



**Report of Internal Audit  
Charlotte-Mecklenburg Police Department  
Vice Imprest Fund 2017  
March 14, 2018**

**City Auditor's Office  
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**Purpose and Scope**

Internal Audit performs periodic audits of the Charlotte-Mecklenburg Police Department (CMPD) Vice Imprest Fund. During calendar year 2017, we performed six audits and this report summarizes our results. The purpose of each audit was to verify the cash on hand and to determine whether the officers in the Vice and Narcotics Division adhered to the established policies and procedures for replenishment of funds.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The intent of this report is for the information and use of the City Manager's Office, City Council, and the Charlotte-Mecklenburg Police Department.

**Conclusion and Summary Results**

CMPD's Vice Imprest fund controls are working effectively. Vault cash agreed to records; transactions were properly documented; and evidence property control was verified. Supervisors have worked to maintain a low late return of unused advances and expense documentation. We are satisfied with CMPD's efforts and the level of controls in place.

**Background**

The Vice Imprest Fund (Fund) was established by the CMPD Special Investigations Bureau, Vice and Narcotics Division (Division), for use in ongoing investigations related to controlled substances, prostitution, gambling, and other criminal activities.

The Division is currently authorized to maintain \$49,000 cash in the Fund. CMPD's standard operating procedures call for initiating the process to replenish the Fund when one-third of the funds have been expended. After reviewing all vouchers and files and notifying the Division Commander, the shift sergeant notifies Internal Audit and requests the audit. The replenishments totaled \$185,380 during 2017. For FY18, the budget for replenishment is \$230,000.

The Fund cash is kept inside a locked safe in a secure location within the Division. Physical access to the safe is tightly controlled. The Division Commander and Division supervisors are authorized to advance funds – using numbered vouchers for accounting control – to Sergeants, Lieutenants, and Special Investigative Bureau detectives for specific purposes, including the following:

- For officers to purchase controlled substances during an undercover investigation.
- For informants to purchase controlled substances, when establishing their reliability, or when needed to establish probable cause to obtain a search warrant.
- For payment of admission, when required, to enter business establishments while conducting authorized investigations, or to pay for drinks and tips that are reasonable and necessary during the investigation.
- For emergency travel that will be reimbursed to the Fund with City or Federal travel funds.

Each Supervisor is responsible for ensuring that:

- Vouchers accounting for fund use, along with any remaining unspent funds, are returned within the prescribed time limits – 30 days for most advances, seven days for informant payments, and by the end of the current shift for large advances with an unused balance of \$1,000 or more.
- The appropriate case notes and documentation on all expenditures and informant payments are complete, accurate, and filed in the appropriate location within the safe room.
- The returned vouchers are complete and accurate, and all signatures are legible.

All property purchased by the Vice and Narcotics officers must be submitted to the CMPD Property Control Bureau (PCB). The evidence is sealed in bags and initialed by the impounding officers. Items too large or bulky for packaging are tagged. The responsibility of the PCB begins when the evidence and paperwork are presented for processing at the PCB receiving counter. PCB personnel ensure that the accompanying evidence information sheets are accurately completed and that the items are appropriately packaged or tagged. In the event that a Task Force Officer (assigned to work with a federal agency) uses Fund money to purchase narcotics from individuals, the property may be turned in at the federal agency.

Open cash advances and informant pays are reviewed during the audits. If officers are regularly late with their vouchers, they will lose the privilege of utilizing the Fund. The detectives assigned to the Special Investigations Bureau who are continually late with their vouchers are subject to disciplinary actions.

**Results of Audit**

**1. Fund vault cash agreed to records; transactions were properly documented; and property control was verified.**

During calendar year 2017, six audits were conducted, and the Fund records were accurately reconciled to vault cash on each occasion. Replenishments for the year totaled \$185,380. The number of transactions per audit period ranged from 118 to 193. For randomly selected items tested, Division personnel pulled the official documentation related to the case. Auditors reviewed each file to determine that the departmental policies and procedures had been followed. In addition, random property reports were selected for testing. Auditors visited the PCB to verify that each selected item was on hand and packaged properly. There were no exceptions.

**2. Division officers submitted documentation timely in 95% of cases.**

There were 848 cash advances and informant pays totaling \$413,348 issued during calendar year 2017. Unused advances are common and expected. Officers make tentative plans for the use of funds, but often return without completing a transaction. In 2017, 45% of the funds advanced were returned unused.

Division supervisors have acted to reduce the amount of time unused funds are held by officers. Advances with \$1,000 or more unspent require return of unused funds during the shift the funds were obtained. During 2017, 33 cash advances were over \$1,000 each, totaling \$66,710. No advances were returned late.

Advances under \$1,000 are more common and also have been subjected to ongoing supervisory attention. Supervisors enforce Division policies to ensure advanced funds are accounted for, including a 30-day time limit for the return of unused funds and documentation in support of expenses. During 2017, unused funds and expense documentation were submitted late for 26 advances and 13 informant pays, representing 5% of such transactions. The compliance rate for 2017 was similar to the rate achieved in 2015 and 2016, and significantly improved from the prior two years.

**Recommendation:** Division supervisors should continue enforcing Fund policies to minimize non-compliance penalties.

**CMPD Response:** CMPD concurs and will continue enforcing the policy.