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February 17, 2015

Adam J. Bello, Town Supervisor
Members of the Town Board
Town of Irondequoit
1280 Titus Avenue
Rochester, NY 14617

Report Number: S9-14-53

Dear Mr. Bello and Members of the Town Board:

The Office of the State Comptroller works to help local government officials manage their resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support 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 governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard assets.

In accordance with these goals, we conducted an audit of 10 municipalities (two counties, four cities, three towns and one village) throughout New York State. The objective of our audit was to determine if municipalities accounted for all property room inventory.¹ We included the Town of Irondequoit (Town) Police Department (Department) in this audit. Within the scope of this audit, we examined the procedures of the Town and various property records for the period January 1, 2012 through November 27, 2013. Following is a report of our audit of the Town. 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 New York State General Municipal Law.

This report of examination letter contains our findings and recommendations specific to the Town. We discussed the findings and recommendations with Town officials and considered their comments, which appear in Appendix A, in preparing this report. At the completion of our audit of the 10 municipalities, we prepared a global report that summarizes the significant issues we identified at all the municipalities audited.

¹ Property room inventory can include items the Department receives or seizes, such as criminal case evidence, found property, property for safekeeping from a decedent or prisoner, property no longer needed as evidence for investigation, contraband, property pending release and property confiscated for forfeiture proceedings.

Summary of Findings

We found that the Department accounted for all property room inventory; however, inaccurate records resulted in some items not being stored in the correct location.

Of the 503 high-risk property items held by the Department that we tested, 13 items (3 percent) were not in the correct location. All items, however, were accounted for.

The Department also maintained adequate documentation to support the disposal of items. Of 147 disposed items tested, all items contained proper documentation to support their final disposition.

Department officials attributed the inaccurate records to a combination of time constraints, staffing and inadvertently placing items in an incorrect location.

In addition, the Department could improve other control procedures to safeguard property room inventory. The Department granted administrative access rights to its computerized property tracking system to four individuals, two who have access to property room inventory and two who are no longer employed by the Department. Upon being notified of the two employees who were no longer employed by the Department, the Department removed them from the computer application.

Background and Methodology

The Town has a population of approximately 52,000 and is governed by a four-member Town Board and a Supervisor. The Town provides services to residents through municipal operations, including the Department. The Department's 2013 budgeted operating appropriations were \$9.3 million of the Town's \$18 million general fund budget.

The Town's Chief of Police (Chief) is responsible for the general management of the Department, which includes overseeing property room inventory. The Chief is assisted by a property clerk. In November 2013, the property room inventory contained about 1,800 items.² The term "property room inventory" encompasses items in all locations used by the Department to hold and store non-Department property. This can include both on- and off-site areas such as storage sheds, garages and vehicle lots. Property includes seized items, found items or property held for safekeeping. For example, items include criminal case evidence, found property, property from a decedent or prisoner kept for safekeeping, property no longer needed as evidence for investigation, contraband, property pending release and property confiscated for forfeiture proceedings. Typical property found in the property room can include biohazard materials, drugs, firearms, jewelry, money, weapons, vehicles and other miscellaneous items. The Department should secure and maintain the integrity of police evidence and other property until disposition.

We interviewed Department staff and officials, examined physical inventory and disposal records and reviewed monitoring procedures to determine whether Department staff accounted for all property. We also traced Department inventory and disposal reports to source documents and physical inventory, as appropriate, to ensure the accuracy of current inventory and disposals.

² The inventory report included current inventory, such as evidence and property, along with all incidents logged, including emergency calls and complaints. Due to this mixed format, we were unable to isolate all inventory and disposed items to determine a complete total.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). Such standards require that we plan and conduct our audit to adequately assess those operations within our audit scope. Further, those standards require that we understand the management controls and those laws, rules and regulations that are relevant to the operations included in our scope. We believe that our audit provides a reasonable basis for the findings, conclusions and recommendations contained in this report. More information on such standards and the methodology used in performing this audit is included in Appendix B of this report.

Audit Results

Police departments should ensure that items held in the property room are properly accounted for by establishing good internal controls and maintaining accurate records. Good internal controls include written policies and detailed procedures that task designated personnel with executing specific actions consistently. Good property room management practices require documentation of when property came in, who checked it in, where it was located, when it was moved, where it was stored and by whom, when it was signed out, when it came back and how it was disposed of. Additional security measures in the property room may include the use of a safe, a chain to secure firearms and the installation of a floor-to-ceiling chain link fence. Lastly, police departments should conduct routine and unannounced inspections of the property room ensuring adherence to appropriate policies and procedures along with annual audits of the property room to compare physical inventory counts to the records of items maintained.

We found that, while the Department has established policy guidelines and procedures, they are deficient. For example, administrative access rights to the computerized property tracking system were not granted to staff based on their job duties and responsibilities. In addition, no one in the Department monitored user activity in the system. Two software application administrators with access to the items in the property room also had administrative rights to the property tracking system, allowing for the potential to change the inventory records. Also, two former Department employees still had administrative rights to the system. In addition, the Department's inventory records were inaccurate.

Property Evidence

The Department can hold property in the property room for extended periods. Officials should accurately track and record the movement of property items to safeguard them and preserve the chain of custody. Typically, an item is received in the property room; stored in location; moved to and from the laboratory, provided for court and for investigative review; and moved to disposal. Policy guidance should be established and implemented to protect items from the loss of evidentiary value by outlining methods of documenting³ and packaging items based on the needs and storage requirements of the laboratory used. Officials should also establish physical inventory procedures to identify missing or misplaced items.

The Department's established procedures have the officer receiving the property record identifying information on a handwritten inventory tag and affix the tag to the property or evidence. Once the officer packages and initials the seal on the evidence, the Department requires the packaged

³ Each item should have an identifier (tracking number), which corresponds to item descriptions, the individuals involved in the case and the location/movement information necessary to track the chain of custody.

property, along with a property custody report, to be placed in large, locked temporary evidence lockers located on-site. The property clerk then removes the items from the temporary evidence lockers, enters information in the Department's property tracking system, prints a label and places the item in the property room.

The Department follows set guidelines for transfers to laboratories and to the District Attorney or investigators. Specifically, all evidence sent to a laboratory is recorded and, upon return, all evidence is listed by the laboratory on a property release form and signed by the laboratory personnel as received by the property clerk. Evidence requests from the District Attorney are made by email and telephone or by contacting the property clerk directly. All requests are documented and attached to a property request form and are sent to the District Attorney with both the District Attorney and property clerk signing.

A deficient Department procedure resulted in both the property clerk and booking clerk having access to items in the property room as well as administrative rights to the property tracking system, allowing for the potential to change the inventory records. In addition, two former Department employees have administrative rights to the property tracking system. Upon being notified of this, Department officials removed both former employees from the tracking application. An individual with both access to the property room and administrative rights to the property tracking system could create an opportunity for property to be misused, misplaced or stolen without detection. In addition, no one in the Department monitored user activity in the system.

We reviewed the list of currently stored property room items and judgmentally selected a sample of 503 high-risk items⁴ (200 firearms, 200 drug items, 25 money items and 78 other items⁵). We examined the computer records to determine whether the property was adequately described, intact and stored in the designated location. Of the 503 items tested, 13 (3 percent) were not accurately recorded, and, of these, all items were accounted for during our audit fieldwork. Specifically:

- Of the 200 firearms tested, eight (4 percent) were not stored in the location indicated by inventory records. The property clerk was able to provide documentation to show that six firearms were returned to the owners, one was destroyed and one was sold by the Department on behalf of the owner.
- Of the 200 drug items tested, all were found and stored in the location indicated by inventory records.
- Of the 25 money items tested, all were found and stored in the location indicated by inventory records.
- Of the 78 other items reviewed, five could not be located: three cell phones, one wrist watch and one assorted small jewelry. These five cases originated between 2006 and 2013. Two cell phones and the jewelry were found in a different location than the records indicated. Paperwork provided showed the remaining cell phone and wrist watch were returned to the owners.

⁴ See Appendix B, Audit Methodology and Standards, for details on our selection of test samples.

⁵ Other items include vehicles, jewelry and electronics.

Department officials attributed the inaccurate records to a combination of time constraints, staffing and inadvertently placing items in an incorrect location. In almost all of the cases, Department officials told us the property clerk did not update the property tracking system with the status or movement of the evidence. Positively, Department officials provided documentation of quarterly audit spot checks and audits conducted by a certified public accountant that are performed in regards to property room inventory.

Inadequate controls and inaccurate inventory records over items in the property room increase the risk that property could be misplaced, misused or stolen without timely detection.

Property Disposal

The disposition of property should be documented in written policies and procedures to guide the operation of item handling. Items returned to the owner, transferred or destroyed are all considered property room disposals. Recycling, burning or any other method to make an item unusable could be used to destroy an item properly. High profile items, such as drugs, firearms and money, require extra internal controls. The disposal of items should be documented with a clear trail in Department records. Further, good business practice requires that items should be removed from the property room after being held for the required length of time. If the Department has identified an owner or determined that the item has no evidentiary value, then it should be disposed of properly and promptly. It is in the Department's best interest to remove items from the property room as quickly as possible to free up space and remove the risk of theft or misuse. Records should indicate the details about the case, individuals involved, authorization for disposal, who destroyed the item (if it was destroyed), who witnessed the item being destroyed and other details required by the Department.

The Department has various procedures for disposing of property, depending on the type of item. For example, items returned to the owner require that the owner provide a signature and proof of identification for the Department's records. Meanwhile, the Department requires that items transferred to the District Attorney's office include signatures from both the Department and District Attorney's office that the items were received and returned.

We reviewed a list of disposed inventory, totaling 394 items, and judgmentally selected a sample of 147 high-risk items, including money, drug items, firearms, electronics and jewelry. These items were disposed of by being auctioned, destroyed, returned to their owner, or transferred to other agencies. We reviewed the computer records to determine whether the items' disposal was documented adequately. Of the 147 items tested, all were adequately accounted for and complied with Department policies and procedures.

Destruction – Our test of 97 items included 25 drug items and 72 miscellaneous items. All of the 97 items destroyed were properly documented and supported.

- Firearms – Department policy requires the Department provide a list of firearms that it plans to destroy to the New York State Police who check the firearms against their system to ensure that the firearms can be destroyed. Upon approval from the New York State Police, the firearms are transported to a waste management facility where they are melted. The property clerk, back-up property clerk and a Department Sergeant are present to witness the destruction. The property custody report for each destroyed firearm is signed by officers that are present, indicating that the firearm has been

destroyed. The Sergeant prepares a report to the Chief attesting that the destruction was witnessed. No destruction receipts or signatures are obtained from the waste management facility.

- Drugs – The Department obtains an order of approval from the District Attorney for the destruction of drugs. An affidavit of the drugs that are destroyed is sent to the County Judge. The Department inventories and places all drugs to be destroyed in large containers that are sealed with the seal initialed and dated. The sealed containers are transported to the waste management facility where they are destroyed without being opened. The destruction is witnessed by the property clerk, back-up property clerk and a Department Sergeant. No destruction receipts or signatures are obtained from the waste management facility attesting to the number of containers that arrived or were destroyed.

Auction, Returned to Owner and Transfers – Of the 50 items reviewed, Department officials had adequate documentation for all items selected.

Good policies and procedures for the acquisition, storage and disposition of property items promote efficient use of property room space for easier access and keep handling to a minimum. Conversely, poor procedures (including a lack of oversight and monitoring) and inaccurate records of the items stored in a municipal property room increase the risk that property could potentially be unavailable for legal proceedings, or that firearms, drugs and highly valuable items could be lost, stolen, misused or could pose a danger to public safety.

Recommendations

Department officials should:

1. Continue to review and update property room policies and procedures annually.
2. Assign software user access based on job duties and responsibilities. In addition, if the Department cannot appropriately segregate the duties of custody and record keeping, someone without physical access to the inventory items should monitor user activity and the changes made on the property tracking system.
3. Continue to improve the inventory tracking and disposal process by clearly documenting property movement to provide an audit trail.
4. Review and update the drug and firearm destruction policy to ensure that the Department prepares and retains detailed records identifying the items being destroyed. In addition to the signature of the command level officer present during destruction, the Department should consider obtaining the signature of an independent third party who can attest to the destruction.

The Town Board 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 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. The Board should make the CAP available for public review in the Clerk's office.

We thank the officials and staff of the Town of Irondequoit for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo

APPENDIX A

RESPONSE FROM TOWN OFFICIALS

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



TOWN OF IRONDEQUOIT

Established 1839

"Where the land and waters meet"

Adam J. Bello, Town Supervisor

Town of Irondequoit
Police Evidence Unit
S9-14-53

We thank the New York State Comptroller's audit team who were both courteous and professional while carrying out their duties amidst our usually quite busy environment. We were pleased with the confirmation that our unit fully accounted for all inventory, especially high-risk items. We further appreciate the team's positive comments during the process as they related to our use of best practices and New York State accreditation standards to guide our handling of non-agency property.

Although we fundamentally agree with the findings outlined in the comptroller's report, there are some subtle distinctions that should be highlighted because they affect the overall operation of the property unit; (include applicable section of law or regulations here) generally we find that the courts prefer hard copy evidence and reports. Therefore we remain very paper/hard-copy dependent. As a result, our first priority is the *original signature* or *original form*, and the digital entry or record becomes a secondary one. The few instances in which "inaccurate records" are cited refers only to the computer (digital) record; the paper based or hard-copy records were in fact accurate and complete. Essentially, the databases we use are for our convenience, ease of information input, information retrieval, statistical reporting and reference. The original hard copy property custody report remains, and those were 100% correct.

The report notes 2 former employees with administrative access to the property/evidence database. One was the retired administrative Captain of the department and 1 was a retired police officer. This was an oversight by the Information Technology (I.T.) department. When this was brought to our attention by the audit team, the I.T. director corrected this issue the very next day. The I.T. director did explain that there was clearly never a concern as these 2 individuals no longer had physical access to the police department building. Further they had previously been removed from the police department's computer network and could not have gained access to the property/evidence database. In other words there had always been several layers of protection.

The audit report states that "...while the department has established policy guidelines and procedures, they are deficient." A more accurate reflection would be "some are deficient." The Irondequoit Police Department's general order governing the handling of non-agency property consists of over 18 pages of specific rules, regulations, policies and procedures, all designed to ensure the integrity of our care and custody of evidence and other property. However, very few concerns and/or recommendations related to our non-agency property processes were made by the audit team as outlined in their report, thereby validating our considerable efforts in this area.

We certainly agree that there is always room for improvement in any organization and we take our mandate to provide high quality public service very seriously. We also make it our mission to be accountable to the community for our actions and so we update our procedures and policies as necessary, based on best practices and NYS accreditation preparation review. However, with the desire for continuous improvement in mind, the property unit will continue to formalize a packaging and reporting manual for our officers' reference and will, as we do regularly, review the applicable general order for possible updates this year.

One small note of correction with regard to documentation of items sent for destruction: we do in fact obtain a *receipt* at the waste management facility. Currently that takes the form of a signed invoice related to weight of the transport vehicle before and after transport of the sealed destruction barrels, and our entry and exit from the facility are captured on the facility's video system. An improvement on this procedure has been suggested and will be implemented at our next destruction appointment at the waste management facility and noted in the CAP section.

We were gratified to note that the audit team recognized that the time and expense the Town takes in contracting an outside, independent accounting firm to audit the property/evidence room annually brings an additional level transparency and integrity to our process. This ensures the taxpayers of our town may have even more confidence in the efficient functioning of their police department and our care and custody of non-agency property.

Signed:

Adam Bello

Town of Irondequoit Supervisor

Dated:

September 5, 2014



TOWN OF IRONDEQUOIT

Established 1839

"Where the land and waters meet"

Adam J. Bello, Town Supervisor

Town of Irondequoit
Police Evidence Unit
S9-14-53

For each corrective recommendation included in the audit report, the following is our corrective action(s) taken or proposed.

- 1) "Continue to review and update property room policies and procedures annually." We currently review policies and procedures throughout the department via our accreditation process and training updates. We recognize the value in continuing improvement and the property clerk is working with other appropriate department stakeholders to prepare an evidence packaging and reporting manual to be submitted to the Chief of Police for approval by the end of 2014.
- 2) "Assign software user access based on job duties and responsibilities. In addition, if the department cannot appropriately segregate the duties of custody and recordkeeping, someone without physical access to the inventory items should monitor user activity and the changes made on the computerized tracking system." Quarterly spot-check audits are conducted by a Sergeant who does not otherwise have access to the inventory. This same command officer will also be assigned to randomly check the audit tracking of the database. We do not have sufficient personnel to otherwise segregate those duties within the unit.
- 3) "Continue to improve their inventory tracking and disposal process by clearly documenting property movement to provide an audit trail." We determine that this is simply a matter of the property clerk taking more time to carefully document the movement of items, both on paper and in the database as necessary. This more focused attention to detail is underway and continues and will be greatly aided by the repair of our remote bar-code reader, which will be attended to by the IT director in September 2014.
- 4) "Review and update the drug and firearm destruction policy to ensure that the department prepares and retains detailed records identifying the items being destroyed. In addition to the signature of the command level officer present during destruction, the department should consider obtaining the signature of an independent third-party who can attest to the destruction." Commencing with our next destruction trip, we will obtain a signature from a representative of the waste facility attesting to the number of signed, sealed barrels he or she is receiving, thereby confirming that the number of barrels that left the department as signed for by the command officer are the number that arrived at the waste management facility with the command officer and property staff.

Signed:

A handwritten signature of Adam Bello over a horizontal line.
Adam Bello
Town Supervisor

A handwritten date "9/3/2014" over a horizontal line.
Date

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

We interviewed Department personnel to determine if processes existed to account for all property room inventory, if property inventory records were up-to-date and accurate, and if internal controls were in place to safeguard all money, firearms, drugs and high-value items in the property room.

We reviewed the Department's physical inventory records and disposal records as well as monitoring procedures. We also traced Department inventory and disposal reports to source documents and physical inventory, as appropriate, to ensure the accuracy of records related to current inventory and disposals. Our audit included the following steps:

- We conducted a walk-through of the Department's facilities to determine what controls were in place over inventory.
- We judgmentally selected a sample of 10 items from a property item list. Our selection was based on an assortment of cases from various years. Each item was pulled from location to verify that it was present, that the seal was intact, that there were no apparent signs of tampering and that the property label on the item matched the Department records.
- We then judgmentally selected a sample of 10 items from the physical location. Our selection was based on a random selection of items from various locations. The items were pulled from location to verify that the seal was intact, that there were no apparent signs of tampering and that the property label on the item matched the Department records.
- We used the Department's inventory report to judgmentally select seven categories to test from, comprising firearms, drug items, electronics, jewelry, money, miscellaneous items and vehicles. We selected these categories because of the potential for higher risk of theft or misuse. Based on the volume of the evidence category, we tested the entire population, 10 percent of the population, or a combination of percentage, availability, and the risk and sensitivity factor. With the assistance of the identification officer, we tested physical inventory.
- For property room money, we conducted three tests:
 - We selected all bags of currency over \$500 and traced each bag from the current evidence inventory report to its location in the property room.
 - We then verified the amount of money in the bag for the sample selected to the amount listed on the report. An Office of the State Comptroller (OSC) examiner and the Department's property clerk conducted a physical inventory, going to each location to verify the item was in location and that the label information on the bag matched report information and observing if the evidence bag seal was intact, noting the date on the seal and documenting any discrepancies.

- For a sample of judgmentally selected bags, municipal employees unsealed the bags, counted the money inside and resealed the bag in the presence of OSC examiners. At the time of the count, all individuals had to be in agreement to proceed.
- We used the Department's disposal records to judgmentally select items disposed by the Department during our scope period and tested for compliance with Department policy.
- We selected a sample of Department incident reports prepared by officers at the time of collection and reviewed the narrative on the incident report to determine if the evidence noted as collected matched what was in the evidence bag.
- We also traced access rights to the Department's computer system and, for a selection of users, tested the ability of to add, edit and delete records.

We conducted this performance audit in accordance with 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.