



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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11-15

November 16, 2020

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 September 16, 2020, 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 procedures; one was a repeat finding from the prior audit. 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,

A handwritten signature in blue ink that reads "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:JO:ya

cc: Mrs. Betsy Keller, Chief Administrator
Ms. Kimberly A. Johnson, Sheriff Property Evidence Supervisor
Ms. Debra Carrejo, CPPO, CPPB



The El Paso County Sheriff’s Department
Abandoned Evidence
September 16, 2020
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 either transferred to the El Paso County Purchasing department for in-person auction or to the contracted company Propertyroom.com for online auction. Further, all monetary items are transferred to the Auditor’s office for deposit into the County’s general fund. Transfers and monetary deposits are monitored by an internal auditor and a purchasing agent. All transfers are documented through chain of custody forms or through Commissioner’s Court approved orders. In January 2020, a new evidence supervisor was hired and was not made aware of previous audit recommendations or action plans. Therefore, these will be discussed during the current review. This audit was performed by James O’Neal, internal audit manager – senior. The most recent prior audit report was issued on June 25, 2019.

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	Needs Improvement
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	Satisfactory
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 September 16, 2020.

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. Any items collected containing sensitive information (social security numbers, driver’s license numbers, dates of birth, etc.) were shredded.
- Monetary items were separated and delivered to the bank via a purchasing agent and the auditor.

RESULTS

On September 16, 2020, 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 \$1,116.75. 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
September 16, 2020
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) • Adherence to Sheriff's Evidence Room securement and storage policies and procedures (Obj. 4) • Documentation showing chain of custody for property items transferred to online auction or destruction. (Obj. 5) • 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) • Functioning appropriate cash controls (Obj. 3)
Findings Summary	
<ol style="list-style-type: none"> 1. Improper recording and reconciliation of monetary items. 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.



The El Paso County Sheriff's Department
Abandoned Evidence
September 16, 2020
Findings and Action Plans



Prior Audit Findings Summarized with Current Status

Status

H Closed

Finding: Improper chain of custody documentation and procedures not followed.

- An Apple Smartwatch, belonging to case number 2018-10844, was scheduled for destruction on March 14, 2019. 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.

Recommendation: Current policies and procedures should be followed as documented or amended by management if necessary.

Action Plan: 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 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. ***Previous Action plan not implemented; new management has implemented different controls to mitigate risk.***

M Open

See current
finding #3

Finding: 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: Evidence supervisor agrees with recommendation and is in the process of reviewing and updating the current policies and procedures with staff and upper management. ***Action plan not implemented.***



The El Paso County Sheriff's Department
 Abandoned Evidence
 September 16, 2020
 Findings and Action Plans



Current Audit Findings and Action Plans

Finding #1		Risk Level H	
<p>Improper Recording and Reconciliation – Three monetary envelopes did not reconcile to the ILEADS reports submitted for Commissioner’s Court approval resulting in a net difference of 80 cents. Although the monetary amount identified is immaterial, the lack of verification and validation could indicate a systemic issue for this process.</p> <ul style="list-style-type: none"> • Denominations listed on one monetary envelope reconciled with the corresponding ILEADS report, however, the denomination summation and total listed on the envelope did not. This resulted in the incorrect total being listed on the envelope. • The total listed on one monetary envelope reconciled with the ILEADS report total, however, the denominations listed on the envelope did not. This resulted in the incorrect denominations being listed on the envelope and not reconciling to the total listed. • An inputting error resulted in an incorrect denomination being listed on the ILEADS report, however, the correct denomination was listed on the monetary envelope. <p>Improper documentation and reconciliation of monetary envelopes and ILEADS reports may result in an increased risk of theft or misuse.</p>			
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.			
Person Responsible	Sheriff’s Evidence Department Supervisor	Estimated Completion Date	November 15, 2020
Evidence supervisor agrees with recommendation and will express the importance of proper labeling and recording of all monetary evidence received to all staff members. Further, an evidence invoice report will be included in the monetary envelopes to ensure proper documentation and reconciliation.			

Finding #2		Risk Level M	
<p>Outdated Policies and Procedures – While reviewing the current policies and procedures, it was noted that policies and procedures were not updated to include the process of transferring property to the online auction company. This was a prior audit finding that was not communicated when the department transitioned to new management. 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.</p>			
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	Sheriff’s Evidence Department Supervisor	Estimated Completion Date	December 31, 2020
Evidence supervisor agrees with recommendation and has submitted updated policies and procedures for departmental processes and the transferring of property to the online auction company to upper management for review.			