

Audit Highlights



Highlights of performance audit report on the Department of Public Safety issued on December 2, 2014. Legislative Auditor report # LA14-24.

Background

The mission of the Department of Public Safety (DPS) is to provide services in support of protecting citizens and visitors by promoting safer communities through prevention, preparedness, response, recovery, education, and enforcement. The Office of Director (Office) is located in Carson City.

The Office provides leadership and establishes policy for the Department. The Office oversees the operations and administration of eight divisions and three offices of the Department. In addition, the Office is responsible for administering the Department's evidence vaults and forfeiture program.

The Office is funded primarily from cost allocation reimbursements from DPS divisions and forfeiture funds. During fiscal year 2014, cost allocation reimbursements totaled approximately \$4 million and forfeitures \$1.8 million. Expenditures for the same time period were approximately \$5.8 million. The 2013 legislative approved budget included 44 authorized full-time positions for the Office.

Purpose of Audit

The purpose of this audit was to (1) evaluate the accuracy of the evidence vault inventory, and assess the adequacy of the inventory system access controls; and (2) determine whether seized currency is processed timely in accordance with DPS policy and state requirements.

This audit focused on evidence vault activities as of March 2014, and included forfeiture activities for fiscal years 2011 to 2013.

Audit Recommendations

This audit report contains three recommendations to improve controls over the Office's evidence vault activities.

The Office accepted the three recommendations.

Recommendation Status

The Office's 60-day plan for corrective action is due on March 2, 2015. In addition, the six-month report on the status of audit recommendations is due on September 2, 2015.

Office of Director

Department of Public Safety

Summary

The Office has made several improvements in recent years to ensure items submitted into the evidence vaults by enforcement officers are adequately tracked. Our testing of 450 items throughout the State verified adequate recordkeeping for items highly susceptible to theft. However, certain control activities for the evidence vault can be improved. For example, the Office does not have an adequate process to monitor changes to the vault inventory system to reduce the risk of fraud or errors. In addition, the Office needs to develop a plan to address all recommendations from an extensive review of the evidence vaults by a consultant. Lastly, most currency that was seized and subject to forfeiture was not processed timely in accordance with Department policy.

Key Findings

The Office has maintained sufficient inventory records to ensure items submitted into the evidence vaults by enforcement officers are adequately tracked. We traveled to Elko, Las Vegas, and Reno to verify the existence of items highly susceptible to theft. Our testing verified adequate recordkeeping for 448 of 450 items selected. Only two items did not have complete documentation to verify the location or proper destruction of the evidence. These missing items were relatively small quantities of drugs that were apparently checked out to a court in 2007. The Office has taken several steps to improve evidence vault controls. These steps include implementing a new inventory system in 2008, consolidating vaults in 2011, and hiring a vault manager. (page 4)

The Office does not have an adequate process to monitor changes made to the vault inventory system. Vault employees make frequent changes to the inventory system when evidence is received, moved, and destroyed. As of June 2014, 10 employees had the ability to modify all fields within the inventory system and could also access items in the vault. Since the inventory database fields can be modified at any time, there is an increased risk that errors or theft could occur and go undetected. Although it is common practice for vault employees to have access to both the inventory system and physical inventory, the Office should develop one or more compensating controls to improve vault oversight. For example, oversight can be accomplished by having management reports to monitor inventory changes. (page 5)

The Office needs to develop a plan to ensure all recommendations from an extensive evidence vault review are adequately addressed. In 2012, the Office hired a consultant for \$68,900 to identify areas of improvement and ensure its vaults met recognized best practices. In May 2013, the consultant made 147 recommendations to improve evidence vault controls and processes. However, the Office prepared a written response to only the 40 most critical recommendations identified by the consultant. After we inquired about the recommendations not addressed, the Office agreed with the majority of these recommendations. Without a plan to address the recommendations, it is unlikely the maximum benefit from the consultant's report will be realized. (page 7)

The Office needs to improve its efforts to ensure seized currency is processed timely. We reviewed 205 currency seizures and found that 124 (60%) were not deposited in the state forfeiture account or remitted to a federal enforcement agency within 48 hours. When seized currency is submitted into the vault, staff is responsible for depositing the currency or converting it into a cashier's check to be sent to the controlling federal agency. Although the DPS policy is to deposit or convert the seized currency within 48 hours, we found the average time to deposit or convert seized currency was 27 days for the exceptions identified. Some seized currency was held for long periods before deposit or conversion. For example, \$3,943 was held for almost 2 years. Timely processing is important because currency is highly susceptible to theft. During fiscal years 2011 to 2013, the DPS processed approximately \$3.5 million in currency seizures. (page 9)