

## I. EXECUTIVE SUMMARY

The Police Department Special Investigation Section (SIS) maintains the Major Confidential Fund to aid in departmental investigations. The current fiscal year appropriation for the fund is \$220,000.

This review included an unannounced visit to SIS on January 7, 2008 by the Office of Public Integrity (OPI). Public Integrity conducted a surprise count of cash on hand in the SIS office safe and at locations of authorized sub-funds. We also examined related records and internal control procedures over fund use. Police Administrative Order A-29 and the City's Cash Collection Policies served as the standards to evaluate compliance. The results of this review indicate that Police Department personnel appear to follow established procedures and have implemented recommendations made in prior reports. Additionally, we accounted for all cash.

## II. BACKGROUND, OBJECTIVES AND SCOPE

### A. Assignment

Public Integrity routinely conducts unannounced cash audits of the Police Department's Special Investigation Section (SIS) Major Confidential Fund and reviews related records and internal control procedures related to this fund's use. Prior to this examination, Public Integrity's last unannounced count of the fund occurred on January 11, 2006.

### B. Background

The Major Confidential Fund is a cash fund maintained by the commanding officer of the SIS unit. The Police Department uses the fund for the purchase of evidence, information, and services exclusively for departmental investigations. Police Administrative Order A-29 provides the administrative guidelines for the collection, storage, and disbursement of funds allocated by the Chief of Police to the main fund located in SIS and its authorized sub-funds disbursed to the department's Alcohol Enforcement and Homicide Units. The SIS commanding officer is responsible for physical control and administration of the fund within SIS; the sub-funds are the responsibility of the commanding officers of those units.

The fund's budgeted appropriation for the current fiscal year is \$220,000. The SIS commanding officer replenishes cash on-hand by submitting requests to the Chief of Police. The Chief of Police approves the claim vouchers that serve as authorization to generate checks payable to the SIS commanding officer and one other SIS member. SIS secures this cash in a safe containing

key-locked drawers individually assigned to SIS team sergeants. The design of this system is to maintain accountability and integrity of cash assigned to each individual.

As of January 7, 2008, SIS had drawn \$150,000 on its appropriation of \$220,000. The Police Budget Office tracks any unencumbered balance of the original budget appropriation and reports it monthly to the Chief of Police.

As required by Administrative Order A-29, all SIS personnel must maintain records of their transactions and prepare quarterly activity reports. Officers must also submit expense reports and receipts to substantiate expenditures. SIS has implemented a computerized accounting system to facilitate the administration and management of the fund. This system features recordkeeping functions for SIS supervisors and officers, and provides a means to improve accountability of their funds.

### C. Objectives and Scope

The objectives of the review are to determine the accountability of cash balances, the adequacy and effectiveness of internal control procedures, and compliance with City Cash Collection Policies and the Police Department's Administrative Order A-29. Public Integrity selected records from the period October 1, 2007 through January 7, 2008 for detail examination. An unannounced cash count established the basis for a reconciliation of quarterly cash balances reported to the Chief of Police for the quarter ending December 31, 2007.

Management is responsible for establishing and maintaining a system of internal accounting and administrative control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of accurate, informative reports that are fairly stated.

Because of inherent limitations in any system of internal accounting and administrative control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any system evaluation to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

### III. RESULTS OF REVIEW

The results of this review indicate that Police Department personnel appear to follow established procedures and have implemented recommendations made in prior Public Integrity reports. Additionally, we accounted for all cash. To make these conclusions Public Integrity completed the following steps for the test period without exception:

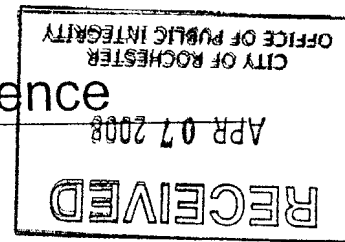
- 1) Verified that the actual cash on hand for the SIS Captain, the sergeants, and for officers assigned to the Intelligence team agreed to the amount recorded in SIS records as of the date of the count.
- 2) Verified that all transactions in the scope period for the Captain, the sergeants, and officers selected for detail testing are properly recorded in the SIS records and are supported by appropriate documentation.
- 3) Verified that all of these transactions have the proper authorization as required by Administrative Order A-29.
- 4) Verified that the Captain's Log (manual record of transactions at the Captain/Lieutenant level) is accurate and current.
- 5) Verified that Intelligence team members properly made all payments in the test period to Confidential Informants (CI) registered in the CI files maintained by SIS. Public Integrity also verified that CI signatures, obtained on receipt documentation in exchange for cash payments, agree to each CI's sample signatures maintained in secured CI files.
- 6) Conducted an unannounced count of sub-funds, issued by SIS to authorized sub-funds in other RPD sections.

### IV. DEPARTMENT RESPONSE

The response of the Police Department to this report begins on the next page.

**City of Rochester Police Department**  
**Intra – Departmental Correspondence**

**To:** Mayor Robert J. Duffy  
**From:** David Moore, Chief of Police *DM*  
**Date:** March 17, 2008  
**Subject:** Audit – Major Confidential Fund



On January 7, 2008 pursuant to a request made by the Police Department, Office of Professional Integrity (OPI) staff conducted an unannounced audit of the Special Investigation Section Confidential Fund. The request for this audit was made due to the time that had elapsed since the previous audit however the actual time of the on-site audit was unannounced.

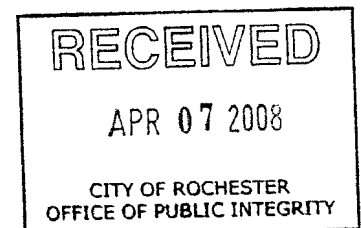
OPI staff conducted a count of the cash on hand in the command fund, supervisors' and officers' accounts, and authorized sub-funds. All cash was accounted for. The auditors also inspected related written records and internal control procedures governing Fund use and noted no areas of concern.

The report prepared by OPI subsequent to this most recent audit states that, "Police Department personnel appear to follow established procedures and have implemented recommendations made in prior reports."

The Police Department appreciates the candor, cooperation and attention to detail consistently rendered by OPI staff. It is our intent to strictly adhere to all established policies and procedures in administering the Confidential Fund and we are grateful to OPI for their guidance in helping to identify potential opportunities for improvement.

Attachment: OPI Audit  
Copy: OPI

DM: gah



**City of Rochester – Police Department**  
**Inter- Departmental Correspondence**



**To:** Commander G.A. Hoff, Investigations Division  
**From:** Captain E.A. Giblin, Commanding Officer, Special Investigations Section  
**Date:** March 5, 2008  
**Re:** Audit – SIS Confidential Fund

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On today's date I met with Mr. Dan Markese and Mr. Dan Mastrella from the Office of Public Integrity (OPI) concerning the January 2008 audit of the SIS Confidential Fund. We discussed the results of the audit as outlined in the attached report. In sum and substance the audit yielded no issues of concern. All cash on hand was verified, all expense reports reviewed were in compliance with established policy, logbook entries were timely and accurate, and Confidential Informant signatures were verified (by a Sergeant from the Professional Standards Section).

I appreciate the assistance of OPI in auditing our Confidential Fund and the associated policies/procedures. It is the intent of SIS Command to maintain a fiscally tight system and strong stewardship of the Confidential Fund so that it will withstand the closest scrutiny. I am grateful for the OPI staff's attention to detail and their candid reports as we collectively work to address any potential weaknesses or issues with this important part of the SIS function.

I am pleased to report that the January 2008 audit was conducted without any indication of violations of policy/procedure.