# UCIRVINE | INTERNAL AUDIT SERVICES

# Police Department

*Internal Audit Report No. I2017-519*

December 14, 2017

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**JORGE CISNEROS**
**POLICE CHIEF**
**UC IRVINE POLICE DEPARTMENT**

**RE: Police Department Audit**
      **Report No. I2017-519**

Internal Audit Services has completed a limited review of the Police Department and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

Mike Bathke
Director
UC Irvine Internal Audit Services


Attachment


C: Audit Committee

## I.    MANAGEMENT SUMMARY

At the request of the Chief of Police, Internal Audit Services (IAS) conducted a limited review of the University of California, Irvine Police Department (UCIPD) including overtime, live scan services, and mutual aid recharges/ reimbursements.   Based on the audit work performed, internal control weaknesses should be improved to minimize risks and ensure compliance with University policies and procedures and/or best business practices.  Specifically, the following concerns were noted.

**Overtime –** Pre-authorization of overtime was verbal and not documented as required by policy.  The assignment of overtime to the employee with the least amount of overtime was not always evident on the overtime request forms.  A paper-based timekeeping system is still utilized which does not promote efficiency and allow timely detailed analysis of overtime.  These observations are discussed in section V.1.

**Live Scan Services –** Fees for live scan services were maintained in a safe and not deposited timely.  The wrong account was recharged for a live scan service and a General Error Correction (GEC) journal was processed to reverse the transaction, however, the correct account was not billed until audit notification. Payments for other services, such as requests for police reports and citation sign-offs, were deposited and recorded/comingled along with live scan monies.   Further details related to these issues are provided in V.2.

**Mutual Aid –** Recharges related to overtime backfill, fleet and/or gas expenses were not billed to the host campus correctly and not processed timely.  This observation is discussed in section V.3.

**Ledger Reconciliation** – Live scan, mutual aid and overtime transactions are not reconciled monthly to the ledger to ensure accuracy as required by policy.  This observation is discussed in section V.4.

## II.    BACKGROUND

The UCIPD's primary mission is to serve in partnership with the community, supporting a safe and inclusive University.  Through active collaborations with

UCI and UC Irvine Health communities, UCIPD creates a safe and secure learning environment through education, problem solving, and enforcement. UCIPD uses innovative practices, technology, continuing training, and partnerships to provide professional police services to deter, prevent, prepare for, respond to, and recover from all criminal activity, hazards, and threats.

Administratively, the UCIPD Chief serves as the law enforcement leader and administrative head and is supported by the Director of Administration, who directs the administrative operations in UCIPD.

## III.    PURPOSE, SCOPE AND OBJECTIVES

The primary purpose of the audit was to perform a general review of UCIPD's overtime, live scan services, and mutual aid recharge operations to assess business risk, internal controls, and compliance with University policies and procedures. The scope focused on certain operational and financial activities for Fiscal Year (FY) 2016-2017.

The audit included the following objectives.

1.  Verify that overtime was properly assigned, approved in advance, and evidenced and accurately recorded;

2.  Verify that live scan services were accurately recorded in a timely manner and cash and checks were appropriately handled and deposited in compliance with University policy;

3.  Verify that mutual aid recharges/reimbursements were accurately processed, adequately supported, and processed timely.

## IV.    CONCLUSION

In general, departmental controls and processes appear to be functioning as intended. However, business risks and internal control concerns were identified in the areas of overtime approvals and documentation, live scan and mutual aid recharges, timeliness of deposits, and ledger reconciliations.

Observation details and recommendations were discussed with management who formulated action plans to address the issues. These details are presented below.

## V. OBSERVATIONS AND MANAGEMENT ACTION PLANS

### 1. Overtime

#### Background

Departmental controls over overtime were examined for adequacy and accuracy. A sample of timekeeping reports and records were reviewed to verify that overtime was approved in advance and documented, properly assigned, and accurately recorded.

#### Observations

The following issues were noted regarding overtime.

a. Overtime as a result of meetings, training, and non-special events were pre-authorized verbally however, not documented as required by policy. Lack of documentation to support the process of pre-authorizing and justifying overtime weakens the controls structure and encumbers the review and reconciliation process. Compliance with policies and procedures ensures overtime is appropriate and accurate for compensation.

b. UCIPD Policy 1037 requires that overtime be assigned to officers with the fewest number of voluntary overtime hours. Review of the overtime request forms revealed that in some instances it was evident that overtime was assigned to officers with the least amount of overtime hours and in other cases, it was not clear why one officer was selected over another. To ensure transparency, the distribution of overtime assignment should be consistently documented on the request forms.

c.  UCIPD still utilizes a manual paper-based timekeeping process that does not allow timely detailed analysis and monitoring of overtime. As previously recommended, UCIPD should upgrade to an automated timekeeping system, which will reduce the risk of error of recording/calculating employee time as well as provide management with efficient reporting and monitoring capabilities.

## Management Action Plan

a.  We agree that overtime (OT) pre-authorization was not always documented in writing.  In those instances, OT was verbally authorized prior to any OT worked and was documented on the overtime justification sheet with the supervisor's initials after the fact.  An electronic payroll system, which allows for "pre-authorization" to be captured immediately is the most efficient and effective measure to implement.  However, pending the electronic system, we will implement the form pre-authorization process for all OT.  The form, documenting the pre-authorization (signature), will be attached to the timesheets each pay period.  This will be implemented by December 15, 2017.

b.  We agree that OT must be issued in a consistent manner and pursuant to the departmental policy.  We believe OT is currently assigned pursuant to policy.  There are times, however, when the officer with the least amount of OT declines the OT, in which case it goes to the next officer with the second lowest OT totals.  Other times, but much less frequently, OT is given to an officer who has a special skill necessary for the assignment, such as Field Training or Dignitary Protection detail.  In order to provide evidence that we are following policy, we will document the selection criteria on the request forms beginning December 15, 2017.  When the new electronic timekeeping system is implemented, the reason for overtime assignment will be documented in the system.

c.  We agree that an automated time reporting system should be implemented.  UCIPD is currently working with the vendor and will be seeking funding approval to purchase Kronos, an electronic time reporting system by December 15, 2017.

## 2. Live Scan Services

### Background

UCIPD provides ink and live scan fingerprint services for the campus as well as the general public for a fee. The total fee to process a live scan depends on the level of service required, which could range between $17 to $69. Cash, check, debit/credit cards, or UCI departmental recharge are accepted as a form of payment.

### Observations

A sample of live scan transactions were reviewed. Testing revealed that the following need improvement.

a. Fees collected for live scan services were not always deposited to the designated Main Cashiering office timely. Cash and check collections received between February-May ($1,908) were kept in a safe and were not deposited until June about four months later. Additionally, a credit card settlement from November 23, 2016 was deposited in June 2017, seven months later. University Policy, BUS-49, states that deposits must be made at least weekly or when deposits exceed $500.

b. Human Resources provided the wrong account number to UCIPD and a recharge was processed then later reversed with a General Error Correction (GEC). However UCIPD did not bill the correct account number until audit notification about three months later.

c. Payments received at the front counter are manually recorded onto a log and a pre-numbered receipt book. UCIPD does not have a cash register or electronic point of sale system to record payments which increases the risk for human error when recording cash. Furthermore, without an electronic system, it does not promote efficiency and reporting capabilities are limited.

d. Payments for other services such as requests for police reports, citation sign-offs, and clearance letters are deposited and recorded/comingled along with the live scan deposits. Management should determine if these payments should be recorded separately as these are not live scan related.

**Management Action Plan**

a. UCIPD agrees that deposits were not timely and have since resolved the technical issue (deposits not recording accurately between the bank and KFS) that caused the February to May delay with receipts and deposits.  As of November 1, 2017, cash and checks are deposited per policy.  Staff will be reminded of the policy and periodic reviews will be conducted to ensure deposits are made in a timely manner.

b. Staff will be reminded to review billing reports on a monthly basis to ensure that all recharges are processed. Also, live scan transactions will be reconciled to the general ledger monthly to ensure accuracy, beginning December 15, 2017.

c. While an electronic point of sale system may promote efficiency and increase reporting capabilities in some entities, UCIPD believes the current manual system is efficient for the size of their operation.  The current practice is to manually log all entries and provide a pre-numbered receipt.  The pre-numbered receipt book records transaction dates and payment amounts.  In addition, we only accept exact change. The simple paper based system has also been proven very advantageous in terms of cost savings.

d. UCIPD have determined that these payments do not need to be recorded separately.  Instead, the description in KFS will be changed to "Live Scan and Other Services," to more accurately describe the payments and will be implemented immediately.

3. **Mutual Aid Recharges/Reimbursements**

**Background**

Mutual aid is the temporary reassignment of personnel from one campus to another campus within the UC police system.  The host campus is the campus requesting and receiving mutual aid assistance and the guest campus is providing the mutual aid assistance.  Requests for mutual aid involve civil disorder, special campus events, or other local emergencies when the available resources of the host campus are insufficient to accomplish the police mission.  Campuses make every reasonable effort to

provide the requested mutual aid commensurate with available resources and depending on local circumstances.

Policy provides that a host campus shall reimburse a guest campus for those costs that are a direct result of the assignment of personnel to the host campus for mutual aid.

### Observations

A sample of various events where UCIPD was the guest campus was reviewed. Costs reimbursable to UCIPD such as overtime, travel, and meals were examined to ensure recharges were processed accurately and timely. The following concerns were noted.

a.  Due to an oversight, about $3,500 or 48 hours of overtime backfill costs was not recharged back to the host campus for one event. These costs were a result of the assignment of personnel to the host campus and were not reimbursed to the guest campus. Overtime backfill is used to maintain minimum staffing at the guest campus when sergeants or officers work mutual aid events on their regularly scheduled shifts.

b.  UCIPD incorrectly captured the fleet and/or gas charges for three separate events. Two events resulted in an overcharge to the host campus and the other was an undercharge.

c.  Mutual aid recharges were not processed in a timely manner. Four events reviewed were processed between two-four months after the event.

Processing accurate and timely recharges promotes better budgeting and planning, since payment is closer to the time when such costs were incurred. Also, untimely processing increases the risk for lost documentation which could result in lost income. Delays in processing should be justified and documented.

**Management Action Plan**

a.  With the new electronic time keeping system, overtime backfill hours will be flagged in order to accurately and consistently capture such hours/charges and in turn, recharge the host campus.  In the meantime, a mutual aid checklist will be established to ensure backfill hours and any other expenses are accurately captured.  This will be implemented by December 15, 2017.

b.  UCIPD agrees that the calculations for fleet and/or gas charges were incorrect.  UCIPD relied on the host campus to review the charges and report any errors.  As of December 15, 2017, UCIPD will enhance current practices to include an internal review using existing staff resources to ensure that charges for mutual aid are correct.  The internal review will be evidenced with a signature and date.

c.  UCIPD agrees that it is good business practice to submit mutual aid transactions in a timely manner.  Management will review the mutual aid process in an effort to identify ways to decrease processing time.  In addition to establishing a checklist, documents will be date stamped upon receipt and the department will process mutual aid recharges within 45 days of the event date.  Any exceptions will be justified and documented. This will be implemented by December 15, 2017.

4.  **Ledger Reconciliation**

**Background**

UCI Administrative Policies and Procedures Sec.701-08: Procedures for Control of Expenditure and Income Funds specify that each activity manager, who is directly responsible for the financial affairs of that activity, maintains procedures that monitor and verify transactions in order to reconcile balances monthly to the general ledger.  Income accounts should also be monitored to verify that deposits have been correctly recorded.

**Observation**

Discussion with staff disclosed that UCIPD has not consistently performed ledger reconciliations, which include overtime, mutual aid, and live scan transactions. Reconciliations are an integral component of the internal control structure to ensure that financial information is complete, accurate, and valid.  Without the timely review of ledgers, inaccurate or unauthorized transactions may go undetected.

**Management Action Plan**

UCIPD agrees that there should be a process to regularly review general ledger transactions.  Due to lack of staffing, a full reconciliation of all accounts has not been performed. UCIPD will continue to seek additional staff resources to assign general ledger reconciliations.  Additionally, payroll ledgers and general ledger accounts related to live scan and mutual aid transactions will be reconciled monthly beginning December 15, 2017.