduling requirements for the Patrol, Detective, and Administrative Divisions. During our audit, the Department's operations manual (Manual) established some of the duties and responsibilities related to time and attendance records for the Patrol and Detective Divisions, but did not provide similar guidance for the Administrative Division, as follows:

- Patrol Division — Shift dispatchers originate a daily record of patrol squad assignments on a line-up card. The Patrol Lieutenants maintain a weekly schedule, employee attendance calendars, and employees' leave accrual tracking cards. If there are any changes to the daily record of squad assignments, the lieutenants note schedule changes on employees' attendance calendars and, if an employee takes leave time, the lieutenants record it on the employee's leave accrual tracking card.
- Detective Division — Employees are required to sign a blotter to designate on duty and off duty times. The Detective Lieutenant maintains a weekly schedule, employee attendance calendars, and employees' leave accrual tracking cards. If an employee takes leave time, the Detective Lieutenant records it on the employee's leave accrual tracking card.

Department personnel were not required to complete, submit, or certify timesheets to support their hours worked. Patrol Lieutenants did not list employees assigned as School Resource Officers (SROs) on weekly schedules or daily line-up cards, and the Detective Lieutenant did not ensure that employees who were working off-site signed a blotter to designate on duty and off duty times. Department officials also did not review and compare daily line-up cards and blotters to the weekly schedules to detect errors or omissions. Consequently, Department supervisors could accidentally or intentionally neglect to update records, resulting in inaccurate time and attendance records. Because Department officials did not review and compare these records, the Department could have inappropriately paid \$7,790 to employees for time they did not work.⁴

The Chief, Deputy Chief, Detective Lieutenant, Administrative Lieutenant, and the Chief's confidential secretary updated and maintained their own attendance calendars and leave accrual tracking cards. When employees are allowed to maintain their own time and accrual records without any oversight, there is an increased risk that employees could be paid for time they did not work or for leave that they did not accrue.

⁴ Refer to the Overlapping Hours section for further information.

In addition, the Administrative Lieutenant did not collect and retain all original time and attendance records. As a result, Department officials could not locate the Detective Division schedules, except for three weeks of records in the first quarter of 2010. Department officials told us that they believed that the missing Detective Division schedules were destroyed along with the original 2010 employee attendance calendars and leave accrual tracking cards for Detective Division employees. Without original records, Department officials cannot ensure that time and attendance records, and the payouts related to these records, are accurate.

After our audit began, the Department began requiring Administrative Division employees and Patrol and Detective Division employees who worked off-site to complete timesheets. In addition, the Administrative Lieutenant began requiring the Detective and Administrative Division employees working at police headquarters to notify the Patrol Division dispatchers when they arrived at work, so that they could be added to the daily line-up card. While we recognize these improvements help to strengthen the internal controls over employee time and attendance, it is important that the City require all employees to complete and certify the time they worked on individual timesheets.

Sick Days — According to the CBA, Department employees may be paid for sick days without regard to duration. The Chief requires employees to submit an attestation certificate⁵ to document that they were at home during their scheduled shift hours and were unable to report to work. Extended use of sick days requires evidence of a physician's care.

The Chief had not established a formal process to monitor and follow-up on attestation certificates not received for officers' sick days. We selected a random sample of 11 employees to determine whether these 11 employees submitted an attestation certificate for each sick day that they used. Only 82 attestation certificates were on file for 126 sick days taken by the 11 employees included in our test. The Chief could not provide a definitive explanation for the missing documentation.

The failure to obtain the required certifications increases the risk that the use of sick days could be abused by employees.

Overlapping Hours — The Department's Manual indicates that when employees want to work outside the Department, they must submit a

⁵ All members of the Department must file an "accident/sick report" for any illness or accident that prevents them from reporting to duty. This form must be completed and submitted to the Chief on the day immediately following the absence.

waiver to the Chief. When employees work outside the Department, it is important that Department officials review weekly schedules and work patterns for reasonableness and to verify employees' starting and ending shift times at their outside places of employment to ensure that the Department is not paying employees for regular or overtime hours during times when they are actually working for some other entity.

We identified 16 Department employees who were paid as vendors by the District for security services during the 2009-10 school year. Department officers working as security guards covering day and night classes completed timesheets for the District that were attached to signed vouchers, and officers providing security services at sports events signed a voucher prepared by the District Athletic Director that listed all the sports events worked. For 10 of the 16 employees, we identified 163 time variances resulting in potential overpayments of \$7,790 to these employees.⁶ We separated the types of variances into three categories: 46 overlaps,⁷ 45 likely overlaps, and 72 identical starting/ending times, as indicated in Table 1.

| Table 1 | | | |
|---|---------------------------|----------------------------|--------------------------------|
| | Number of Officers | Number of Instances | Potential Overpayments* |
| Overlaps | 7 | 46 | \$5,247 |
| Likely Overlaps | 2 | 45 | \$2,375 |
| Identical Start/Ending Times | 8 | 72 | \$168 |
| Totals | | 163 | \$7,790 |
| * Refer to Footnote 6 for further definition of these potential overpayments. | | | |

- Overlaps — The 46 overlapping instances totaling 132 work hours and \$5,247 in potential overpayments occurred when seven Department employees submitted claims for hours worked as City police officers that coincided with claims submitted to the District for security services. The majority of these instances (27 instances totaling 105 hours) were attributed to the Detective Lieutenant. For example, on August

⁶ Department and District officials could not provide us with documentation that determined definitively whether these employees were actually and physically working for the Department or the District in these instances. “Potential Overpayments” were calculated based on the assumption that the employees were working for the District. If it could be definitively proved that the employees were working for the Department in these instances, then the District potentially overpaid a total of \$5,653 to the employees for all three categories combined.

⁷ Six of the 46 overlaps totaling 23.50 hours with potential overpayments of \$1,214 were included in our previous report: *City of Kingston – Police Payroll* (Report 2011M-015).

18, 2010, the Detective Lieutenant indicated that he worked the day shift (8:00 am to 4:00 pm) for the Department, but the District's records show that he provided security services on that day from 7:30 am to 3:30 pm. Similarly, on August 31, 2010, the Detective Lieutenant indicated that he worked the day shift for the Department, but the District's records show that he worked at the District from 8:00 am to 5:00 pm. The remaining 19 identified overlaps were attributed to three other detectives, two patrol officers, and an SRO.

- Likely Overlaps — The 45 likely overlapping instances totaling 71 hours and \$2,375 in potential overpayments occurred when the Detective Lieutenant and another detective submitted claims for hours worked for the Department that overlapped with claims submitted to the District for hours worked providing security services. These likely overlaps occurred mainly when the Detective Lieutenant was scheduled and paid to work a day shift for the Department, with a shift ending time of 4:00 pm, and paid by the District for night school coverage which began at 3:30 pm. Other likely overlaps occurred when the detective was paid to provide security coverage for District sports events for two to three hours during evenings when he was scheduled and paid by the Department to work an evening shift, with a starting and ending time of 3:30 pm to 11:30 pm. Because Division blotters and leave request records were conflicting or incomplete, Department officials were unable to determine for which employer the employees actually were working during the times indicated.
- Identical Starting/Ending Times — The 72 instances resulting in potential overpayments of \$168 occurred when eight employees submitted time records to the Department and the District that indicated they had signed out at one location and arrived at another location simultaneously, with no allowance for travel. For example, in 49 instances, District records indicated that the employees ended their shift at 3:30 pm, while Department blotters and schedules indicated they began their shift at the same time. Also, in seven instances, District records indicated that officers had ended their shift at the same time they recorded that they arrived at court to respond to court subpoenas, as reflected on overtime worked slips.

The Chief and Deputy Chief's failure to review weekly schedules for reasonableness and question the unusual work patterns of the Detective Lieutenant, and the Deputy Chief's failure to ensure that employees signed a blotter indicating shift start and end times,

allowed this apparent abuse to occur and not be detected. As a result, the Department potentially overpaid \$7,790 to employees for time they did not work.

Overtime

The CBA states that hours worked in excess of scheduled hours are paid at an overtime rate of time and one half. Overtime can be paid to maintain minimum shift coverage required by the CBA (mandatory) or for non-mandatory or discretionary work, such as case investigation, when authorized. According to the Chief, all discretionary overtime must be verbally pre-approved by the Deputy Chief or, in his absence, the Chief, on a case-by-case basis. However, it is important for Department officials to document and maintain a written record of overtime pre-approvals for non-mandated overtime to ensure that all overtime is justified and necessary. To be paid for overtime hours worked, employees must submit an “overtime worked slip” to their supervisor that identifies the date the overtime was worked, the purpose for the overtime, and the hours worked, including starting and ending times. The employee’s supervisor must sign the slip to verify that the employee worked the hours claimed. The Deputy Chief or Chief also must sign the slip to approve the overtime for payroll processing and payment. According to the Deputy Chief’s contract, he is eligible to work and be paid for up to 80 overtime hours per year.

We selected a non-biased judgmental sample of four consecutive pay periods from March 27 to May 21, 2010, and reviewed all 90 discretionary overtime worked slips submitted during this time period for evidence of pre-approval, description of purpose, identification of overtime hours worked, signature and date prepared by the employee, supervisor verification of the hours worked, and the Deputy Chief’s or Chief’s signature of approval for payment. We found the following deficiencies:

- The Deputy Chief stated that he had not documented or maintained a written record of overtime pre-approvals for non-mandated overtime. Consequently, Department officials were unable to provide us with evidence of pre-approval for 82 of the 90 overtime worked slips that we reviewed. The remaining eight slips had evidence of pre-approval in the form of court subpoenas attached to the overtime worked slips.
- Twelve of the 90 slips were not signed by a supervisor to indicate that the employee had worked the overtime hours. Seven of these 12 slips were signed by the employee, to provide supervisory authorization, who had actually worked the overtime. Although these employees were supervisors, their supervisors did not sign their overtime worked slips. The Deputy Chief told us that employees who are supervisors

have traditionally approved their own overtime hours worked. Five other slips did not have any supervisory authorization signature. The Deputy Chief said that he approved the overtime worked slips for payment without a supervisor's signature at the employees' requests near a payroll deadline, so that the overtime would be paid in the next payroll.

In addition, the Chief did not require the Deputy Chief to follow standard overtime procedures. The Deputy Chief worked 86 overtime hours during 2010, but did not submit overtime worked slips to the Chief for pre-approval, supervisory authorization, or payroll processing approval signatures. The overtime hours were not paid to the Deputy Chief as overtime payments in the related payroll periods, but instead were accumulated (added to the Deputy Chief's compensatory time balances) and paid to him in December 2010 in a lump sum payment of \$5,334. Because the Deputy Chief normally reviews and approves the Department's bi-weekly payroll summary, which includes compensatory time payouts, this creates an inadequate segregation of duties where he could approve his own compensatory time balances without review by the Chief or any other Department official.

Because Department officials did not ensure that all overtime hours were properly approved and reviewed, the Department had no assurance that the overtime hours were recorded accurately or that the overtime was reasonable and necessary. Also, because the Department did not have a process for documenting pre-approval of non-mandatory overtime, the City had an increased risk of making improper payments to employees for overtime hours that were not approved, or not worked.

Accrual Records

Prior to earning, using, or converting leave time, the employee should submit appropriate documentation, including time off request forms, for review and approval by his/her supervisor. It is important for employees who intend to use leave time to prepare and submit time off request forms to their supervisor, who should then submit the approved form directly to the person who is responsible for maintaining leave and accrual records. Someone other than the employee should maintain leave and accrual records to track leave time earned, used, and converted, and unused leave time balances. Changes and resultant balances entered on leave and accrual records should be routinely communicated to each employee to ensure accuracy.

There is no Department-wide process in place to ensure that time off request forms are approved by an employee's supervisor. For the Patrol Division, time off request forms generally were properly approved and

recorded. However, for the Detective Division, Department officials were unable to verify whether employees obtained supervisory approval for time off requests because the Detective Lieutenant prepared and submitted summary forms for employees that listed multiple instances of vacation, supplementary and/or personal leave days taken by the employees. In addition, during our audit period, the Chief, Deputy Chief, Administrative Lieutenant, and confidential secretary did not submit time off request forms when they wanted to take leave time. Also, all four of these individuals updated and maintained their own leave accrual tracking cards.

We selected a non-biased judgmental sample of 13 employees⁸ to determine if days off were properly approved and recorded on Department records. We found that these 13 individuals took 480 full or partial days off during 2010. Of the 480 days charged to leave accrual tracking cards, 181 were taken without submission of time off request forms, including 124 days collectively taken by the Chief, Deputy Chief, Administrative Lieutenant, and confidential secretary.

Additionally, we identified 42 variances for these 13 individuals between the entries on the leave accrual tracking cards and employee attendance calendars, including days charged twice to leave accrual tracking cards, days charged to leave accrual records that were not reflected as leave on the employee attendance calendars and, conversely, days entered on employee attendance calendars not reflected on leave accrual tracking cards. Of these 42 variances, Department officials were able to resolve 12 variances. For example, Department officials explained that an employee may have a leave day approved, not take it, and report to work; take less time than what was approved; or take more time than originally requested (half to a whole day), without all records (leave accrual tracking cards, weekly schedules, and employee attendance calendars) being updated; and leave categories can be adjusted to the employee's benefit by their supervisor to facilitate maximum carryover of leave time. However, the remaining 30 variances were unresolved, affecting nine of the 13 employees included in our test.

The Department's failure to ensure that employees maintain accurate leave accrual records diminishes the reliability of the records and could result in incorrect unused leave balances being carried over to the next year or cashed in at retirement. By the time that we had completed our fieldwork, the Department was requiring all employees to prepare and submit time off request forms.

⁸ The Chief, Deputy Chief, Administrative Lieutenant, confidential secretary, Detective Lieutenant, one administrative officer, four detectives, and three patrol officers

Recommendations

1. Department officials should ensure that the Department's Manual provides guidance for the Administrative Division regarding their duties and responsibilities related to maintaining appropriate time and attendance records.
2. City officials should ensure that all Department employees and administrators complete, submit, and certify (sign) timesheets to support their hours worked.
3. Department officials should ensure that the Detective Lieutenant requires employees who are working off-site to sign a blotter to designate on-duty and off-duty times. Department officials also should review and compare daily line-up cards and blotters to the weekly schedules to detect errors or omissions.
4. City officials should ensure that someone other than Department employees and administrators update and maintain employee time and accrual records, including attendance calendars and leave accrual tracking cards. City officials also should ensure that the Deputy Chief randomly verifies the accuracy of attendance calendars maintained by squad and Division lieutenants.
5. City and Department officials should ensure that the Administrative Division collects and retains all original time and attendance records.
6. City and Department officials should ensure all Department employees and administrators are included on weekly schedules.
7. Department officials should establish a formal process to monitor and follow-up on attestation certificates not received for sick days. The Chief should enforce this requirement.
8. City officials should take action to recover the inappropriate payments identified in this report.
9. The Chief and Deputy Chief should review weekly schedules for reasonableness and question any unusual work patterns identified. The Deputy Chief should ensure that Detective Division employees sign a blotter indicating shift start and end times.
10. Department officials should ensure that all overtime pre-approvals are documented.
11. Department officials should ensure that overtime worked slips are signed by a supervisor, not by the employee who worked the overtime hours, to indicate that the employee had worked the

overtime hours. Also, the Chief and Deputy Chief should ensure that a supervisor has signed the overtime worked slips before approving them for payroll processing.

12. The Chief should ensure that the Deputy Chief follows standard overtime procedures, documents pre-approvals, and signs overtime worked slips to provide evidence of supervisory authorization.
13. The Chief should review and approve the Deputy Chief's compensatory time balances.
14. City officials should require all Department employees and administrators to submit time off request forms to their supervisor for approval, and the Mayor should approve the Chief's leave requests.
15. City officials should ensure that changes to accrual records are sufficiently documented and should institute procedures for random verification of the accuracy of the accrual records.

Confiscated Property and Police Evidence

In the normal course of operations, the Department receives or seizes cash, vehicles, firearms, controlled substances, and other miscellaneous items that are referred to as “property” and “evidence.” The Department’s goal is to secure and maintain the integrity of police evidence and confiscated property until disposition. Internal controls help safeguard property and evidence from loss, waste, or abuse.

The Department’s Manual provides policy guidelines to Department employees for tagging and identifying evidence and property, for using evidence submission forms to track and control custody of evidence and property, for safeguarding the integrity of cash and other evidence held by the Department, and for inspecting and maintaining an inventory of non-Departmental property. The Department has designated two detectives as evidence control officers⁹ (acting independently) who are responsible for recording evidence into a logbook and maintaining the evidence room. The Manual assigns responsibility for cash evidence to the Detective Lieutenant and the responsibility for the inspection of property and evidence to the Deputy Chief.

We found that Department officials did not always provide adequate security for property and evidence due, in part, to the fact that the Manual did not require that evidence submission forms be sequentially numbered to provide accountability for property and evidence. Further, the Manual did not require that the Detective Lieutenant submit periodic reports of cash evidence to the Deputy Chief, or require an independent person to reconcile cash to the logbook. Employees’ noncompliance with control practices that were stated in the Manual also weakened security over evidence. For example, neither evidence control officers nor detectives immediately submitted a copy of each evidence submission form to the Deputy Chief, as required. We also found that the Deputy Chief did not perform annual physical inventories of cash and other Department-held evidence. Because of these control weaknesses, there is a risk that property and evidence could have been misappropriated without detection.

Evidence Submission Forms

When the Department receives property or evidence, the Manual requires the evidence and chain of custody be documented on an evidence submission form and turned over to an evidence control officer. The officer or detective fills out an evidence submission form

⁹ A third detective serves as an emergency evidence retrieval officer to respond to evidence retrieval requests from the County District Attorney’s Office in the absence of the evidence control officers.

for each type of evidence received. For example, if a police officer or detective collects cash, drugs, and a gun from a defendant, the officer or detective would fill out three evidence submission forms. An evidence control officer or detective writes the name of the defendant, victim, or property owner associated with the evidence in a logbook.¹⁰ When more than one type of evidence is collected and multiple forms are filled out, each evidence submission form has a number identifier that indicates that there is more than one evidence submission form associated with a specific incident.

The evidence submission form is a multi-part form consisting of an original top copy and three file copies. Once processed, two copies stay with the evidence, one is retained by the evidence control officer, and the fourth copy is the audit copy. However, the evidence submission forms are not sequentially or press numbered. Without sequential or press numbers on the evidence submission forms, an evidence submission form, or one of a group of evidence submission forms – and the related evidence – could disappear and remain undetected.

Further, the Manual requires that the audit copy of the evidence submission form be submitted to the Deputy Chief immediately, either in person or through interdepartmental mail. During our audit period, Department personnel did not comply with this requirement. Instead, both evidence control officers and detectives put the audit copy of the evidence submission form in the Detective Lieutenant's basket for him to submit to the Deputy Chief. This was problematic because the Detective Lieutenant could intercept the audit copy and misappropriate the evidence, and the Deputy Chief would be unaware that evidence had disappeared. Because the evidence submission forms were not sequentially or press numbered, the misappropriation of the evidence could remain undetected.

Evidence Control

After detectives or officers properly document evidence they receive on an evidence submission form, the Manual requires them to give the evidence to an evidence control officer. If there is no evidence control officer on duty, detectives must put cash in a drop safe and property in an evidence locker, while officers must give the cash or property to a detective or, if no detective is available, to the shift supervisor. The Manual assigns responsibility for cash evidence to the Detective Lieutenant and responsibility for the inspection of property and evidence to the Deputy Chief. Evidence control officers store guns and drugs in a locked room within the evidence room, and the Detective Lieutenant stores cash evidence in his safe.

Cash Evidence — The Manual states that all moneys submitted for evidence or safekeeping will be turned over to the Detective Lieutenant

¹⁰A logbook is kept for each year.

by an evidence control officer with the chain of custody documented on the evidence submission form. The Detective Lieutenant is responsible for maintaining a written log of the money received and recording the date received, amount, and from whom. Until it can be legally disposed of, the Detective Lieutenant must store cash held in a safe in his office.

Officers placed cash evidence and all four copies of the evidence submission form in a drop box¹¹ in the Patrol Division, even when there was an evidence control officer on duty. Cash evidence in this drop box was later collected by an evidence control officer allowing for proper tracking in the logbook. Only evidence control officers had keys to this drop box. Department officials told us that officers' use of the drop box for cash evidence, even when the evidence control officer was on duty, complied with new informal Department procedures for safeguarding cash. The Manual had not been updated to include this practice.¹²

Detectives properly turned over cash evidence to an evidence control officer when one was on duty. When an evidence control officer was not on duty, detectives placed cash evidence in a locked drop safe in the Detective Division. However, the Detective Lieutenant, rather than the evidence control officer, was the only individual who had keys to the drop safe. If the detectives did not notify the evidence control officer that cash was placed in the drop safe, the evidence control officer could not ensure that the chain of custody on the evidence submission form was properly signed and the logbook was complete and up-to-date. As a result, the Detective Lieutenant could have removed cash from this drop safe without notifying the evidence control officer and misappropriate the cash. Such misappropriation would likely remain undetected because the Detective Lieutenant had control of all the audit copies of the evidence submission forms.

We also found that the Deputy Chief did not ensure the security of cash evidence by requiring periodic reporting of cash and providing for an independent reconciliation of cash held. Although the Detective Lieutenant maintained a log of cash confiscated or collected as police evidence as required, the Deputy Chief did not periodically review the Detective Lieutenant's log and match recorded amounts to the cash held in the safe. Also, the Deputy Chief did not request or require that the Detective Lieutenant submit reports of cash held in the safe.

¹¹ A recycled U.S. postal mailbox

¹² This practice was changed in 2010 without the Manual being updated. Evidence collected by patrol officers was documented on an evidence submission form and deposited directly into a recycled U.S. postal mailbox for collection and processing by an evidence control officer.

During our fieldwork, we did not verify the contents of the Detective Lieutenant's safe because they were declared evidence in an ongoing investigation of possible theft. As a result of an alleged theft, the Department changed its cash evidence procedures to require dual control of cash evidence and random cash audits by the Chief.

Property Evidence — During the audit period, officers and detectives did not comply with the Manual requirements regarding proper handling of property evidence.¹³ Officers put property evidence and all four copies of the evidence submission form in a drop box in the Patrol Division, even when there was an evidence control officer on duty. Property evidence was later collected by an evidence control officer allowing for proper tracking.

Detectives properly turned over property evidence to an evidence control officer when one was on duty. When an evidence control officer was not on duty, detectives placed the property evidence in a locked cabinet located in the Detective Division until processed by an evidence control officer. However, because everyone in the Detective Division knew the number sequence used to open the combination lock on the cabinet, there was a risk that this evidence could be misappropriated.

We reviewed the available audit copies of evidence submission forms held by the Deputy Chief and selected a judgmental sample of 24 high-risk items of non-cash confiscated property and police evidence consisting of guns, drugs, electronics, and jewelry. We examined the forms to ensure that the property was adequately described and examined the property to ensure that it was intact and stored in the designated location. We found that all 24 items were intact and properly stored in the locations described in the evidence control officers' records.

Because property evidence was accessible to everyone in the Detective Division before being processed by evidence control officers, there was increased risk that property evidence could be misappropriated and its theft remain undetected. Because the evidence submission forms were not sequentially or press numbered and provided directly to the Deputy Chief, the misappropriation of property evidence could occur and remain undetected.

Physical Inventory

The Manual requires the Deputy Chief to conduct physical inventories of the evidence room and the cash safe in the Detective Lieutenant's office at least annually to maintain the integrity and security of

¹³ Ibid.

the evidence control system. It is important that the Deputy Chief take random samples of the evidence submission forms, verify the existence of the secured cash and physical evidence to the evidence submission forms, and then submit a report to the Chief documenting his findings. Random audits of confiscated cash and property serve as a preventive control and help to deter employee theft and abuse.

During our audit period, the Deputy Chief did not conduct a physical inventory of the evidence room and the cash safe in the Detective Lieutenant's office. The inspection that he did perform included comparing five audit copies of evidence submission forms submitted to the control copies maintained by the evidence control officers. He also did not submit any reports to the Chief documenting his findings. The Deputy Chief told us that he did not complete the required audits and issue a report to the Chief because he believed the cash was safe, and he trusted the Detective Lieutenant.

Because the Deputy Chief did not perform a physical inventory, City officials have no assurance of the integrity and security of the Department's property and evidence inventory system, and the Department has an increased risk that evidence could be missing and its absence could remain undetected.

Recommendations

16. City officials should ensure that evidence submission forms are sequentially or press numbered.
17. Department officials should ensure that patrol officers and detectives submit the audit copy of the evidence submission forms to the Deputy Chief immediately either in person or through interdepartmental mail.
18. Department officials should ensure that all moneys submitted for evidence are turned over to the Detective Lieutenant by evidence control officers with the chain of custody documented.
19. The Deputy Chief should periodically review the records of cash confiscated or collected and match recorded amounts to the cash evidence being held by the Detective Lieutenant. Also, City and Department officials should require that the Detective Lieutenant submits periodic reports of cash confiscated or collected as evidence to the Deputy Chief and/or Chief.
20. Department officials should ensure that property evidence temporarily held in the Detective Division is maintained in a secure location and that only the evidence control officers have access to the evidence.

21. The Chief should ensure that the Deputy Chief conducts periodic physical inventories of the evidence room and cash evidence held by the Detective Lieutenant.
22. City officials should review and revise the Department's Manual, as needed, to ensure consistent handling of confiscated property and police evidence among the Department's divisions.

Confidential Informant Funds

Recognizing that the use of an informant can greatly assist the efforts of officers in obtaining vital information that may be used in an investigation, the Department encourages development and use of informants. The Department's confidential informant funds are used to support undercover narcotics investigations and to obtain information and tips from informants. On average, the City allocates \$10,000 in the Department's annual budget for this purpose.

According to the Department's Manual, the Detective Lieutenant is responsible for maintaining accountability of the confidential informant moneys. The Detective Lieutenant is required to record in a logbook the amount, purpose, date, and recipient of the moneys each time that he disperses moneys from the confidential informant fund. The Deputy Chief is required to make a periodic check of the fund. To show credibility and reliability, officers who use informants must maintain and update this information in the investigating officer's notes. This information should be made available to the Detective Lieutenant upon request. In addition, the Manual allows the Deputy Chief (or his designee) to maintain a petty cash account for such things as postage, meal allowances, and travel expenses.

We found the internal controls over confidential informant moneys were not properly designed or operating effectively to safeguard Department assets. The following deficiencies were observed during our audit period:

- The City Comptroller's Office periodically disbursed checks to the Deputy Chief to replenish the confidential informant fund. Instead of disbursing the confidential informant moneys only to the Detective Lieutenant for use by the Detective Division in paying informants as required by the Manual, the Deputy Chief also made direct disbursements to the Administrative Division Lieutenant and another detective in the Detective Division. During our audit period, the Deputy Chief disbursed \$2,700 to the Detective Lieutenant, \$350 to the Administrative Lieutenant, and \$50 to another detective.
- There were no written procedures that described the steps the Deputy Chief should take in performing the required periodic check of the confidential informant fund. The first time that the Deputy Chief documented his review of the fund occurred in October 2010. He reviewed the Detective Lieutenant's logbook, but did not perform a cash count of the informant

moneys to ensure that all moneys indicated by the logbook as available were present.

- Confidential informant funds were used to pay for meals and other Departmental expenses, including supplies and materials for a crime scene and gasoline for a surveillance vehicle. The \$350 disbursed to the Administrative Lieutenant was used to pay for meals for members of the Department and the accreditation team. According to the Department's Manual, these purchases were not allowable expenditures from the confidential informant fund.
- Detectives had not documented the use of informants in the case file notes that we reviewed, and officer notes were not available for review. The informants were identified only in the Detective Lieutenant's logbook by initials, and Department officials could not provide us with officer notes related to the case files selected for our review.
- Department personnel did not request or submit receipts when using confidential informant moneys for meals and Departmental expenses.

Of the \$2,700 that the Detective Lieutenant received from the Deputy Chief during our audit period, he recorded 19 disbursements totaling \$1,980, including \$1,630 to four informants, \$200 to a detective to pay an informant, and \$150 for Departmental expenses. We compared entries¹⁴ made by the Deputy Chief and the Detective Lieutenant in logbooks that each individual maintained.¹⁵ We were able to trace disbursements from the Deputy Chief's logbook to recorded receipts in the Detective Lieutenant's logbook for the period January 1, 2010, to September 22, 2010. Although September 22 was the date of the last logbook entry in the Detective Lieutenant's logbook, the Deputy Chief told us that he had disbursed \$900 of confidential informant moneys to the Detective Lieutenant after that date. Also, the Deputy Chief told us that when the Detective Lieutenant's safe was opened in late January 2011, he did not find any confidential informant moneys. Department officials were unable to locate the remaining \$120¹⁶ that the Detective Lieutenant did not disburse before September 22 and the \$900 given to him after September 22, for a total of \$1,020 unaccounted for confidential informant moneys.

¹⁴ Refer to Appendix B for further information on this audit procedure.

¹⁵ Although not required by the Department's operations manual, the Deputy Chief maintained an annual logbook for confidential informant moneys that he received and disbursed.

¹⁶ The Detective Lieutenant's logbook showed a beginning balance of \$300, a receipt of \$1,800 from the Deputy Chief, and 19 recorded disbursements totaling \$1,980.

When we began our audit, we observed that the Department had instituted changes to its procedures regarding confidential informant moneys. The City Comptroller's Office no longer disbursed checks to the Deputy Chief, but rather only to the newly appointed Detective Lieutenant to replenish the confidential informant fund, which rendered the Deputy Chief's logbook obsolete. The Department required the Detective Lieutenant to issue pre-numbered receipts to detectives when disbursing confidential informant moneys, and the Department required officers and detectives to document the intended and actual use of these moneys. Also, the Chief began performing random audits of the Detective Lieutenant's confidential informant fund logbook and cash balances in the Detective Lieutenant's safe.

Recommendations

23. The Deputy Chief should document his periodic reviews of the Detective Lieutenant's logbook for the confidential informant fund. During his review, he should perform a cash count of the confidential informant moneys in the Detective Lieutenant's safe and compare the cash count to the balances recorded in the logbook. The Department should update its Manual to include written procedures for the periodic audit of the fund.
24. Department officials should ensure that confidential informant moneys are not used to pay for meals and other Departmental expenses. If it is the intent of the Department to allow use of confidential informant moneys for meals and Departmental expenses, the Department should update its Manual and procedures to explicitly permit such use.
25. City officials should ensure that Department personnel comply with existing procedures regarding documenting the intended and actual use of confidential informant moneys in case files without revealing the identity of the informants.
26. Department officials should ensure that the Detective Lieutenant complies with existing procedures regarding issuing pre-numbered receipts to detectives when disbursing confidential informant moneys.
27. City officials should update the Department's Manual to recognize the operational changes regarding the use, receipt, and documentation of confidential informant moneys.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

The local officials' response to this audit can be found on the following pages.

The local officials' response to this audit can be found on the following pages. The City's response included various attachments (Attachments A – J) with details of the City's corrective actions. We have not included these attachments here because the City's response letter adequately addresses the City's plans to implement our recommendations.



Egidio F. Tinti
Chief of Police

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"Committed to Excellence"



Shayne R. Gallo
Mayor

July 2, 2012

Christopher Ellis
Chief Examiner
Newburgh Regional Office
33 Airport Center Drive
Suite 103
New Windsor, N.Y. 12553

Dear Mr. Ellis:

This letter shall serve as the City of Kingston's response to the New York State Office of the State Comptroller's draft audit report which was received on June 1, 2012. The report of examination covered the period from January 1, 2010 to March 17, 2011. The exit conference was held on Friday, June 8, 2012. During this conference, we were given an opportunity to review and discuss the written findings and recommendations contained in the report. Over the course of time when the field examiner was on site, we were able to revise many of our policies and procedures in response to suggestions made by her. The associate examiner assigned to our audit was professional and cooperative. She provided insight into many generally accepted auditing procedures which assisted us in developing appropriate responses to those suggestions. The City of Kingston concurs with the general findings of the audit report in terms of recommendations for more accountability of those areas identified in the report. The responses to the 27 recommendations were assembled by members of the Kingston Police Department, the City of Kingston Comptroller's Office and the Office of the Mayor for the City of Kingston.

The draft report identified a number of concerns that have since been remedied by the administration. Additional detail on each of the recommendations will be discussed more in depth in the Corrective Action Plan which will be approved by members of the Common Council and posted on the City of Kingston Police Department's web page at www.kingston-ny.gov/police.

The following are our responses to the recommendations:

Recommendation 1: Department officials should ensure that the Department's Manual provides guidance for the Administrative Division regarding their duties and responsibilities related to maintaining appropriate time and attendance records.

Response: KPD Manual Section 1200.10 (Attachment A) has been updated to include the Administrative Division in regards to its duties and responsibilities related to maintaining time and attendance records.

Recommendation 2: City officials should ensure that all Department employees and administrators complete, submit, and certify (sign) timesheets to support their hours worked.

Response: The city has adopted centralized forms and a mandatory protocol regarding time and attendance records. The new protocols as described in the Memorandum dated March 15, 2012 (Attachment B) mandate

that department heads maintain a time card. In addition, members assigned to the Detective Division and the Administrative Division submit weekly time sheets (Attachment I) which document and certify their time worked. The recommendation that ALL employees complete timesheets has been deemed a mandatorily negotiable item and is being considered in discussions between the City and the Union.

Recommendation 3: Department officials should ensure that the Detective Lieutenant requires employees who are working off-site to sign a blotter to designate on duty and off duty times. Department officials also should review and compare daily line-up cards and blotters to the weekly schedules to detect errors or omissions.

Response: All department members assigned to the Detective Division and the Administrative Division are now submitting weekly timesheets which document and certify their time worked. The Deputy Chief conducts audits of the weekly schedules, the time sheets and the employee's time sheets (Gold Calendar and Time Accrual Sheets) in order to verify correctness and detect errors.

Recommendation 4: City officials should ensure that someone other than Department employees and administrators update and maintain employee time and accrual records, including attendance calendars and leave accrual tracking cards. City officials also should ensure that the Deputy Chief randomly verifies the accuracy of attendance calendars maintained by squad and Division lieutenants.

Response: Memorandum dated March 15, 2012 (Attachment B) details the new protocols in which Civil Service will maintain and review all employee time records. The Chief will ensure that the Deputy Chief conducts random audits of time records and submits the results to the Chief for verification.

Recommendation 5: City and Department officials should ensure that the Administrative Division collects and retains all original time and attendance records.

Response: All original time and attendance records will be collected by the Administrative Division and forwarded to the Civil Service Department on a quarterly basis. Accrual records will be printed out and signed by the employee and the department head on a quarterly basis.

Recommendation 6: City and Department officials should ensure all Department employees and administrators are included on weekly schedules.

Response: All police department employees are listed on a schedule (patrol, detective or administration) indicating their normal work hours and any time off requests. The city is currently reviewing electronic scheduling software options.

Recommendation 7: Department officials should establish a formal process to monitor and follow-up on attestation certificates not received for sick days. The Chief should enforce this requirement.

Response: KPD Manual Section 400.40 (Attachment C) has been updated to include a policy on monitoring and follow-up on sick reports. The Section outlines the Chief's responsibility for enforcement.

Recommendation 8: City officials should take action to recover the inappropriate payments identified in this report.

Response: When inappropriate payments are identified, the City will take appropriate action to recover involved funds.

Recommendation 9: The Chief and Deputy Chief should review weekly schedules for reasonableness and question any unusual work patterns identified. The Deputy Chief should ensure that Detective Division employees sign a blotter indicating shift start and end times.

Response: The Chief and Deputy Chief will review schedules regularly for reasonableness. The blotter is no longer used for tracking time and attendance as detective division personnel are submitting weekly time sheets documenting and certifying their hours (Attachment A).

Recommendation 10: Department officials should ensure that all overtime pre-approvals are documented.

Response: Overtime forms (Attachment D) have been updated to include authorization and verification signatures of supervisors. The authorizing supervisor must be the one signing the form indicating he/she preapproved the overtime.

Recommendation 11: Department officials should ensure that overtime worked slips are signed by a supervisor, not by the employee who worked the overtime hours, to indicate that the employee had worked the overtime hours. Also, the Chief and Deputy Chief should ensure that a supervisor has signed the overtime worked slips before approving them for payroll processing.

Response: All overtime forms (Attachment D) are reviewed by the approving authority for appropriate signatures which must include the employee's signature, the authorizing supervisor's signature and the verifying supervisor's signature.

Recommendation 12: The Chief should ensure that the Deputy Chief follows standard overtime procedures, documents pre-approvals, and signs overtime worked slips to provide evidence of supervisory authorization.

Response: All employees must follow the protocols and procedures outlined in the March 15, 2012 Memorandum (Attachment A) including the Chief and the Deputy Chief.

Recommendation 13: The Chief should review and approve the Deputy Chief's compensatory time balances.

Response: All employees must follow the protocols and procedures outlined in the March 15, 2012 Memorandum (Attachment B) including the Chief and the Deputy Chief.

Recommendation 14: City officials should require all Department employees and administrators to submit time off request forms to their supervisor for approval, and the Mayor should approve the Chief's leave requests.

Response: All employees must follow the protocols and procedures outlined in the March 15, 2012 Memorandum (Attachment B) including the Chief and the Deputy Chief. The Time Off Request Form (Attachment J) has been updated.

Recommendation 15: City officials should ensure that changes to accrual records are sufficiently documented and should institute procedures for random verification of the accuracy of the accrual records.

Response: All employees must follow the protocols and procedures outlined in the March 15, 2012 Memorandum (Attachment B) including the Chief and the Deputy Chief.

Recommendation 16: City officials should ensure that evidence submission forms are sequentially or press numbered.

response: KPD Manual Section 1100.30 (Attachment E) has been updated. The new procedure requires that a supervisor review and sign the evidence submission sheets and that the same supervisor tear off and deliver the goldenrod copy (for auditing purposes) to the Deputy Chief (if property) or to the Chief (if money).

commendation 17: Department officials should ensure that patrol officers and detectives submit the audit copy of the evidence submission forms to the Deputy Chief immediately either in person or through interdepartmental mail.

response: KPD Manual Section 1100.30 (Attachment E) has been updated. It includes a section that outlines the procedure for submitting the goldenrod copy (for auditing purposes) to the Deputy Chief. The goldenrod copy must be delivered to him personally or left under his door if he is not available.

commendation 18: Department officials should ensure that all moneys submitted for evidence are turned over to the Detective Lieutenant by evidence control officers with the chain of custody documented.

response: KPD Manual Section 1100.30 (Attachment E) has been updated. The new procedure outlines how cash evidence or monies are submitted as evidence.

commendation 19: The Deputy Chief should periodically review the records of cash confiscated or collected and match recorded amounts to the cash evidence being held by the Detective Lieutenant. Also, City and Department officials should require that the Detective Lieutenant submits periodic reports of cash confiscated or collected as evidence to the Deputy Chief and/or Chief.

response: KPD Manual Section 1100.23 (Attachment F) has been updated. The new procedure requires audits of any evidence monies or special investigations funds by the Chief as outlined in KPD Manual Section 1100.30 (Attachment E).

commendation 20: Department officials should ensure that property evidence temporarily held in the Detective Division is maintained in a secure location and that only the evidence control officers have access to the evidence.

response: This practice is no longer in place. All evidence submissions (patrol or detectives) must be submitted in accordance with KPD Manual section 1100.30 (Attachment E).

commendation 21: The Chief should ensure that the Deputy Chief conducts periodic physical inventories of the evidence room and cash evidence held by the Detective Lieutenant.

response: The Chief will conduct random audits of all monies (evidence and special investigations fund) as outlined in KPD Manual Section 1100.23 (Attachment F). Audit results and findings conducted by the Deputy Chief will be submitted to the Chief to ensure periodic inventories and inspections as per updated KPD Manual Section 1100.32 (Attachment H)

commendation 22: City officials should review and revise the Department's Manual, as needed, to ensure consistent handling of confiscated property and police evidence among the Department's divisions.

response: KPD Manual Section 1100.30 (Attachment E) has been updated to ensure consistent procedures in the handling of property and evidence.

Recommendation 23: The Deputy Chief should document his periodic reviews of the Detective Lieutenant's logbook for the confidential informant fund. During his review, he should perform a cash count of the confidential informant moneys in the Detective Lieutenant's safe and compare the cash count to the balances recorded in the logbook. The Department should update its Manual to include written procedures for the periodic audit of the fund.

Response: The Chief will conduct random audits of all monies (evidence and special investigations fund) as outlined in KPD Manual Section 1100.23 (Attachment F).

Recommendation 24: Department officials should ensure that confidential informant moneys are not used to pay for meals and other Departmental expenses. If it is the intent of the Department to allow use of confidential informant moneys for meals and Departmental expenses, the Department should update its Manual and procedures to explicitly permit such use.

Response: KPD Manual Section 1100.22 (Attachment G) to permit use of special investigations funds to be used for meals and Departmental Expenses when directly connected to an investigative case.

Recommendation 25: City officials should ensure that Department personnel comply with existing procedures regarding documenting the intended and actual use of confidential informant moneys in case files without revealing the identity of the informants.

Response: Compliance with this recommendation will be verified through audits conducted by the Deputy Chief with the results forwarded to the Chief.

Recommendation 26: Department officials should ensure that the Detective Lieutenant complies with existing procedures regarding issuing pre-numbered receipts to detectives when disbursing confidential informant moneys.

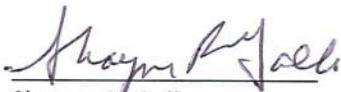
Response: Compliance with this recommendation will be verified through audits conducted by the Chief.

Recommendation 27: City officials should update the Department's Manual to recognize the operational changes regarding the use, receipt, and documentation of confidential informant moneys.

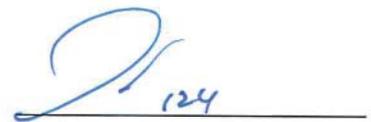
Response: KPD Manual Section 1100.22 (Attachment G) has been updated to reflect the operational changes currently in practice.

Summary: The City of Kingston would like to thank the Office of the N.Y.S. Comptroller for their suggestions and recommendations to improve accountability and management of the Police Department. We appreciate the opportunity to respond to this audit report.

Sincerely,



Shayne R. Gallo
Mayor



Egidio F. Tinti
Chief of Police

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the adequacy of the internal controls put in place by officials to safeguard City and Department assets. To accomplish this, we performed an initial assessment of the internal controls so that we could design our audit to focus on those areas most at risk. Our initial assessment included evaluations of the following areas: payroll, including time and attendance and leave accruals; confiscated property and police evidence; credit card use; vehicle use; purchasing; cell phone use; confidential informant funds; employee expense reimbursements; retirement reporting; and cash receipts.

During the initial assessment, we interviewed appropriate City and Department officials, performed limited tests of transactions and reviewed pertinent documents, such as the Kingston Police Department Operations Manual, Department attendance and leave records, payroll summaries, evidence forms, paid vouchers, cash receipts records, and confidential informant funds disbursement logbooks.

After reviewing the information gathered during our initial assessment, we determined where weaknesses existed, and evaluated those weaknesses for the risk of potential fraud, theft, and/or professional misconduct. We then decided on the reported objective and scope by selecting for audit those areas most at risk. We selected time and attendance, leave accruals, confiscated property and police evidence, and confidential informant funds. To accomplish the objective of our audit for the period January 1, 2010, to March 17, 2011, our procedures included the following steps:

Payroll

- We interviewed Department officials and employees and reviewed available documents.
- We observed retention practices for original attendance and accrual records.
- Using a 2010 report that listed the number of sick days taken by each employee, we selected a random sample of 11 employees by starting with the seventh name on the list and selecting every seventh name on the list. We determined whether these 11 employees submitted an attestation certification for each sick day that they used. We compared attestation certificates obtained from personnel files of these 11 employees to a summary report of sick days taken in 2010.
- Using District disbursement records, we identified 16 Department employees who were paid as vendors by the District for security services during the 2009-10 school year. We compared 2010 Department attendance records of these 16 employees, including employee attendance calendars, weekly schedules, blotters, leave accrual tracking cards, time off request forms, line-up cards, and payroll summaries, and compared overtime worked slips with vendor security timesheets and paid vouchers from the District for 2010 to identify overlaps and variances.
- We selected a non-biased judgmental sample of four consecutive pay periods from March 27, 2010, to May 21, 2010, (payroll summaries 7, 8, 9, and 10) and reviewed all 90 discretionary

overtime worked slips submitted during this time period for evidence of pre-approval, description of purpose, identification of overtime hours worked, signature and date prepared by the employee, supervisor verification of the hours worked, and the Deputy Chief's or Chief's signature of approval for payment.

- We examined the Deputy Chief's record of accumulated overtime hours worked, requested corresponding overtime worked slips that would have documented these overtime hours worked, and reviewed a lump-sum payment made to the Deputy Chief for these accumulated overtime hours worked. The Deputy Chief converted the overtime hours to compensatory time and was paid \$5,334 in December 2010 for this compensatory time balance.
- We selected a non-biased judgmental sample of 13 employees to determine if leave days were properly approved and recorded on Department records. These 13 individuals included the Chief, Deputy Chief, Administrative Lieutenant, confidential secretary, Detective Lieutenant, one administrative officer, four detectives, and three patrol officers. We traced from available time off requests to leave accrual tracking cards and from leave accrual tracking cards to time off request forms and attendance calendars to determine the accuracy of the leave records.

Confiscated Property

- We interviewed Department officials and employees and examined logbooks. We also examined available gold audit copies and pink evidence custodian copies of evidence submission forms.
- We reviewed available gold audit copies of evidence submission forms held by the Deputy Chief and selected a judgmental sample of 24 high-risk items of non-cash confiscated property and police evidence consisting of guns, drugs, electronics, and jewelry. We examined the gold audit copies of the forms related to these 24 items and traced them to the pink evidence custodian copies and to their physical locations in the evidence room and performed a physical inspection of the evidence.

Confidential Informant Funds

- We interviewed Department officials and examined confidential informant fund logbooks maintained by the Deputy Chief and Detective Lieutenant. The entries in the Deputy Chief's logbooks were dated during our audit period, and the entries in the Detective Lieutenant's logbooks covered the period January 1, 2010, to September 22, 2010.
- We traced disbursements from the Deputy Chief's logbook to the Detective Lieutenant's logbook for the period January 1, 2010, to September 22, 2010. We reviewed copies of the 2010 fiscal year logbooks maintained by the Deputy Chief and Detective Lieutenant to compare entries. The original log books had been turned over to the District Attorney's Office.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX C

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DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Andrew A. SanFilippo, Executive Deputy Comptroller
Steven J. Hancox, Deputy Comptroller
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