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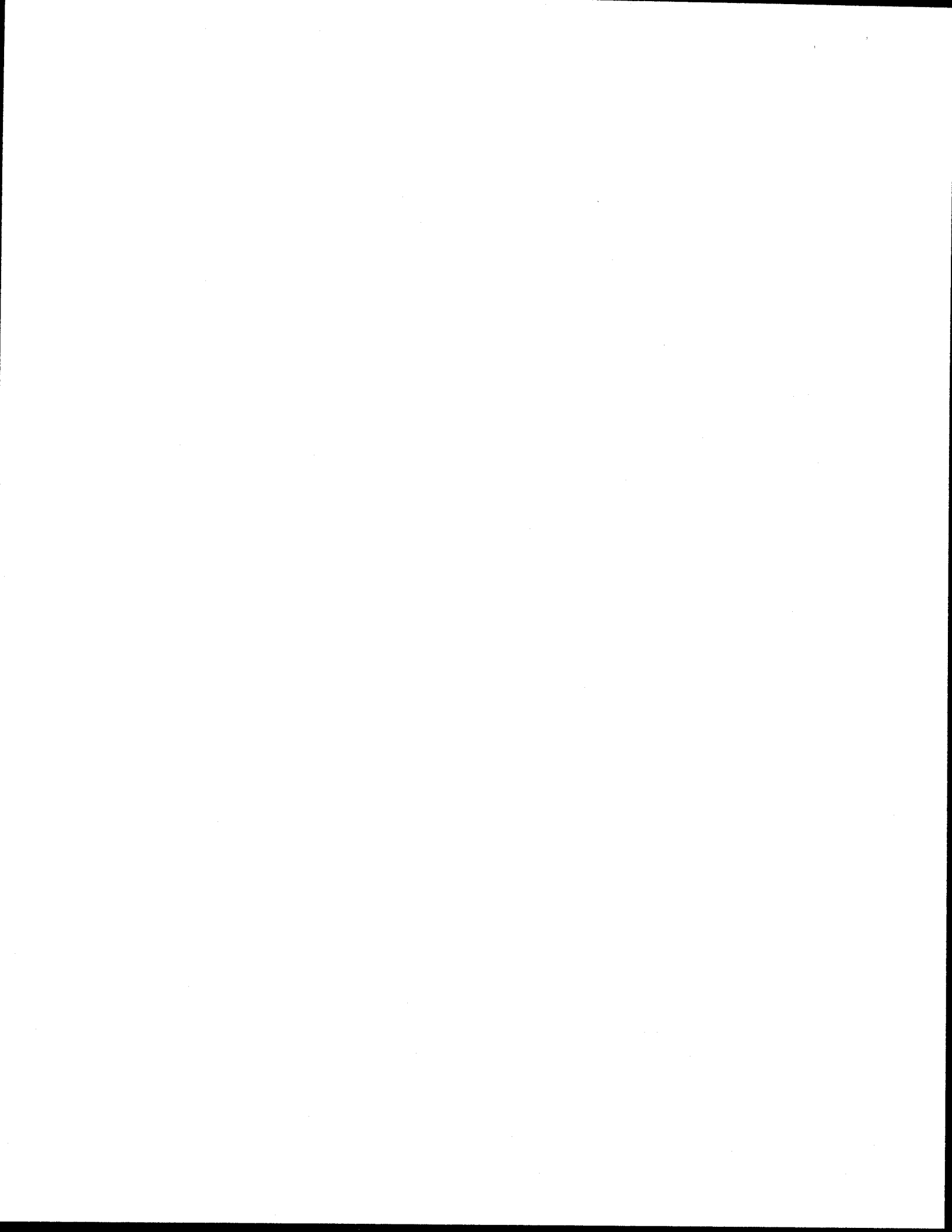
CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS & FINANCIAL ADVISORS



Internal Audit

Sheriff's Department Currency Evidence Account

November 2010



Bernalillo County Internal Audit

Sheriff's Department Currency Evidence Account

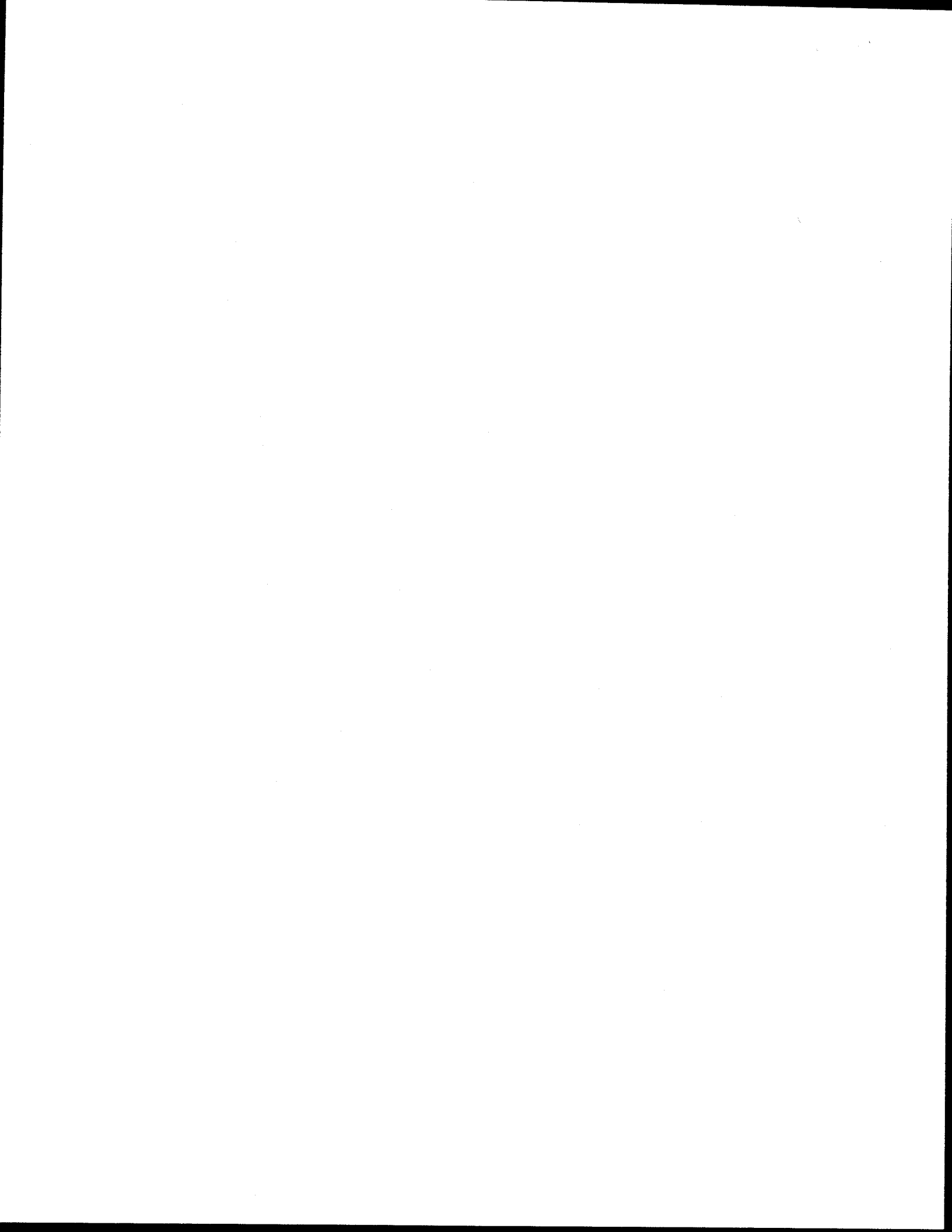
Executive Summary

SUMMARY OF PROCEDURES

REDW performed an internal audit of the Bernalillo County Sheriff's Office (BCSO) Currency Evidence Account. Our internal audit focused on evaluating the cash collection and disbursement process.

In order to determine the accuracy of the currency account and the effectiveness of procedures over cash evidence collection and disbursement, we performed the following:

- Read the BCSO Currency Evidence Account Manual;
- Interviewed relevant department personnel;
- Performed walkthroughs and interviews with the staff at the North, South, and East area substations;
- Performed a walkthrough of cash collection and disbursement procedures at the Albuquerque Police Department (APD) Evidence Unit;
- Selected all fiscal year 2010 cash collections and tested to ensure that:
 - Cash collected agreed to the APD cash log form;
 - Cash Log received from the substation agreed to the BCSO headquarters master list; and
 - Cash was properly deposited into the BCSO currency evidence bank account.
- Selected all disbursements from July 1, 2009 to October 25, 2010 and tested that the:
 - Disbursement agreed to the police report, APD cash log sheet, and bank statement;
 - Case number was consistent throughout all of the documentation;
 - Disbursement was approved by the Chief; and
 - Cancelled check was made out to the owner listed in the police report.
- Selected all "Do Not Bank" items from July 1, 2009 to June 30, 2010 and tested to ensure that:
 - The items were physically stored in the APD evidence warehouse; and



- The case number listed in TraQ, APD's online evidence system, matched the number listed on the evidence bag.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

We noted the following:

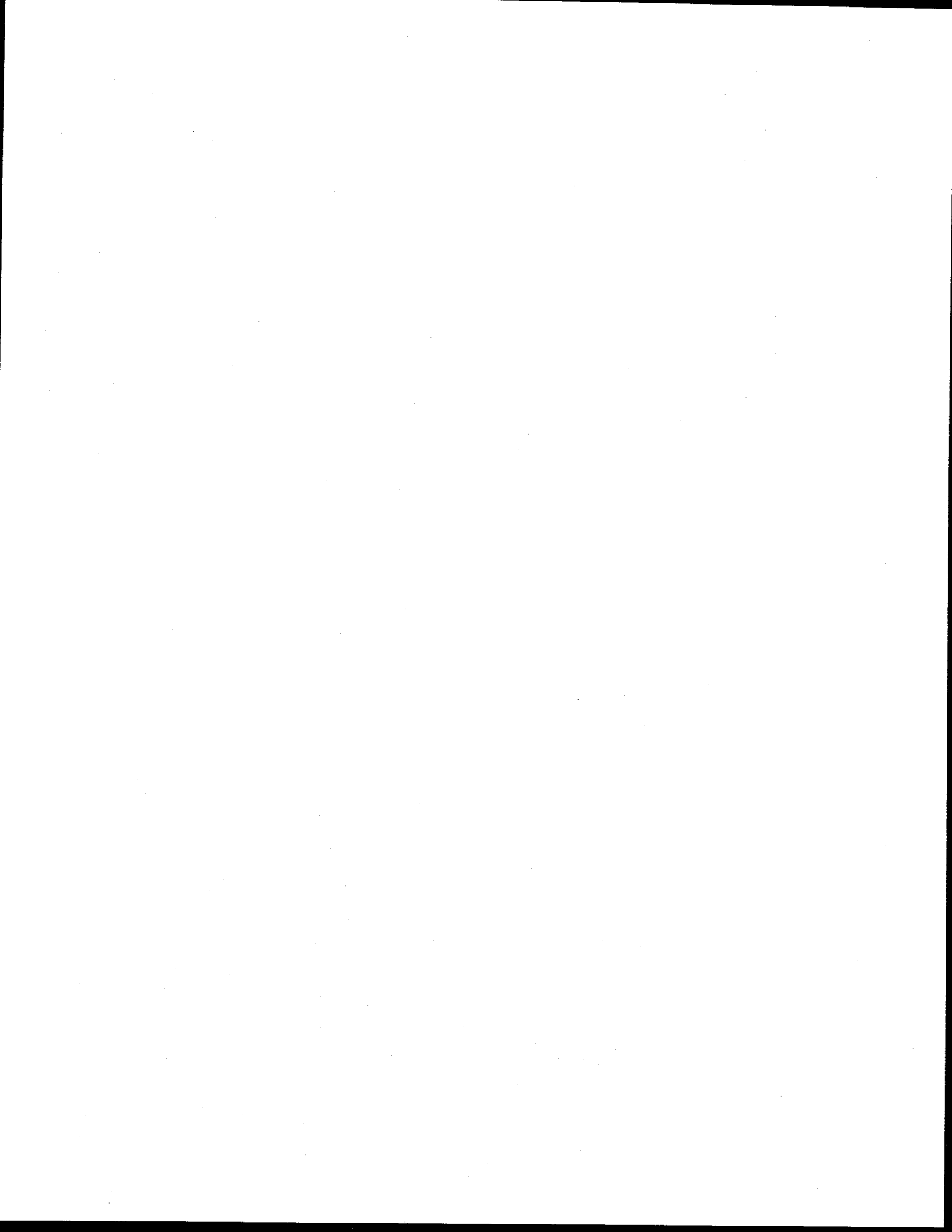
- ***Insufficient cash tracking and reconciliations***—Four of 49 cash collections tested were not included on the BCSO headquarters' log and were deposited into the City of Albuquerque's bank account instead of the BCSO bank account. BCSO headquarters does not have access to TraQ, so BCSO is unable to reconcile cash collections to determine if all cash logged in at the substations is deposited into the proper account. BCSO should obtain access to the APD TraQ system, which will enable BCSO to identify all cash collections without the reliance on the money tracking sheets received from the substations. After the process has been corrected, BCSO should update the Evidence Account Manual to reflect current practices.

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Further detail of our purpose, objectives, scope, procedures, observations, and recommendations is included in the internal audit report. In that report, management describes the corrective action being taken for each observation.

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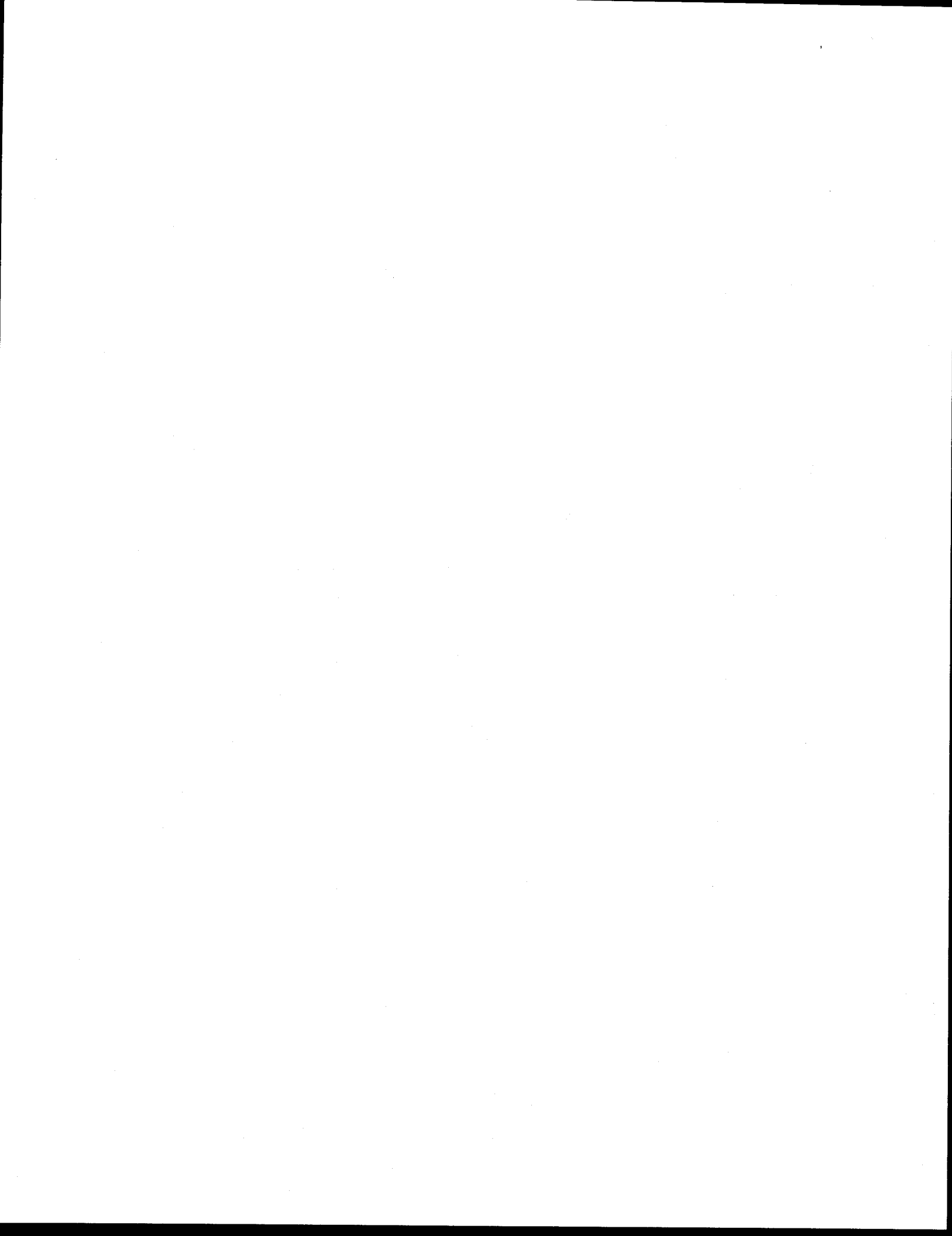
January 27, 2011



Bernalillo County Internal Audit
Sheriff's Department Currency Evidence Account

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Bernalillo County Internal Audit

Sheriff's Department Currency Evidence Account

Report

INTRODUCTION

We performed the internal audit services described below solely to assist Bernalillo County in evaluating the accuracy of the cash account maintained by the Sheriff's Department. Our services were conducted in accordance with the *Consulting Standards* issued by the American Institute of Certified Public Accountants, Generally Accepted Government Auditing Standards, and the terms of our contract agreement for internal audit services. Since our procedures were applied to samples of transactions and processes, it is possible that significant issues related to the areas tested may not have been identified.

Although we have included management's responses in our report, we do not take responsibility for the sufficiency of these responses or the effective implementation of any corrective action.

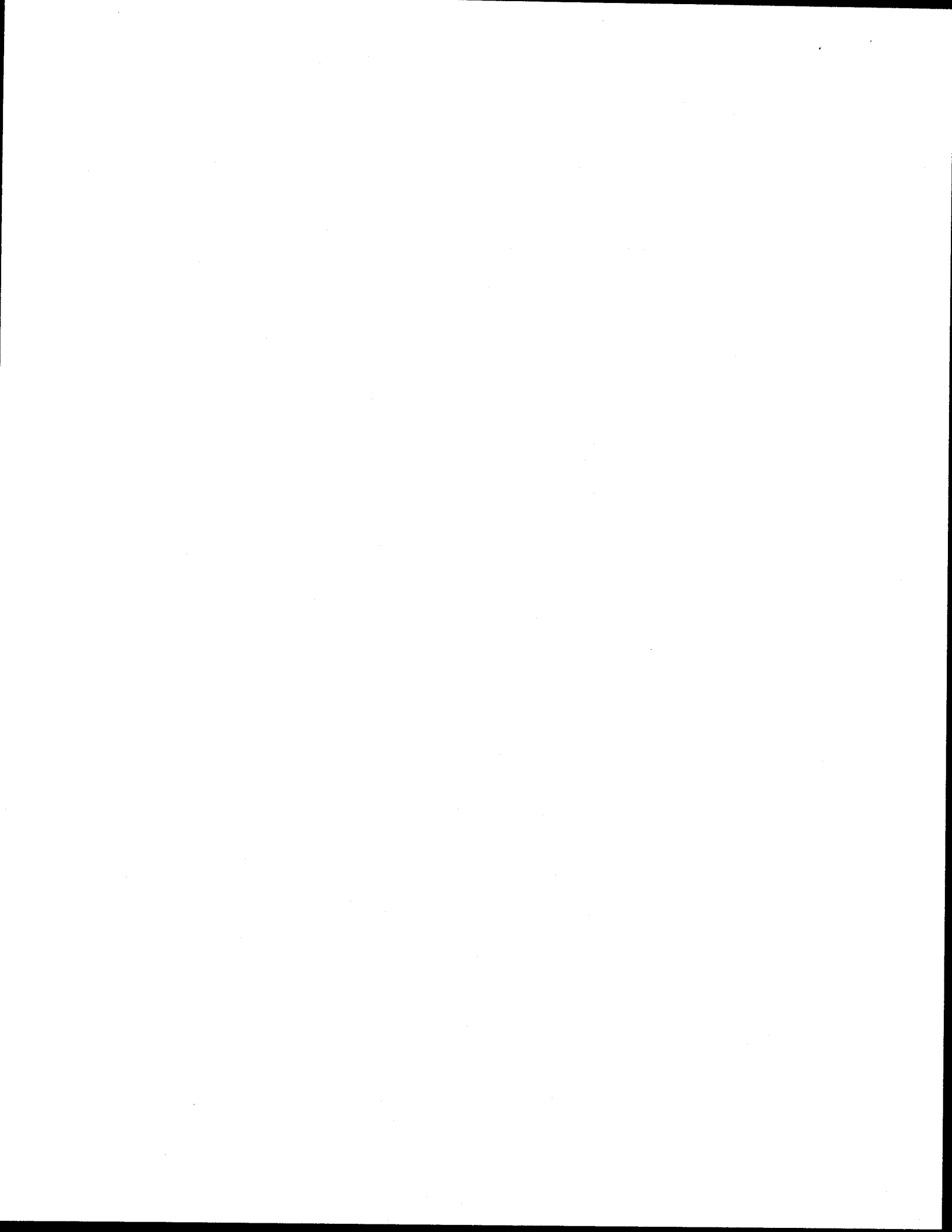
PURPOSE AND OBJECTIVES

Our internal audit focused on evaluating and testing compliance with policies and procedures over the collection, processing and disbursing of cash collections from the Bernalillo County Sheriff's Office (BSCO) currency account.

SCOPE AND PROCEDURES PERFORMED

Interviews: In order to gain an understanding of the processes and controls over operations, we interviewed the following personnel:

- Lenore Buffington, Budget and Grant Accountant
- Christy Highland, Office Assistant Sr.
- Cindy Pino, APD Evidence Technician
- Lieutenant Jessica Tyler, East Area Command Center Lieutenant
- Deputy Joaquin Rodriguez, South Area Command Center Deputy
- Lieutenant Ron Weller, North Area Command Center Lieutenant
- Paul Feist, Commander



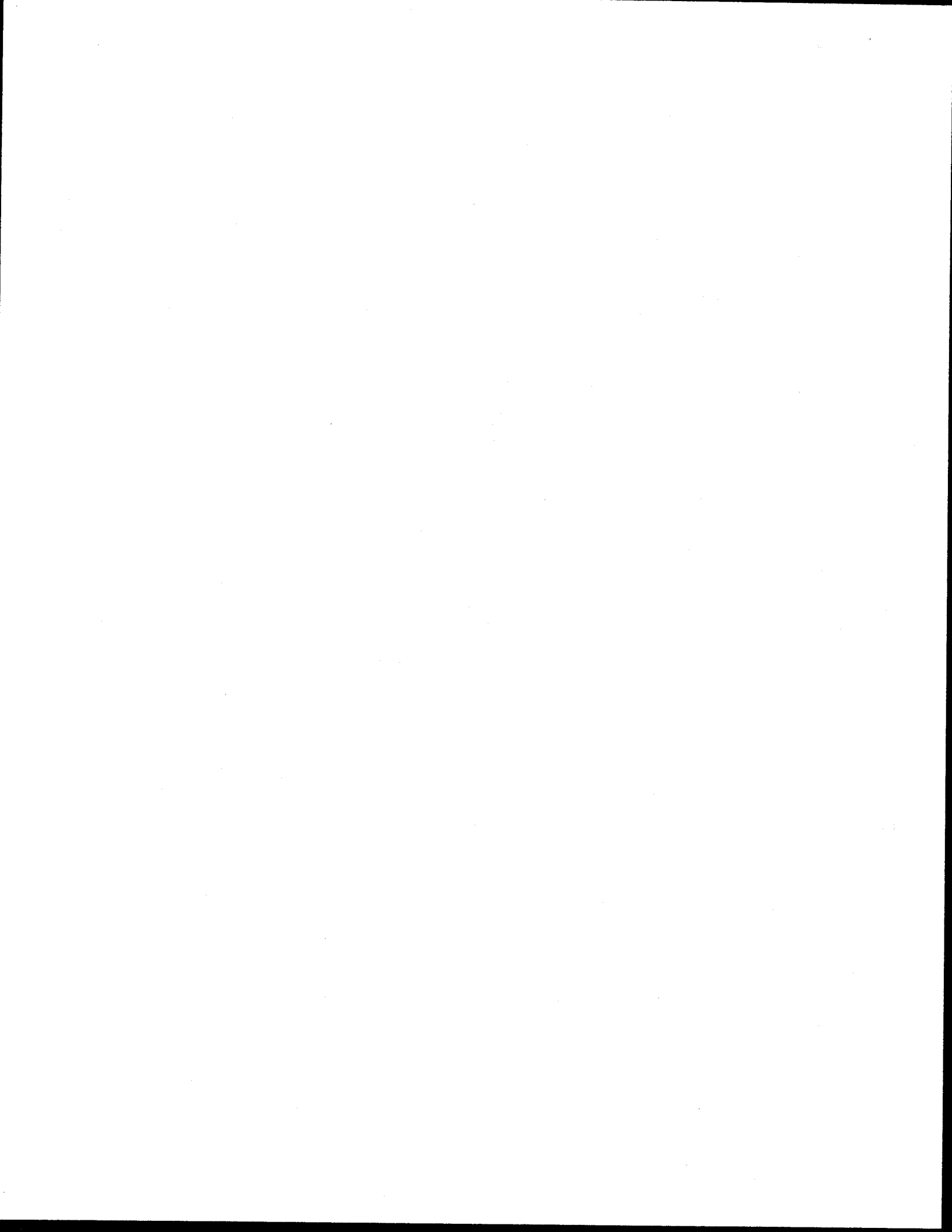
- Nick Dodge, Evidence Manager
- Mike Sullivan, Evidence Supervisor

Policies and Procedures and Other Documentation: In order to gain an understanding of the processes and controls over the Sheriff's Department cash evidence collection and disbursement process we:

- Read the BCSO Evidence Account Manual;
- Performed walkthroughs of the cash evidence collection and disbursement procedures at the North, South, and East Area Command Centers;
- Performed a walkthrough of the cash collection and disbursement procedures at the Albuquerque Police Department (APD) evidence warehouse; and

We performed the following testwork:

- Selected all cash collections logged into the APD evidence system for fiscal year 2010 (49 items) and tested that:
 - Cash collected agreed to the APD cash log form;
 - Cash log received from the substation agreed to the BCSO headquarters master list; and
 - Cash was properly deposited into the BCSO evidence bank account.
- Selected all disbursements from the evidence account from July 1, 2009 to October 25, 2010 (13 items) and tested to ensure that:
 - Amount agreed to the cash documented in the police report;
 - Amount agreed to APD cash log sheet;
 - Amount agreed to the deposit slip and the bank statement;
 - Case number is consistent throughout all documentation;
 - The disbursement was approved by the Chief; and
 - The cancelled check was made out to the owner listed in the police report.
- Selected all "Do Not Bank" items from July 1, 2009 to June 30, 2010 (14 items) and tested to ensure that:
 - The items were physically stored at the APD evidence warehouse; and
 - The case number listed in TraQ, APD's online evidence system, matched the number listed on the evidence bag.
- Read the City of Albuquerque Internal Audit division's audit report to determine if any of the findings impacted BCSO and our internal audit.



OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Insufficient Cash Tracking and Reconciliations

Based on discussions with BCSO substations, personnel are no longer using paper log sheets and are only entering information into the City of Albuquerque's "TraQ" system. Since this information is no longer being sent to BCSO headquarters, there is no way to reconcile the cash collected at substations to what is deposited by APD. During our testing we identified 4 of 49 cash collections that were not included on the BCSO headquarters' log. In all 4 instances, the BCSO money was deposited into the City of Albuquerque's currency evidence account instead of the BCSO account. BCSO headquarters has not been given access to TraQ, so BCSO is unable to properly reconcile cash collections and determine if all cash logged in at substations is deposited into the proper account.

Recommendation

BCSO substations should be faxing the money tracking sheet for all cash collections to BCSO headquarters to ensure all cash is properly deposited. Ideally, BCSO should obtain access to the APD TraQ system which will need to be coordinated between the County and City IT Departments. This would enable BCSO to identify all cash collections without BCSO relying on the tracking sheets being sent from substations. After the process has been corrected, BCSO should update the Evidence Account Manual to reflect current practices.

Management Response

Assigned to: Sheriff Dan Houston

Due Date: March 1, 2011

Resolution: The Bernalillo County Sheriff's Department accepts this recommendation without exception. The Department strongly agrees that obtaining access to the APD TraQ system will allow for accurate recording of the evidence and eliminate misdirected deposits. The Department will obtain an opinion from the County Legal Department as to the requirements needed to allow access to APD's system. Once access has been granted and all applications are working, the Department will ensure that review of the evidence will be fulfilled on a daily basis. Thus, the Department will be able to identify any discrepancies in a timely manner. In addition, all Evidence Account Manuals will be updated to reflect all current practices.

It should be noted that the Sheriff's Department has been consulting with the Albuquerque Police Department for over a one (1) year period in an attempt to obtain access to this system.

* * * * *

This report is intended for the information and use of Bernalillo County management, the audit committee, members of the board of commissioners of Bernalillo County and others within the organization. However, this report is a matter of public record, and once accepted its distribution is not limited.

REDW LLC

January 27, 2011

