



## FHP Information and Evidence Fund Audit Report 201516-17

March 23, 2016

### Executive Summary

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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 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, Florida Administrative Code, and Department policies and procedures. The scope of this audit included a review of documentation supporting I and E Fund deposits and expenditures for the second quarter of the 2015-16 Fiscal Year (October, November, and December 2015).

Based on our examination of I and E Fund for the quarter ended December 2015, we identified the following items which require management attention:

- Segregating duties would strengthen accountability of the I and E Fund.

FHP management generally agreed with the recommendations and has begun to implement corrective action.

### Background and Introduction

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The purpose of this audit was to evaluate the internal controls over the I and E Fund and to determine if the fund is used in compliance with Florida Statutes, Florida Administrative Code, and Department policies and procedures for the second quarter of the 2015-16 Fiscal Year (October, November, and December 2015).

In accordance with Section 925.055, Florida Statutes, the Florida Highway Patrol's BCII Policy 9.01 establishes guidelines for the use and accountability of the Florida Highway Patrol I and E Fund. This 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 December 2015	
<b>Beginning Balance</b>	<b>\$4,667.52</b>
Receipts	\$14.36
Disbursements	\$14.36
<b>Ending Balance</b>	<b>\$4,667.52</b>

\*Note: All receipts and disbursements were related to the interest on the I and E Fund bank account.

## Findings and Recommendations

During our review of the BCII I and E Fund, we identified the following items which require management attention:

### *Segregating Duties*

**Finding 1:** Segregating duties would strengthen accountability of the I and E Fund.

BCII Policy 9.01 designates the Assistant Bureau Commander as the I and E Fund custodian. It states the custodian is responsible for managing the fund, writing checks, making deposits, and requesting reimbursements. It requires only the BCII Bureau Commander and Assistant Bureau Commander will have access to the fund's unused checks and register. If the custodian is absent, then the BCII Bureau Commander or designee will be responsible for the custody and control of the fund. It also requires the I and E Fund account be reconciled monthly by a BCII member other than the custodian.

While reviewing the I and E Fund's quarterly report and discussing it with BCII Staff, we noted the following items which do not comply with BCII Policy:

- The Assistant Bureau Commander is not administering the I and E fund;
- Staff administering the I and E Fund are also performing the monthly reconciliation; and
- Unauthorized staff have access to the I and E Fund's checks and register.



### Recommendation

We **recommend** the Assistant Bureau Commander restrict access to unused checks and register, in accordance with BCII Policy.

We **recommend** the Assistant Bureau Commander ensure there is adequate separation of duties between the I and E Fund Custodian and staff performing monthly reconciliations.

### BCII Management's Response

The current practices associated with access to the I & E Funds unused checks and register has been in place for approximately 13 years. However, from this point forward, there will be a separation of duties between the I & E Fund Custodian and staff performing monthly reconciliations.



## **Purpose, Scope, and Methodology**

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The purpose of this audit was to evaluate the internal controls over the I and E Fund, and compliance with Florida Statutes, Florida Administrative Code, 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 second quarter of the 2015-16 Fiscal Year (October, November, and December 2015).

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**

Terry L. Rhodes, Executive Director  
Diana Vaughn, Deputy Executive Director  
Colonel Gene Spaulding, Director of Florida Highway Patrol  
Lt. Colonel Michael Thomas, Deputy Director of Patrol Operations  
Chief Troy Thompson, Commercial Vehicle Enforcement  
Chief Ernesto Duarte, Special Services  
Major Brannon Snead, Bureau of Criminal Investigations and Intelligence  
Major Gary Howze, Office of Strategic Services  
Nancy McArthur, Accreditation Team Leader

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

### **Statement of Accordance**

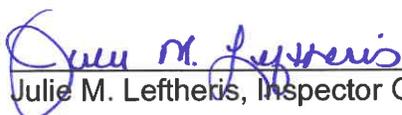
Section 20.055, Florida Statutes, requires the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate, and report on policies, plans, procedures, accounting, financial, and other operations of the Department and to recommend improvements. This audit engagement 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:  
Sean Shrader, Auditor

Under the supervision of:  
David Ulewicz, Audit Director

Approved by:

  
Julie M. Leftheris, Inspector General



## ATTACHMENT – Management Response



Terry L. Rhodes  
Executive Director

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### MEMORANDUM

DATE: March 3, 2016

TO: David Ulewicz, Audit Director

FROM: Major Brannon M. Snead, Bureau Commander  
*Bureau of Criminal Investigations & Intelligence* 3/5

SUBJECT: FHP Information and Evidence Fund 2<sup>nd</sup> Quarter 2015-2016  
Audit (201516-17)

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. The Office of Inspector General (OIG) conducts a quarterly audit to evaluate the internal controls over the I & E Fund and its compliances with Florida Statutes, Florida Administrative Code, and Department policies and procedures.

As a result of the OIG's recent quarterly audit, the findings and recommendations presented in the OIG report are listed below:

#### Finding 1- *Segregating Duties*

Segregating duties would strengthen accountability of the I & E Fund.

#### Recommendation

We **recommend** the Assistant Bureau Commander restrict access to unused checks and register, in accordance with BCII Policy.

We **recommend** the Assistant Bureau Commander ensure there is adequate separation of duties between the I & E Fund Custodian and staff performing monthly reconciliations.

#### BCII Management's Response

The current practices associated with access to the I & E Funds unused checks and register has been in place for approximately 13 years. However, from this point forward, there will be a separation of duties between the I & E Fund Custodian and staff performing monthly reconciliations.

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