



CMPD Vice Imprest Fund 2019



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CMPD Vice Imprest Fund 2019 Audit

Executive Summary

Purpose

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.

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 an audit to replenish the Fund. After reviewing all vouchers and files and notifying the Division Commander, the shift Sergeant notifies Internal Audit and requests the audit. For FY 2020, the budget for replenishment is \$230,000.

Conclusion

CMPD's Vice Imprest Fund controls are satisfactory and working effectively.

Highlights

1. *Cash on hand agreed to records, transactions were properly documented, and property control was verified.*

- In calendar year 2019, six audits were conducted; vault cash was accurately reconciled on each occasion.
- Replenishments during 2019 totaled \$197,132.
- Auditors judgmentally selected items from each audit:
 - Viewed required documentation.
 - Traced to the CMPD Property Control Bureau (PCB) and verified items were on hand and appropriately packaged.

2. *Division officers submitted documentation timely in 94% of cases.*

- There were 633 cash advances and informant pays during the 2019 audit period; 51% of the advanced funds were returned unused.
- During the audit period, there were 29 cash advances over \$1,000 totaling \$58,540; 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; 6% of these transactions were returned late.

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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 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 reasonable and necessary expenses during any investigations.
- 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. 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

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.

Scope, Methodology, and Compliance

Scope

Vice Imprest Fund activity for the 2019 calendar year.

Methodology

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

1. Selected all vouchers over \$1,000 and sampled the remaining vouchers; reviewed for the necessary paperwork.
 - Auditors judgmentally sampled vouchers under \$1,000 during each visit.
 - The samples consisted of at least one advance, one advance with returned funds, and one informant pay.
2. Counted cash on hand.
3. From the sampled vouchers, traced at least two of 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

1. Cash on hand agreed to records, transactions were properly documented, and property control was verified.

During calendar year 2019, six audits were conducted, and the Fund records were accurately reconciled to vault cash on each occasion. Replenishments for the year totaled \$197,132. The number of transactions per audit period ranged from 82 to 140. For 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. Auditors judgmentally selected items from each audit to trace to the PCB and verified a sample of the tested items were on hand and appropriately packaged; there were no exceptions. There were no exceptions.

2. Division officers submitted documentation timely in 94% of cases.

There were 633 cash advances and informant pays totaling \$338,647 issued during calendar year 2019. Unused advances are common and expected. Officers make tentative plans for the use of funds, but often return without completing a transaction. In 2019, 51% 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 2019, 29 cash advances were over \$1,000 each, totaling \$58,540. No advances were returned late.

Advances under \$1,000 are more common and are also 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 2019, unused funds and expense documentation were submitted late for 21 advances and 17 informant pays, representing 6% of such transactions. The compliance rate for 2019 was similar to the rate achieved in 2017 and 2018.

Conclusion

CMPD's Vice Imprest Fund controls are satisfactory and working effectively.

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](#).