

AGENDA	Tuesday, October 13, 2015	
Informational Meeting	4 PM at Carnegie Town Hall	
Sioux Falls City Council	235 West Tenth Street	

1. Call To Order

2. Fiscal Committee

A. Meeting of Tuesday, October 6, 2015

3. City Council Open Discussion

4. Presentations

A. Presentation of Two Audit Reports: Great Plains Zoo and Delbridge Museum and Police Crime Lab by Rich Oksol, Internal Audit Manager

5. Adjournment

The City Council may include such other business as may come before this body.

Date: 2015-10-13
SIRE Meeting ID: 2330
Meeting Type: Informational Meeting

YouTube:<https://youtu.be/MMv4wdZHSzY>
Agenda Item: Not Assigned
Item ID: 77088

The following document(s) are public records obtained from the
City of Sioux Falls.

MINUTES

Tuesday, October 6, 2015

Fiscal Committee

5:50 PM

Carnegie Town Hall
235 West 10th Street



Members Present: Council Member Christine M. Erickson, Council Member Greg Jamison, Council Member Dean Karsky, Council Member Rex Roling

Members Absent: None

Staff Present: Lorie Hogstad, CMC, City Clerk; Dave Bixler, Budget Analyst; Jim David, Legislative/Operations Manager

1. Call To Order

Committee Chair Greg Jamison called the meeting to order at 5:50 p.m.

2. Approval of Minutes

A. Meeting held on May 5, 2015

A motion was made by Rex Roling and seconded by Christine M. Erickson to approve the minutes.

Committee Chair Jamison called for a voice vote and all members voted yes.

Motion Passed.

3. Reports and Updates

A. Council Supplement to Finance Status Report by Dave Bixler, Budget Analyst

Dave Bixler, Budget Analyst, presented the following PowerPoint slides: Building Permit Value Commercial & Residential; Building Permit Values Through August; 2015 Building Permit Values by Month; General Fund (Operations) Revenue Sources Year-to-Date; General Fund (Operations) Uses by Function Year-to-Date; 2nd Penny (Capital) Uses Year-to-Date by Department; 2014 - 2nd Penny (Capital) Uses; Entertainment Tax Collections 2010-2014; and Total Year 2015 YTD. Discussion followed.

4. Open Discussion

There was none.

5. Adjournment

A motion was made by Christine M. Erickson and seconded by Rex Rolfing to adjourn at 6:13 p.m.

Committee Chair Jamison called for a voice vote and all members voted yes.

Motion Passed.

Lorie Hogstad, CMC
City Clerk

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Internal Audit Report 15-02
Police Crime Lab
August 2015



City of Sioux Falls
Internal Audit Department
Carnegie Town Hall
235 W. 10th Street
Sioux Falls, SD 57117-7402
www.siouxfalls.org/council/internal-audit

Police Crime Lab INTERNAL AUDIT REPORT 15-02

INTRODUCTION

The Police Department Crime Lab is the repository for property and cash acquired and held by the Sioux Falls Police Department, County Sheriff's office and Animal Control. The major responsibility of the Crime Lab of the Sioux Falls Police Department is to receive all incoming evidence, to store it properly, to preserve its condition, to maintain it securely, to prevent tampering, and to lawfully release or dispose of it. The department must maintain documentation of the entire process that is sufficiently accurate and complete to satisfy any court which has reason to examine the process. The consequences of any mismanagement of evidence could result in the unsuccessful prosecution of criminal cases.

BACKGROUND

Staff in the Crime Lab includes a Crime Lab Manager, Evidence Technicians and Forensic Specialists. Staff is responsible for following and recording the continuity of custody of material and items collected as physical evidence, also known as the chain of custody. Any break in the chain of custody may cause evidence to be ruled as inadmissible in court. The department uses a software system called New World to electronically document all evidence that is acquired and to track the dates and reasons evidence is transferred from one location or person to another.

The Crime Lab acquired over 16,000 items of evidence in the calendar year 2014. This evidence is kept in various secured locations through-out the Police Department building based on type of evidence.

OBJECTIVES

The objectives of this audit were to:

1. Review current policies in place over evidence handling and compare to leading practices.
2. Determine whether controls in place are functioning as intended to provide reasonable assurance that items of property and evidence are properly recorded and accounted for.

SCOPE AND METHODOLOGY

The scope of this audit included a review of internal controls over acquiring and retaining evidence in the Police Crime Lab, as well as, testing a sample of evidence acquired in the calendar year 2014 to ensure the items are accounted for and recorded in New World accurately.

RESULTS

Internal Controls of Evidence Rooms

The Crime Lab has a system in place and working that manages property and ensures the integrity of all physical evidence under their control. This system allows internal controls over chain of custody, proper marking of evidence, proper seals and noted secured areas for evidence storage. Evidence personnel are responsible for accepting all evidence booked by officers, maintaining accurate and current records of chain of custody and location, safeguarding and maintaining the proper condition of property and maintaining a high level of security to avoid tampering, mishandling or loss of property.

The Crime Lab has internal policy and procedure manuals for each part of the evidence process. This includes evidence entry, handling, disposition, viewing, release and professional standards. During an observation of the evidence handling process, it was noted that evidence technicians were following the written policies and procedures for evidence entry and handling.

Security of the evidence rooms is established through the use of locks, keys, alarms and audit logs in the various evidence storage areas. Only authorized Crime Lab personnel have access to the areas used by the Department for evidence storage. Key physical safety controls could be improved to limit any possible tampering or removal of evidence within the storage areas.

Testing of Evidence

We received a listing and selected a statistically representative sample of evidence acquired in calendar year 2014. After looking up the descriptions of each item selected in New World, the auditor and Crime Lab manager went to each evidence location and physically found each item. The item was matched up to the listing based on the Evidence Location, Case Number, Tag Number, and physical description pulled from the evidence listing report. All items were located, accounted for and were labeled properly based on the information pulled from New World.

RECOMMENDATIONS

We made the following recommendation(s) that address the above referenced result(s).

- 1) We recommend the Police Crime Lab evaluate the current security controls within each evidence storage area and make necessary improvements.

Management's Response: The Crime Lab will be installing several security cameras in its sensitive areas as part of the city-wide security camera project.

Management Representative Responding: Brad Johnson, Crime Lab Manager

Date of expected implementation: Spring 2016

- 2) The Police Crime Lab should research and implement alternative handling/storing options in regards to cash evidence.

Management's Response: Research into alternative storage solutions for cash evidence began in 2014. The utilization of a bank account for storing the evidential cash appears to be the most viable solution. The solution is currently being discussed with the city's legal staff and the prosecuting attorneys that in charge of the associated criminal cases.

Management Representative Responding: Brad Johnson, Crime Lab Manager

Date of expected implementation: Summer 2016

CONCLUSION

The Police Department Crime Lab is responsible for all handling, storage and disposal of evidence. The Department's internal controls are in place and functioning to ensure proper care of evidence is taken at all times. The Crime Lab should consider additional security controls to ensure that no mismanagement of evidence occurs. They should also implement alternate handling options in regards to cash evidence due to the high risk nature of this type of evidence. We would like to thank the Sioux Falls Police Department Crime Lab staff for their cooperation and assistance during the audit.

AUTHORIZATION

The Sioux Falls City Council approved this audit by resolution in December 2014 as part of the 2015 Annual Audit Program. The Internal Audit division operates under the authority of an Internal Audit Charter adopted by City Council resolution 11-13.

AUDIT STANDARDS

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

STATEMENT OF INDEPENDENCE

Internal Audit is administratively and operationally independent of the programs and departments it audits, both in appearance and in fact. The Internal Audit Manager is accountable to an Audit Committee appointed by the City Council per section 32.022 of the Code of Ordinances of Sioux Falls, SD

DISTRIBUTION OF REPORT

This report is intended for the information and use of the Mayor and City Council, management, and others within the City of Sioux Falls. However, the report is a matter of public record and its distribution is not limited.

PERFORMED BY

Jessica Bickett
Internal Auditor

Date: 2015-10-13
SIRE Meeting ID: 2330
Meeting Type: Informational Meeting

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**Internal Audit Report 15-03
Great Plains Zoo & Museum
September 2015**



City of Sioux Falls
Internal Audit Department
Carnegie Town Hall
235 W. 10th Street
Sioux Falls, SD 57117-7402
www.siouxfalls.org/council/internal-audit

GREAT PLAINS ZOO & MUSEUM INTERNAL AUDIT REPORT 15-03

INTRODUCTION

The Great Plains Zoo & Delbridge Museum (the Zoo) is an accredited member of the Association of Zoos & Aquariums (AZA). The 45-acre park is open year round and offers over 1,000 live animals from around the world as well as a collection of 150 mounted animals. The Zoo strives to fulfill four major objectives: education, conservation, recreation, and discovery.

BACKGROUND

The City of Sioux Falls entered into a management agreement with the Zoological Society of Sioux Falls for management of the Great Plains Zoo & Delbridge Museum. The Zoological Society operates the facility, manages the animal collection, and the City maintains the grounds within the exhibits. The Society is also a non-profit organization that serves as a fundraising arm for the facility. The current agreement made January 6, 2012 expires December 31, 2016.

The Zoo has approximately 6,000 active memberships estimated to represent approximately 18,000 members. Memberships begin the month of purchase and expire after 12 months therefore memberships vary throughout the year. Admissions have steadily increased over the past five years.

Total Zoo Visitors by Year				
2010	2011	2012	2013	2014
242,839	248,495	251,572	256,191	272,368

The Zoo updated its Financial Procedure Manual in 2015 and has implemented the new procedures which were the subject of our audit.

OBJECTIVES

The objective of this audit was to:

- Determine if internal controls are appropriate and functioning properly to ensure
 - the orderly and efficient conduct of business, including adherence to internal policies
 - the safeguarding of assets
 - the prevention and detection of fraud and error
 - the accuracy and completeness of the accounting records, and
 - the timely preparation of financial information

SCOPE AND METHODOLOGY

The audit included a review accounting records, policies and procedures, management agreements, and testing of internal controls in place at the Zoo from January 1, 2015 through June 30, 2015. Our audit work included the following:

- Interviews with Zoo management.
- Review of management agreements, written policies and procedures, internal documents and third party reports.
- Review of prior audit recommendations.
- Testing of internal controls on a sample basis of internal controls in place during the audit period.
- Observation of internal controls over cash drawers and end of day processing focused on newly updated policies and procedures in 2015.

RESULTS

We reviewed the current financial procedures manual for the Zoo and identified key internal controls focusing on controls over cash handling procedures.

We observed the beginning of day and end of day processing of the cash register drawers and safes noting adherence to the procedure manual. Deposits are prepared timely and taken to the bank by an armored car service. Proper segregation exists between preparing the deposit and the recording of revenue.

We reviewed bank reconciliations and monthly financial statements noting timely preparation and appropriate levels of review and approval.

We examined a selection of expenditures and reviewed for proper approval, segregation of duties, and check signing authorization. A conflict of interest policy is in place and employees responsible for purchasing are aware of and adhere to the policy.

We reviewed the results of the 2014 audit performed by Endorf, Lurken, Olson & Co (ELO) noting an unqualified opinion and no unusual items noted.

CONCLUSION

Internal controls are in place and functioning properly. No concerns or unexpected results were noted. The organization takes the safeguarding of assets very seriously and has recently installed surveillance cameras to enhance the controls already in place. We wish to thank management and staff for their time and cooperation during this audit.

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PERFORMED BY

Kimberly Schroeder
Internal Auditor