

AUDIT REPORT

CITY AUDITOR

Report Date: May 16, 2018
Department: Police
Subject: Supplies and Equipment Audit
Lead Auditor: Karen Newman

OBJECTIVE

This audit was conducted to evaluate internal controls and processes related to storage, inventory and issuance of supplies, equipment and/or other property at the Mesa Police Department (MPD).

SCOPE & METHODOLOGY

The audit scope included records dated between May and December 2017, associated with supplies and equipment managed at the following six MPD locations: Fiscal/Supply, Communications, PDIT, Range, SWAT, and Training. These areas were identified by management as having primary responsibility for the majority of supplies and equipment issued to the department's 1,200+ employees. Other areas, such as the badging office, Forensic Services, and PD fleet, were reviewed and determined to be out-of-scope, based on our preliminary survey and risk assessment. To meet our objective, we interviewed staff members, reviewed MPD policies and procedures, reviewed processes and controls relating to inventory records, physical security, and disposals, and performed other tests and procedures as needed.

BACKGROUND

In a public safety environment, accurate, complete, and current inventory data for certain types of supplies and equipment are essential, not just for effectively managing limited resources, but also for a variety of safety, legal, and operational reasons. The data should enable staff to reliably and quickly determine where select items are, who they are assigned to, availability, expiration dates, supply-chain information, and other facts as needed.

In 2014, the MPD's Financial Services Division (Fiscal) began a concerted effort to reorganize and improve the efficiency and effectiveness of its Supply Section, which serves as the Department's central point of contact for the receipt, inventory, storage and distribution of supplies and equipment. Since then, the staff has made considerable progress toward that goal, including improvements to policies and procedures; inventory systems, data, and processes; and overall accountability.

Currently, although Fiscal has overall responsibility for ensuring supplies and equipment are managed appropriately, primary management of most items remains decentralized and there is no single resource or system in place to track all items. The following locations have primary responsibility for managing (receiving, recording, storing, issuing, tracking, replacing, etc.) one or more type(s) of supplies/equipment for all MPD employees:

- Fiscal/Supply – General stock items, such as gloves, wipes, blood kits, pepper spray, etc.; and select items which are serialized and/or are issued to specific personnel, such as Police badges, keys, and ballistic vests.
- Badging – ID badges and electronic security badges that provide access to City buildings.
- Communications – Radios and related accessories.
- Crime Lab – Forensic Services supplies and equipment.
- PDIT – Body cameras, laptops, cell phones/tablets, RSA tokens, and eCitation devices.
- PD Fleet – Vehicles and related accessories.
- Range – Firearms and related accessories.
- SWAT – Special operations weapons and equipment.
- Training – Tasers and ballistic helmets.
- Substations – PBT devices (portable breathalyzers), cameras, bicycles, and some general vehicle supplies, such as flares, cones, stop sticks, and blankets.

CONCLUSION

In our opinion, internal controls are in place and operating effectively to provide reasonable assurance that supplies and equipment are managed appropriately. The Financial Services Division has invested significant time and effort into improving the MPD's processes, procedures, and records related to supplies and equipment; and they have made substantial progress. However, additional improvements are needed to ensure that all inventory records are complete and accurate, and that obsolete/expired supplies and equipment are disposed of appropriately and timely. A brief summary of our observations and recommendations is included below. For additional details and responses from management, please see the attached Issue and Action Plans (IAPs).

OBSERVATIONS & RECOMMENDATIONS

- 1. Observation:** Supplies and equipment inventory records maintained by Fiscal/Supply, SWAT, PDIT, and Training are not complete and accurate.
Recommendation: Staff should periodically conduct a physical inventory of supplies and equipment, and should implement a process to document and correct discrepancies.
- 2. Observation:** Complete and accurate inventory records have not been maintained for master keys and other keys that provide access to City buildings.
Recommendation: Management should implement a more effective process to appropriately manage and track keys to locations where access should be controlled.
- 3. Observation:** Obsolete/expired supplies and equipment at several locations have not been disposed of properly and timely.
Recommendation: Management should implement additional internal controls to ensure expired and obsolete items in all locations are disposed of properly and timely.

Issue and Action Plan

Issue #1: Inventory Records are not Complete and Accurate.

Observation: Supplies and equipment inventory records maintained by Fiscal/Supply, SWAT, PDIT, and Training are not complete and accurate.

Criteria: In order for data to be useful, it must be continuously maintained, so as to be current, complete, and accurate at all times.

Comments: Inventory systems should be updated each time an item is received, issued, reassigned, stored, retired/expired, disposed of, etc. This has not occurred consistently in all areas of the MPD, including the following:

Fiscal/Supply – 12/40 in-stock items tested could not be reconciled to the inventory records. Some of the discrepancies had been detected during periodic inventories conducted by MPD, but were not corrected.

SWAT – Inventory records include items that are no longer in stock.

PDIT – For laptops assigned to vehicles, 3/36 tested did not have the correct assignment entered in the SMART inventory system.

Training – For Tasers issued to individuals, 3/40 tested did not have the correct assignment entered in the LEA inventory system; and 6 Tasers were listed as currently issued to individuals who are no longer employed by the City. For ballistic helmets, there is no process in place to track issued and expiring helmets.

Recommendation: **1-1.** Each MPD location that maintains records of supplies and/or equipment should periodically conduct a full inventory to ensure those records are complete and accurate. This includes items issued to individuals as well as items in stock. Also, a process for appropriately documenting and correcting discrepancies should be implemented.

1-2. An effective process should be implemented for tracking issued and expiring ballistic helmets.

**Management
Response:**

Action Plan #1-1:

Fiscal/Supply Response:

The Police Department's Financial Services Division agrees that a full inventory should be conducted periodically to ensure records are complete and accurate. The Supply Section Policy states that a physical inventory of stock items and forms is to be completed semi-

annually at a minimum. Physical inventories were placed on hold during the audit so as not to interfere with the audit process. Monthly spot checks of stock items and forms were made in lieu of a complete inventory.

The adjustments for spot checks of stock items and forms noted were additionally placed on hold during the audit. Since its conclusion, corrections have been made to the inventory records for the discrepancies noted. Additionally, monthly spot checks of Supply's inventory will be performed with any discrepancies researched and corrected. Forms will be streamlined to bundled quantities of 100 (or other appropriate measure) and distributed in the same quantity. Glitches in the software program have occurred, making it difficult to identify the reason for some discrepancies. We have worked with the software vendor and will continue to seek and evaluate alternative software programs as well.

A full inventory for all stock items and forms will be completed by June 30, 2018. Discrepancies will be researched, and corrections will be completed as needed. Semi-annual inventories will be conducted after that.

Individuals or Positions Responsible: Beth Thuringer (Employee Inventory) and Patricia VanDerMallie (Stock and Forms)

Estimated Completion Dates: 12/31/18 for personnel inventory reconciliation and 6/30/18 for inventory of stock and forms

SWAT Response:

The Police Department's Special Operations Division agrees that a full inventory should be conducted periodically to ensure records are complete and accurate. For the inventory items no longer in stock, SWAT personnel will update the inventory records to reflect only those items on hand with documentation of adjustments made. Additionally, SWAT will continue to inventory items and equipment by location with a full cross check to the official book of record. Discrepancies will be researched, and corrections will be completed as needed.

Individuals or Positions Responsible: Bonnie Scaccia

Estimated Completion Dates: 10/1/2018

PDIT (Laptops) Response:

The Police Department's Technical Services Division agrees that a full inventory should be conducted periodically to ensure records are complete and accurate. For laptops assigned to vehicles, a system in which a second individual independently verifies the consistency of the entries between the manual spreadsheets and the SMART system will be implemented.

Individuals or Positions Responsible: Jeremy White

Estimated Completion Dates: 5/1/2018

Training (Tasers) Response:

The Police Department's Training unit agrees that a full inventory should be conducted periodically to ensure records are complete and accurate. For tasers, the Training unit will reconcile the current inventory of equipment against inventory records to identify all assignment and service life concerns by physically inspecting applicable equipment and verifying records.

Discrepancies identified with the serialized, issued equipment will be corrected by updating the records to reflect accurate information.

The Training Unit's inventory management system will be utilized to track all equipment and the use of disparate inventory management systems will be discontinued where applicable.

Additionally, quarterly inspections of applicable equipment will be conducted with the results added to the Quarterly Division Line Inspection report as outlined in policy.

Individuals or Positions Responsible: Designated Training Lieutenant

Estimated Completion Dates: 7/2/2018

Action Plan #1-2:

Training Response:

To accurately track issued and expiring ballistic helmets, the Training Unit's inventory management system will be utilized to track all equipment and the use of disparate inventory management systems will be discontinued where applicable.

The Training unit will reconcile the current inventory of equipment against inventory records to identify all assignment and service life concerns.

Online access will be provided to current equipment inventory sheets for all personnel and an audit of issued equipment will be conducted verifying accuracy through visual inspection and online audit tools.

Additionally, annual inspections of applicable equipment will be conducted with verification through visual inspection and online audit tools.

The City of Mesa's disposal process policy will be followed for removing expired equipment from the inventory system and to physically remove expired equipment from the training site and other locations as applicable.

Individuals or Positions Responsible: Designated Training Lieutenant

Estimated Completion Dates: 7/2/2018

Issue and Action Plan

Issue #2: Inaccurate/Incomplete Data on Master Keys and Other Keys

Observation: Complete and accurate inventory records have not been maintained for master keys and other keys that provide access to City buildings.

Criteria: There are certain City buildings which are required to be secured, for a variety of reasons, ranging from safeguarding people/property to legal requirements. In order for keyed locks to be an effective security mechanism, a complete and accurate chain of custody of the applicable keys must be tracked, such that management knows who has them at all times.

Comments: The City should know who has keys to access controlled and secure areas, especially highly secured areas such as Police buildings. However, the MPD has issued various keys (including master keys) to employees over the years, without an effective process in place to track them. Therefore, no one currently knows how many keys are out there or to whom they were issued. This includes former employees, since there is no way to know whether all keys are reclaimed from employees when they leave the City.

Recommendation: **2-1.** Management should implement a more effective process to appropriately manage and track keys to secured areas. At a minimum, they should know how many keys exist and who has them.

Management Response: **Action Plan #2-1:**

Fiscal Response:

The Police Department agrees that a more effective process needs to be implemented to manage and track keys to secured areas. Due to the enormity and multiple areas in which keys are issued for including alley, 2130, signal box, E and AA1 keys, a full assessment will need to be undertaken to determine the exact number, location (including pad locks), and type of key used. The assessment will need to additionally include a security review by the Department's Intelligence and Counterterrorism Unit. Determination will need to be made as to whether the entire department will be rekeyed or if C-Cure (additionally expanded to areas not currently being updated) will be sufficient (along with a significantly limited number of master keys for key personnel). At the

conclusion of the project, the key inventory would be overseen by the Badging Unit under PDIT.

Individual or Position Responsible: Badging Unit

Estimated Completion Date: 12/31/2019

Issue and Action Plan

Issue #3: Disposal of Obsolete/Expired Supplies and Equipment

Observation: MPD has not disposed of obsolete/expired supplies and equipment at PDIT, Training, and the Fire WMD Warehouse.

Criteria: Management Policy 205 II.B. states:
"City Personal Property is eligible for disposal if: 1. It has been rendered non-serviceable by its normal use in City operations and is not cost effective to retain in service. Or, if serviceable, the cost of repair exceeds its replacement cost or would not result in a sufficiently usable asset, or 2. It has no further identifiable use in any City operation and has not been requested for use by any City department."

Comments: Storing obsolete/expired items indefinitely is not a best practice and is not in the best interest of the City. At a minimum, it is an inefficient use of resources. In a worst-case scenario, such as if expired safety equipment were to be used and fail to work properly, the result could range from injury to loss of life.

Obsolete/expired items are being stored at the following locations, with no plans in place for their disposal:

Fire WMD Warehouse – Approximately 168 expired MPD-owned gas masks (from 2004).

Training – Approximately 100 expired ballistic helmets.

PDIT – 27 unused/obsolete e-Citation devices.

Recommendation: **3-1.** Management should ensure that expired and obsolete inventory is disposed of properly and timely.

Management Response: **Action Plan #3-1:**

WMD Warehouse (Masks) Response:

168 gas masks and filters acquired in 2004 under a Homeland Security grant overseen by the Mesa Fire and Medical Department (MFMD) were located in a MFMD facility. The records relating to the acquisition of the gas masks have since been purged by MFMD. To properly dispose of these expired gas masks and filters, the Mesa Police Department's Intelligence & Counterterrorism Unit will complete the proper equipment disposal documents and dispose of the gas masks and filters in accordance with City of Mesa and Homeland Security policies. Documentation will be maintained by the Financial Services Division.

Individual or Position Responsible: Detective Tom Serenka

Estimated Completion Date: 6/1/2018

Training (Ballistic Helmets) Response:

The Police Department's Training Unit agrees that additional internal controls should be in place to ensure that expired and obsolete items are disposed of properly and timely. For the expired ballistic helmets noted, these items will be disposed of in accordance with Department Policy.

To accurately track issued and expiring ballistic helmets, the Training Unit's inventory management system will be utilized to track all equipment and the use of disparate inventory management systems will be discontinued where applicable.

The Training Unit will additionally reconcile the current inventory of equipment against inventory records to identify all assignment and service life concerns.

The City of Mesa's disposal process policy will be followed for removing expired equipment from the inventory system and to physically remove expired equipment from the training site and other locations as applicable.

Quarterly inspections of applicable equipment will also be conducted with the results added to the Quarterly Division Line Inspection report as outlined in policy.

Individual or Position Responsible: Designated Training Lieutenant

Estimated Completion Date: 7/2/2018

PDIT (e-Citation Devices) Response:

The Police Department's Technical Services Division agrees that additional internal controls should be in place to ensure that expired and obsolete items are disposed of properly and timely. For the expired unused/obsolete e-citation devices, a SMART ticket will be created for the non-functional units. The units will then be delivered to the ITD stockroom for disposal in accordance with City policy.

Individual or Position Responsible: Larry Manns

Estimated Completion Date: 6/1/2018