



FHP Information and Evidence Funds

Audit Report 201314-15

February 21, 2014

Executive Summary

The Florida Highway Patrol's Bureau of Criminal Investigations and Intelligence is responsible for the use and maintenance of an Information and Evidence (I and E) Fund. This fund is available to investigators to purchase materials as evidence or pay confidential sources for information that could otherwise be unavailable.

The purpose of this audit was to evaluate the internal controls over the I and E Fund and compliance with Florida Statutes, Department policies and procedures. The scope of this audit included a review of documentation supporting I and E Fund deposits and expenditures for the first quarter of the 2013-14 Fiscal Year (July, August, and September 2013).

Based on our examination of I and E Fund transactions for the quarter ended September 2013, the Florida Highway Patrol's Bureau of Criminal Investigations and Intelligence maintained, in all material respects, effective internal controls for the I and E Fund and operated the I and E Fund in compliance with applicable laws and Department policies and procedures.

Our audit identified the following issues which require management attention:

- Partially expended funds were not documented as the case progressed to support the expenditures; and
- Interest earned on the Information and Evidence Fund was not timely returned to the State Treasury.

Florida Highway Patrol's Bureau of Criminal Investigations and Intelligence generally agreed with the findings and recommendations and has begun corrective action.

Background and Introduction

The purpose of this audit was to evaluate the internal controls over the I and E Fund, and compliance with Florida Statutes, Department policies and procedures for the first quarter of the 2013-14 Fiscal Year (July, August, and September 2013).

In accordance with Section 925.055, Florida Statutes, the Florida Highway Patrol, Bureau of Criminal Investigations and Intelligence Policy 9.01 establishes guidelines for the use and accountability of the Florida Highway Patrol I and E Fund. The policy authorizes the purchase of information or physical evidence relating to criminal activity and requires a quarterly report of the I and E Fund transactions.

The authorized maximum amount for this fund is \$5,000.

Information and Evidence Fund Summary	
Quarter Ended September 2013	
Beginning Balance	\$4,771.00
Receipts	\$6,791.86
Disbursements	\$6,562.86
Ending Balance	\$5,000.00

Findings and Recommendations

Our audit identified the following issues which require management attention:

Partially Expended Funds

FHP Policy 9.01 requires an Expenditure of Information and Evidence Funds form to be submitted within 14 days of the expenditure. The completed form must include the amount and purpose of payment, the investigator's name, the informant's name, if any, the date, the case number, the information or material purchased, a brief specific account of how the funds were expended, and the results obtained. Any unused funds must be returned to general headquarters with the Expenditure of Information and Evidence Funds form.

During the course of our examination, OIG staff observed one instance where partially expended funds were not reported on any official documentation in relation to the Information and Evidence Funds. FHP Policy 9.01 does not include a process to document partially expended funds.

Finding 1

Partially expended funds were not documented as the case progressed to support the expenditures.

Recommendation

We recommend the Bureau of Criminal Investigations and Intelligence update Policy 9.01 to establish clearly defined procedures to include a process for documenting partially expended funds.

Management Response

The Bureau of Criminal Investigations and Intelligence concurs with the recommendation of finding 1. A revised draft of Chapter 9 of the Bureau of Criminal Investigations and Intelligence Policy manual has been submitted to the Policy and Accreditation unit. When this policy has been officially approved by the Director and authorized for distribution, a copy will be forwarded to the Office of Inspector General.



Timely Interest Returns

Chapter 69I-23.004(11), Florida Administrative Code, requires interest earned on revolving fund accounts be deposited to the source fund in the State Treasury within 30 days of receipt as a revenue item.

Our review determined the monthly interest earned on the Information and Evidence Fund was not timely submitted to the Bureau of Accounting to be returned to the State Treasury, for all three months. The interest was submitted from 52-60 days after it was received, or 22-30 days late.

Finding 2

Interest earned on the Information and Evidence Fund was not timely returned to the State Treasury.

Recommendation

We recommend the Bureau of Criminal Investigations and Intelligence submit all interest earned on the Information and Evidence Funds to the source fund in the State Treasury within 30 days of receipt as required by Florida Administrative Code.

Management Response

The Bureau of Criminal Investigations and Intelligence concurs with the recommendation from the Office of Inspector General. Previously, interest was not reported on the bank statements until well after the first of the month. Our review of past statements revealed the interest is now being reported much earlier. Going forward, the bank statement will be reviewed electronically on the first of each month and interest will be returned to the State Treasury immediately.

Purpose, Scope, and Methodology

The purpose of this audit was to evaluate the internal controls over the I and E Fund, and compliance with Florida Statutes and Department policies and procedures.

The scope of this audit included a review of documentation supporting the deposits and expenditures of the fund for the first quarter of the 2013-14 Fiscal Year (July, August, and September 2013).

Our methodology included:

- Reconciling the bank account;
- Tracing all account activity from the I and E Fund Quarterly Report to the bank statements;
- Reviewing documentation related to expenditures and deposits; and
- Verifying interest earned was forwarded to the Department of Financial Services.



Distribution, Statement of Accordance, and Project Team

Distribution

Julie L. Jones, Executive Director
Colonel David Brierton, Director of Florida Highway Patrol

Copies distributed to:

Diana Vaughn, Deputy Executive Director
Terry Rhodes, Chief of Staff
Lt. Colonel Ernesto Duarte, Deputy Director of Special Services
Major Joe Lopez, Bureau of Criminal Investigations and Intelligence
Captain Diane Russo, Accreditation Manager

Melinda M. Miguel, Chief Inspector General
David W. Martin, Auditor General

Statement of Accordance

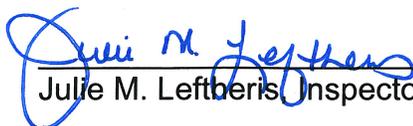
Section 20.055, Florida Statutes, requires the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate, and report on policies, plans, procedures, accounting, financial, and other operations of the Department and to recommend improvements. This audit engagement was conducted in accordance with applicable *International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors and *Principles and Standards for Offices of Inspector General* published by the Association of Inspectors General.

Project Team

Engagement conducted by:
Megan Frink, Auditor

Under the supervision of:
David Ulewicz, Audit Director

Approved by:


Julie M. Leftberis, Inspector General

ATTACHMENT - Management Response



Julie L. Jones
Executive Director

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MEMORANDUM

DATE: February 17, 2014
TO: David Ulewicz, Audit Director
FROM: Major Jose L. Lopez
SUBJECT: Management Response to the FHP Information and Evidence Funds
First Quarter Audit (201314-15)

The following is our response to the findings and recommendations presented in the report.

Partially Expended Funds

FHP Policy 9.01 requires an Expenditure of Information and Evidence Funds form be submitted within fourteen days of the expenditure. The completed form must include the amount and purpose of payment, the Investigator's name, the informant's name, if any, the date, the case number, the information or material purchased, a brief specific account of how the funds were expended, and the results obtained. Any unused funds must be returned to General Head Quarters with the expenditure form Addendum 9.01 - 3.

During the course of our examination, OIG staff observed one instance where partially expended funds had not been reported on any official documentation in relation to the Information and Evidence Funds. The current revision of Policy 9.01 does not include a process to document partially expended funds.

Finding 1

Partially expended funds were not documented as case progressed to support the expenditures.

Recommendations

We recommend the Bureau of Criminal Investigations and Intelligence update Policy 9.01 to establish clearly defined procedures to include a process for documenting partially expended funds.

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Management Response

I concur with the recommendation of finding 1. In addition, We have submitted a draft of chapter 9 of the Bureau of Criminal Investigations and Intelligence Policy manual to the Policy and Accreditation unit. When this policy has been officially approved by the Director and authorized for distribution, a copy will be forwarded to the Office of Inspector General.

Timely Interest Returns

Chapter 69I-23.004(11), Florida Administrative Code, requires interest earned on revolving fund accounts be deposited to the source fund in the State Treasury within 30 days of receipt as a revenue item.

Our review determined the monthly interest earned on the Information and Evidence Fund for the first quarter of 2013-14 Fiscal Years was not timely submitted to the Bureau of Accounting to be returned to the State Treasury, for all three months. The interest was submitted from 52-60 days after it was received, or 22-30 days late.

Finding 2

Interest earned on the Information and Evidence Fund was not timely returned to the State Treasury.

Recommendation

We recommend the Bureau of Criminal Investigations and Intelligence submit all interest earned on the Information and Evidence Funds to the source fund in the State Treasury within 30 days of receipt as required by Florida Administrative Code.

Management Response

I concur with the recommendation from the Office of Inspector General. In the past the interest has not been reported on the bank statements until well after the first of the month. We have been reviewing the past statements and have realized the interest is now being reported much earlier.

We will be checking the statement electronically on the first of each month and processing the return of interest to the State Treasurer immediately.

Therefore, finding 2 has been corrected beginning with January 16, 2014, the interest was returned to the State of Treasury well within the 30 day time frame.

Cc: Julie M. Leftheris, Inspector General