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March 1, 2007

Honorable Mayor and Members of
the Board of Aldermen
Town of Spring Hill
P.O. Box 789
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Mayor and Members of the Board:

We have completed our investigative audit of selected records of the Spring Hill Police Department. Our examination focused on the period July 1, 2005, through September 30, 2006. However, when warranted, this scope was expanded. The audit was limited to the department's property and evidence function. The examination was in response to a request by the police chief.

Our audit revealed the following internal control weaknesses:

Inadequate restrictions on access to property and evidence

Our investigative audit revealed that access to the property and evidence room was not always restricted. Current and former police department employees identified over 10 individuals that, at one time or another, had access to the property and evidence. In addition, auditors were not able to determine that the number of keys to the room had been limited or access restricted to those identified individuals. Inadequate restrictions on access to high-risk property increase the risk that property will be lost or stolen.

The *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 1, Chapter 4, requires policies and procedures for the identification, storage, and annual inventory of high-risk, sensitive property.

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Recommendation

To reduce the risk of loss or theft, the police chief should ensure that items held as property and evidence are adequately labeled, stored, and safeguarded. The police chief should restrict access to high-risk property, including narcotics and weapons, to only essential personnel under specific conditions.

Confiscated weapons not adequately accounted for or disposed of

Our investigative audit identified several unaccounted for weapons. We identified two handguns that had been forfeited and awarded to the Spring Hill Police Department but could not be located. In addition, we noted at least six other confiscated weapons that, although police records indicated that they remained in police department custody, auditors and police department employees were unable to locate them. Finally, we identified one firearm in police custody for which there was no documentation of why or from whom the weapon came.

Section 39-17-1317(b), *Tennessee Code Annotated*, states, “Any weapon declared contraband shall be sold in a public sale, destroyed, or used for legitimate law enforcement purposes, at the discretion of the court by written order.”

Section 39-17-1317(h)(1), *Tennessee Code Annotated*, further states:

A weapon that may be evidence in an official proceeding shall be retained or otherwise preserved in accordance with the rules or practices regulating the preservation of evidence. Any such weapon shall be sold, destroyed or retained for legitimate law enforcement purposes not less than sixty (60) days nor more than one hundred eighty (180) days after the last legal proceeding involving the weapon...

(i) No weapon seized by law enforcement officials shall be used for any personal or law enforcement purposes, sold or destroyed except in accordance with this section.

Recommendation

To reduce the risk that accidental or intentional errors remain undetected, we recommend that procedures be established and responsible persons assigned to identify and log each seized weapon entered in the evidence room inventory. Procedures and security should be sufficient to safeguard inventory and properly dispose of each item according to *Tennessee Code Annotated*.

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In addition, the police chief should ensure that someone independent of the custodial function of contraband weapons reconcile the court orders for the destruction or retention of weapons with the property actually destroyed or retained. Any discrepancies should be reported and investigated.

Confiscated drugs not properly disposed of

The police department maintained custody of drugs and drug paraphernalia seized pursuant to Section 53-11-451, *Tennessee Code Annotated*. However, the department did not follow the procedures set forth in state statutes for the disposal of those items. In our investigative audit, we noted that applicable seized drugs and drug paraphernalia were not destroyed annually as required by state law.

Section 53-11-451(j), *Tennessee Code Annotated*, states:

Any property of the type set forth in subdivisions (a)(1) and (7) that is in the custody and possession of a clerk of any court of this state by virtue of the property having been held as evidence or exhibits in any criminal prosecution where all appeals or potential appeals of a judgment have ended, or when the case has been dismissed or otherwise brought to a conclusion, shall be disposed of as follows:

1. The clerk of the court having custody of the property to be disposed of shall, no less than once annually, inventory the same and prepare a list of the property proposed to be destroyed with references to the cases involved and the name of the case, the case number and date when such property was used
2. The clerk shall submit the inventory list with a filed petition to the court and shall serve a copy of the petition upon the district attorney general. After determining that the listed property is not needed as evidence in any pending or potential judicial proceeding, the court shall order the property to be destroyed; and
3. The clerk, or such deputy clerk as the clerk may designate, shall completely destroy each item by cutting, crushing, burning or melting and shall file, together with the petition and

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order relating to the destroyed property, an affidavit concerning such destruction, showing a description of each item, the method of destruction, the date and place of destruction, and the names and addresses of all witnesses to the destruction.

Recommendation

To comply with state statutes and to remove the responsibility of accounting for property no longer needed as evidence, the police chief should ensure the annual inventory and destruction of confiscated drugs as required by *Tennessee Code Annotated*. Documentation of compliance with state law should be maintained. In addition, the police chief should ensure that someone independent of the custodial function of contraband drug evidence reconcile the destruction and retention court orders with the property actually destroyed or retained. Any discrepancies should be reported and investigated.

Inventory of items seized as evidence incomplete

A complete and accurate inventory of evidence was not maintained. We noted that items seized as property and evidence were not always listed as property in the incident/investigation report. The failure to list items in the incident/investigation report prevented the current computer software system from providing an accurate inventory list of confiscated property. The *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 1, Chapter 4, Section 1, states, "Municipal officials should adopt policies and procedures that provide safeguards for inventories of materials and supplies." Section 3 of this chapter requires that a record be maintained of high-risk, sensitive property and that an annual inventory be performed.

Recommendation

To safeguard and account for items of seized evidence, the police chief should ensure that an accurate and complete inventory of items seized as evidence be maintained. A physical inventory should be performed at least annually by persons independent of the property and evidence function and documentation of that inventory should be maintained.

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Evidence custodian has ability to alter or delete computer records

We noted that the police department's computerized property and evidence inventory system permitted the custodian of evidence to alter or delete the computer records of the items in his custody. The *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 1, Chapter 2, Section 2, states, "Municipal officials should enforce division of duties to provide a system of checks and balances so that no one person has control over a complete transaction from beginning to end. Work flow should be established so that one employee's work is automatically verified by another employee working independently."

Recommendation

To reduce the risk of unauthorized and/or improper alterations and to increase the reliability of data, the police chief should ensure that access to certain functions of the computerized property management system is strictly limited and well documented. Property and evidence room personnel should not have the authority or ability to alter computer data once property is taken into custody.

Required procedures for confidential funds transactions not followed by police department

The police department failed to maintain a separate bank account for confidential funds. "Procedures for Handling Cash Transactions Related to Undercover Investigative Operations of County and Municipal Drug Enforcement Programs," developed pursuant to Section 39-17-420(f), *Tennessee Code Annotated*, requires that a separate bank account be maintained for confidential funds. The manual also includes prescribed forms for the proper documentation of confidential funds transactions.

Recommendation

To properly account for confidential funds, such funds should be handled in accordance with the "Procedures for Handling Cash Transactions Related to Undercover Investigative Operations of County and Municipal Drug Enforcement Programs." A separate bank account designated for confidential funds should be established in accordance with the procedures manual.

Cash seizures not deposited promptly

Our investigative audit revealed that police officers took cash from suspects pursuant and incidental to arrest. The cash was documented and placed in the police department property and evidence room. The police department typically made a claim on this money under the state's

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administrative, civil, or judicial forfeiture procedures. However, the department routinely kept the cash in the property and evidence room for over 30 days, and in at least one instance, for over one year.

Section 6-56-111(a), *Tennessee Code Annotated*, states:

Every municipal official handling public funds shall be required to, as soon as practical, but no later than three (3) working days after the receipt by such municipal official of any public funds, deposit the funds to the credit of such municipality's official bank account, or bank accounts.

The *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 3, Chapter 1, Section 5, states:

Collections should be deposited promptly and intact and only in designated depositories. The bank's night depository should be used, if necessary, to avoid large accumulations of currency overnight.... The municipality should make daily deposits when large amounts of money are involved.

Recommendation

To help prevent the misuse or loss of collections, officials should ensure that all collections are deposited intact within three working days into an official municipal bank account. For those instances in which the cash could be used as evidence in a criminal case, department officials should consult with the appropriate prosecuting agency.

Lack of written policies

The police chief for the Spring Hill Police Department rescinded all current General Orders effective September 26, 2005. Although a draft copy of a new set of General Orders has been compiled, those orders have not been implemented to provide written policies and procedures to provide guidance in conducting police business. The *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 1, Chapter 1, Section 1, states:

Municipal officials shall ensure that ... a policies and procedures manual is part of the written record system of the municipality. The municipality's manual should incorporate or reference all the policies and procedures required in this manual and should include

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any additional policies and procedures specific to the municipality.
All policies and procedures should be in strict compliance with
federal, state and local laws.

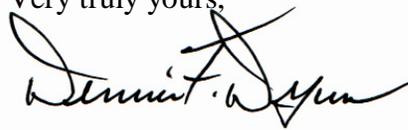
Recommendation

To ensure that all municipal policies and procedures are understood and uniformly applied, the police chief should implement policies and procedures in compliance with the requirements of the *Internal Control and Compliance Manual for Tennessee Municipalities*.

The police chief has instituted additional procedures to address these issues. However, the mayor and members of the board of aldermen should take any additional action necessary to ensure that these issues have been adequately resolved.

If you have any questions concerning the above, please contact me.

Very truly yours,



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Division of Municipal Audit

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