



CMPD Vice Imprest Fund 2018



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CMPD Vice Imprest Fund 2018 Audit

Executive Summary

Purpose

To verify cash on hand and determine if officers adhered to policies and procedures.

Background

The Vice Imprest Fund was established for use in investigations related to controlled substances, prostitution, gambling, and other criminal activities.

The fund has an authorized balance of \$49,000 and an annual replenishment budget of \$230,000.

Replenishments during 2018 totaled \$111,075 and Internal Audit conducted four separate site visit audits throughout the calendar year.

Conclusion

CMPD's Vice Imprest fund controls are working effectively. This is evidenced by the low rate of late returns and expense documentation maintained over the last three years.

Highlights

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

- In 2018, four audits were conducted; vault cash was accurately reconciled on each occasion
- Replenishments during 2018 totaled \$111,075
- Auditors randomly selected items from each audit to trace to the CMPD property room and verified each item was on hand and appropriately packaged; there were no exceptions

2. Division officers submitted documentation timely in 93% of cases.

- There were 393 cash advances and informant pays during the 2018 audit period; 55% of the advanced funds were returned unused
- During the audit period, there were 10 cash advances over \$1,000 totaling \$23,495; none were returned late
- Advances under \$1,000 are more common and officers are given 30 days to return any unused funds and their required documentation; 7% of these transactions were returned late

Recommendation

Division Supervisors should continue enforcing Fund policies to minimize non-compliance problems.

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Background

The Vice Imprest Fund (Fund) was established by the Charlotte-Mecklenburg Police Department (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 authorized to maintain \$49,000 cash in the Fund. CMPD's standard operating procedures call for initiating the replenishment process when one-third of the funds have been expended. The replenishments totaled \$111,075 during 2018. For FY19, the budget for replenishment is \$230,000.

The Fund cash is kept inside a locked safe in a secure location within the Division. 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 placed in sealed containers 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. If 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.

Objective

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.

Scope, Methodology, and Compliance

Scope

Vice Imprest Fund activity for the 2018 calendar year.

Methodology

Audit staff performed the following procedures over the course of four site visits to accomplish the audit objectives:

1. Selected all vouchers over \$1,000 and sampled the remaining vouchers; reviewed for the necessary paperwork
2. Counted cash on hand
3. From the sampled vouchers, traced the complaint numbers/evidence to the PCB
4. Performed various analyses on the yearly data

Compliance

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.

Findings and Recommendations

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

During calendar year 2018, four audits were conducted, and the Fund records were accurately reconciled to vault cash on each occasion. Replenishments for the year totaled \$111,075. The number of transactions reviewed per audit period ranged from 80 to 168. 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 93% of cases.

There were 393 cash advances and informant pays totaling \$196,667 issued during calendar year 2018. Unused advances are common and expected. Officers make tentative plans for the use of funds, but often return without completing a transaction. In 2018, 55% 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 2018, 10 cash advances were over \$1,000 each, totaling \$23,495. These large advances were returned timely.

Advances under \$1,000 are more common and 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 2018, unused funds and expense documentation were submitted late for 17 advances and 10 informant pays, representing 7% of such transactions. The rate of late returns is up slightly from 2017, which was much improved from previous years.

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

Value Added: Compliance, Risk Reduction

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

Conclusion

CMPD's Vice Imprest fund controls are working effectively. This is evidenced by the low rate of late returns and expense documentation maintained over the last three years.

Distribution of Report

This report is intended for the use of the City Manager's Office, City Council, and the Charlotte-Mecklenburg Police Department. Following issuance, audit reports are sent to City Council via the Council Memo and subsequently posted to the [Internal Audit website](#).