



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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09-15

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September 20, 2019

The Honorable Richard D. Wiles
El Paso County Sheriff
3850 Justice Drive
El Paso, Texas 79938

Dear Sheriff Wiles:

The County Auditor's Internal Audit division in conjunction with the County Purchasing Department performed an audit of the collection and disposal of the El Paso County Sheriff's abandoned evidence property on June 4, 2019, to determine if internal controls are adequate to ensure proper storage and disposal of monetary and physical abandoned evidence.

The audit report is attached. There were two findings noted as a result of the audit procedure. We wish to thank the management and staff of the Sheriff's Office and the Purchasing department for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Respectfully,

Edward A. Dion
County Auditor

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cc: Ms. Betsy Keller, Chief Administrator
Ms. Debra Carrejo, Purchasing Agent, CPPO, CPPB



The El Paso County Sheriff's Department
Abandoned Evidence



EXECUTIVE SUMMARY

BACKGROUND

Abandoned evidence is stored by the El Paso County Sheriff's office for at least six months. After this time period all non-monetary items are transferred to the El Paso County Purchasing department for disposal and all monetary items are transferred to the Auditor's office for deposit into the County's general fund. Disposals and monetary deposits are monitored by an internal auditor and a purchasing agent. In January 2018 a contractual agreement was entered into by the County of El Paso with PropertyRoom.com for the disposition of abandoned motor vehicles in the form of online auctions. This was extended to seized and abandoned evidence room property held by the El Paso County Sheriff's Office in 2019. The audit was performed by James O'Neal, internal audit manager – senior. The most recent prior audit report was issued on July 25, 2018, and had one finding.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the disposal of abandoned evidence held by the Sheriff's Office. Following are the business objectives, related control assessment, and a summary of good and weak controls noted in the audit.

Business Objective	Control Assessment
1. Establish and document current policies and procedures	Needs Improvement
2. Appropriate controls during transfer of items from Sheriff's to Purchasing department	Satisfactory
3. Functioning appropriate cash controls by Sheriff's Evidence Room staff	Satisfactory
4. Proper securement and storage of monetary items by Sheriff's Evidence Room staff	Satisfactory
5. Proper recording and chain of custody documentation for online auction and destroyed items	Needs Improvement
6. Proper recording and transfer of monetary items to the Auditor's office	Satisfactory
7. Proper disposal of unusable items and storage of auction ready items by purchasing agents	Satisfactory

SCOPE

The scope of the audit includes abandoned evidence stored by El Paso County Sheriff's Office submitted for release to the County Purchasing department on May 24, 2019.

METHODOLOGY

To achieve the audit objectives we:

- Requested and reviewed current policies and procedures
- Accompanied the purchasing agent to the Sheriff's evidence warehouse to collect abandoned evidence and property.
- Verified all monetary and non-monetary items with inventory listing submitted by Sheriff's evidence clerk.
- Requested supportive documentation for items transferred to online auction or destruction processes.
- Transported all non-monetary items to Purchasing warehouse for auctions to be held at a later date.
- Personal property such as clothing, pierced jewelry and items of no value were disposed of. Items containing sensitive information (social security numbers, driver's license numbers, dates of birth, etc.) were shredded (if collected).
- Monetary items were separated and delivered to the bank via a purchasing agent and the auditor.

RESULTS

On June 04, 2019, the El Paso County Sheriff's abandoned evidence was turned over to the Purchasing department and this office for disposal. The abandoned evidence resulted in a monetary collection of \$1,044.37. Listed below are control and findings summaries, with findings listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for details and management action plans and the status of the prior audit findings.



**The El Paso County Sheriff's Department
Abandoned Evidence**



Executive Summary

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> Transfer signatures acquired from all departments during transfer of property. (Obj. 2) Functioning appropriate cash controls (Obj. 3) Adherence to Sheriff's Evidence Room securement and storage policies and procedures (Obj. 4) Transfer of monetary items to County Auditor's Office (Obj. 6) Disposal of unusable items and storage of auction ready items by the Purchasing department. (Obj. 7) 	<ul style="list-style-type: none"> Adequate and up-to-date policies and procedures (Obj. 1) Documentation showing chain of custody for property items transferred to online auction or destruction. (Obj. 5)
Findings Summary	
<ol style="list-style-type: none"> 1. Lack of proper chain of custody documentation and segregation of duties in the transfer of items labeled for destruction and for online auction processing. 2. Current policies and procedures have not been updated to include the transfer of items to the online auction process. 	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The transfer and disposal of abandoned evidence has met five of seven objectives of this audit. Implementation of the recommendation provided in this report should assist the Sheriff's Office improve their abandoned evidence storage and transfer procedures.



**El Paso County Purchasing
Abandoned Evidence**



Findings and Action Plans

Prior Audit Findings Summarized with Current Status

Status

H Closed

1. **Finding:** Improper recording of monetary items. One monetary envelope did not have a dollar amount written on the envelope and one had a total that did not match the amount listed on the ILEADS report.

Recommendation: Evidence clerks should exercise due care when labeling and recording all monetary evidence. Envelopes should be properly labeled and reconciled to all reports supplied.

Action Plan: Evidence supervisor acknowledged the finding and agreed with recommendation. The evidence clerks were reminded of the need to exercise due care. **Action plan implemented.**

Current Audit Findings and Action Plans

Finding #1	Risk Level H								
<p>Improper Chain of Custody Documentation and Procedures not followed – A 100% review of the 105 items listed for removal from the Sheriff’s Evidence inventory report was performed. This entailed 95 items picked up by the Purchasing Department for future County auction, one transferred for destruction, three transferred to the online auction company Propertyroom.com and six listed as biohazard accepted by Vantage Bank.</p> <p>While reviewing the inventory listings for items to be transferred for online auction or destruction, the following was noted:</p> <ul style="list-style-type: none"> • An Apple Smartwatch, belonging to case number 2018-10844, was scheduled for destruction on March 14, 2019. Due to current ILEADS functionality, the chain of custody signature form shows the same employee accepting, releasing and destroying the item. Further, when the location of the item was questioned at the time of pickup by the Purchasing department, the chain of custody form was printed and signed by the evidence clerk on that day. • A chain of custody signature form or transfer documentation was not included for the three cases in which items were transferred to the online auction process. A notation on the inventory listing was the only documentation indicating the items were transferred. <p>Section number 33 of the current policies and procedures document clear segregation of duties should be followed when accepting, releasing, destroying or transferring property. Further, all property not transferred to the Purchasing department should have proper documentation indicating the chain of custody and the property’s final destination. Failure to have proper chain of custody documentation and segregation of duties could result in an increased risk of loss, theft or misuse.</p>									
<p>Recommendation</p> <p>Current policies and procedures should be followed as documented or amended by management if necessary.</p>									
<p>Action Plan</p> <table border="1"> <thead> <tr> <th>Person Responsible</th> <th>Evidence Supervisor</th> <th>Estimated Completion Date</th> <th>November 1, 2019</th> </tr> </thead> <tbody> <tr> <td colspan="4"> <p>Due to the functionality of the Sheriff’s law enforcement information and records management program (ILEADS), the chain of custody report will show the initiating individual as the acceptor, releaser and destroyer of any items entered for disposal or transfer to another department or location. Therefore, to ensure current policies and procedures are followed, the evidence supervisor will immediately implement a procedure in which another employee will verify the transfer and disposal of items by signing the custody form or auction manifest as acknowledgement. Further, the signed custody form and any other forms showing transfer and acknowledgement from other departments or locations will be included as supportive documentation in the listing supplied for</p> </td> </tr> </tbody> </table>		Person Responsible	Evidence Supervisor	Estimated Completion Date	November 1, 2019	<p>Due to the functionality of the Sheriff’s law enforcement information and records management program (ILEADS), the chain of custody report will show the initiating individual as the acceptor, releaser and destroyer of any items entered for disposal or transfer to another department or location. Therefore, to ensure current policies and procedures are followed, the evidence supervisor will immediately implement a procedure in which another employee will verify the transfer and disposal of items by signing the custody form or auction manifest as acknowledgement. Further, the signed custody form and any other forms showing transfer and acknowledgement from other departments or locations will be included as supportive documentation in the listing supplied for</p>			
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Findings and Action Plans

Commissioner's Court approval and at time of pickup by the Purchasing department. This new process will be documented in the updated policies and procedures (see finding # 2).

Finding #2

Risk Level M

Outdated Policies and Procedures – While reviewing the current policies and procedures, it was noted that policies and procedures involving the transfer of property to the online auction process were not included. Outdated policies and procedures may weaken the office internal controls, lead to non-compliance of new laws and regulations and fail to offer proper guidance to office staff members.

Recommendation

Office policies and procedures should be updated to address the operating process mentioned above. Further, management should periodically review and update the office policies and procedures as necessary.

Action Plan

Person Responsible	Evidence Supervisor	Estimated Completion Date	November 1, 2019
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Evidence supervisor agrees with recommendation and is in the process of reviewing and updating the current policies and procedures with staff and upper management.