



**Internal Audit Division  
Finance Department  
DeKalb County**

**DEKALB POLICE DEPARTMENT  
PROPERTY ROOM**

**2015 MANAGEMENT REPORT**

**APRIL 2016**

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## Finance Department Internal Audit Division

Interim Chief  
Executive Officer

Lee May

Board of  
Commissioners

District 1  
Nancy Jester

District 2  
Jeff Rader

District 3  
Larry Johnson

District 4  
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Kathie Gannon

District 7  
Vacant

### TRANSMITTAL MEMORANDUM

**DATE:** April 1, 2016  
**TO:** James Conroy, Police Chief  
**FROM:** Cornelia Louis, Deputy Director of Finance-Internal Audit  
**SUBJECT:** Police Department- Property Room  
**RE:** 2015 Management Report

Attached is the Management Report of the Property Room's 2015 Annual Financial audit. The issue raised in the report was discussed with Sergeant David Cothran and Officer Michael Pinson during the Exit Conference on April 1, 2016

Management's response to our audit observation and recommendation is included in the following report.

If you have any questions about the audit or this report, please feel free to contact me at 404-371-2639.

Sincerely,

Cornelia Louis

cc: Appendix D



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## EXECUTIVE SUMMARY

### Background

The DeKalb County Police Department collects cash during arrests and other events and maintains it, as evidence, in the Property Room's evidence vault. These are fiduciary funds "held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs."<sup>1</sup> Agency Funds are "used to report resources held by the reporting government in a purely custodial capacity."<sup>2</sup>

Cash is retained in the Property Room until a case is settled in court or closed for other reasons. At that time, the cash is returned to the original owner (or representative) or forfeited to DeKalb County or another jurisdiction.

The computer system which tracks all evidence, including cash, is called the ACE Investigator System (ACE).

### Objective and Approach

The primary purpose of the audit is to review and analyze the financial records maintained by the Police Department to provide a reasonable basis for the opinion; and prepare a Balance Sheet, and Statement of Receipts & Disbursements. This information is reviewed by the County's external auditors and presented in the County's Comprehensive Annual Financial Report (CAFR).

We examined ACE reports for the period January 1, 2015 to December 31, 2015.

Issued separately from this report is an audit report that includes the financial statements and our opinion thereon. The Finding and Recommendation covered in this report is to address an operational aspect of the financial activities of the Property Room.

Please see **Appendix B** for further details on our engagement scope and approach.

### Summary of Observation

Cash receipt totals entered into Ace were sometimes inexact.

### Overall Recommendation

We recommend that cash receipts be entered accurately into ACE and that a process be implemented to verify their accuracy

<sup>1</sup> GASB Statement No. 34, paragraph 69

<sup>2</sup> Governmental Accounting, Auditing, and Financial Reporting (Blue Book), Chapter 4



**Approvals:**

Original Signed by:

 

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**Cornelia Louis**  
Deputy Director of Finance  
Internal Audit Division  
Department of Finance  
DeKalb County



## OBSERVATION DETAIL

### **1. INEXACT TOTALS ENTERED INTO SYSTEM**

Cash receipt totals entered into ACE Investigator System were inaccurate, which were primarily understated. Law enforcement personnel entering the cash receipts into system, input a correct narrative of the cash (example: "three twenty dollar bills") under the description tab, but enter an incorrect total (example: "\$20") under the amount tab. The receipt of cash should be accurately recorded. In designing *Control Activities* of an Internal Control System, Government Accountability Office (GAO) Green Book states, "Management designs *Control Activities* so that all transactions are completely and accurately recorded." This practice does not allow for accountability of cash received and can lead to possible misappropriation of funds.

*Attached is a schedule (Exhibit 1) of several instances noted when reviewing the ACE Cash on Hand Report.*

### **Recommendation**

We recommend that all cash receipts be entered accurately into ACE Investigator System and that a monthly printout of receipts be obtained, reviewed for accuracy, initialed by the reviewer and maintained.

### ***Management's Response***

These procedural errors will be corrected by retraining officers on the proper protocol for entering cash into the property room. This will be accomplished by:

- Reissuing policy on the property room and specific instructions on use of the ACE software to all employees.
- Supervisors covering this information during roll calls and staff meetings.
- Placing specific instructions addressing this issue at the two (2) workstations in the Property Room where officers enter information into ACE.



### **Appendix A – Acknowledgements**

We would like to take this opportunity to thank the management and staff of the DeKalb County Police Department for their assistance during this engagement.

Conducted by:

A. Murray Walters  
Principal Auditor  
Finance Department - Internal Audit Division

Reviewed by:

Cornelia Louis  
Deputy Director of Finance  
Finance Department - Internal Audit Division





## **Appendix B – ENGAGEMENT Objectives and Scope**

### **Engagement Objectives**

The primary purpose of the audit is to review and analyze the financial records maintained by the Police Department to provide a reasonable basis for the opinion; and prepare a Balance Sheet, and Statement of Receipts & Disbursements. This information is reviewed by the County's external auditors and presented in the County's Comprehensive Annual Financial Report (CAFR).

### **Engagement Scope and Approach**

We examined the following ACE Property Room reports for the period January 1, 2015 to December 31, 2015.

- Money Received
- Money Release
- Cash on Hand

Using adjusted receipts and disbursed cash, we prepared the Balance Sheet and Statement of Receipts and Disbursements.



## **APPENDIX C – DEFINITIONS AND ABBREVIATIONS**

### Acronyms and Abbreviation

**ACE** - ACE Investigator System

**Police Department** - DeKalb County Police Department

**Property Room** - DeKalb County Police Department Property Room

**GAO** - United States Government Accountability Office

### Definition

**Control Activities** – “the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity’s information system.”<sup>3</sup>

**Internal Control System** – “a continuous built-in component of operations, effected by people, that provides reasonable assurance, not absolute assurance, that an entity’s objectives will be achieved.”<sup>4</sup>

**Government Accountability Office** – “is an independent, nonpartisan agency that works for Congress. Often called the ‘congressional watchdog,’ GAO investigates how the federal government spends taxpayer dollars.”<sup>5</sup>

**Green Book** – “provide the overall framework for establishing and maintaining an effective internal control system.”<sup>6</sup> “The Green Book may also be adopted by state, local, and quasigovernmental entities, as well as not-for-profit organizations, as a framework for an internal control system.”<sup>7</sup> Also, the Green Book adapts Committee of Sponsoring Organizations of the Treadway Commission’s (COSO) Internal Control - Integrated Framework principles for a government environment.

<sup>3</sup> GAO-14-704G Federal Internal Control Standards, pg. 8

<sup>4</sup> GAO-14-704G Federal Internal Control Standards, pg. 5

<sup>5</sup> <http://www.gao.gov/about/>

<sup>6</sup> GAO-14-704G Federal Internal Control Standards, pg. 1

<sup>7</sup> GAO-14-704G Federal Internal Control Standards, pg. 1



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## **APPENDIX D – DISTRIBUTION LIST**

**This report has been distributed to the following individuals:**

DeKalb County Board of Commissioners

Lee May, Interim Chief Executive Officer

Zachary L. Williams, Chief Operating Officer/ Executive Assistant

Cedric L. Alexander, Deputy Chief Operating Officer of Public Safety

Preston Stephens, Interim Assistant Finance Director

Donnie L. James, Lieutenant, DeKalb County Police Department

Claudette Leak, Assistant to the Chief Operating Officer



EXAMPLES OF INACCURATE ENTRIES  
EXHIBIT 1

Inventory #	Item Description	Cash On Report	Cash Determined
15001512	Undetermined amount of US Currency in bank bag.	\$ 1.00	\$ 254.70
15004761	Eight \$5 dollar bill	\$ 5.00	\$ 40.00
15004761	Ten \$20 dollar bill	\$ 20.00	\$ 200.00
15004928	7-\$20 bills (\$140)	\$ 20.00	\$ 140.00
15006134	\$100-15 \$50-4 \$20-50	\$ 1,700.00	\$ 2,700.00
15006143	125 Dimes	\$ 0.10	\$ 12.50
15006598	\$115	\$ 1.00	\$ 115.00
15009159	(200) Penny Rolls	\$ 0.50	\$ 100.00
15009159	(48) Nickel Rolls	\$ 2.00	\$ 96.00
15073860	LARGE AMOUNT, \$500 PLUS, IN LARGE STACK	\$ 500.00	\$ 4,356.00
		<u>\$ 2,249.60</u>	<u>\$ 8,014.20</u>
	Difference		<u>\$ 5,764.60</u>