



Bernalillo County Sheriff's Office

Internal Audit

October 2019

# **Bernalillo County Internal Audit Bernalillo County Sheriff's Office**

## **Executive Summary**

### **SUMMARY OF PROCEDURES**

REDW performed internal audit procedures over processes at Bernalillo County Sheriff's Office (BCSO). Our internal audit focused on evidence collection, the Motorola Records Management System (RMS) reporting process, cash handling, bank reconciliations, and purchase approvals.

We performed the following procedures:

- Compared RMS crime reports to the APD Annual Inventory Report to determine if evidence listed on the crime report was submitted to APD and picked up timely.
- Obtained RMS crime reports and determined if reports were submitted in timely in accordance with policies and procedures.
- Tested a sample of cash deposits to determine if cash handling procedures were performed in accordance with County Administrative Instructions. In addition, we determined if department cash handlers had attended required annual trainings.
- Obtained a sample of bank reconciliations and tested to determine they were prepared and reviewed by someone other than the preparer.
- Tested a sample of checks written by BCSO to determine if the check was properly approved and purchase memos were attached authorizing the purchase.

### **SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS**

As a result of our testing, the following moderate risk observations were identified:

#### ***1) Evidence Discrepancies***

One of 25 items was located in the APD evidence report but was not found on the BCSO case report and three of 25 items tested indicated BCSO had evidence to submit however the items were not listed on the APD evidence report. Processes should be implemented to ensure Deputies are completing reports and submitting evidence in a timely manner.

**2) *Noncompliance with Cash Handling AI and State Statute***

One of seven deposits was not deposited within 24-hours. Two of seven deposits did not have a daily reconciliation to agree amounts to. In addition, two individuals who are involved in the cash handling process have not completed the annual cash training course as of October 2019. Processes should be implemented to ensure daily reconciliations are being performed, all monies are deposited within 24-hours of being received, and all cashiers and their supervisors are trained on a regular basis.

**3) *Bank Reconciliations***

Our testing determined informal reconciliations were performed on all three accounts monthly through December 2019 however, there was no documentation of when the reconciliation was completed or if it was reviewed. Processes should be implemented to ensure reconciliations are being performed timely and reviewed by appropriate BCSO personnel.

**4) *RMS Reporting***

Four of 50 reports were not submitted by the end of the Deputy's shift. 15 of 50 reports were not reviewed by the Supervisor within one week of submission. 34 of 50 reports were not submitted to the Report Reviewer within one week of Supervisor review. Processes should be implemented to ensure officers are submitting reports timely.

\* \* \* \* \*

Further detail of our purpose, objectives, scope, and procedures are included in the internal audit report.

We received excellent cooperation and assistance from BCSO during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

REDW LLC

Albuquerque, New Mexico  
February 14, 2020

# **Bernalillo County Internal Audit Bernalillo County Sheriff's Office**

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# **Bernalillo County Internal Audit Bernalillo County Sheriff's Office Report**

## **INTRODUCTION**

We performed the internal audit services described below solely to assist the Bernalillo County Sheriff's Office (BCSO) at Bernalillo County in evaluating the processes and related controls over key areas including evidence and records management, cash handling and reconciliations as well as compliance with County purchasing requirements. Our services were conducted in accordance with the Consulting Standards issued by the American Institute of Certified Public Accountants and the terms of our Professional Services Contract agreement for internal audit services. Since our procedures were applied to samples of 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.

An entrance conference was held on September 5, 2019, and fieldwork began October 7, 2019. An exit conference was held on January 31, 2020.

## **PURPOSE AND OBJECTIVES**

Our internal audit focused on evaluating the processes surrounding case reporting, evidence collection, cash handling and reconciliations of bank accounts to determine if these processes were in compliance with department policies and procedures, County Administrative Instructions and applicable laws and regulations.

## **SCOPE AND PROCEDURES PERFORMED**

**In order to gain an understanding of the processes and laws/regulations, we interviewed the following personnel:**

- Brian Lindley, Chief Deputy
- Justin Dunlap, Captain
- David Funes, Lieutenant

- Quyen Nguyen, Senior Accountant
- Joey Diaz, Records Management and Information Center Supervisor
- Randall Herring, Sergeant

**In order to gain an understanding of the processes we read relevant portions of:**

- Bernalillo County Administrative Instructions No. AD02 - Collection of Monies and Handling Requirements, Revised April 16, 2018
- NMSA 1978 Section 6-10-3- Payment of State Money into Treasury; Suspense Funds
- Bernalillo County Sheriff's Department Rules and Regulations effective March 26, 2018
- Bernalillo County Sheriff's Department Internal Procedures "Investigative Fund" effective May 2012
- Memorandum of Understanding between the County of Bernalillo and the City of Albuquerque for Warrants and Records Fiscal Year 2019 effective July 1, 2018

**We performed the following test work:**

***Receipt of Evidence:*** We obtained a listing of all RMS crime reports issued from July 1, 2018 to July 30, 2019. From the listing of 14,479 reports, we selected 25 and tested to determine that the:

- Notification was on file that the item was submitted to and picked up by the Albuquerque Police Department (APD);
- Collection date documented by APD agreed to the pick-up date documented by BCSO;
- APD collected the evidence timely.

***Evidence Reporting:*** We obtained the APD Annual Inventory Report for the period of July 1, 2018 to September 30, 2019. From the total population of 17,414 items in evidence, we selected 25. Additionally, we obtained the RMS crime reports from July 1, 2018 to July 30, 2019, and selected 25 items from a total population of 14,479. For the sample of 50, we tested to determine that the items agreed between both listings.

***Reporting:*** We obtained the RMS crime report listing for the period of July 1, 2018 to July 30, 2019. From a total population of 14,479 reports, we selected a sample of 50 and tested to determine:

- The report was submitted by the end of the responding officer's shift;
- The Supervisor reviewed and approved the report for submission to the Report Reviewer unit within one week; and,
- The Report Reviewer unit reviewed the report within three weeks.

***Cash Handling and Training:*** We selected a sample of seven deposits from a total of 12 that occurred during the period of July 1, 2018 to September 30, 2019. We tested to determine:

- The Receipt Payment Report agrees to the daily reconciliation;
- Daily receipt reconciliations were performed by two separate individuals;

- Deposit slips agreed to daily reconciliations and were initialed indicating they were reviewed;
- The deposit was completed within 24-hours of receipt or by the end of the next business day.

In addition, we requested a list of all cash handlers who have completed the annual cash training course as of October 2019 and compared the listing to the current employees who handle cash for BCSO.

***Bank Reconciliations and Purchase Approvals:*** We requested all bank reconciliations performed from July 1, 2018 to June 30, 2019, for the three internally managed accounts at BCSO. In addition, we obtained the listing of all checks that were issued during the same period and accounts. We performed the following:

- Obtained the quarterly reconciliations and verified it was prepared and reviewed by someone independent of the preparer;
- Reviewed the listing of checks for completeness.

Additionally, we selected a sample of 15 checks from a total population of 75 for the period of July 1, 2018 to July 31, 2019, and tested to determine the purchase was properly approved and a purchase memo was attached if applicable.

## **OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES**

As a result of our testing, REDW identified the following observations:

### ***1) Evidence Discrepancies***

In order for evidence to be properly submitted, BCSO deputies must drop-off evidence at their respective sub-stations and log the evidence for pick-up. Once this is done, APD is notified to collect the evidence and transport it to storage at the APD warehouse. During our testing, we observed the following:

- One of 25 items was located in the APD evidence report however, when BCSO pulled up the case report, there was no indication that evidence had been reported for submission. The deputy has since retired therefore, we were unable to determine the cause of this missing information.
- Three of 25 items tested indicated BCSO had evidence to submit however, when we pulled the APD evidence report, the items were not listed therefore, it appears they never were submitted by the deputy.

**Potential Risk: Moderate**—Failure for BCSO to ensure crime reports adequately reflect evidence obtained could result in the perception that evidence has gone missing.

**Recommendation:** Processes should be implemented to ensure Deputies are completing reports and submitting evidence in a timely manner. In addition, training should be implemented to ensure deputies are completing reports containing evidence accurately to avoid potential variances in the crime reports to the APD inventory.

**Management's Response:** For the one of 25, as noted above, this deputy has retired and no explanation was located. For the three of 25, the three items that were listed on BCSO reports as being tagged were in fact not tagged.

- Two belt tapes deputies forgot to tag into evidence.
- A cell phone was actually listed as tagged, but the cell phone was returned to the owner at the end of the call.

Briefing training will be completed to address the issues of items not being tagged properly by the end of FY20. Training will include if an item should be listed on a report as tagged into evidence and later that item is not tagged, how to complete an updated report to reflect the change.

## **2) Noncompliance with Cash Handling AI and State Statute**

The County's AI No. AD 02 – *Collection of Monies and Handling Requirements* and NMSA 1978 Section 6-10-3 *Payment of State Money into Treasury* requires employees to deposit monies daily within 24-hours of receipt. During testing we observed the following:

- One of seven deposits was not deposited within 24-hours. This deposit took an additional day to deposit;
- Two of seven deposits did not have a daily reconciliation to agree amounts to.

In addition, our testing determined two individuals who are involved in the cash handling process have not completed the annual cash training course as of October 2019.

**Potential Risk: Moderate**—As County policy and State Statute are not being followed, there is a higher risk of theft and fraudulent activity occurring. The risk is further increased as there are individuals handling cash who have not completed the cash training course.

**Recommendation:** A process should be implemented at BCSO to ensure daily reconciliations are being performed. Additionally, processes should be implemented to ensure all monies are deposited within 24-hours of being received and all cashiers and their supervisors are trained on a regular basis to ensure policies and State Statute are being followed.

**Management's Response:** A reminder memo will be distributed to all BCSO cash handlers to remind them of the County's AI No. AD02 – *Collection of Monies and Handling Requirements* and the potential for internal discipline if the AI is not followed. Management will ensure all cash handlers have been trained in county policy.

## **3) Bank Reconciliations**

BCSO maintains three internally managed bank accounts in which activity was compiled by an outside accounting firm until June 2019 when BCSO took over responsibility for reconciling bank account activity. The Association of Government Accountants (AGA) recommends reconciling bank account activity on a monthly basis. Our testing determined informal reconciliations were performed on all three accounts monthly through December 2019; however, there was no documentation of when the reconciliation was completed or if it was reviewed.

**Potential Risk: Moderate**—Bank reconciliations are critical to ensuring the accuracy of cash deposits and withdrawals. Failure to prepare and review reconciliations timely increases the risk that errors in the bank account will go unnoticed.

**Recommendation:** Processes should be implemented to ensure reconciliations are being performed timely and reviewed by appropriate BCSO personnel. BCSO should consider utilizing a standardized workpaper to document the bank reconciliation as opposed to on the bank statement and include both preparer and reviewer sign-offs and dates to ensure the review process is documented.

**Management's Response:** Management will implement a policy by the end of FY20 which mandates that all bank reconciliations must be reviewed and approved by supervisors. A standardized form will be created for tracking purposes.

#### **4) RMS Reporting**

Effective June 2018, BSCO adopted an electronic format of reporting via the RMS software. Deputies are required to submit crime reports into the software by the end of their shift. Once submitted, they are to be reviewed by a Supervisor and a Records Reviewer to ensure they meet appropriate standards. After a report has been through each level of review, it is officially submitted into the Motorola system for use in prosecuting the crime. Our testing determined:

- Four of 50 reports were not submitted by the end of the Deputy's shift. Variances ranged from four to 401 days.
- 15 of 50 reports were not reviewed by the Supervisor within one week of submission. Variances ranged from 10 to 311 days.
- 34 of 50 reports were not submitted to the Report Reviewer within one week of Supervisor review. Variances ranged from 10 to 205 days.

Additionally, there are no documented policies and procedures for the electronic record process or timeline.

**Potential Risk: Moderate**—Failure for reports to be submitted and reviewed timely could result in key information being missed. Our testing determined variances above were caused by various things however, the most predominant issue relates to the backlog in reviews by the Report Reviewer function as opposed to issues in the process therefore, we reduced the risk to moderate.

**Recommendation:** Processes should be implemented to ensure officers are submitting reports and reviews are occurring timely. Monitoring processes should also be implemented to ensure the process is followed consistently and follow up can be performed internally as issues arise. Policies and procedures should be put in place and address:

- Deadlines for each level of submission;
- Deadlines for report reviews to be completed;
- Deadlines for corrections for report reviews to be submitted back to Records Review;
- Disciplinary actions in the event the process is not followed;
- Monitoring procedures to ensure compliance with deadlines and provide productivity metrics to management to assist with oversight.

**Management's Response:** For the four of 50 reports not submitted by deputies by the end of their shift:

- Two cases were not submitted on time and it is unknown why. Deputies have been verbally counseled on the importance to turning in reports in a timely manner.
- Two of these reports are actually detective supplemental reports and are not required to be turned in by the end of shift. Cases are ongoing and reports will only be turned in at the end of the investigation.

For the 15 of 50 reports not reviewed by supervisor within one week, a few issues cause this:

- This appears to be a flaw in the review process and / or the issue found with temporary supervisor upgrades. Once a deputy is upgraded to Sergeant they are given approval authority, but once they return to deputy status, that authority is revoked and the deputy cannot see rejected reports. This problem is remediated by allowing temporary upgrades to continue with approval authority for several weeks after their downgrade.
- BCSO learned that once a report is rejected by RMS techs, it is delayed, sometimes for several weeks, before the supervisor is able to look at it. This is a workflow issue and is being addressed by Motorola, system vendor.

For the 34 of 50 reports not being submitted to the report reviewer in one week:

- BCSO implemented the new RMS starting in June 2018. At the time of startup BCSO RMS was not fully staffed and has had continuous staffing issues. This initially caused a backlog in reports and ultimately delayed data entry. BCSO has worked on the backlog, increased staffing and has been able to reduce backlog.

BCSO submitted a newly written draft SOP section directly related to the new RMS. Within this policy it is made clear the timelines for all reports. BCSO anticipate finalizing the SOP section by April 1, 2020.

\* \* \* \* \*

This report is intended for the information and use of the Bernalillo County Sheriff's Department, the audit committee, members of Bernalillo County Commission and others within the organization.

We discussed and resolved other minor observations with management and received excellent cooperation and assistance from the BCSO during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

REDW LLC

Albuquerque, New Mexico  
February 14, 2020