

SAN FRANCISCO POLICE DEPARTMENT:

**The Property Control Unit Can
Account for the Monetary Evidence
in Its Inventory but Needs to
Improve Some of Its Controls**



May 20, 2010

**CONTROLLER'S OFFICE
CITY SERVICES AUDITOR**

The City Services Auditor was created within the Controller's Office through an amendment to the City Charter that was approved by voters in November 2003. Under Appendix F to the City Charter, the City Services Auditor has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and benchmarking the city to other public agencies and jurisdictions.
- Conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operating a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of city resources.
- Ensuring the financial integrity and improving the overall performance and efficiency of city government.

The audits unit conducts financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

We conduct our audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

Audit Team: Cynthia Chavez, Associate Auditor
Annie Cheng, Associate Auditor
Rob Malone, Associate Auditor



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

May 20, 2010

Police Commission
Thomas J. Cahill Hall of Justice
850 Bryant Street Room 505
San Francisco, CA 94103-4603

Chief George Gascón
Thomas J. Cahill Hall of Justice
850 Bryant Street Room 525
San Francisco, CA 94103-4603

Dear Chief Gascón:

The Controller's Office, City Services Auditor, presents its audit report regarding the San Francisco Police Department's (department) Property Control Unit (PCU). The audit found that:

- The PCU can account for all monetary evidence in its inventory and there is no indication of any misappropriation of monetary evidence.
- The department needs to clarify and expand upon its authoritative guidance (Department General Orders and Bulletins) that govern the packaging and sealing of monetary evidence envelopes.
- The department's Property Evidence Tracking System (PETS) does not contain an accurate record of the total dollar value of monetary evidence held at the PCU because the system does not allow the dollar amount field to be edited, which prevents PCU staff from correcting known discrepancies.
- PETS is an antiquated system that does not provide system security that is consistent with current industry standards.
- Oversight of PCU can be improved by adopting better segregation of money-handling duties and requiring the PCU to submit routine reports to department management regarding the status of the unit's inventory of monetary evidence.
- PETS records showed that monetary evidence envelopes containing a total of \$252,354, had exceeded the 15-month hold and destruction cycle.

This report includes 19 recommendations for the San Francisco Police Department. The department's response to the audit is attached as Appendix A. We appreciate the assistance and cooperation that PCU and other department staff provided to us during the audit.

Respectfully submitted,

Tonia Lediju
Director of Audits

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Public Library

TABLE OF CONTENTS

Introduction	1
 Chapter 1 – The Property Control Unit Can Account for the Monetary Evidence in Its Inventory but Needs to Improve Some of Its Controls	 7
Finding 1.1. Department officers did not consistently follow established procedures to ensure monetary evidence envelopes were properly packaged and sealed.....	7
Finding 1.2. PETS does not accurately report the dollar value of monetary evidence in the PCU safes.....	9
Finding 1.3. The amounts recorded on monetary evidence envelopes are not always accurate	10
Finding 1.4. The department needs to improve its procedures for sealing monetary evidence envelopes	11
 Chapter 2 – The Department Needs to Strengthen Controls over Access to Electronic Data	 13
Finding 2.1. Access control to property evidence data can be strengthened.....	13
Finding 2.2. The PCU does not conduct routine reviews to ensure it has a current list of authorized PETS users	14
 Chapter 3 – The Property Control Unit Needs to Improve and Update Its Policies and Procedures for Handling Monetary Evidence	 15
Finding 3.1. The PCU does not maintain current policies and procedures for handling monetary evidence	15
Finding 3.2. The PCU conducts monthly reviews of aged items but does not perform routine annual reviews.....	16
 Chapter 4 – The Department Should Improve Its Oversight and Monitoring of Receipt and Storage of Money Evidence	 19
Finding 4.1. The department and the PCU have inadequate segregation of money handling duties.....	19

Finding 4.2. Additional training in monetary evidence handling needs to be provided	20
Finding 4.3. The PCU produces no routine management reports	21
Appendix A – Department Response.....	A-1

LIST OF ACRONYMS

The following acronyms are used throughout the audit report:

DT	Department of Technology
PCU	Property Control Unit
PETS	Property Evidence Tracking System
SFPD	San Francisco Police Department (department)

Page intentionally left blank.

INTRODUCTION

Audit Authority

The City Charter provides the Controller, City Services Auditor (CSA), with broad authority to conduct audits. This audit was conducted under that authority and pursuant to a request from the Office of the Chief of Police of the San Francisco Police Department.

Background

The San Francisco Police Department (SFPD, department) is organized broadly into four offices: Chief of Police, Chief of Staff, Operations, and Administrative Services. The Office of Administrative Services is headed by an Assistant Chief and is comprised of several divisions that provide support to the department. Among these divisions are Forensic Services, Training, Technology, and Support Services. The Property Control Unit (PCU) reports to the director of the Support Services division. The PCU is led by a lieutenant who is responsible for 16 uniform and civilian department employees.

The Property Control Unit manages evidence processing, storage, and disposal

The PCU is charged with receiving, storing, maintaining, and the disposal of all evidence, found property, and property for safekeeping in a secure facility. PCU staff pick up monetary evidence from all district stations on a daily basis. The PCU maintains two secured facilities to store booked¹ evidence. Its primary facility is located at the Hall of Justice, and a secondary storage facility is located in the City's Bayview district.

The PCU's primary storage facility consists of various rooms and areas for storing different types of property and evidence, including bicycles, suitcases, narcotics, guns, money, and jewelry seized during the course of police investigations.

Published department guidance establishes evidence-handling rules

The department issues two types of internal authoritative documents to department members regarding its policies and procedures: Department General Orders and Bulletins. Department General Orders guide the day-to-day duties of department members, and they include both policies and procedures of the department and rules governing conduct. Department General Orders are the most authoritative

¹ Property that has been processed by department staff into the property evidence system.

Office of the Controller, City Services Auditor

San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory

directives issued to department members. They can only be adopted following a public hearing and subsequent approval by the Police Commission. Department General Orders remain in effect until they are amended, superseded, or rescinded. Bulletins can include other policies and procedures that must be followed by department members. Moreover, they may supplement or amend rules contained in Department General Orders. Bulletins are issued by the Chief of Police, and remain in effect for two years following their date of issuance.

Department General Order 6.02, Physical Evidence and Crime Scenes, defines physical evidence as anything that has been used, left, removed, altered or contaminated during the commission of the crime by victim(s) or suspect(s).²

Department General Order 6.15 states that property is divided into four major categories:

1. Property for identification that consists of evidence (property or money that is related or possibly related to a crime, except narcotics), non-evidence (found property and property for safe keeping)
2. Narcotics
3. Volatile or inflammable substances
4. Destructive devices

Discrete rules are in place that govern the handling of monetary evidence

This audit examined only the portion of property that consists of evidence and non-evidence that has monetary value. Evidence and non-evidence with significant monetary value (monetary evidence) includes currency, coins, precious metals, and jewelry. Monetary evidence is a unique category of evidence that is handled by the PCU and department members according to specific policies and procedures, which are outlined in both a subsection of General Order 6.15 and in the PCU's policies and procedures.

Monetary evidence is packaged in specially printed storage envelopes. Police officers record required information on the front of the envelope, including their names and badge

² Physical evidence as defined by Department General Order 6.02 is referred to as "evidence" in this report.

Office of the Controller, City Services Auditor

San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory

numbers, the case number, incident date, type of offense, and other applicable information. The monetary evidence must include a count of each denomination of currency, or a description of any non-currency item that is enclosed in the envelope. This report refers to all such property as monetary evidence.

PCU staff are responsible for receiving, logging, storing, securing, and eventually disposing of monetary evidence

PCU staff do not package monetary evidence envelopes. Monetary evidence envelopes are packaged and sealed at the district station that initiates the case with which the evidence is associated. Any envelopes initiated at a station during a given day are packaged, sealed, logged, and stored under lock until picked up by PCU staff. PCU's unit-specific procedures for the handling of monetary evidence begin at the point that a PCU staff member accepts the sealed envelopes from the district stations. At the time of pickup, PCU staff reserve the right to refuse to accept an envelope if staff determines the envelope is not properly packaged or sealed.

PCU staff log new monetary evidence envelopes into two separate systems: the Property Evidence Tracking System (PETS) and manual log books. PCU staff create a new PETS record, into which they enter the information written on the front of the envelope when it first arrives at the unit. PCU staff also make PETS entries when envelopes are signed out, released, or disposed. The second system is a manual set of log books that are used to record the initial arrival of an envelope into PCU's custody and any check-ins and check-outs of an envelope between the time it is first received and the time it is disposed or released. Once the information has been logged, PCU staff file the envelopes in one of two safes maintained by the unit. An envelope is disposed when its contents are either authorized for release or officially become classified as unclaimed. Unclaimed money is deposited by the department into the City's general fund.

PCU is responsible for routinely reviewing the disposition of all monetary evidence envelopes in the department's inventory. PCU procedures include three routine reviews:

- *Monthly:* PCU distributes to relevant departmental units a PETS report that includes a listing of all monetary evidence envelopes that PCU has been holding for

Office of the Controller, City Services Auditor

San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory

exactly 15 months. The officer or inspector assigned to each case indicates on this report whether the envelope should be held or disposed, and the report is returned to the PCU.

- *Annually*: PCU is required to review the status of all envelopes that are on “hold” status. PCU procedures do not detail how this annual review should be conducted.
- *Inventory*: According to PCU, once per calendar year, PCU staff conduct an inventory of all monetary evidence envelopes to confirm that all envelopes shown in the PETS system are actually in PCU safes.

Objectives

The purpose of this audit was to determine whether:

- The physical inventory of monetary property/evidence envelopes, held at the PCU's facility, included all items reported in the property inventory report from PETS, the department's Property Evidence Tracking System for items stored at the Hall of Justice.
- Officers are properly packaging monetary property/evidence to ensure its integrity and credibility.
- The PCU has adequate internal controls and policies and procedures over safeguarding of monetary evidence envelopes received, stored, and maintained by its staff.

Scope and Methodology

The audit team conducted an inventory count of all the monetary evidence envelopes contained in the PCU's inventory, as of a PETS report dated April 9, 2010. According to PETS records, the inventory included envelopes received by the PCU between 1983 and 2010. The review was primarily conducted after business hours to avoid disruptions to the PCU. During this review, the auditors:

- Inspected each individual envelope and noted the following: the indicated dollar value, the type of incident that occurred (narcotics, robbery, homicide, found property, etc.), and whether the envelope was packaged and sealed according to both departmental procedures and best practices in public safety evidence

handling.

- Confirmed whether each inspected envelope was included in the PETS report.
- Observed PCU staff as they opened and counted the monetary contents of a sample of envelopes from the inventory.

Subsequent to the inventory of all monetary evidence in the PCU's inventory, the audit team:

- Assessed the PCU's monetary property/evidence handling controls through review of written policies and procedures and interviews of PCU staff.
- Assessed the adequacy of PETS access controls.
- Evaluated the risks associated with identified weaknesses and deficiencies in the PCU's monetary evidence handling controls.

This performance audit was conducted in accordance with generally accepted government auditing standards. These standards require planning and performing the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. The audit team believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

Office of the Controller, City Services Auditor

**San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory**

Page intentionally left blank.

CHAPTER 1 – The Property Control Unit Can Account for the Monetary Evidence in its Inventory but Needs to Improve Some of Its Controls

THE PCU ACCOUNTED FOR ITS INVENTORY OF MONETARY EVIDENCE

As of April 9, 2010, the Property Evidence Tracking System (PETS) documented that the PCU had 7,300 envelopes in its possession that contained monetary evidence. The auditors accounted for the 7,300 envelopes and found no indication that any monetary evidence had been misappropriated.

Auditors physically counted 7,225 monetary evidence envelopes during the inventory count; 75 items were subsequently accounted for as either released or signed-out to an officer or an inspector. The auditors did not physically open any envelopes to confirm whether the amounts of cash recorded as being in the envelopes was correct. In addition to confirming the existence of each envelope, auditors inspected each envelope to determine whether the envelope was packaged and sealed in compliance with procedures stated in Department General Order 6.15, dated July 27, 1994.

Department General Order 6.15 requires that officers package monetary evidence in dedicated envelopes with the amounts written in both figures and words by the submitting officer. It mandates that both the officer packaging the money and the station keeper sign their initials and star (badge) numbers on the back flap of the envelope, and that the envelope is sealed with transparent tape. The auditors found that department officers did not consistently follow these procedures when packaging and sealing money evidence envelopes.

Finding 1.1

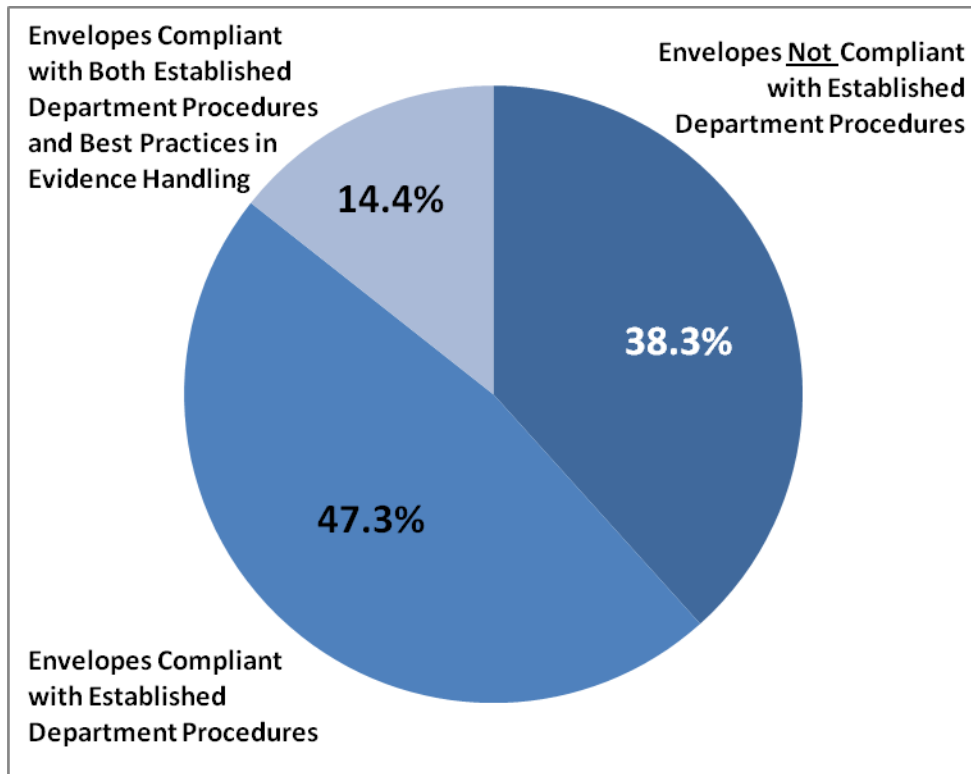
Department officers did not consistently follow established procedures to ensure monetary evidence envelopes were properly packaged and sealed.

Of 7,225 envelopes counted, 2,769 (38.3 percent) were not properly packaged and sealed by department officers in accordance with Department General Order 6.15. For example, envelopes lacked initials and star numbers, and were not properly sealed with transparent tape. A number

Office of the Controller, City Services Auditor
San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory

of envelopes had more than one of these compliance issues. The Exhibit summarizes the results of the compliance review.

EXHIBIT **Inventory count statistics**



Note: Compliance review did not include the 75 envelopes that were signed out or released.

Source: Auditor analysis

The PCU also has its own written procedures for transferring monetary evidence envelopes from district stations to the PCU for safekeeping. According to its procedures, PCU personnel are to carefully examine the envelopes to ensure they are properly packaged and sealed. If they are not, the PCU has the right to refuse to accept the envelope. Nevertheless, the PCU accepted many envelopes (38.3 percent) that were not properly packaged and sealed. The auditors did not conduct a detailed review of individual non-compliant envelopes to determine why PCU did not refuse to accept them. However, the auditors did verify that PCU's procedures do reference a "right of refusal" policy, but the policy is not

documented in writing.

In addition to reviewing whether envelopes were sealed according to departmental procedures, the auditors also reviewed whether department members sealed envelopes according to best practices in evidence handling. Best practices call for evidence envelopes to be taped and signed over all potential entry locations, which include envelope seams that may come pre-glued. Of the 7,225 envelopes counted, 1,038 (14.4 percent) met this more stringent standard, which goes beyond the department's procedures.

Recommendations

The San Francisco Police Department should:

1. Issue a Department Bulletin that details specific procedures required of officers when packaging and sealing monetary evidence envelopes.
2. Ensure all department officers are fully and adequately trained on proper monetary evidence packaging and sealing procedures.
3. Include in the recommended Bulletin, PCU's stated "right of refusal" policy in order to re-affirm that PCU staff have the authority to refuse the transfer of monetary evidence envelopes that are not properly packaged and sealed.

Finding 1.2

PETS does not accurately report the dollar value of monetary evidence in the PCU safes.

PETS contains errors in the dollar amounts recorded for monetary evidence envelopes retained for safekeeping by the PCU. PETS shows 235 envelopes as having a monetary value of \$0. For many of these report entries, the amount field shows no dollar value; however, the dollar amount indicated on the envelope is documented in the description field of the report. According to PCU staff, PETS, which is administered by the City's Department of Technology (DT), does not allow the dollar amount field to be altered. Once an entry is made, it cannot be corrected for data errors or updated to account for known discrepancies. To make corrections, PCU staff must add an entry of the actual value to the description field for that

record. On further examination of the amounts written on the actual envelopes, the auditors found that 189 of the 235 envelopes had recorded monetary values, totaling \$80,320.

In addition to records with \$0 amounts listed, amounts indicated on 59 other envelopes did not correspond to the amounts indicated in the PETS records. The total of these discrepancies was \$125,797. Further review of these envelopes and the PETS record history showed that some of these discrepancies were documented in the description field and were caused by data entry errors or partial release of items. This \$125,797 discrepancy represents another example of PETS not accurately reflecting an accurate total of monetary evidence held at the PCU.

Recommendations

The San Francisco Police Department should:

4. Advise the department's Technology Division and the PCU to work with Department of Technology to investigate what changes to PETS access controls or programming would be required to allow the dollar amount field to be updated in specifically defined circumstances.
5. Keep a record of all known discrepancies between the amount shown in PETS and the actual amount recorded on monetary evidence envelopes in PCU custody, and conduct a monthly reconciliation to PETS reports to ensure all amounts in the safes are accurately recorded in PETS.

Finding 1.3

The amounts recorded on monetary evidence envelopes are not always equal to contents.

Of the 380 envelopes, 9 (two percent) contained amounts that did not match the amounts recorded in PETS or the amount indicated on the envelope. The 9 discrepancies included both overages and shortages when compared to the amounts recorded in PETS. In total, the 9 envelopes contained \$255 more in cash than the amounts recorded in PETS and on the individual envelopes.

Following established PCU procedures, the only time a discrepancy is discovered between the amount initially recorded on the monetary evidence envelope and the

amount actually enclosed is when currency is fully or partially released. PCU procedures state that PCU personnel do not inspect the contents of envelopes at any time during the booking procedure or during their shelf life. The amount written on the envelope at the station by the officer, and verified by a second officer, is taken at face value and is recorded into PETS. It is therefore important that officers accurately record the dollar amounts on the envelopes, and that the PCU accurately enters the information into PETS.

During the inventory count by auditors, the department elected to test for potential discrepancies by having PCU staff open and count the money contained in a sample of 380 envelopes. The auditors did not open envelopes or count money, but only observed PCU staff in conducting the count. PCU assured the auditors that, during the counting and the re-sealing of sample envelopes, it complied with all department procedures to maintain the integrity of the evidence in the envelopes.

Recommendation

The San Francisco Police Department should:

6. Ensure that its officers accurately record the dollar amounts on the monetary evidence envelopes, and that amounts are accurately entered into PETS.

Finding 1.4

The department needs to improve its procedures for sealing monetary evidence envelopes.

Department guidance regarding the packaging and sealing of monetary evidence is incomplete and out-of-date. General Order 6.15 includes instructions on the sealing of monetary evidence envelopes that do not provide enough details to completely guide officers through the process of adequately packaging and sealing the envelopes. Both the general order and the PCU procedures call for the preparer and verifier to initial the back flap of the envelope, as well as indicating their star numbers. Further, the procedures require the envelope to be sealed with transparent tape.

Recommendations

The San Francisco Police Department should:

7. Obtain monetary evidence envelopes specifically designed to maintain the integrity of the money contained in the envelope. Such envelopes would only

Office of the Controller, City Services Auditor

**San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory**

have one opening.

8. Issue updated guidance that requires current monetary evidence envelopes to be taped and signed across all three of the envelope's entry points, until it implements the new envelope.
9. Consider adding user-based security access to PETS, which would allow only current PCU staff to have access to modify PETS records.

CHAPTER 2 – The Department Needs to Strengthen Controls Over Access to Electronic Data

Finding 2.1

Access controls to property evidence data need to be strengthened.

The computer system used by the department to manage property and evidence is antiquated, and the security measures used to protect the integrity of electronic data are not consistent with current industry standards.

PETS is an old system that is managed using out-of-date system-security measures

The department's Property Evidence Tracking System (PETS) is a mainframe subsystem that was implemented in 1982. The mainframe computer that runs PETS is located outside the department and is managed by the City's Department of Technology (DT). PETS is accessed by individual computer terminals that are administered by the department's Technology Division.

According to a sergeant of the department's Technology Division, all terminals in the department have read-only access to PETS. However, certain designated terminals also have access that allows users to enter and modify PETS data. Therefore, a user's ability to modify PETS records is primarily dependent on whether he is sitting at a designated terminal; there are no user-specific access controls for modifying data.

Access to terminals with modify access to PETS needs to be more effectively controlled

DT staff provided a system report showing a list of 28 terminals that currently have access to modify PETS records. While DT manages the mainframe and is responsible for making any requested changes to the list of approved terminals, it is the responsibility of the department to track where the terminals are located and to control who has access to them. Department staff indicated that terminals with access to modify PETS should only be located in the PCU's work area. However, during the course of the field work, auditors were not able to obtain a current list showing the physical location of each of the 28 terminals shown on the system report.

Although access to the PCU facility is controlled, and only assigned PCU staff should be able to access the terminals,

the current security protocol should be improved to further ensure that there is no unauthorized access to PETS. Under the current protocol, a member of the department who is not assigned to the PCU could access and modify PETS records if sitting at a terminal in the PCU, because all department users are granted access to the computer network.

Recommendation

The San Francisco Police Department should:

10. Produce a current list identifying the location of all 28 terminals that currently have access to modify PETS, and consider whether any of these 28 should have their access adjusted.

Finding 2.2

The PCU does not conduct routine reviews to ensure it has a current list of authorized PETS users.

The PCU does not conduct a periodic review of user-access rights to confirm that only authorized individuals have access to modify PETS records. Periodic review and updating of lists of authorized users of department computer systems are necessary because a user may have left the department, or may have changed job responsibilities and no longer require special access rights to a unit-specific system such as PETS. By failing to conduct routine user-access reviews, the PCU increases the risk that unauthorized persons may have access to PETS.

Recommendation

The San Francisco Police Department should:

11. Conduct a periodic review of its PETS users to ensure that current users' access rights are appropriate based on their job functions, terminated members are removed timely, and that access rights for new users are approved by management.

CHAPTER 3 – The Property Control Unit Needs to Improve and Update Its Policies and Procedures for Handling Monetary Evidence

Finding 3.1

The PCU does not maintain current policies and procedures for handling monetary evidence.

The PCU has not updated its monetary evidence procedures for more than 12 years. The auditors reviewed the PCU's currency procedures for the following activities:

- Picking up monetary evidence from district stations.
- Booking monetary evidence to the PCU's computer and log-book systems.
- Releasing monetary evidence.

The policies and procedures provided by PCU command staff were prepared and last updated in 1998. Department staff were not able to locate any updated or revised Department Bulletins related to the handling of evidence.

Currency procedures require improvement

The PCU's current practices for the handling of monetary evidence are not completely consistent with the unit's written policies and procedures. PCU staff accepted monetary envelopes from district stations although the stations did not always comply with the requirements and procedures outlined in General Order 6.15, which addresses, in part, the handling of monetary evidence. For example, the auditors identified envelopes that were not signed by one or more individuals, envelopes that were not sealed with tape, and envelopes that did not contain an individual's star number.

In some instances, the PCU accepted monetary evidence from district stations even when the monetary evidence did not meet PCU's own requirements. For example, PCU staff accepted envelopes containing money although the stations did not properly indicate on the envelope that the amount was verified by someone other than the individual who counted the currency, and in cases in which one or more individuals signed their initials and star number on an area of the envelope other than the flap.

Office of the Controller, City Services Auditor

**San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory**

*Disposal procedures also
should be improved*

PCU staff did not follow all the unit's procedures related to the disposal of monetary evidence, and the PCU's current practices in this area are not consistent with its written policies and procedures. For instance, under its policy, the PCU is to provide a specific form that department units are to fill out when reviewing the list of evidence that is 15 months old and is subject to disposal if no longer needed. However, the PCU no longer requires department units to submit this specific form, but instead requires them to sign a monthly hold and disposal checklist to document that the units have reviewed the listing of evidence that may be disposed.

In another departure from its policies and procedures, the PCU does not require the Deputy Chief of Administration to be notified if units do not return their responses with 30 days of receiving the monthly disposal list. Instead, the PCU's practice is for its lieutenant to contact the captain of the Investigations Bureau and notify the captain of the units that have not responded. According to the PCU, this is a result of recent organizational restructuring within the department.

Recommendations

The San Francisco Police Department should:

12. Advise the Property Control Unit to update its policies and procedures to reflect current practices, as well as to take into account any department-issued orders, bulletins, and memoranda that may affect the PCU's practices.

Finding 3.2

The PCU conducts monthly reviews of aged items but does not perform routine annual reviews.

*Monthly reviews are properly
initiated*

The PCU adheres to its procedures for conducting monthly reviews of the monetary evidence that has been held for 15 months. Each month, the PCU requests from DT a PETS report showing all currency envelopes that have been stored at the PCU for 15 months. The report is processed according to PCU's written "Hold and Destruction Cycle" procedures. As part of this process, the PCU distributes the report to all department units, and the units certify receipt of the report by dating and signing a form. The officer assigned to the case for which the evidence is being held indicates on the report whether the evidence is to be further held or disposed, and the officer-in-charge of that unit signs

Office of the Controller, City Services Auditor

San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory

each page of the report to indicate approval of the disposition instructions. The original report document is then returned to the PCU, which destroys the items identified for destruction and retains the items identified to be further held in storage.

Disposition instructions received via the monthly reviews are not acted upon timely

PCU initiates the monthly review required by its procedures, but PCU staff do not complete the processing of instructions received from case officers in a timely manner. Case officers indicate on the monthly report whether envelopes should be held or released. Released money is either returned to an individual or deposited into the City's general fund if it is classified as unclaimed.

The audit team's analysis of PETS records showed that 955 of the 7,300 monetary evidence envelopes had exceeded the 15-month hold and destruction cycle but contained no entry in PETS to indicate what instruction had been given by the case officer during the monthly review. PETS records show that these envelopes contained a total of \$252,354. Auditors did not conduct a detailed analysis of the disposition of each these envelopes, but PCU procedures require that these items should have been approved for either hold or release.

Required annual reviews of held items are not routinely performed

Although the PCU completes the required monthly review, it does not routinely perform the annual review of aged inventory that has been on hold at the PCU for over 18 months. This separate review is also required by PCU's policies and procedures. According to the PCU lieutenant, a review of all held envelopes has not been conducted during his two and one-half years with the PCU. As a result, the PCU cannot easily identify the total dollar amount of items whose shelf-life has exceeded 18 months, and is potentially not identifying monetary evidence/property that can be released or deposited into the City's general fund. This separate, annual review of held items is necessary because the monthly review process only looks at envelopes that have just reached the 15-month point. The monthly review does not consider envelopes that have been held by the PCU for 16 months or longer.

In addition to finding that the required annual review of held envelopes is not routinely conducted, the auditors found that the PCU does not have specific procedures for conducting the annual reviews. PCU's procedures state

Office of the Controller, City Services Auditor

**San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory**

than an annual review is required, but they do not detail how the review should be conducted.

Recommendations

The San Francisco Police Department should require the PCU to:

13. Develop and implement routine review procedures for monetary evidence and property that has been stored for greater than 18 months.
14. Revise its policies and procedures to reflect current practices and implementation of additional, revised, and comprehensive procedures.
15. Process the 955 aged envelopes that should by now have received disposition instructions from their case officers through the monthly review process.

CHAPTER 4 – The Department Should Improve Its Oversight and Monitoring of Receipt and Storage of Monetary Evidence

The Department Should Improve Its Oversight and Monitoring of the Receipt, Storage and Maintenance of Monetary Evidence

The department and the PCU have a number of satisfactory procedures in place to control monetary evidence. For example, PCU staff do not open monetary evidence envelopes while they are in PCU custody. The PCU staff store the envelopes in safes, to which access is limited, and retain records of the stored evidence envelopes in two separate systems that can be reconciled to ensure all envelopes are accounted for. However, improvements are needed to the oversight and monitoring of monetary evidence.

Finding 4.1

The department and the PCU have inadequate segregation of money handling duties.

PCU does not have job descriptions to clearly define the roles and responsibilities of each staff member related to the handling of monetary evidence envelopes.

The auditors assessed whether PCU staff performing the procedures and controls observed as part of the audit held any conflicting duties, and whether any potential conflicting duties are adequately addressed in the design of the PCU's procedures and controls. The auditors determined that authorization, processing, record keeping, asset custody, and reporting should not all be performed by the same person. Better segregation of duties would provide assurance that no one person is performing conflicting duties in the course of performing everyday activities. Proper segregation also serves to protect employees from allegations of wrongdoing.

The auditors did not conduct detailed observations or testing to confirm all ways in which PCU's actual practices may be incompatible with adequate segregation of duties. The auditors' analysis did show that written procedures do not prohibit PCU staff from performing incompatible duties. For example the lieutenant who manages the PCU and authorizes bank deposits is not prohibited from preparing or making the deposit. Proper segregation would have one staff person prepare and sign the deposit (preparation) and

the lieutenant review and approve the deposit (authorization).

Recommendation

The San Francisco Police Department should:

16. Develop and implement updated procedures and job descriptions that incorporate sound segregation of duties throughout PCU's monetary evidence handling activities.

Finding 4.2

Additional training in monetary evidence handling needs to be provided.

The department does not provide periodic training to officers for handling monetary evidence. According to PCU and district-station staff, officers receive their primary training in monetary evidence handling during their initial training at the police academy. Academy students receive classroom training in general order requirements, and then have an opportunity to practice packaging monetary evidence during the field training portion of the academy training. Upon completion of their academy training, officers are eligible for field training every two years. According to a field training sergeant, the scope of this training is broad, and it may change each training cycle. It may or may not include any information regarding monetary evidence handling.

Furthermore, the department does not have sufficient training or guidance materials to aid officers in handling monetary evidence. Officers from eight district stations reported that they have received no additional written guidance outside of the Department General Order 6.15 for handling monetary evidence. As discussed in Chapter 1, this order does not contain comprehensive procedures to assist the officers in handling monetary evidence.

The PCU also needs to improve the training of its staff in the specific procedures it uses to log and track monetary evidence envelopes. Although the PCU has written procedures and training materials to assist staff in using its system of log books, the critical PETS application reportedly has no user manual. PCU staff indicated that new members of the unit are trained on PETS by having an existing staff member sit with them and verbally walk them through how to make entries into the system.

Accountability for the proper receipt, storage, and maintenance of monetary evidence would be increased through better documented and more regular training activities.

Recommendations

The San Francisco Police Department should:

17. Issue routine and comprehensive guidance to all officers and district stations regarding proper monetary evidence handling procedures.
18. Advise the PCU to work with the department's Technology Division and the City's Department of Technology to develop a user reference and training manual for PETS.

Finding 4.3

The PCU produces no routine management reports.

The PCU does not submit any regular reports to senior department management regarding its monetary evidence inventory. According to the PCU lieutenant, the unit has not provided any reports to the Office of the Chief of Police during the two and one-half years the lieutenant has been assigned to the PCU.

In the course of its normal operations, the PCU accepts new inventory and makes releases or deposits from existing inventory on a monthly basis. Therefore, the precise makeup of the PCU's inventory is constantly in flux. The PCU's inventory of 7,300 envelopes containing more than \$3.58 million clearly defines it as a significant operation worthy of routine attention from senior management. Accountability for the disposition of items in the PCU's inventory would be increased if senior management was routinely provided with summary descriptive information regarding the monetary evidence currently in PCU's custody as well as the money that is deposited into the City's general fund each month.

Recommendation

The San Francisco Police Department should:

19. Develop a monthly or quarterly report through which the PCU can provide department management with summary descriptive information regarding the money evidence inventory.

Page intentionally left blank

APPENDIX A: DEPARTMENT RESPONSE



POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO
THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103-4603



May 19, 2010

Tonia Lediju
Director of Audits
Office of the Controller
City and County of San Francisco
City Hall
1 Dr. Carlton B. Goodlett Place, Room 477
San Francisco, California 94102

Re: Audit report on the San Francisco Police Department's Property Control Unit.

Dear Ms. Lediju:

Enclosed herewith kindly find the Police Department's completed recommendation and response form concerning the above referenced audit. On behalf of the members of the Property Control Division (PCD) I want to thank you and your staff for your collegial and collaborative approach while conducting an inventory and audit of the contents of our PCD safe and evaluating the Department's money handling policies. Your report is an important component in the Police Department's Management Analysis and Audit of its property handling systems.

The Controller's inventory and audit of the Property Control Division's (PCD) safe has provided the Police Department (SFPD) with important recommendations to consider as we evaluate our entire property processing system. Your report's confirmation that the contents of the safe, which includes 7,300 monetary evidence envelopes, are all accounted for and that there is no indication that any monetary evidence had been misappropriated confirms that while some of our practices need updating, the security of our system is sound.

To continue in the spirit of collaboration, this letter will provide further context to your findings and to clarify some items in the report.

Findings and Responses

Finding 1.1, "Department officers did not consistently follow established procedures to ensure monetary evidence envelopes were properly packaged and sealed."

The audit revealed that the internal policies and procedures of the PCD and Department General Order (DGO) 6.15 (Property Processing) are not congruent in some regards. DGO 6.15 was issued in July of 1994 and has not been amended since. The internal policies and procedures of the PCD were written in 1998 and reflected the "best practices" for packaging monetary evidence at the time. DGO 6.15 has been augmented with policies contained in Department Bulletins (DB). In light of preliminary audit findings, on April 27, 2010 the Police Department

Office of the Controller, City Services Auditor

**San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory**

San Francisco Police Department Letter of Response 2

issued DB10-115 which updates DGO 6.15 with policies for processing of monetary evidence. A copy of DB 10-115 is attached for your review.

Controller's recommendations made in response to Finding 1.1 are:

1. Issue a Department Bulletin that details specific procedures required of officers when packaging and sealing monetary evidence envelopes.
2. Ensure all department officers are fully and adequately trained on proper monetary evidence packaging and sealing procedures.
3. Include in the recommended Bulletin PCU's stated "right of refusal" policy to re-affirm that PCU staff have the authority to refuse the transfer of monetary evidence envelopes that are not properly packaged and sealed.

SFPD response:

The three recommendations are addressed by DB10-115, which states the current department policy applicable to all members. Each member is issued a copy of the DB and is required to process monetary evidence in accord therewith. Moreover, supervisors are required to participate in the processing of monetary evidence.

Finding 1.2 "PETS does not accurately report the dollar value of monetary evidence in the PCD safe."

Court will sometimes approve a partial release of monetary evidence from a monetary evidence envelope. Unfortunately, the PETS system does allow users to modify the original amount that was entered into the system. This system limitation creates discrepancies between the computer records and PCU written logs. The PETS description field is modifiable and often this is where changes to the amount contained within an envelope are documented, as well as in the log book.

The PETS system contained incorrect entries for 59 envelopes that were caused by data entry errors or were the result of partial releases that were not accurately reflected in PETS. A hand check of the corresponding log book entries for all of these envelopes shows that the proper entries were made in the book despite the lack of changes made in PETS.

Controller's recommendations made in response to Finding 1.2 are:

4. Advise the department's Technology Division and the PCU to work with DT to investigate what changes to PETS access controls or programming would be required to allow the dollar amount field to be updated in specifically defined circumstances.
5. Keep a record of all known discrepancies between the amount shown in PETS and the actual amount recorded on monetary evidence envelopes in PCU custody, and conduct a manual, monthly reconciliation to PETS reports to ensure all amounts in the safes are reflected accurately.

Office of the Controller, City Services Auditor

**San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory**

San Francisco Police Department Letter of Response 3

SFPD response:

We concur with the recommendations and have begun to collaborate with Department of Technology and Informational Services (DTIS) and the SFPD Information Technology (IT) unit to develop strategies to replace or update PETS to support best practices policies. This recommendation will also be considered as the department evaluates IT solutions as part of its currently ongoing Management Analysis and Audit of its property processing systems. PCD management has conducted training for their members assigned to enter monetary evidence into PETS and will develop procedures to reconcile PETS reports on a monthly basis.

Finding 1.3, "The amounts recorded on monetary evidence are not always accurate."

Current SFPD policies and procedures, industry "best practices" and PCD policy preclude members of PCD from opening every item of evidence that is packaged and booked into evidence, including monetary evidence. The SFPD currently employs a two-person rule for the counting of monetary evidence. During the course of the audit 380 monetary evidence envelopes were opened by members of the PCD (in the presence of Controller's staff). Nine envelopes contained a total of \$255.06 *more* in cash than was recorded on the evidence envelope. Seven of the nine envelopes contained more money than what was stated on the envelope and two of the nine envelopes overstated the contents by a grand total of \$1.50.

Controller's recommendation made in response to Finding 1.3 is:

6. Ensure that its officers accurately record the dollar amounts on the monetary evidence envelopes, and that amounts are accurately entered into PETS.

SFPD response:

We also concur with this recommendation. Officers in the field are responsible for recording the proper amount of the monetary evidence on the envelope. DB 10-115 addresses this issue and clarifies policy to assure that the second person counting monetary evidence must of the rank of sergeant or higher. As for the proper entering of the amount into PETS, internal quality control training has been provided to PCD members.

Finding 1.4, "The department needs to improve its procedures for sealing monetary evidence envelopes."

Current PCD policies and the Department General Order (6.15) were found to be in conflict with each other during this audit. As such, Department Bulletin 10-115 was issued to clarify this issue and to set the standard of taping and initialing all seams of the monetary evidence envelope. This practice is now the same as what the Department requires for narcotics evidence envelopes.

Office of the Controller, City Services Auditor

**San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory**

San Francisco Police Department Letter of Response 4

Controller's recommendations made in response to Finding 1.4 are:

7. Obtain monetary evidence envelopes specifically designed to maintain the integrity of the money contained in the envelope. Such envelopes would only have one opening.
8. Issue updated guidance that requires current monetary evidence envelopes to be taped and signed across all three of the envelope's entry points, until it implements the new envelopes.

SFPD response:

We concur with the recommendations. Currently, the SFPD requires two signatures and stamps (officer counting and supervisor verifying) to be placed on the monetary evidence envelope. The PCD is in the process of designing a new monetary evidence envelope that will contain printed signature blocks. Based on industry best practices the Department's Management Analysis and Audit may make further recommendation to the design of the new envelope.

Department Bulletin 10-115 provides the updated guidance requested for the proper way to secure the monetary evidence envelope, with tape and the booking officer's initials on all three seams.

Finding 2.1, "Access control to property evidence data can be strengthened."

The PETS system is clearly outdated and lacks the functionality to support accepted industry best practices. Current plans call for the PETS system to be replaced by a new records management system. The new system would provide better security and the functionality to create the sort of storage and destruction reports necessary to efficiently manage PCD.

As stated above, this recommendation will also be considered as the department evaluates IT solutions as part of its currently ongoing Management Analysis and Audit of its property processing systems. DTIS and the IT unit of the SFPD will be partners in our efforts to identify and implement appropriate IT support at PCD.

Controller's recommendations made in response to Finding 2.1 are:

9. Consider adding user-based security access to PETS, which would allow only current PCU staff to have access to modify PETS records.
10. Produce a current list identifying the location of all 28 terminals that currently have access to modify PETS, and consider whether any of these 28 should have their access adjusted.

SFPD response:

We concur with the recommendations of the Controller's office and will collaborate further with DTIS and the SFPD IT unit to strengthen access to evidence data. DTIS personnel advise that user based security access did exist briefly in CABLE (the CABLE9 monitor), but it was removed when ICAD security came on line, and staffing constraints limit their ability to recreate this capability. SFPD IT suggests that they may be able to manage user security in the Level 2

Office of the Controller, City Services Auditor

**San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory**

San Francisco Police Department Letter of Response 5

application. DTIS and the IT unit of the SFPD will be our key partners as we endeavor to implement appropriate IT security at PCD.

The draft audit report states that there are 28 terminals throughout the Department that have access to modify PETS. In fact, there are only 19 active terminals that have access to modify PETS. PCD has 12 remaining and SFPD IT personnel control the other 7 terminals. A list of the terminals and their locations is attached to this report. No other department computer terminal has the access level needed to modify PETS.

Finding 2.2, "The PCD does not conduct routine reviews to ensure it has a current list of authorized PETS users."

This finding is correct and protocols are being established with the assistance of DTIS and SFPD IT to limit user access levels and regularly review user access to PETS so as to limit user access as appropriate.

Controller's recommendation made in response to Finding 2.2 is:

11. Conduct a periodic review of its PETS users to ensure that current users' access rights are appropriate based on their job functions, terminated members are removed timely, and that access rights for new users are approved by management.

SFPD response:

We concur with this finding and recommendation. Property Control Division management will determine who should and should not have access. When that has been determined, SFPD IT will modify user rights and access to PETS.

Finding 3.1, "The PCD does not maintain current policies and procedures for handling monetary evidence."

PCD policies and procedures are in conflict with DGO 6.15 because the DGO has not been amended in many years. The SFPD has created a new Written Directives Unit that will work to address the updating of the SFPD's General Orders. As for the PCD policies and procedures, a Management Analysis and Audit is being conducted on the entire operation of the PCD. All policies and procedures will be reviewed and updated during this process. Policies and procedures specific to the processing of monetary evidence will be addressed at this time as well.

Controller's recommendation in response to Finding 3.1 is:

12. Advise the Property Control Unit to update its policies and procedures to reflect current practices, as well as to take into account any department-issued orders, bulletins, and memoranda that may affect the PCD's practices.

Office of the Controller, City Services Auditor

**San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory**

San Francisco Police Department Letter of Response 6

SFPD response:

Although there are policies and procedures in place with regard to handling monetary evidence, we concur that they are not current and could be updated. During this time, a Management Analysis and Audit of all PCD policies and procedures is being conducted. Monetary evidence processing policies and procedures will soon be updated as a result of both audits.

Finding 3.2, "The PCD conducts monthly reviews of aged items but does not perform routine annual reviews."

We concur with this finding. The Management Analysis and Audit will also address the policies and procedures with regards to conducting annual reviews of monetary evidence. Additionally, a monetary evidence reduction plan will be implemented at the conclusion of this audit in order to deposit monetary evidence that is not on hold after 15 months and any funds that have been released by inspectors.

Controller's recommendations in response to Finding 3.2:

13. Develop and implement routine review procedures for monetary evidence and property that has been stored for greater than 18-months.
14. Revise its policies and procedures to reflect current practices and implementation of additional, revised and comprehensive procedures.
15. Appropriately process the 955 aged envelopes that should by now have received disposition instructions from their case officers through the monthly review process.

SFPD response:

We concur with this finding and recommendations. Current policies and procedures are in place for the annual review of monetary evidence but will be reviewed during the Management Analysis and Audit. However, a plan is ready to be implemented to reduce the amount of monetary evidence held in the PCD safe.

Finding 4.1, "The department and the PCD have inadequate segregation of money handling duties."

PCD management is determining the job assignments for the various personnel that handle monetary evidence on a daily basis. This issue has been primarily addressed with the addition of a civilian clerk who checks written evidence records from the stations, logbook and computer entries at PCD. Policies and procedures with regard to the preparation and deposit of monetary evidence are being addressed during the Management Analysis and Audit.

Controller's recommendation in response to Finding 4.1:

16. Develop and implement updated procedures and job descriptions that incorporate sound segregation of duties throughout PCD's monetary evidence handling activities.

Office of the Controller, City Services Auditor

**San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory**

San Francisco Police Department Letter of Response 7

SFPD Response:

We concur with this finding and recommendation. A review of all policies and procedures of the Property Control Division is being conducted by a Management Analysis and Audit. It is anticipated that after evaluating current positions and mapping work processes, segregating duties to increase the reliability of the system will be accomplished.

Finding 4.2, "Additional training in monetary evidence handling needs to be provided."

Although station personnel stated that they have no additional written guidance, the monetary evidence envelopes contain written instructions on the back. The booking of monetary evidence is very much like that of booking other items of evidence. The monetary evidence envelope is different, with a green border; however, all information required for the envelope is located in boxes on the front of the envelope with the instructions on the back. DB 10-115 has been distributed and contains additional information for the proper processing of monetary evidence. Moreover, each time that monetary evidence is booked a supervisor also counts the money and certifies the accuracy of the count.

Controller's recommendations in response to Finding 4.2 are:

17. Issue routine and comprehensive guidance to all officers and district stations regarding proper monetary evidence handling procedures.
18. Advise the PCD to work with SFPD IT and the City's Department of Technology to develop a user reference and training manual for PETS.

SFPD response:

We partially concur with these recommendations. It is not a very difficult task to properly fill out an evidence envelope. SFPD Department Bulletin 10-115, "Monetary Evidence Processing", was issued 4/27/2010 and addresses this recommendation. Also, a picture of the front and back of a properly filled out monetary evidence envelope will be posted at each evidence storage location at each District station.

Although we are supposed to move towards a new records management system that includes a new property and evidence module, DTIS recommends that the PCD assign a member to draft a document that explains how the unit uses all the transactions/screens in PETS. This document will serve as DTIS's basis for developing a user reference guide for PETS.

Finding 4.3, "The PCD produces no routine management reports."

In order to have any reports produced, PCD management must make a request through DTIS. The reports that are produced are not easily interpreted. PCD staff cannot create reports themselves for senior management. Newer technology may help with the production of reports.

Office of the Controller, City Services Auditor
San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve
Some of Its Controls Over the Monetary Evidence in Its Inventory

San Francisco Police Department Letter of Response 8

Controller's recommendation with regards to Finding 4.3 is:

19. Develop a monthly or quarterly report through which the PCU can provide department management with summary descriptive information regarding the money evidence inventory.

SFPD response:

We concur with this finding and recommendation. The Property Control Division management will identify the required content of the report and the SFPD IT Unit will assist in producing the report as needed. With the potential for the implementation of a new property and evidence module in a new records management system, reports such as these should be easily customizable.

Respectfully submitted,


GEORGE GASCÓN
Chief of Police

Enclosures

Office of the Controller, City Services Auditor

San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve Some of Its Controls Over the Monetary Evidence in Its Inventory

Recommendation	Responsible Agency	Response
1. Issue a Department Bulletin that details specific procedures required of officers when packaging and sealing monetary evidence envelopes.	San Francisco Police Department	We concur with the recommendation. SFPD Department Bulletin 10-115, 'Monetary Evidence Processing', was issued 4/27/2010 and addresses this recommendation.
2. Ensure all department officers are fully and adequately trained on proper monetary evidence packaging and sealing procedures.	San Francisco Police Department	We concur with the recommendation. SFPD Department Bulletin 10-115, 'Monetary Evidence Processing', was issued 4/27/2010 and addresses this recommendation. Additionally, this bulletin is an 'A' priority bulletin and must be signed for by all officers.
3. Include in the recommended Bulletin, PCU's stated "right of refusal" policy in order to re-affirm that PCU staff have the authority to refuse the transfer of monetary evidence envelopes that are not properly packaged and sealed.	San Francisco Police Department	We concur with the recommendation. SFPD Department Bulletin 10-115, 'Monetary Evidence Processing', was issued 4/27/2010 and addresses this recommendation.
4. Advise the department's Technology Division and the PCU to work with DT to investigate what changes to PETS access controls or programming would be required to allow the dollar amount field to be updated in specifically defined circumstances.	San Francisco Police Department	We concur with the recommendation; however, we will need to work with DTIS and SFPD IT to implement the recommendation. DTIS response: It depends what they mean by "in specifically defined circumstances". DTIS can change the code of the UMPRP program to allow dollars and cents to be modified, but other than restricting access to specific terminals, DTIS doesn't believe there would be much we could do to restrict access to it.

Office of the Controller, City Services Auditor

San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve Some of Its Controls Over the Monetary Evidence in Its Inventory

Recommendation	Responsible Agency	Response
5. Keep a record of all known discrepancies between the amount shown in PETS and the actual amount recorded on monetary evidence envelopes in PCU custody, and conduct a monthly reconciliation to PETS reports to ensure all amounts in the safes are accurately recorded in PETS.	San Francisco Police Department	We concur with the recommendation. The management of the Property Control Division has conducted training of the members who are assigned to enter monetary evidence into the PETS system. A procedure to account for a monthly reconciliation of the monetary evidence is being developed by the PCD management and should be implemented soon.
6. Ensure that its officers accurately record the dollar amounts on the monetary evidence envelopes, and that amounts are accurately entered into PETS.	San Francisco Police Department	We concur with the recommendation. Officers in the field record the amount of monetary evidence on the envelope and PCD members enter the amount into PETS. Department Bulletin 10-115 addresses quality control for officers filling out the envelopes. Internal quality control training has been provided to PCD members on this issue.
7. Obtain monetary evidence envelopes specifically designed to maintain the integrity of the money contained in the envelope. Such envelopes would only have one opening.	San Francisco Police Department	We concur with the recommendation. A newly designed envelope is being developed. This change in envelope could take approximately 6 months to implement.
8. Issue updated guidance that requires current monetary evidence envelopes to be taped and signed across all three of the envelope's entry points, until it implements the new envelopes.	San Francisco Police Department	We concur with the recommendation. SFPD Department Bulletin 10-115, 'Monetary Evidence Processing', was issued 4/27/2010 and addresses this recommendation.

Office of the Controller, City Services Auditor

San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve Some of Its Controls Over the Monetary Evidence in Its Inventory

Recommendation	Responsible Agency	Response
9. Consider adding user-based security access to PETS, which would allow only current PCU staff to have access to modify PETS records.	San Francisco Police Department	We concur with the recommendation; however, we will need to work with DTIS and SFPD IT to implement the recommendation. DTIS response: <i>User based security access did exist briefly in CABLE (the CABLE9 monitor), but it was removed when ICAD security came on line. We do not have the staff to recreate this capability in CABLE. We may be able to manage the user security in the Level 2 application.</i>
10. Produce a current list identifying the location of all 28 terminals that currently have access to modify PETS, and consider whether any of these 28 should have their access adjusted.	San Francisco Police Department	We concur with the recommendation. All 28 PETS terminals have been located and are either located in the IT unit or Property Control Division. All 'PE' computers have been replaced by Level 2 access computers indicated by the 'PRO' designation.
11. Conduct a periodic review of its PETS users to ensure that current users' access rights are appropriate based on their job functions, terminated members are removed timely, and that access rights for new users are approved by management.	San Francisco Police Department	We concur with the recommendation; however, we will need to work with DTIS and SFPD IT to implement the recommendation. Property Control Division management will determine who should and should not have access. When that has been determined, SFPD IT will modify user rights.
12. Advise the Property Control Unit to update its policies and procedures to reflect current practices, as well as to take into account any department-issued orders, bulletins, and memoranda that may affect the PCU's practices.	San Francisco Police Department	We concur with the recommendation. A Management Analysis and Audit of all policies and procedures of the Property Control Division is being conducted. The policies and procedures specific to the handling of monetary evidence is part of this review and will be updated within the next several months.

Office of the Controller, City Services Auditor

San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve Some of Its Controls Over the Monetary Evidence in Its Inventory

Recommendation	Responsible Agency	Response
13. Develop and implement routine review procedures for monetary evidence and property that has been stored for greater than 18 months.	San Francisco Police Department	We concur with the recommendation. A Management Analysis and Audit of all policies and procedures of the Property Control Division is being conducted. The policies and procedures specific to reviewing monetary evidence and the length of storage is part of this review and will be updated within the next several months.
14. Revise its policies and procedures to reflect current practices and implementation of additional, revised and comprehensive procedures.	San Francisco Police Department	We concur with the recommendation. A Management Analysis and Audit of all policies and procedures of the Property Control Division is being conducted. The policies and procedures specific to the handling of monetary evidence is part of this review and will be updated within the next few months.
15. Process the 955 aged envelopes that should by now have received disposition instructions from their case officers through the monthly review process.	San Francisco Police Department	We concur with the recommendation. A monetary evidence deposit plan will begin implementation at the conclusion of this report. Monetary evidence not being held that can be deposited immediately, will be deposited into the City's General Fund.
16. Develop and implement updated procedures and job descriptions that incorporate sound segregation of duties throughout PCU's monetary evidence handling activities.	San Francisco Police Department	We concur with the recommendation. A Management Analysis and Audit of all policies and procedures of the Property Control Division is being conducted. The policies and procedures specific to the handling of monetary evidence is part of this review and will be updated in the next few months. Job descriptions will also be updated.
17. Issue routine and comprehensive guidance to all officers and district stations regarding proper monetary evidence handling procedures.	San Francisco Police Department	We concur with the recommendation. SFPD Department Bulletin 10-115, 'Monetary Evidence Processing', was issued 4/27/2010 and addresses this recommendation. Additionally, this bulletin is an 'A' priority bulletin and must be signed for by all officers.

Office of the Controller, City Services Auditor

San Francisco Police Department: The Property Control Unit Can Account for but Needs to Improve Some of Its Controls Over the Monetary Evidence in Its Inventory

Recommendation	Responsible Agency	Response
18. Advise the PCU to work with the department's Technology Division and the City's Department of Technology to develop a user reference and training manual for PETS.	San Francisco Police Department	We somewhat concur with the recommendation; however, we will need to work with DTIS and SFPD IT to implement the recommendation. <i>DTIS response:</i> We recommend that the PCU detail put together a preliminary document that explains how they use all the transactions/screens. DTIS could then try to fill in the blanks, but it will require assigning someone to research and study the system. A planned new system may make this recommendation a moot point.
19. Develop a monthly or quarterly report through which the PCU can provide department management with summary descriptive information regarding the money evidence inventory.	San Francisco Police Department	We concur with the recommendation; however, we will need to work with DTIS and SFPD IT to implement the recommendation. Property Control Division management will identify the required content of the report and DTIS and SFPD IT will assist in producing the report as needed.

Page intentionally left blank.