



**A Report to the
Audit Committee**

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**Audit of Metropolitan Nashville Police
Department – Firearms and
Equipment Tracking**

February 6, 2014

Metropolitan
Nashville
Office of
Internal Audit

EXECUTIVE SUMMARY

February 6, 2014



Why We Did This Audit

The audit was initiated based on the significance and risks associated with firearms, Tasers and other inherently dangerous items.

What We Recommend

The Metropolitan Nashville Police Department should utilize a more sophisticated inventory tracking system for the Training Academy and the Special Weapons and Tactics team. The inventory upkeep and physical custody functions should be segregated. Verification of the receipt function at Property, Evidence, and Facilities should be enhanced.

Metropolitan Nashville Police Department – Firearms and Equipment Tracking

BACKGROUND

The mission of the Metropolitan Nashville Police Department (hereafter called “MNPD”) is to “provide community based police products to the public so they can experience a safe and peaceful Nashville”. The MNPD must provide firearms for approximately 1,400 sworn officers. The department is also responsible for the custody of all firearms sent to the Property, Evidence, and Facilities Division. The ability to effectively procure, record, store, monitor, track, and dispose of firearms and equipment is critical to the mission of the Metropolitan Nashville Police Department and the safety of Nashville’s citizenry.

OBJECTIVES AND SCOPE

The objectives of the audit were to determine the following:

- Controls and procedures ensured firearms and equipment were procured, received, identified, recorded, tracked, secured, and disposed of in accordance with applicable requirements.
- Policies and procedures related to firearms and equipment conformed to best practices and guidelines as set forth by the Commission on Accreditation of Local Law Enforcement Agencies.

The audit scope consisted of the period from June 1, 2011, through May 31, 2013.

WHAT WE FOUND

In general, internal controls over firearm inventory were adequate. The software system used to track a large portion of firearm inventory is antiquated and a more sophisticated software package is needed. Internal controls pertaining to segregation of duties, inventory tracking, and completeness should be strengthened.

GOVERNANCE

The location of firearm inventories throughout the Metropolitan Nashville Police Department is in three main areas: the Training Academy, Special Weapons and Tactics team, and Property, Evidence and Facilities. The Training Academy and Property, Evidence, and, Facilities Divisions both report to the Administrative Services Bureau Deputy Chief while the Special Weapons and Tactics team reports to the Field Operations Bureau. The largest amount of weapons for issue is part of the Training Academy inventory. As the name implies, weapons at Property, Evidence, and Facilities are there for other reasons.

OBJECTIVES AND CONCLUSIONS

1. *Were controls and procedures in place to ensure firearms and equipment were procured, received, identified, recorded, tracked, secured, and disposed of (if required) in accordance with applicable requirements.*

Generally Yes. In the vast majority of its individual functions, the MNPD was effective and utilized great care in management of its firearms and equipment. At Property, Evidence, and Facilities, audit testing included tracing items from the inventory listing to physical location, physical location to inventory listing, and reviewing documentation completeness for destroyed items, without any instances of errors. However, other MNPD controls require enhancement in order to operate at optimum effectiveness. Controls over inventory tracking, segregation of duties, and completeness require attention. (See observations A through E.)

2. *Did policies and procedures related to firearms and equipment inventory conform to best practices and guidelines set forth by The Commission on Accreditation of Local Law Enforcement Agencies?*

Yes. The MNPD was found to be in compliance with practices and guidelines set forth by The Commission on Accreditation of Local Law Enforcement Agencies in recent inspections including the most recent inspection report dated February 28, 2011. The MNPD received a “Full Compliance” rating. No instances of non-compliance with those guidelines were noted during the engagement.

AUDIT OBSERVATIONS

The Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework*, Control Environment component recommends management and the board of directors establish mechanisms to communicate and hold individuals accountable for performance of internal control responsibilities across the organization and implement corrective action as necessary. The audit observations listed are offered to help management fulfill their internal control responsibilities.

Observation A: Current Inventory Tracking Systems Need Enhancements

The inventory tracking systems at the MNPD Training Academy and Special Weapons and Tactics team need enhancement due to the obsolete tracking tools currently utilized. An Excel spreadsheet was used to monitor all activity related to firearms in custody at these two departments. The integrity and reliance that can be placed on such a system is greatly diminished when compared to other more sophisticated systems such as a relational database product. The potential for fraudulent activities are also greatly enhanced. In contrast, Property, Evidence, and Facilities utilize a more functional database

(Evidence TraQ). Although not the newest and latest product, Evidence TraQ was found to function quite well with reduced vulnerabilities and risk of mishaps.

The audit revealed that the Training Academy spreadsheet included incorrect or outdated information. Specifically, the location and/or custody of several items were incorrect. In other instances, firearms were physically identified that were not included on the inventory listing. Finally, six firearms could not be located that were under the custody of the Training Academy. The Excel spreadsheet for the Training Academy had a sufficient number of smaller errors so that reliance could not be made on the integrity, completeness and accuracy of that listing.

The Special Weapons and Tactics team's spreadsheet also included a small number of errors related to the tracking of inventory. Moreover, two pieces of equipment could not be located. It should be noted that there were no significant issues with the Special Weapons and Tactics team's inventory listing as it pertains to firearms.

Recommendation for management of the Metropolitan Nashville Police Department:

Management at the MNPD should investigate obtaining a more sophisticated system for Inventory Management. Further, the MNPD should consider developing comprehensive procedures regarding the maintenance of the inventory listing.

Observation B: Segregation of Duties

The MNPD Training Academy has an organizational structure whereby the same person who maintains the inventory listing also retains custody of assets. While the assigned individual was competent and diligent, these duties are incompatible. The audit did not reveal instances of fraudulent activities; however, the risk of fraud and/or abuse is greatly enhanced under this structure.

Recommendation for management of the Metropolitan Nashville Police Department:

Management at the MNPD should ensure that the person who is has custody of firearms and ammunition assets is not the same person, or under the authority of, the individual responsible for maintaining the inventory listing.

Observation C: Need for a Process Owner

The custody of firearms resides in three separate divisions spanning two different bureaus within the Metropolitan Nashville Police Department. While tracking and recording keeping purposes in the Property, Evidence, and Facilities Division is distinctly different from the others, both the SWAT team and Training Academy have similar tracking purpose functions but operate under the governance of different bureaus. Establishing a process owner who is responsible for overall oversight of the *firearms inventory management process* (excluding Property, Evidence, and Facilities) would enhance the governance control and reduce the risks associated with multi-departmental, multi-bureau communications, tracking, transfers, databases used, and process decisions. Possible consolidation could more easily occur in database management and tracking. Also enhanced would be the ability to timely identify new inventory control weaknesses across the MNPD.

Recommendation for management of the Metropolitan Nashville Police Department:

Consider assigning a single process owner for the firearm management process across MNP (excluding Property, Evidence, and Facilities). This process owner should be responsible for ensuring that processes and procedures related to firearm inventory management constantly address applicable risk, are strategically aligned across bureaus, are communicated to applicable parties, are operating as intended, and are periodically reviewed and approved.

Observation D: Procedures over Verification that All Firearms Submitted to Property and Evidence are actually Received and Entered into Inventory.

Prevalent business practices as well as the Tennessee Comptroller of the Treasury's Internal Control and Compliance Manual recommends developing procedures to provide assurance that all assets stated as being received are verified as received and entered into inventory. The audit revealed that there are no procedures in place to ensure that all firearms submitted to Property, Evidence, and Facilities were verified as having been received or entered into the Evidence TraQ inventory system.

Recommendation for management of the Metropolitan Nashville Police Department:

Management at the MNP should develop procedures whereby greater assurance is given that all firearms submitted to Property, Evidence, and Facilities are verified as received and placed into the Evidence TraQ system.

Observation E: Enhanced Utilization of Receipt Books

Prevalent business practice as well as the Tennessee Comptroller of the Treasury's Internal Control and Compliance Manual recommends having processes in place to ensure changes in custody of assets are properly tracked. The Special Weapons and Tactics team utilizes individual custody records placed in a receipt binder in which all firearms issued or returned are recorded. The audit revealed individual records were not sequentially numbered, consistently utilized, or properly secured against removal. The risk that distributed or returned firearms are not accurately documented or that custody records are misplaced or stolen is increased.

Recommendation for management of the Metropolitan Nashville Police Department:

Management at the MNP should develop procedures whereby the Special Weapons and Tactics team custody records are sequentially numbered, utilized in every transaction involving a firearm, and properly secured so that only limited individuals have access.

GOVERNMENT AUDITING STANDARDS 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 observations and conclusions based on our audit objectives.

METHODOLOGY

To accomplish our audit objectives, we performed the following steps:

- Interviewed key personnel within Metropolitan Nashville Police Department.
- Evaluated internal controls currently in place.
- Reviewed sample selections to determine the effectiveness of internal controls.
- Reviewed financial transactions.
- Considered risk of fraud, waste, and abuse.
- Considered information technology risks.

AUDIT TEAM

Carlos L. Holt, CPA, CFF, CIA, CGAP, CFE, Audit Manager
Bill Walker, CPA, CIA, Senior Auditor
Joe McGinley, CISSP, Senior Auditor

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN



Karl F. Dean, Mayor

Steve Anderson
Chief of Police

*METROPOLITAN POLICE DEPARTMENT
of Nashville and Davidson County*

February 5, 2014

Office of Internal Audit
Mr. Mark Swann, Metropolitan Auditor
222 3rd Avenue North, Suite 401
PO Box 196300
Nashville, TN 37219

Dear Mr. Swann,

This is to acknowledge receipt of the Metropolitan Nashville Police Department – Firearms Audit Final Report. The professionalism of this police department, as well as the tracking of all firearms within our department, is critically important to us. We welcome your audit and conclusionary findings, as we are always striving to improve our business.

We found your auditors, Bill Walker, Carlos Holt, and Joe McGinley to be conscientious, thorough, and diligent in their audit. They examined weapons stored in the Property Room (Evidence Storage Section) as well as our departmental weapons inventoried out of our Training Academy Division and SWAT Section. Thank you for their hard work and thorough examination of our inventory and internal processes.

Our responses to the audit findings are attached to this letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "W. Todd Henry".

Deputy Chief William Todd Henry
Administrative Services Bureau
Metropolitan Nashville Police Department

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APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

We believe that operational management is in a unique position to best understand their operations and may be able to identify more innovative and effective approaches and we encourage them to do so when providing their response to our recommendations.

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<i>Recommendations for management of the Metropolitan Nashville Police Department to:</i>		
A. Investigate obtaining a more sophisticated system for Inventory Management. Further, the MNPDP should consider developing comprehensive procedures regarding the maintenance of the inventory listing.	Agree - Utilizing the MNPDP Automated Records Management System (ARMS) would strengthen accountability and limit potential risks. There have been preliminary meetings with the MNPDP Information Technology Division (ITD) regarding utilizing ARMS and are projected to have a custom ARMS product in July 2014.	
B. Ensure that the person who is has custody of firearms and ammunition assets is not the same person, or under the authority of, the individual responsible for maintaining the inventory listing.	Partially Agree - These functions can be strengthened by enhanced oversight and more frequent internal monitoring/auditing.	
C. Consider assigning a single process owner for the firearm management process across MNPDP (excluding Property, Evidence, and Facilities). This process owner should be responsible for ensuring that processes and procedures related to firearm inventory management constantly address applicable risk, are strategically aligned across bureaus, are communicated to applicable parties, are operating as intended, and are periodically reviewed and approved.	Partially Agree - The Training Academy will be the owner of the inventory management process for firearms utilized by sworn personnel as service weapons. SWAT maintains their own weapons inventory which will be incorporated into Training's inventory management database; SWAT will observe the established procedures and documentation for weapons transactions of the Training Academy. The new ARMS firearms tracking system should ensure better quality and oversight.	
D. Management at the MNPDP should develop procedures whereby greater assurance is given that all firearms submitted to Property, Evidence, and Facilities are verified as received and placed into the Evidence TraQ system.	Partially Agree (see below)	
Corrective Action Plan: The MNPDP Property and Evidence Section has numerous procedures in place to help ensure the integrity of the operation as a whole. When firearms are dropped in any of the property drop boxes, a sworn Officer is assigned to retrieve the evidence from the drop boxes. Upon each daily pick up, the sworn officer completes a log, which is kept inside the drop box. The log consists of the Officer's name picking up the evidence, the date, time, and number of items picked up. Once the log is		

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<p>full, it is submitted to a supervisor at ESS for filing. In addition to this log, a second document is completed at each pick up which denotes the Officer’s name and the case/complaint numbers associated with each piece of evidence, and the total number of items retrieved from the property box. This form is submitted to an ESS supervisor daily by the officer who picked up the property. As stated previously, these 2 forms are completed upon each drop box pick up. Both forms are filed at ESS and readily available for review if needed by ESS supervisors.</p> <p>An additional procedure currently in place and documented in the ESS Standard Operating Procedures include the requirement of all ESS employees to be administered annual polygraphs. These CVSA tests are given by the Office of Professional Accountability. In addition to the annual tests, employees are required to undergo testing upon being assigned to the section and upon leaving the section.</p> <p>The Property and Evidence Section also participates in several audits on a regular basis. Internally, the Safety and Inspection Office conducts bi-annual audits of the facility. The latest audit (July 2013) consisted of over 2,500 items being accounted for. Over the past few years, ESS has always been part of an on-site visit by CALEA personnel. In January of 2011, ESS was subject to an audit by the “Results Matters” project to ensure the accuracy of quarterly reports submitted by ESS. All of these audits assist in ensuring that property is documented, received, processed, and disposed of in a lawful manner.</p> <p>On a regular basis Officers, Detectives, Defense Attorneys, and members from the District Attorney’s office request to either view evidence or produce subpoenas for evidence to be taken to court. In addition, property owners frequently come to ESS in order to retrieve found property. These random requests by themselves would alert the staff at ESS if requests were made for property and the property was unable to be located.</p> <p>At the present time, the electronic Property and Evidence (110 Form) form is scheduled to ‘go live’ and be introduced to the police precincts in February 2014. When this procedure is in place, the officers in the field will complete a property form on line, and submit the form electronically to ESS. This completed property form will remain in the ESS “que” until it is match up to the property brought in each morning from the property drop boxes. This procedure will create a documented ‘electronic trail’ that will ensure that all property is present, accounted for, and matched up to each property form submitted by field Officers.</p> <p>If the electronic property and evidence form is postponed, a log book will be placed at each property and evidence drop box. This procedure will require the submitting officer to document their name, date, time, complaint number, and description of the property they are submitting in the box. The Officer who picks up the box will initial and date the log book indicating that they have picked up that specific item from the drop box. This procedure will create a ‘paper trail’ to ensure that the item is documented upon submission and documented when received by ESS personnel.</p> <p>The new ARMS firearms tracking system should ensure better quality and oversight.</p>		

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E. Management at the MNPDP should develop procedures whereby the Special Weapons and Tactics team's custody records are sequentially numbered, utilized in every transaction involving a firearm, and properly secured so that only limited individuals have access.	<p>Agree - This recommendation was brought to the SWAT team's attention early in the process and steps have been taken to separate firearms hand receipts from equipment hand receipts. They are also currently stored in a secure location with limited access.</p> <p>The new ARMS firearms tracking system should ensure better quality and oversight.</p>	