

# IAPE STANDARDS SECTION 15 – INTERNAL CONTROLS

## **Standard 15.1: Inventories**

**Standard:** An inventory is a critical internal control and should be conducted annually, or whenever a change in key-holding personnel or in the Chief Executive Officer is made.

**Definition:** An inventory is the process of individually checking all or a specified portion of the property/evidence items against the agency's records.

**Reasoning:** The purpose of an inventory is to ensure that all items of property/evidence are accounted for. A complete inventory involves matching each piece of property or evidence with its corresponding documentation.

Conducting annual inventories will identify property or evidence that is missing or misplaced from its assigned location, and it will identify items that are present in a particular location that should have been previously removed.

Routine inventories will limit the time frame for investigating missing items. Without a timely inventory the time frame of an investigation and the total number of persons involved will expand significantly. Additionally it is unfair to burden a new employee, supervisors, or managers with responsibility for items that may have been misplaced, lost, or stolen prior to his/her assignment.

Agencies that conduct regular inventories are far less likely to experience an internal loss of property or evidence.

In agencies where the size of the property unit inventory is so large as to prohibit the complete inventory of the facility at one time, a plan should be developed which requires an inventory of specific locations on scheduled basis. For example, if 10% of the locations were inventoried each month, a complete inventory could be accomplished annually. Additionally, the inventory of guns, money and drugs should be done more often. It is suggested that these three high-risk categories of property or evidence be accounted for several times within a calendar year.

**Methodology:** When conducting an inventory, the persons accounting for individual pieces may encounter sealed packages that are labeled to contain multiple items. It is not necessary for each package to be opened, but only to compare the package label with the associated paperwork or computer record. If the package appears to have been opened or tampered with, further examination is in order.

Computerized systems with barcodes and scanners:

The most efficient method of conducting an inventory is with the use of barcodes, a barcode scanner, and appropriate inventory software. In order to conduct a thorough and accurate inventory, the barcode must represent only one specific item, and not the contents of a package containing multiple items. If there are multiple items within a package and each item has its own barcode, it is recommended that a duplicate barcode for each item be placed on the exterior of the package. This method enables the inventory of all items within the package as well as facilitating the release or transfer of just one of the items within the package.

Once all the items in a location have been scanned, the software should compare what is physically present with the computer record. Properly designed software should provide an exception report that lists items that are missing and items that are present that don't belong in that location. An archived list of the items on the shelf during the inventory should be retained for future reference.

Computerized systems, without barcodes or scanners:

In those agencies that have an automated tracking system but no ability to use barcode scanners, the property officer can print a list of all items in a specific location. A comparison of the printout against what is actually in each designated location should be conducted and the outcome as well as the list should be retained for future reference, i.e. if property or evidence is found missing in the future.

Manual, paper-based system, with *separate* active and inactive records:

Active records represent items that should be in the current inventory, while inactive records represent items that should have previously been removed.

In order to conduct an inventory in a manual system where all the active items are filed *separately*, the preferred method is to list all of the items located in a particular location. This list of items is then reconciled with the property records in the active files.

In the event that a sealed package contains numerous items under one case number, compare the tracking number (case or control number) with the property record in the file. It may not be possible to reconcile each item without opening the package for inspection. The decision to open sealed packages should be determined by management. If it is determined that a package must be opened for inventory purposes, it is recommended that the agency have a written procedure which provides step-by-step guidance to be followed as well as the documentation of the actions. This is important in the event of a challenge regarding the chain-of-custody during a trial or hearing

Manual paper-based system, with commingled active and inactive records:  
In the event that active and inactive records are commingled in one file or file drawer, the inventory process becomes arduous and labor intensive due to the need to search through all records for one specific record to be reconciled. Therefore, it is recommended that active and inactive records should be filed separately.

Any items identified as missing should be brought to the attention of a supervisor/manager in writing as soon as practical. Depending on the value (both evidentiary and monetary) and circumstances of the missing item, a determination by the supervisor/manager should be made whether or not to initiate an internal investigation. When the item has no significant monetary value and no evidentiary value, management should consider closing the record administratively to prevent the recurrence of the same item being identified as missing in a future inventory.

When an item is located on the shelf and cannot be linked to a particular case, the item should be photographed and listed on a “found property” report, held for the statutory period, and then disposed of according to existing laws.

## **Standard 15.2: Audits and Inspections**

**Standard:** Comprehensive audits of the Property and Evidence function of an agency are a very important internal control that should be conducted at least annually by the Chief Executive Officer or designee. Additionally, there should be inspections of the property room conducted by the supervisor, or the unit commander, who are responsible for that component of the agency.

**Definition:** An audit is a review of the policies, procedures, and processes of the property and evidence functions of the agency to determine whether or not they meet the recognized standards, best practices, and are in compliance with applicable statutes and codes.

An inspection is a periodic review of designated aspects of the Property and Evidence Room function by its unit commander and/or supervisor(s). In addition to audits, agencies should conduct inspections. These inspections should be both formal, i.e. scheduled inspections as well as informal random inspections.

Inspections should cover such areas as: security, access control, tickler files, missing evidence, partial examination of records; general cleanliness and housekeeping of the area; inventory levels within the Property Room; safety practices; training of Property Officers; etc. In both cases any findings of the inspections should be documented in writing.

**Reasoning:** The audit is an important internal control that provides for early identification of problems or deficiencies in the system as well as confirming that

the property and evidence functions within the agency are free from significant errors or problems.

Policy should define when audits are to be conducted, by whom, and the scope of the audit.

The entire property and evidence function within the agency should be periodically audited to ensure:

- the integrity of the system and the individuals working in it,
- that departmental policies, directives, and procedural manuals are in compliance with the legal requirements and,
- that departmental personnel are complying with the agency's written policies and procedures.

#### Audit Components

#### COMPONENTS OF A COMPREHENSIVE SYSTEM AUDIT:

- A. Policies and Procedures as they pertain to:
  - 1. Staffing
  - 2. Training
  - 3. Purging- Disposition
  - 4. Security
  - 5. Compliance with statutory mandates, including OSHA
  - 6. Special Handling – high profile items such as:
    - a. Firearms
    - b. Drugs
    - c. Money
- B. Drugs
  - 1. Found Property
  - 2. Property for Safekeeping
  - 3. Inventories
  - 4. Audits
- C. Packaging
  - 1. Compliance with packaging manual/policy (if any)
  - 2. Uniform size containers
  - 3. Labeling
  - 4. Protection of evidence, trace, bio, tool marks, etc
  - 5. Right of refusal for improperly packaged items.
- D. Facilities
  - 1. Construction
  - 2. Layout

3. Storage Schemes
4. Temporary storage
5. Long-Term Storage
6. High Profile Storage
  - a. Firearms
  - b. Money
  - c. Drugs

E. Documentation – (aka: “Paper Chase”), the methodology used for a complete inspection of selected property and evidence records in the following categories:

1. Open-Active Property Reports
2. Closed-Inactive Property Reports
  - a. Pending destruction
  - b. Disposed of
3. Chain of Custody- Movement
  - a. Out to crime lab
  - b. Out to case investigator
  - c. Out to court
  - d. Out to other agency
4. Computerized property records
  - a. drugs
  - b. money
  - c. firearms
5. Safety - Environmental

#### SUPERVISORY AUDIT - (AKA: SUPERVISORY INSPECTION)

In addition to comprehensive system audits, first line supervisors and/or managers should conduct periodic inspections of the property room. These inspections should include the following items that can be added based upon the particular needs of the individual agency:

1. Work Schedules – Work schedules should be adequate for the needs of the agency and public.
2. Public Hours for the Property Room – This refers to the days of the week and hours that the public has access to retrieve property.
3. Security of Property Room – This includes alarms, access control, testing of alarms, etc.
4. Disposal Procedures – This area of inspection should include, at a minimum, the procedures for the disposal of firearms, drugs, and bio-hazardous materials.

5. Tickler Files – All tickler files should be reviewed to determine if required actions have been completed within the agency’s time frames (as specified in department directives), e.g. evidence out to court, evidence out to the lab, release notice sent to legal owner, etc.
6. Authorization and Release of Property – Records should be reviewed to determine if officers/investigators are providing timely authorization for the release of property (This is dependent upon agency directives.) The documentation regarding the release of property to the legal owner should be checked to insure that department requirements have been complied with, e.g. copy of government issued photo ID, signature, etc.
7. Training - firearm safety, OSHA, Property and Evidence Management Class, computer software training
8. Safety – working conditions, workplace hazards, use of equipment, use of Personal Protective Equipment when necessary, etc:

#### INTERNAL AUDITS / EXTERNAL AUDITS

Internal Audits: When practical, an internal audit should be conducted by a person that does not have responsibilities within the property unit. An Inspections Unit, Internal Affairs Unit, or a Professional Standards Unit, etc. would be appropriate for the auditing procedure. The assignment of an impartial, third party, from another command avoids a possible accusation that the audit team had a vested interest in covering up any irregularities.

Audits by Outside Agencies/Private Auditors: The Chief Executive Officer may choose to periodically bring in auditors from other agencies or from a private auditing company to conduct a comprehensive audit. This approach helps to avoid internal politics and provides a level of independence that can sometimes be difficult to achieve in an Internal Audit. An external audit performed by non-employees of the agency avoids internal politics and provides a level of independence that cannot be obtained from any internal audit.

As an additional safeguard, unannounced inspections or random audits should be held at the discretion of the agency’s Chief Executive Officer. As noted above, both the unit supervisor and manager should periodically conduct inspections for adherence to policy, housekeeping and workload.

Conducting routine audits sends a message to everyone in the organization that property and evidence is important. Failure to conduct periodic audits may lead to problems that can later result in criminal prosecutions being lost, a loss of public confidence, personnel problems and possible financial loss.

### **Standard 15.3: Other Internal Controls**

**Standard:** In addition to audits and inventories, internal controls consisting of tickler files, due diligence inquiries, reporting discrepancies, random sampling and qualitative testing of drugs for disposal, periodic management inspections should be implemented.

**Definition:**

- tickler files are computer file locations or physical folders where a notation or document is placed as a reminder of where an item was sent
- due diligence inquiries are periodic checks to ensure that an item is still where it was sent and is not ready to be returned yet.
- reporting discrepancies is needed whenever items are cannot be located where they are supposed to be, and cannot be readily found.
- random sampling is a means of checking a representative group for possible inconsistency within a margin of error for policy violations.
- qualitative testing of drugs for disposal is a means of checking for possible substitution in drug items that are scheduled for disposal.
- periodic management inspections are an informal form of internal audits that are designed to keep quality control consistent.

**Reasoning:** Management participation and oversight is critical to maintaining control over the property and evidence function. Without management oversight, there is no certainty that the unit is operating under the established parameters. The need for internal controls becomes very apparent when disposing of high profile items. What proof is there that the items that are claimed to be destroyed have actually been destroyed?