



CONSENT CALENDAR

Office of the City Auditor

September 25, 2001

To: Honorable Mayor and
Members of the City Council

From: Ann-Marie Hogan, City Auditor

Subject: POLICE DEPARTMENT SPECIAL ENFORCEMENT UNIT CASH FUND
AUDIT

RECOMMENDATIONS:

1. That Council accept the Police Department Special Enforcement Unit Cash Fund Audit Report.
2. That Council accept the memorandum from the Chief of Police which states that all audit recommendations, agreed upon by the Police Department, have been implemented.

BACKGROUND:

This audit found that Police Department Special Enforcement Unit (SEU) Cash Fund activity, after August 2000, was adequately documented. No misuse of cash was identified, and the physical safeguarding of cash appeared adequate.

The two principal audit findings in the audit report are:

1. The SEU cash fund custodian has complete control over the SEU cash fund, and no one independently reviews his work.
2. Written policy and procedure did not always provide adequate instruction to staff, and there were instances when staff was not following some of the written procedures. As a result, it was sometimes difficult to tell if the SEU cash fund was being managed and used as Police Department management intended.

This audit also found that cash from the SEU cash fund is routinely used to purchase goods and services, and suggests that the Police Department consider using established citywide purchasing and payment procedures when practical.

The most significant recommendations in the audit report are:

- A technically qualified Police Department employee, who is not supervised by the SEU cash fund custodian, should bi-annually:
 1. review records to determine if written procedures are being followed and
 2. reconcile the SEU cash with the cashbook and support documentation.

- Written procedures should prohibit the cash fund custodian from using SEU fund cash. The Police Department noted that the custodian recently discontinued use of his expense account, but written procedures were not revised to prohibit the custodian from using SEU fund cash. Therefore, we also recommended that if the department decides to allow the custodian to use the funds, this activity should be carefully reviewed by the supervisor.
- Written policies and procedures for the SEU cash fund should be revised to:
 - Clearly state the policies and procedures desired by Police Department management,
 - Describe how management will monitor SEU compliance with procedures,
 - Incorporate changes / revisions from recommendation 4 in our report.

On August 26, 2001 the Police Chief sent the City Auditor a letter stating that all the audit recommendations that the Police Department had agreed to implement had been implemented, or would be implemented, by September 1, 2001.

FINANCIAL IMPLICATIONS:

None.

CONTACT PERSON:

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Approved by:

Ann-Marie Hogan, City Auditor
Office of the City Auditor