

FHP Information and Evidence Fund Audit Report 202021-14

January 29, 2021

Executive Summary

The Florida Highway Patrol's Bureau of Criminal Investigations and Intelligence (BCII) is responsible for the use and maintenance of an Information and Evidence (I&E) Fund. This fund is available to investigators to purchase materials as evidence or pay confidential sources for information that could otherwise be unavailable. BCII Policy 9.01, *Information and Evidence Funds*, establishes guidelines for the use and accountability of the fund and requires a quarterly report of the I&E Fund transactions.

The purpose of this audit was to evaluate the internal controls over the I&E Fund, and compliance with Florida Statutes, (F.S.), Florida Administrative Code, (F.A.C.), 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 2020-21 Fiscal Year (July, August, and September 2020).

Overall, the internal controls over the BCII I&E Fund were adequate; however, we noted several opportunities to strengthen controls.

The timeliness of interest deposits could be improved. During our review, we noted the interest earned in July 2020 was not returned to the State Treasury within 30 days as required by Department policy and Chapter 69I-23.004, F.A.C. We recommend BCII submit all interest earned to the source fund in the State Treasury within 30 days to comply with Department policy and state law.

We also determined ensuring the I&E Fund Request Forms and Receipt Forms are properly completed would enhance accountability of funds and improve compliance with BCII policy. While reviewing the supporting documentation for an expenditure, we noted several omissions on both the Request Form and Receipt Form. According to BCII Policy 9.01, Request Forms and Receipt Forms must be completed and submitted whenever money from the fund is used. We recommend BCII ensure Request and Receipt Forms are properly completed when funds are expended, in accordance with BCII policy.

Additionally, improving the procedures for maintaining the Quarterly Report would strengthen the accountability of the I&E Fund. During our review of the I&E bank statements and the Quarterly Report, we identified several instances on the Quarterly Report where check numbers, check dates, and check clearing dates were not recorded. We recommend revising BCII Policy 9.01 to include procedures for ensuring the Quarterly Report is maintained in a timely and complete manner.

Background and Introduction

The Florida Highway Patrol's BCII is responsible for the use and maintenance of an I&E Fund. This fund is available to investigators to purchase materials as evidence or pay confidential sources for information that could otherwise be unavailable.

In accordance with Section 925.055, F.S., the Florida Highway Patrol's BCII Policy 9.01, *Information and Evidence Funds*, establishes guidelines for the use and accountability of the Florida Highway Patrol I&E Fund. This policy authorizes the purchase of information or physical evidence relating to criminal activity and requires a quarterly report of the I&E Fund transactions. The authorized maximum amount for this fund is \$5,000.00. The table below shows the fund's activity for the first quarter of the 2020-21 Fiscal Year (July, August, and September 2020).

Information and Evidence Fund Summary	
Quarter Ended September 30, 2020	
Beginning Balance	\$4,985.85
Receipts	\$28.41
Disbursements	\$1,896.91
Ending Balance	\$3,117.35

Findings and Recommendations

Timely Deposits

Finding No. 1: The timeliness of interest deposits could be improved.

Chapter 69I-23.004, F.A.C. (11) states that interest earned on revolving fund accounts must be deposited to the source fund in the State Treasury within 30 days of receipt as a revenue item.

BCII Policy 9.01 states that interest earnings will be deposited to the source fund in the State Treasury within 30 days of receipt of revenue.

During our review, we noted that interest earned on July 1, 2020, was not returned until August 3, 2020, 33 days after receipt and 3 days overdue.



Recommendation

We recommend that the BCII submit all interest earned to the source fund in the State Treasury within 30 days of receipt as required by F.A.C.

Management Response

While the form is dated on the first of each month, the information is not available to staff until mid-month. BCII Management responsible for the I&E Fund will place a reminder on their work calendars which will assist in ensuring a check is issued within the 30 days as required by F.A.C.

Properly Completed Forms

Finding No. 2: Ensuring I&E Fund request forms and receipt forms are properly completed would enhance accountability of funds and improve compliance with FHP Policy.

BCII Policy 9.01.4(G) requires request forms and receipt forms to be completed and submitted whenever any money from the fund is used.

Also, BCII Policy 9.01.4(G)(1) states a justification on the use of funds shall be explained in full on the request form.

Additionally, BCII Policy 9.01.04(G)(2) specifies the receipt form must be completed immediately upon receipt of the requested funds.

For the expenditure associated with case number 19-99-20847-57 in the amount of \$1,500.00, we noted the request form and receipt form were not entirely completed.

The following omissions were noted on the request form:

- The requestor's signature;
- Explanation of how the funds would be used;
- The Section Commander's signature, although the Major did sign in the "GHQ-use" portion of the form; and
- There was no check number, date received, or date approved recorded on the form.

The following omissions were noted on the receipt form:

- The check number;
- The date of receipt; and



- Signature of receipt.

Upon audit inquiry, BCII staff confirmed the expenditure was received by the investigator.

Recommendation

We recommend BCII ensure request and receipt forms are properly completed when funds are expended, in accordance with BCII Policy.

Management Response

Management will ensure the request and receipt forms are reviewed by the BCII Northern Section Commander and BCII Bureau Commander when funds are expended.

Procedures for the Quarterly Report

Finding No. 3: Improving procedures for maintaining the Quarterly Report would strengthen accountability of the I&E Fund.

The Internal Control Integrated Framework, published by the Committee of Sponsoring Organizations (COSO), discusses documented policies and procedures as control activities to establish clear responsibility and accountability.

BCII Policy 9.01 states the BCII Assistant Bureau Commander is responsible for the administration of the I&E Fund.

During our review of the I&E bank statements and the Quarterly Report, the following omissions were noted:

- The Quarterly Report does not include the check number for an expenditure in the amount of \$1,500.00;
- The Quarterly Report does not include check dates for check numbers 445 through 448; and
- The Quarterly Report does not include check clearing dates for check numbers 445, 446, and 448.

Recommendation

We recommend BCII revise Policy 9.01 to include procedures for ensuring the Quarterly Report is maintained in a timely and complete manner.



Management Response

BCII will review Policy 9.01 and make recommendations for ensuring the Quarterly Report is maintained in a timely and complete manner.

Purpose, Scope, and Methodology

The purpose of this audit was to evaluate the internal controls over the I&E Fund, and compliance with F.S., F.A.C., 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 2020-21 Fiscal Year (July, August, and September 2020).

Our methodology included:

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



Distribution, Statement of Accordance, and Project Team

Distribution

Terry L. Rhodes, Executive Director
Jennifer Langston, Chief of Staff
Colonel Gene Spaulding, Director of Florida Highway Patrol
Lt. Colonel Troy Thompson, Deputy Director of Patrol Operations
Chief Mark Brown, Deputy Director of Special Services
Major M. S. Mandell, Commander of the Bureau of Criminal Investigations and Intelligence
Captain Lisa Barnett, Policy, Accreditation, Inspections and Forms
Emily Balza, Policy, Accreditation, Inspections and Forms

Melinda M. Miguel, Chief Inspector General
Sherrill F. Norman, 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:
Bethany Vickerman, Auditor

Under the supervision of:
Erin Mook, Audit Director

Approved by:



Mike Stacy, Inspector General

Attachment – Management Response



Terry L. Rhodes
Executive Director

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MEMORANDUM

DATE: January 26, 2021
TO: Erin Mook, Audit Director
FROM: Major M. Sandy Mandel *mm*
SUBJECT: FHP Information and Evidence Fund (202021-16)

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

Finding 1: *Timely Deposits*

The timeliness of interest deposits could be improved.

Recommendation

We recommend that the BCII submit all interest earned to the source fund in the State Treasury within 30 days of receipt as required by F.A.C.

Management Response

While the form is dated on the first of each month, the information is not available to staff until mid month. BCII Management responsible for the I & E fund will place a reminder on their work calendars which will assist in ensuring a check is issued within the 30 days as required by F.A.C.

Finding 2: *Properly Completed Forms*

Ensuring I&E Fund request forms and receipt forms are properly completed would enhance accountability of funds and improve compliance with FHP Policy.

Recommendation

We recommend BCII ensure request and receipt forms are properly completed when funds are expended, in accordance with BCII Policy.

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Management Response

Management will ensure the request and receipt forms are reviewed by the BCII Northern Section Commander and BCII Bureau Commander when funds are expended.

Finding 3: *Procedures for the Quarterly Report*

Improving procedures for maintaining the Quarterly Report would strengthen accountability of the I&E Fund.

Recommendations

We recommend BCII revise Policy 9.01 to include procedures for ensuring the Quarterly Report is maintained in a timely and complete manner.

Management Response

BCII will review Policy 9.01 and make recommendations to improve the overall operations regarding Quarterly reports.