



# POLICE DEPARTMENT CONFIDENTIAL FUNDS

ISSUED AUGUST 2024

## Office of Internal Audit

Director of Internal Audit  
Rose Rasmussen, CIA, CFE

Senior Internal Auditor  
Christina Zimmerman, CFE

Internal Auditor  
Eleanor Myers



## **OUR MISSION**

Provide independent, objective assurance and consulting services designed to add value and improve the City of Fayetteville's operations.

## **TABLE OF CONTENTS**

<u>Original Report Highlights.....</u>	<u>1</u>
<u>Summary Results.....</u>	<u>2</u>
<u>Current Observations .....</u>	<u>3</u>

# Police Department Confidential Funds Highlights

## Police Department Confidential Funds (A2024-01)

Issued:  
August 2024

**Objective:** To determine if:

- Confidential funds were administered in accordance with applicable policies and procedures;
- Proper internal controls were in place to safeguard confidential funds;
- Use of the funds were properly authorized, approved and recorded; and
- Complete and accurate records were maintained.

**Scope:** June 1, 2023 through May 31, 2024

### Background

- The Vice Investigations Division administered and controlled the cash fund.
- The annual budget was \$100,000.00.
- The fund enabled the unit to operate by concealing their identity.
- Cash was safeguarded and monitored for authorized use.

### Audit Methodology

To review compliance and determine the adequacy of internal controls, Internal Audit:

- Reviewed applicable written policies, procedures, and guidelines;
- Interviewed Police Department personnel involved in the administration, maintenance and use of confidential funds;
- Completed an onsite cash count for each officer in the sample to reconcile with the ledger maintained by the officer;
- Reviewed the accounting records and documents pertaining to confidential funds to include training provided through PowerDMS; and
- Traced contraband seized during operations to the Property and Evidence Room.

### Highlights

- During the audit scope, 20 personnel maintained or used confidential funds.
- The sample size was four officers that maintained or used funds.
- The sample included 49 transactions excluding Administrative Transfer of Funds.
- Expenditures audited totaled \$31,773.52.

### Conclusion

Based on the work performed the Office of Internal Audit concluded the Division was:

1. Generally in compliance with applicable policies, procedures and guidelines; and
2. Adequate internal controls existed for the Police Department's Confidential Funds.

# Police Department Confidential Funds (A2024-01)



The Office of Internal Audit has completed the Police Department Confidential Funds Audit as approved by the Audit Committee on August 31, 2023.

## **Objective and Scope**

The objectives of the audit were to determine if confidential funds were sufficiently administered in accordance with established laws, regulations, guidelines, policies and procedures and internal controls existed.

The scope of the audit covered the fund activity from June 1, 2023 through May 31, 2024 with the following limitation:

- When officers partner with outside agencies, the information available, to include validating the existence of purchased contraband, is limited due to the sensitive nature of the work performed.

## **Background**

The Fayetteville Police Department's Vice Investigations Division administered and controlled an informant/expenditure cash fund. The units within this Division conducted covert operations and had a budget of \$100,000 for each fiscal year. The Narcotics Lieutenant was the primary cash custodian with the responsibility of safeguarding the physical cash and ensuring authorized use of the funds. In addition, cash ledgers were maintained, and receipts were completed each time funds were spent by personnel who received or used cash. By using these funds, the units were able to conceal their identity from criminals, vendors and the public. The fund has the following allowable uses:

1. Pay informants or citizen sources;
2. Purchase contraband; or
3. Expenses incurred while working undercover or investigative operations.

### **Sample Selection Included:**

- **4 Officers**
- **49 operational transactions reviewed**
- **\$31,773.52 dollars**

## **Summary Result**

Based on the audit work performed, the Office of Internal Audit concluded the Police Department's Vice Investigations Division was generally in compliance with applicable policies, procedures and guidelines and adequate internal controls existed for the Police Department's confidential funds.

Internal Audit would like to thank Police Department personnel for their assistance and numerous courtesies extended during the completion of this audit.