

**POLICE DEPARTMENT  
PROPERTY CLERK OFFICE  
REVIEW OF CASH PROPERTY LOTS**

**Office of Public Integrity  
Date: June 24, 2016**

Case No.	Officer	Property No.	Value

I. EXECUTIVE SUMMARY

The Office of Public Integrity (OPI) examined cash handling procedures, accountability for cash lots, and compliance with City and Police Department policies in the Police Department Property Clerk Office. The results of the review indicate that, in general, Property Clerk personnel comply with established policies and procedures. However, we noted the following findings that require management attention to improve administrative and internal controls and to ensure compliance with prescribed policies.

- ◆ Public Integrity completed an inventory of all cash lots on hand in the Property Clerk safe on January 12, 2016 and observed 1,767 Property Clerk cash lots totaling \$259,302. During the last inventory taken on April 1, 2009, we noted 1,211 cash lots on hand in the Property Clerk safe totaling \$167,828. Accordingly, the number of Property Clerk cash lots and the corresponding dollar value has increased significantly since 2009.
- ◆ Property Clerk perpetual inventory system records (BEAST system) contains some inaccuracies.
  - a) We noted 18 cash lots that were physically present in the Property Clerk's Office but were not correctly coded as cash on the system. As a result, these items did not appear as cash on the automated inventory system.
  - b) OPI noted eight cash lots in the perpetual inventory records that were not physically present in the Property Clerk's Office.
    - 1) Property Clerk personnel previously deposited four of these lots in the bank but did not record the deposits in the system.
    - 2) Two lots had cash that were contaminated by drugs and were slated for destruction, but BEAST showed these lots as still being stored with the Property Clerk.
    - 3) One lot contained two halves of ripped currency from different bills. These bills were not valid currency and were destroyed on 12/16/15 but Property Clerk personnel did not update this disposition on the automated inventory system.
    - 4) One cash lot was a duplicate entry made in error.
  - c) OPI noted 36 cash lots that were found in a location that did not agree with the location listed on the inventory system.

- ◆ Between October 1, 2015 and December 31, 2015, the Property Clerk's Office issued 6,369 Property Custody Report (PCR) lot numbers. We noted 14 lot numbers that did not appear in the numerical sequence of lot numbers issued by the Property Clerk. These lot numbers were not used or associated with any property and were most likely skipped due to keying errors by Property Clerk staff.
- ◆ OPI noted that Rochester Police Department (RPD) Administrative Order A-23 is out of date. This Administrative Order requires the Property Clerk's Office to request the return of cash to an owner through a claim voucher. However, the City no longer uses claim vouchers to process cash returns. Rather, to return cash to an owner, the Property Clerk initiates a direct pay request in MUNIS.
- ◆ The results of this review indicate that Property Management has not deposited all cash held in their safe that policy permits them to deposit. However, the review also indicates improvement in depositing cash lots since the last review of this area.

## II. BACKGROUND, OBJECTIVES AND SCOPE

### A. Assignment

The Office of Public Integrity routinely reviews cash handling procedures and accountability for cash property lots within the Rochester Police Department (RPD) Property Clerk Office. We performed this review because the City's Risk Assessment Model identified the Property Clerk Office as a potential high-risk area. We performed the last review of the Property Clerk Office in April 2009.

### B. Background

The Property Clerk Office receives, stores and disposes of all physical property and evidence obtained by the Police Department. The Property Clerk issues Property Custody Report numbers in numerical sequence for each property lot received by the department. They also maintain an automated system that monitors the status of all property and PCRs. For the period October 1, 2015 through December 31, 2015, the Property Clerk Office acquired 6,369 property lots that included 174 cash property lots. On January 12, 2016, the Property Clerk Office had 1,767 cash lots representing confiscated currency with a total value of \$259,302. Each lot often includes various types of property. Accountability of all property secured in the Property Clerk area is a primary goal of that operation.

The Police Department utilizes the Bar-coded Evidence Analysis Statistics and Tracking (BEAST) system to record the information documented on Property Custody Reports. The BEAST system functions as an inventory database for all property secured in the Property Clerk Office by providing immediate, on-screen details of property lot information and by printing self-sticking, bar coded labels that attach to those lots and identify critical information about them, including held, released, deposited and disposed property.

C. Objective and Scope

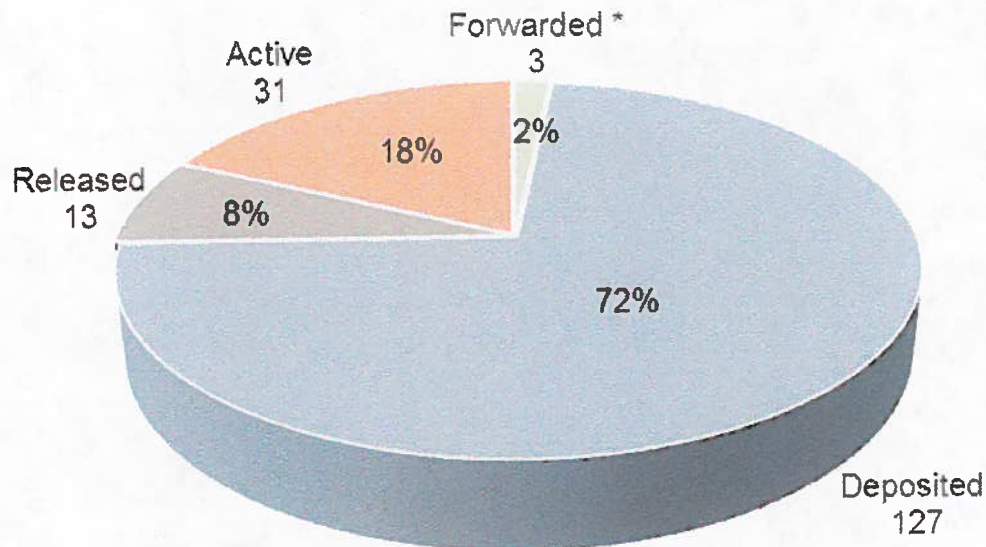
The objectives of the review were to determine accountability of cash property lots, the amount of cash held in the Property Clerk Office and to determine compliance with existing cash deposit policies. The review included evaluation of the internal control procedures applicable to cash lots and Property Clerk compliance with its own procedural manual, City Cash Collection Policies, Police General Order 450 (Property Custody Report), and Administrative Orders A-19 (Evidence Purging) and A-23 (Release of Money).

Public Integrity completed an inventory of all cash lots held in the Property Clerk Office on January 12, 2016 and compared the results of this inventory to Property Custody Reports and information recorded in the automated system.

Additionally, we examined cash property records processed in the Property Clerk Office during the three-month period of October 2015 through December 2015. Property Clerk records indicate that they received 174 cash property lots in that period. Public Integrity tested 100% of these cash lots. The following chart summarizes the disposition of cash lots selected for detail testing.

**Rochester Police Department Property Clerk Unit  
Cash Property Lots in Sample Selection  
Disposition as of January 12, 2016**

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\* Forwarded to the U.S. Marshals Service

Management is responsible for establishing and maintaining a system of internal accounting and administrative control. Fulfilling this responsibility requires estimates and judgments by management 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.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our

audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The recommendations presented in this report include the more significant areas of potential improvement that came to our attention during the course of the examination, but do not include all possible improvements that a more extensive review might develop.

### III. RESULTS OF REVIEW

The results of our testing indicate that internal control procedures over Property Clerk Office operations are adequate and personnel generally appear to be complying with prescribed policy. However, certain deficiencies exist that require management attention to improve internal accounting and administrative practices, and to ensure compliance with prescribed policies.

#### A. Inaccurate Perpetual Inventory Record

The Property Clerk controls and monitors all property submitted by the Police Department by maintaining PCRs and an automated perpetual inventory system (BEAST system). When police officers deliver property to the facility they complete a PCR and Property Clerk personnel input the information from that document into the BEAST system. The PCRs and the BEAST system are the main mechanisms for tracking anything stored in the Property Clerk Office because employees record all activity applicable to held property in the BEAST system and record property dispositions on the PCRs. For example, if the Property Clerk releases cash to an owner, they will record the transaction in the BEAST system thereby documenting the release of the cash and eliminating it from the current inventory. Additionally, the Clerk will write the disposition information on the PCR. As a result, PCRs and the automated system should support all related property activity. The BEAST perpetual inventory system should provide a current record of everything in the Property Clerk Office and should reflect the results of an actual physical inventory count at any particular time.

Public Integrity conducted a physical inventory on January 12, 2016 noting 1,767 cash property lots totaling \$259,302. We compared the cash lots physically located to the cash lots listed on the automated perpetual inventory system on that same date. We noted the following:

1. During our physical inventory, we noted 36 cash property lots located in the Property Clerk Office that were not found in the

location listed in BEAST. These lots were found in a location other than what was listed in BEAST.

2. The BEAST system identified eight cash property lots recorded as present in the BEAST perpetual inventory. However, they were not physically present in the Property Clerk Office. OPI examined the BEAST system entries, PCRs and supporting documentation, and determined that:
  - a) Property Clerk personnel previously deposited four of these lots but did not record the deposits in the system.
  - b) One cash lot contained two halves of ripped U.S. currency from different bills. These bills were not legal currency and were destroyed on 12/16/15. However, Property Clerk personnel did not record this disposition in the perpetual inventory system.
  - c) Two cash lots contaminated by drugs were slated for destruction and were stored in sealed containers and removed from the Property Clerk Office. However, Property Clerk personnel did not record this disposition in the perpetual inventory system.
  - d) One cash lot was a duplicate entry in BEAST that appears to be a clerical error.
3. During our physical inventory, we noted 18 cash property lots located in the Property Clerk Office that their personnel did not record as cash in the perpetual inventory records.
  - a) Property Clerk personnel coded seven of these cash property lots incorrectly as jewelry or miscellaneous and, as a result, they did not appear on the perpetual inventory of cash lots in the BEAST system.
  - b) Eleven of these cash lots are foreign currency that Property Clerk personnel coded as miscellaneous because the bank won't accept foreign coins for deposit.

◆ Recommendations

RPD should ensure that Property Clerk personnel make the necessary changes in BEAST to the cash lot inaccuracies identified by OPI. Per conversation with the Property Clerk Manager, these changes have already been made.

**B**     Missing Property Custody Report Numbers

For each property lot received, the Property Clerk issues PCR numbers in consecutive numeric order. To ensure the accountability for all PCR numbers, OPI reviewed all lot numbers issued during the scope period of this audit. During the period October 1, 2015 through December 31, 2015, the Property Clerk Office issued 6,369 lot numbers.

During this testwork, we noted 14 lot numbers that did not appear in the numerical sequence of lot numbers recorded in the BEAST system. We researched these 14 lot numbers and found that they did not contain any information and were not used or associated with any property. It appears that these are clerical errors that occurred because of keying errors by Property Clerk staff.

◆     Recommendations

Property Clerk personnel should exercise care and diligence when inputting information into the BEAST system.

**C**     Out-of-date Administrative Order

RPD Administrative Order A-23 details the procedures that the RPD must follow to return cash to its owner. Administrative Order A-23 requires the owner come to the Property Clerk's Office and present a photo identification. Additionally, Administrative Order A-23 requires that Property Clerk personnel have the owner of the cash sign a claim voucher and then have the claim voucher endorsed by two authorized persons. However, the City no longer uses claim vouchers to initiate payments. Therefore, this Administrative Order is out of date.

Currently, through MUNIS, the Property Clerk Manager obtains a vendor number for the owner. Once a vendor number has been assigned to the owner, the Property Clerk Manager completes a Direct Pay Request in MUNIS, attaches the Property Custody Report sheet and a copy of the owner's photo identification and sends it to Accounting. Accounting personnel will process the Direct Pay request and mail a check to the owner.

During our scope period, we noted the City utilized Direct Pay requests initiated at the Property Clerk Office to release 13 cash lots totaling \$11,120.



◆ Recommendations

We recommend that RPD update Administrative Order A-23 to reflect the current procedures used to return cash to its owner.

D Undeposited Cash

Rochester Police Department Administrative Order 23 (A-23) requires the Property Clerk Office to deposit all currency submitted to the office that does not have evidentiary value. The policy clearly outlines situations in which the Property Clerk should retain currency or when they should deposit it.

OPI reviewed the 1,767 cash property lots present in the safe on January 12, 2016 to determine compliance with Administrative Order A-23 and City Cash Collection Policies. OPI examined deposit records, release authorizations and other disposition documentation and noted cash property lots that remained in the Property Clerk Office.

Of the 1,767 cash lots totaling \$259,302 observed on January 12, 2016, OPI determined that the Property Clerk should have deposited 97 cash lots or 5.5%, totaling \$13,956. As a point of comparison, the results of the previous examination indicated that the Property Clerk Office could immediately deposit 311 or 25.6% of the total cash lots valued at \$28,353.

As a result of this review, the Manager of Police Property indicated that she would deposit these cash lots.

◆ Recommendations

We recommend the Property Clerk Unit adhere to Administrative Order A-23 and deposit all cash allowable per that Order.

V. DEPARTMENTAL RESPONSE

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



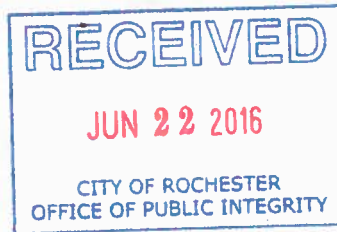
# City of Rochester

185 Exchange Boulevard  
Rochester, New York 14614  
[www.cityofrochester.gov/police/](http://www.cityofrochester.gov/police/)



Rochester Police  
Department

Michael L. Ciminelli  
Chief of Police



Dan,

Attached are the responses to the audit of the Police Department Property Clerk.  
Please let me know if you need any further information. Thank you.

Chief Michael Ciminelli

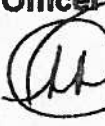
6/21/2016





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



**To:** Lieutenant Leo Tydings, TSS Commanding Officer  
**From:** Kathy Katerle, Manager of Police Property   
**Date:** May 27, 2016  
**Subject:** OPI Property Room Cash Audit

The following is my response to the OPI Property Room Cash Audit:

**RESULTS OF REVIEW**

1. The 36 lots that were not in the location listed in the BEAST was a scanning error. There are times when we lose our wireless connection and in turn lose our information. This is a training issue, employees need to insure that all items scanned are properly saved.
2. a) Regarding 4 items that did not have recorded deposit. This can be an issue with the BEAST PDA (Personal Digital Assistant), which the BEAST uses as the barcode scanner. In the past, the PDA has, on occasion, lost the correct date and time. If the date and times are not correct, the chain of custody will not in date order. All employees will be directed to check the date and time on the computer and on the PDA at the start of their shifts. If deposits are prepared correctly by adding the written log and the BEAST deposit report and both lists match then all items should be accounted for.
2. b) The 2 ripped halves from different bills, first of all should not have been coded as money and the second error was they did not show destroyed in the BEAST system. This again this is a clerical error and a training issue and will be discussed with all employees.
2. c) We occasionally receive money, usually a small denomination that are covered with drugs or are folded and contain drugs. These items are kept with the drug item and are destroyed with the drugs. The 2 lots referred to in the review are in barrels ready for destruction, but we only destroy drugs once a year so they have not actually been destroyed yet, which is why they show as stored in a location on site. We may want to look into this situation, maybe we shouldn't code these bills as money, since it will be destroyed.
2. d) The duplicate entry in the BEAST was a clerical error and is a training issue which will be discussed with all employees.
3. a) The seven items coded incorrectly is a clerical error and again is another training issue to be discussed with all employees.

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



3. b) 11 cash lots are foreign currency and were coded as miscellaneous because the bank will not accept foreign coin. I have made new codes for the money in the BEAST system, so items such as foreign coin will have its own money code. I know Chase Bank does not accept foreign coin for deposit, but I will check with other banks or companies who may deal with foreign currency to see if I can find a solution to keeping these foreign coins.

**RECOMMENCATIONS**

I made all changes for inaccuracies that were found by OPI in the BEAST system as they gave them to me while they were on-site conducting their audit.

B. For the 14 missing or skipped lot numbers, this is a BEAST issue, if you are adding items to an existing CR number, we would hit the dupe button so that we keep the same lot number. If we hit the add button in error, the system uses the next lot number, even if we cancel the entry. I will devise a log, so that whenever the system skips a lot number, the employee will mark the date, time, reason and the skipped lot number. We will then have documentation for any skipped lot numbers.

C. I have reviewed Administrative Order A-23 and made the appropriate notes for changes. We will meet with R&E to discuss the changes.

D. Undeposited Cash, I have gone through the list of items from OPI and determined which lots can be deposited. Going forward, if the items do not fall under the categories to be retained listed in Administrative Order A-23, the monies will be deposited.

**City of Rochester – Police Department  
INTRA-DEPARTMENTAL CORRESPONDENCE**

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**TO: Wayne Harris, Deputy Chief, Administration Bureau**  
**FROM: John Corbelli, Captain, Administrative Service Division**  
**DATE: June 10, 2016**  
**SUBJECT: Property Clerk Office - OPI review of cash property lots.**

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On January 12, 2016 The Office of Public Integrity (OPI), during a routine review, examined cash handling procedures, accountability for cash lots, and compliance with City and Police Department Policies in the Police Department Property Clerk Office. As noted in the OPI report "The results of the review indicate that, in general, Property Clerk personnel comply with established policies and procedures." It is also noted in the report that some "findings require management attention to improve administrative and internal controls and to ensure compliance with prescribed policies." The policies are noted in Police General Order 450, and Administrative Orders A-19 and A-23. The last review was performed during April 2009.

OPI completed an inventory of all cash lots on hand in the Property Clerk safe and report observing 1, 767 Property Clerk cash lots totaling \$259,302.

During the review it was found that the Property Clerk perpetual inventory records system, Bar-coded Evidence Analysis Statistics and Tracking (BEAST) system contained some inaccuracies. The inaccuracies are noted on the OPI report and the OPI investigators communicated their findings to the Property Clerk Manager during the review for correction. Corrections that could be made immediately upon identification were made and the Property Clerk Manager was subsequently provided a copy of the full OPI report for follow-up and remediation.

During the review, OPI investigators identified several categories for follow-up as noted on page 9-13 of their report. See attached response from Property Clerk Manager Kathy Katerle where she provides her reply and follow-up actions taken.

The topics for remediation fall under and are attributed to three main issues: system error, process/human/clerical/coding error and policy procedural update.

The system and human error components have already been addressed with daily training of Property Clerk Office Staff. This training will be formalized and a training log will be sent to and maintained by Professional Development Section (PDS). To better address the Property Clerk money lots and develop a process with greater efficiency, we are currently performing a more holistic review of the Property Clerk and money lots management in collaboration and guidance from City Law and Finance.

The Property Clerk Manager will adhere to Administrative Order A-23 and deposit all cash allowable per the order.

Administrative Order A-23 needs to be updated to reflect the current process for returning of money to an owner. Administrative Order A-23 requires the Property Clerk's Office to request the return of cash to an owner through a claim voucher. However, the city no longer uses this system to process cash returns. Rather, to return cash to an owner, the Property Clerk initiates a direct pay request in MUNIS. The Property Clerk's Office is already following the new process but A-23 needs to be changed to catch up to the new reality. Property Clerk and Research and Evaluation (R&E) are coordinating to make the appropriate policy change.

In summary the OPI review did find some areas that needed correction, but the issues were fairly simple to remedy and the corrections were made. These issues resulted from a few system glitches and some inadvertent clerical or human errors on the part of Property Clerk staff. Awareness and system training, along with a minor policy change will alleviate the identified issues. Most of the process corrections have been made and the administrative order modification is in progress.