Police Inventory Audit AU2018-3

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Prepared by the City Of Galveston Auditor's Office.

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GALVESTON POLICE EQUIPMENT INVENTORY AUDIT

Performed by the City of Galveston City Auditor's office

The City Auditor's office was tasked with auditing the Galveston Police Department equipment inventory in an effort to ensure they are using best practices within the department. The City Auditor's office conducted a physical inventory of all equipment and analyzed the reporting structure of the current inventory program.

In summary, we recommend the following:

1. One central location to receive and dispose of equipment and uniforms.

2. Utilize the current accounting system inventory module for FREE. This system includes purchasing and aging information, inventory documentation, and reporting.

3. Purchase an electronic key cabinet to keep track of keys.

The changes suggested would significantly benefit the Galveston Police Department and increase control and transparency over the equipment inventory. The remainder of this report will outline the recommendations summarized above in detail.

OPPORTUNITY 1

Have one central location, receiving all equipment purchased, including equipment received through a grant or donation.

Currently, all equipment is not processed through the inventory database. Returned equipment is not properly removed and reassigned to officers. Sold or disposed equipment is not accurately accounted for in the inventory database. The Police Department is not following the City of Galveston disposal policies (City Charter Article XIV, Section 16 and Article 11. Division 4. Section 2-73).

Inventory procedures are incomplete, informal, not reviewed and not communicated periodically. As a result procedures may not reflect actual operations or current roles and responsibilities, therefore reducing effectiveness.
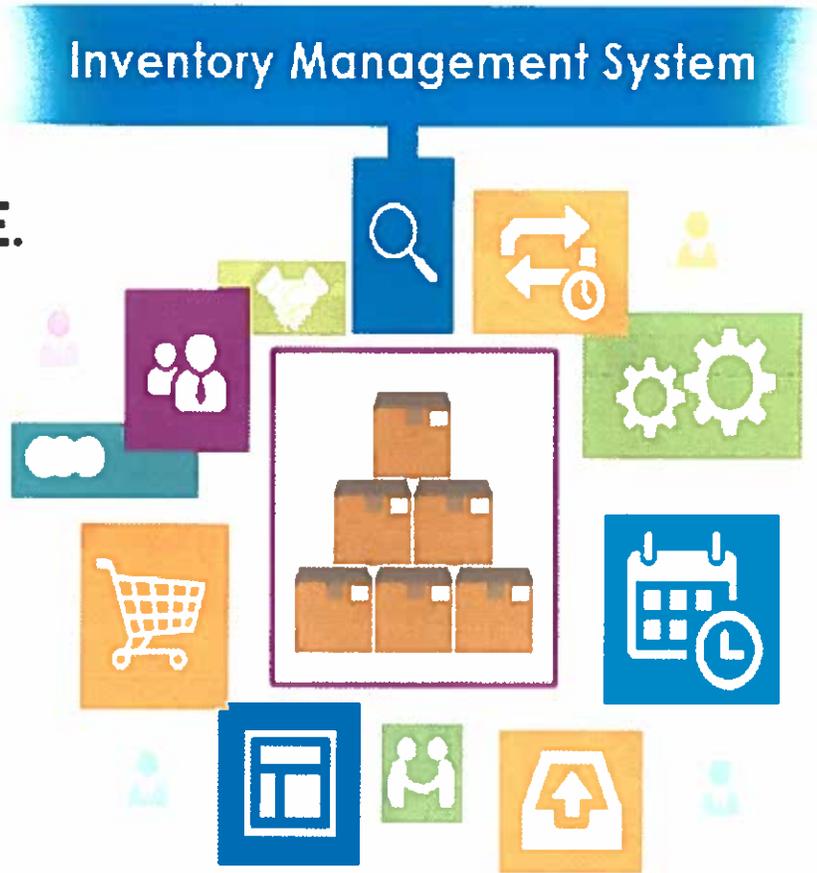
OPPORTUNITY 2

Utilize the City's current accounting program inventory module for FREE.

Inventory Management System

Currently, the Quartermaster (OSSI) is used for equipment inventory. This program is designed for uniform inventory and purchases. The Quartermaster does not provide inventory value, inventory on hand, inventory purchased and a standardized reporting mechanism. As a result inventory management is inefficient and there is an increased risk that inventory is not accurately recorded and properly controlled.

The Quartermaster program does have the ability to store inventory but is lacking in the report generating area making the program inadequate for the Galveston Police Department needs.

OPPORTUNITY 3

Decrease the amount of lost keys by purchasing an electronic key cabinet.

Currently, the vehicle and office keys are misplaced on a regular basis. Each officer is given a key to the vehicle they are driving. These keys get misplaced or left at home.

An electric key cabinet would give the Police Department a complete key management modular solution.

1. The key management system includes the most advanced identification technology available known as Radio-frequency identification. Each key has a unique identity so that the location within the cabinet is known.

2. Each terminal has a user identification and control access to the cabinets. They offer control cards, PIN, finger print readers, facial recognition readers, and eye user identification.

3. The key cabinet system ranges in cabinet size, size of key sets and preferred user identification.

SUMMARY OF OBJECTIVE, SCOPE, METHODOLOGY AND BACKGROUND.

- OBJECTIVE: The objective of the audit was to determine if current policies, procedures and controls for the Galveston Police Department equipment inventory are adequate.

- SCOPE: The audit scope included documentation and physical inventory of the entire population of equipment used by the Galveston Police Department.

- METHODOLOGY: To achieve our audit objectives we conducted interviews with the Chief of Police; conducted interviews with management and staff; reviewed internal controls over inventory and conducted an analysis of the current inventory program; and performed a physical inventory of assigned and stored equipment.

- BACKGROUND: Chief Boyle originally requested the audit of equipment inventory for the Galveston Police Department. Boyle has since retired. Chief Hale started working on January 2, 2018 and was sworn in on February 9, 2018. Chief Hale welcomed the audit and opportunity to improve the current inventory processes.

- The audit is part of the City Auditor's Audit Plan for Fiscal year 2018.

- The Galveston Police Department is responsible for managing the inventory to supply more than 140 officers with weapons, uniforms, equipment and accessories so officers can perform their duties. These responsibilities include receiving and recording inventory, tracking inventory adjustments and safeguarding existing inventory. This is the first time in history the Galveston Police Department has conducted a comprehensive inventory audit.

AUDIT TESTING RESULTS

The audit department compared equipment assigned to officers and equipment in storage areas with the equipment in the inventory system. The results indicate significant internal controls deficiencies exist in the Galveston Police Department of high-risk inventory, including weapons, tasers, radios and keys. These internal deficiencies increase the risk of (1) theft; (2) fraud occurring and not being detected within a timely period; and (3) inventory misstatements.

IN CONCLUSION

● We recommend the Chief improve security, inventory controls and procedures by addressing the 3 opportunity for improvements.

● Due to the size of the inventory and lack of controls, the Audit Department will revisit Galveston Police Department within the next six months to see the progress made.

● Chief Hale has worked closely with the Audit Department to form new ideas and solutions for the Police inventory.

● Confidential Appendix A of this report contains a "baseline" of all police equipment inventory to serve as a guide for the Galveston Police Department. This baseline report includes 5,712 pieces of police equipment inventory. Appendix A is available to Council upon request.

UPDATE

As of September 2018, Chief Hale has given an Attention to Orders directive that all assets (equipment, uniforms, etc.) must go through his assigned asset coordinator and one database for tracking purposes no matter the source.

As of October 2018, Chief Hale will no longer sign the Exit Interview form without the internal document, Separation Accountability form signed by the appropriate staff members. This form includes the return of all issued equipment and uniforms, complete records and reports, and network access is deactivated.

CHIEF HALES COMMENTS

I have read the City Auditors report and I concur with recommendations 1 and 3. I will review recommendation 2 further.

Recommendations:

1. The Galveston Police Department (GPD) identified a single point of contact (Asset Coordinator) for all incoming equipment and uniforms, who reports directly to the Commander of the Support Services Bureau. Going forward all incoming assets will be logged and issued through the asset coordinator upon receipt. In addition, GPD has initiated and exit checklist to account for City assets as employees leave the organization. The Compliance Sergeant will be responsible for random audits.

2. The Galveston Police Department is not opposed to use of the current City accounting system in theory. However, the agency uses a host of highly sensitive equipment and assets. We must therefore further investigate the level of access by users outside the agency, any possible CJIS requirements, and usage compatibility.

3. The Galveston Police Department submitted the Purchase order for a "Key Tracer" key box which will enhance our accountability for all fleet assets and other property as the system is expanded.

City Manager Comment

The Manager has reviewed your report and recommendations. The Manager supports your recommendations; however, before a solution is procured for key management, there needs to be an assessment of the various types of keys currently in use within the department. Vehicles are now being procured that use fobs and not keys. So whatever system we procure must meet both our current and projected needs, otherwise a new system could be obsolete upon purchase.