An Audit Report on

The Department of Public Safety's Safeguarding of Seized Property and Evidence

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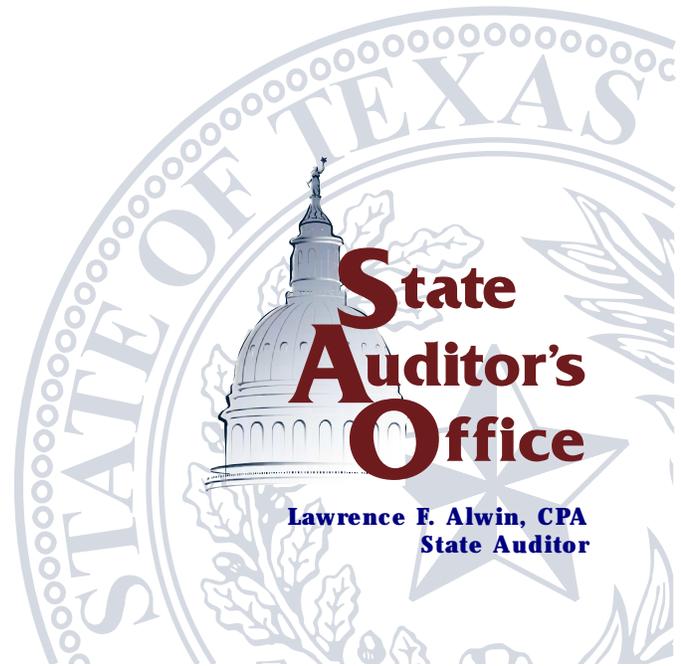
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State Auditor

Key Points of Report

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Overall Conclusion

The Narcotics Service and the Crime Laboratory Service within the Department of Public Safety (Department) are currently able to safeguard seized property, drugs, and evidence against loss, damage, and theft. Although most narcotics offices and crime labs we visited had basic security controls in place, a few did not have some of the basic security controls they need to adequately safeguard seized items. We were able to account for each of the 732 seized property, drug, and evidence items in a sample at seven narcotics offices and four crime labs. It is important that the Department address inconsistencies in its basic security controls to ensure the continued safeguarding of seized property, drugs, and evidence.

Additional security controls are needed in areas such as policies and procedures, security devices, and organization and standardization of storage facilities. Implementing additional security controls will help the Department minimize the risk of loss, damage, and theft and provide greater assurance to the State of the continued protection of seized property, drugs, and evidence.

Key Facts and Findings

- While most of the narcotics offices we visited had basic security controls, the Department should improve the organization and security of entrusted property rooms and the completeness and accuracy of record keeping. In addition, the Department should better enforce existing narcotics office policies and procedures and establish additional policies and procedures.
- Although most of the crime labs we visited had basic security controls, the Department should strengthen vault security, vault access, and the completeness and accuracy of record keeping. In addition, the Department should better enforce crime lab policies and procedures and consistently adhere to state statute and industry standards.
- The Department should improve security controls and disaster recovery plans associated with the two automated systems used to track and monitor the status of seized property, drugs, and evidence.
- The Department spent state forfeited funds in accordance with the broad requirements outlined in state statute and the General Appropriations Act.

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Executive Summary

During fiscal year 2000, the Narcotics Service within the Department of Public Safety (Department) seized cash totaling $15 million, drugs with a street value of $736 million, and more than 100 vehicles.

The Narcotics Service transfers seized drugs and evidence to the Department's Crime Laboratory Service for testing, storage, and destruction. The risks associated with safeguarding these items are substantial; therefore, it is critical that the Department properly safeguard the seized property, drugs, and evidence in its custody.

Do the Department's Narcotics Service and Crime Laboratory Service Adequately Safeguard Seized Property, Drugs, and Evidence Against Loss, Damage, and Theft?

The Narcotics Service and the Crime Laboratory Service within the Department are currently able to safeguard seized property, drugs, and evidence against loss, damage, and theft. Although most narcotics offices and crime labs we visited had basic security controls in place, a few did not have some of the basic security controls they need to adequately safeguard seized items. We were able to account for each of the 732 seized property, drug, and evidence items in a sample at seven narcotics offices and four crime labs. It is important that the Department address inconsistencies in its basic security controls to ensure the continued safeguarding of seized property, drugs, and evidence.

Additional security controls are needed in areas such as policies and procedures, security devices, and organization and standardization of storage facilities. Implementing additional security controls will help the Department minimize the risk of loss, damage, and theft and provide greater assurance to the State of the continued protection of seized property, drugs, and evidence.

The Narcotics Service Adequately Safeguards Seized Property and Evidence

Our on-site testing to verify the status and proper processing of 178 seized property and evidence items at seven offices in the Department's four largest narcotics districts identified no discrepancies. Most of these offices used basic security controls (locks, keypad security, and restricted access) to protect the seized property and evidence in their custody.

The seven narcotics offices we visited also had small and manageable inventories of seized property and evidence, which reduces the risk of loss, damage, and theft. They also maintained adequate logbooks to record information about those items. They were diligent in handling seized cash properly and generally adhered to Department policies requiring annual inventories of seized property and evidence.

To further strengthen the safeguarding of seized property and evidence, the Department should enforce existing narcotics office policies and procedures and establish additional policies and procedures. It also should ensure that policies and procedures align with industry standards. The Department should also improve the organization of narcotics office property rooms. Improving record keeping and installing additional security devices such as cameras would also strengthen narcotics offices' ability to safeguard seized property and evidence.

Executive Summary

The Crime Laboratory Service Adequately Safeguards Seized Drugs and Evidence

Our on-site testing to verify the status and proper processing of 554 seized drug and evidence items at the Department's four largest crime labs identified no discrepancies. Most of these crime labs used basic security controls (motion detectors, multiple lock systems, restricted access) to protect the seized drug and evidence items in their custody.

> **The Crime Laboratory Service**
>
> The Crime Laboratory Service provides expert forensic laboratory services to Texas law enforcement agencies through 13 crime labs strategically located throughout the state.

Three of the four crime labs we visited generally had well-organized storage facilities and used standardized packaging. They also tried to manage and destroy excess drug evidence as authorized by state statute.

To ensure that crime labs continue to safeguard seized drugs and evidence, the Department should strengthen vault security and access controls and the completeness and accuracy of record keeping. The Department also should better enforce crime lab policies and procedures and consistently adhere to state statute and industry standards.

Is Information In the Automated Systems Used to Manage and Report on Seized Property, Drugs, and Evidence Complete and Accurate?

Information on seized property and evidence in the narcotics offices' Criminal Law Enforcement Reporting and Information System (CLERIS) is not always complete and accurate. This does not directly affect the physical safeguarding of seized property and evidence because manual records generally compensate for the incomplete and inaccurate information in CLERIS. However, insufficient information in CLERIS impairs the Department's ability to efficiently track and report on the status of seized property and evidence. Thirty-three of the 178 seized property items we reviewed were not recorded in CLERIS or were recorded incorrectly.

The Department also needs to improve CLERIS access controls, finalize the CLERIS disaster recovery plan, and devise a transition plan to assume responsibility for CLERIS from the contractor that currently maintains this system.

Information in the crime labs' DPS Reporting and Gathering Network (DRAGNet) is generally accurate and complete. However, the Department must address certain DRAGNet limitations and enhance and enforce this system's access controls. The Department also needs to develop a DRAGNet disaster recovery plan.

The Department's Information Management Service and Information Resources Manager do not provide adequate leadership or support for CLERIS and DRAGNet. This contributed to the issues noted above.

Does the Department Spend Forfeited Funds In Accordance With State Statute and General Appropriations Act Requirements?

Our testing of fiscal year 2000 and 2001 expenditures indicated that the Department spent state forfeited funds in accordance with state statute and General Appropriations Act requirements. It also has established an adequate review process for approving the use of these funds. The Department has significant discretion in deciding how to spend these funds due to the broad criteria outlined in statute.

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Forfeited funds are the proceeds obtained from the sale of forfeited property and judgments from forfeited cash seizures. The Department spent approximately $6.5 million and $2.5 million in forfeited funds during fiscal years 2000 and 2001, respectively.

Summary of Management's Response

The Department generally agrees with this report's findings and recommendations. The Department implemented or plans to implement all of the recommendations.

Summary of Objective, Scope, and Methodology

Our objective was to determine whether the Department has adequate controls over seized property, drugs, and evidence to ensure that these items are tracked and safeguarded.

The scope of this audit included reviewing controls the Department's narcotics offices and crime labs use to safeguard property, drugs, and evidence seized in criminal investigations. Our review of expenditures from forfeited funds included only funds from state forfeitures and activity that occurred during fiscal years 2000 and 2001.

Our review of CLERIS focused only on the seized property and evidence information recorded in this system. Therefore, our observations about CLERIS data completeness and accuracy do not apply to other case information recorded in CLERIS.

The audit methodology consisted of collecting information, performing selected audit tests and other procedures, and analyzing and evaluating the results against established criteria.

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Overall Conclusion

The Narcotics Service and the Crime Laboratory Service within the Department of Public Safety (Department) are currently able to safeguard seized property, drugs, and evidence against loss, damage, and theft. Although most narcotics offices and crime labs we visited had basic security controls in place, a few did not have some of the basic security controls they need to adequately safeguard seized items. We were able to account for each of the 732 seized property, drug, and evidence items in a sample at seven narcotics offices and four crime labs. It is important that the Department address inconsistencies in its basic security controls to ensure the continued safeguarding of seized property, drugs, and evidence.

Additional security controls are needed in areas such as policies and procedures, security devices, and organization and standardization of storage facilities. Implementing additional security controls will help the Department minimize the risk of loss, damage, and theft and provide greater assurance to the State of the continued protection of seized property, drugs, and evidence.

Section 1:

The Department's Narcotics Service Adequately Safeguards Seized Property and Evidence Against Loss, Damage, and Theft

The Narcotics Service (Narcotics) within the Department of Public Safety (Department) is currently able to ensure that seized property and evidence are safeguarded against loss, damage, and theft. Most of the seven narcotics offices we visited had basic security controls and maintained small and manageable inventories of seized property and evidence. As a result, we were able to account for all of the 178 seized property and evidence items in our judgmental sample. The seized property and evidence we tested included firearms, radios, cellular telephones, vehicles, cash, and drug paraphernalia such as measuring scales.

While we were able to account for all seized property and evidence items in our sample, the Department should better enforce and establish narcotics office policies and procedures. The Department also needs to improve the organization and security of the entrusted property rooms. Improving these areas will minimize the risk of loss, damage, and theft and make narcotics office property and evidence management operations more efficient.

Section 1-A:
Most Narcotics Offices Have Basic Security Controls to Ensure Proper Safeguarding of Seized Property and Evidence

The seven narcotics offices we visited used a variety of basic security controls to help them protect, track, and monitor seized property and evidence, such as:

- The narcotics offices have reasonably sized inventories. The seven narcotics offices we visited maintained small and manageable inventories of seized property and evidence, which reduces the risk of loss, damage, and theft.

- The narcotics offices adequately record seized property and evidence in property logbooks. The seven narcotics offices we visited use an entrusted property logbook to record seized property and evidence items that are being stored in property rooms. The logbook records the case number, date submitted, description of the items being stored, and purpose of the checkout of an item to an individual investigator or court. (The narcotics offices also record information on seized property and evidence in an automated case management system. See Section 3-A for more detailed information.)

- The narcotics offices have adequate security measures. The seven narcotics offices we visited had entrusted property rooms that were not marked as such and were secured with lock and key. The property rooms were usually located next to the narcotics staff offices within the Department's office building. The buildings had keypad security entrances and security cameras. All of the narcotics offices restricted access to authorized personnel. Multiple property officers (usually two) are responsible for the keys to the property rooms. Property officers are present whenever the property room is accessed and when property and evidence is submitted.

Most of the seven narcotics offices we visited also had the following basic controls in place:

- The narcotics offices generally handle seized cash properly. Six of the seven narcotics offices we visited were diligent in securing and depositing seized cash. These six offices were not holding any seized cash at the time of our visit. It is the practice of most offices to process seized cash as soon as possible and transfer it to Department headquarters or the local district attorney for deposit. Our testing of cash seizures associated with cases showed that narcotics offices generally track and monitor seized cash closely and effectively document the chain of custody. While the seventh narcotics office handled seized cash adequately in most cases, we noted that it held $18,500 in seized cash for more than one year at the request of the district attorney.

- <u>The narcotics offices generally comply with Department policy requiring an annual inventory of seized property and evidence.</u> Five of the seven narcotics offices we visited had conducted required annual inventories and reported the results to headquarters within the past year. The remaining two offices indicated they conducted an inventory but were unable to provide documentation to confirm this.

While most narcotics offices had basic security controls in place, the Department needs to address the issues in Sections 1-B through 1-D to minimize the risk of loss, damage, and theft and provide greater assurance to the State of the continued protection of seized property and evidence.

Section 1-B:
The Department Needs to Better Enforce All Policies and Procedures Related to Seized Property and Evidence In the Custody of Narcotics Offices

Although the narcotics offices we visited generally complied with the Department's seized property and evidence policies and procedures, we noted the following instances in which the offices did not follow required policy:

- One narcotics office did not follow the Department's policy for transferring drug evidence to a Department crime lab. The office retained more than 100 pounds of marijuana for thirty days, although the Department's policy requires that all seized drugs be transferred to a Department crime lab within 72 hours of its seizure. Prompt submission of drug evidence to a Department crime lab reduces the risk that the drugs will be lost or stolen and ensures that the custody of the evidence is not compromised.

- One narcotics office had only one property officer, and this individual had the only key to the property room. This prevents investigators from having adequate access to property rooms and increases the risk that they will hold seized property in less secure locations. It also increases the risk that investigators will not have access to property when they need to obtain it. Department policy requires that two property officers—one primary and one assistant—be assigned at each office with a central property storage facility. The assistant property officer is responsible for carrying out the duties of the property officer when the primary property officer is absent.

- Two narcotics offices did not document their seized property inventories as required by Department policy. Although these offices asserted that they conducted the annual inventory, there was no documentation available to confirm that the inventories had been conducted. Documenting all inventories ensures that Department policy is met. It also helps communicate to supervisors and Department management that inventories are correct or that inventory discrepancies exist that may need immediate corrective action. In addition, one of the narcotics offices that completed an annual inventory did not use officers independent of the property and evidence function to conduct the inventory. The lack of an independent review increases the risk that the inventory will not reveal missing property and evidence.

<u>Recommendation</u>:

The Department should enforce its policies and procedures to ensure that drug evidence is promptly transferred to a crime lab, a sufficient number of property officers is available to provide access to the property room, and all seized property inventories are documented and associated discrepancies are resolved.

<u>Management's Response</u>:

Agree. The Narcotics Service management staff has addressed each problem area mentioned above and will continue to take necessary steps to ensure that its policies and procedures are properly followed.

Section 1-C:

The Department Should Establish Additional Policies and Procedures to Ensure Continued Safeguarding of Seized Property and Evidence at Narcotics Offices

Although Narcotics and Department policies and procedures manuals have established procedures that provide reasonable assurance that seized property and evidence will be safeguarded, these procedures should be strengthened to ensure continued safeguarding in the future. Currently, there are no policies in several areas. For example:

- <u>Investigators are not required to report and secure seized property in a central property room within a set period of time</u>. Therefore, investigators presently can hold seized property indefinitely after its seizure. A review of cases indicated that most seized property was submitted to storage on the same day of its seizure or a few days later. In some cases, however, property was submitted a few weeks and even months after the day of its seizure.

  One narcotics office completed an inventory just prior to our site visit. The office moved property and evidence items that had been stored in investigators' individual closets. The items were relocated to the property room and the logbook was updated to reflect these items. The logbook showed that the items were placed in the property room in July 2001, but they were seized in 1999 and 2000. The lack of a policy in this area increases the risk that investigators will continue to hold property indefinitely and in less secure places, thus increasing the risk of loss, damage, or theft.

- <u>Routine verification of custody is not required for seized property checked out of the entrusted property room</u>. For example, an investigator may check out an item that is needed for trial and forward the item to a court or district attorney. In such a case, however, documentation for the chain of custody would still reflect that the investigator had custody of the item. Without complete information, property officers are not able to verify or update the custody of property or determine that there is still a need to have the property checked out.

- <u>Standardized packaging for seized property is not required</u>. As a result, each narcotics office has a different method for packaging and storing its seized property. For example, at some offices we visited, small items such as handguns, cell phones, and radios are stored in clear plastic bags, while other offices store small items in brown paper bags or "as is" with a property tag attached. Some offices store multiple items from a single case in boxes with a single property tag, but other offices store each item with an individual property tag. Having standardized packaging guidelines helps promote uniformity across narcotics offices and enhances inventory controls and operational efficiencies over property.

In addition to establishing policies and procedures, the Department also needs to provide formal training for property officers. Property personnel do not receive any formal training for handling, processing, or storing property and evidence.

<u>Recommendations:</u>

The Department should:

- Establish and enforce a policy to specify how long investigators can hold seized property before they submit it for storage.

- Establish and enforce a policy to regularly verify the custody of seized property that is checked out to investigators and external parties.

- Establish and enforce a policy for standardizing seized property packaging, where feasible. As part of this policy, the Department should consider the following:

  - Require that each seized property item be individually tagged. Rather than having multiple items from a single case stored and packaged together, each item should have a separate property tag. This not only enhances inventory controls over seized property, but it also makes it easier to verify that all seized property is accounted for when narcotics offices conduct annual seized property inventories.

  - Require, where possible, that clear plastic evidence bags be used to store items. Packaging items in this manner will enhance controls over seized property, particularly for small items that can be easily lost or misplaced. This will also make it easier to verify seized property during annual seized property inventories and avoid having to open boxes or dark packages to confirm the contents. In addition, it will help protect the original seal of the property and protect its chain of custody integrity.

- Use the International Association for Property and Evidence as a reference to ensure that all aspects of Department policies and procedures maximize controls over property and evidence and the effectiveness and efficiency of operations. (See Appendix 3 for related online references and resources.)

- Consider providing formal property and evidence management training to staff.

Section 1-D:
The Department Should Improve the Organization and Security of Narcotics Offices' Entrusted Property Rooms

While we were able to account for all seized property items in our sample, improvements are needed in the organization and security of narcotics offices' entrusted property rooms. Addressing these issues would make narcotics office operations more efficient and reduce the risk of loss, damage, or theft. For example:

- Four of the seven entrusted property rooms we visited were somewhat disorganized. Most of them were converted utility closets with limited shelving and poor lighting. In addition, the rooms were small and did not appear to meet the needs of the narcotics offices. At one narcotics office, the property room was a small wall closet, while another office was using property rooms located more than fifteen miles away. Insufficient and inconveniently placed property rooms make it more difficult to efficiently and effectively safeguard property.

- Although all of the property rooms we visited had some shelving or bin space available, the shelves and bins were not organized. Items were stored in whatever space was available on the shelf. There was no numbering system to identify each shelf or bin. Without this type of system, locating seized property becomes difficult and time-consuming.

- Although we noted no security concerns, six offices did not use added security devices such as cameras, motion detectors, or alarms to further secure their property rooms. This is important given that many property rooms hold a sizable inventory of firearms, which presents a high risk for theft and misuse. For all the property rooms we visited, doors were secured with dead bolt locks and access was restricted to property officers only. Appropriately, the property rooms also were not labeled as property rooms. Six property rooms were located indoors adjacent to where Narcotics personnel were working. One district office had outside property rooms and used cameras and motion detectors to monitor its property rooms. Using a combination of security devices further enhances security and reduces the risk of unauthorized access, theft, and misuse of seized property.

- Six of the seven narcotics offices we visited stored seized firearms alongside other seized property. At one narcotics office, seized firearms were locked in a cage located inside the property room. To access the firearms, the property officer had to first open the property room and then open the cage. Another narcotics office locked seized handguns in small safes controlled by lieutenants, while it stored longer rifles and shotguns in the property room alongside other property. Adding extra security and access controls for seized firearms would help ensure that these items are not easily accessible and are adequately protected from loss, theft, or misuse.

- At one narcotics office we visited, we noted a strong odor in the property room. According to the property officers, this odor was due to past storage of chemicals and contaminated property and lack of ventilation. This situation might represent a health and safety hazard.

Recommendations:

The Department should:

- Review the space limitations and locations of the narcotics offices' property rooms to determine whether it is feasible to expand storage space or move storage space closer to narcotics offices.

- Improve the organization of property rooms to maximize storage space and make it easier to locate seized property. To help maximize space, the Department should ensure that old cases are revisited and updated in order to identify property that can be disposed.

- Implement a numbering system to identify each shelf or bin within property rooms, and update property logbooks to reflect the exact shelf or bin where seized property is stored.

- Consider adding additional security devices such as cameras, motion detectors, or alarms to property rooms. Because of the cost associated with installing such devices and the differences among offices, each narcotics office should evaluate its individual needs and assess which devices would help strengthen security.

- Consider strengthening security over seized weapons. Examples of viable security methods include cages, lockers, and safes.

- Examine items currently stored in property rooms to identify chemicals and contaminated property and store them in a safe environment. The Department should also develop and enforce a policy to address the safe storage of chemicals and contaminated property.

Management's Response:

Agree. The Department recognizes that additional storage space is needed in numerous offices throughout the State and within budget constraints will attempt to make improvements in this area. The Narcotics Service will take steps to improve the

organization of seized items being stored for safekeeping. Within budget constraints, the Narcotics Service will consider adding additional security devices to storage facilities.

Section 2:

The Department's Crime Laboratory Service Adequately Safeguards Seized Drugs and Evidence Against Loss, Damage, and Theft

Audit Objective

Determine whether crime labs properly safeguard seized drugs and evidence against loss, damage, and theft.

The Crime Laboratory Service within the Department is currently able to ensure that seized drugs and evidence submitted for testing, storage, and destruction are properly safeguarded. Most of the four crime labs we visited had basic security controls to protect seized drugs and evidence and maintained adequate records for these items. As a result, we were able to account for all of the 554 seized drug and evidence items in our judgmental sample.

The weight of each sample item ranged from a few grams to hundreds of pounds. The 554 sample items included:

What does the Crime Laboratory Service do?

The Crime Laboratory Service provides expert forensic laboratory services to Texas law enforcement agencies.

The Crime Laboratory Service has organized its thirteen crime labs as a single laboratory system. The crime labs are strategically located throughout the state to provide services within a reasonable driving distance of every law enforcement officer in the state.

The items in our sample of seized drugs and evidence were stored at four of the Department's thirteen crime labs. These four crime labs handle the majority of investigative cases and the majority of seized drugs and evidence.

During fiscal year 2000, the Narcotics Service seized drugs with a street value of $736 million. The Narcotics Service transfers seized drugs and evidence to the Crime Laboratory Service for testing, storage, and destruction.

- 86 seized drug and evidence items that we traced from the crime lab receiving point through the drug evidence analysis, storage, and destruction process.

- 69 seized drug and evidence items that we traced from the crime lab storage vaults back to the initial point of receipt.

- 254 seized drug and evidence items that we verified were properly in the possession of the drug analyst for analysis or court presentation.

- 145 seized drug and evidence items that were pending destruction or were identified as destroyed. (We conducted testing to verify that these items should have been destroyed.)

To ensure that crime labs continue to safeguard seized drugs and evidence, the Department should strengthen vault security and access controls and facility design. The Department also should better enforce crime lab policies and procedures and consistently adhere to state statute and industry standards. Improving these areas will minimize the risk of loss, damage, and theft and make crime lab operations more efficient.

Section 2-A:

Most Crime Labs Have Basic Security Controls to Ensure Proper Safeguarding of Seized Drugs and Evidence

The four crime labs we visited used a variety of basic security controls to help them protect, track, and monitor seized drugs and evidence, such as:

- The crime labs have adequate security measures. Each of the four crime labs we visited had drug storage vaults that were secured with proper locks and monitored by effective alarm systems. These crime labs also had strengthened their basic security systems with additional security features such as vault access logs, motion detectors, multiple lock systems, secured key systems, and lock systems that required multiple keys carried by separate individuals. These crime labs allowed only authorized personnel to access storage vaults. In addition, all of the drug vaults located outside the main buildings had some form of camera security. Three crime labs we visited had installed fencing around their outside drug vaults.

- The automated system crime labs use to track seized drugs and evidence is generally effective. The DPS Reporting and Gathering Network (DRAGNet), the automated system crime labs use to track the status of seized drugs and evidence, is generally an effective system. Information on each of the 554 sample items we tested was properly logged and tracked in DRAGNet. The system generates sequential case numbers as the crime labs receive drugs and evidence, thus preventing manipulation of case numbers. DRAGNet's barcoding technology also allows multiple evidence items to be tracked with a single case number.

Some of the four crime labs we visited also had the following basic controls in place:

- The crime labs generally maintain seized drugs and evidence in standardized packaging and store items in an organized manner. Three of the four crime labs we visited used standardized packaging such as envelopes, bins, and boxes to store seized drugs and evidence. The packaging was also properly labeled, sealed, initialed, and dated. Cuts in packaging that were made to obtain samples were properly repaired.

  These three crime labs also generally had clean and well-organized storage facilities. The shelving in the facilities was arranged in a manner that allowed efficient use of space. The shelves were separated into smaller bin locations and numbered to allow for easy location and tracking of seized drugs and evidence. These crime labs made an effort to maximize available storage space and ensure that sufficient space would be available for receipt of additional drug evidence.

- The crime labs generally manage and destroy excess drug evidence properly. Two of the four crime labs we visited adequately destroyed drug evidence that was (1) associated with closed analyzed drug cases, (2) identified as excess, or (3) identified as "for destruction only." The crime labs conducted controlled destruction events periodically or on an "as needed" basis. In addition, crime lab management at these labs reviewed the destruction process

to ensure proper destruction. These crime labs also used appropriate security and witness confirmations. A third crime lab we visited had been properly managing and destroying drug evidence until it temporarily suspended destruction events because it was anticipating relocation to a new facility.

While most crime labs had basic security controls in place, the Department needs to address the issues in Sections 2-B through 2-C to minimize the risk of loss, damage, and theft and provide greater assurance to the State of the continued protection of seized drugs and evidence.

Section 2-B:
The Department Should Strengthen Vault Security and Access Controls at the Crime Labs

While we found that most crime labs had basic security controls, inconsistencies and other conditions related to security and access, when taken together, increase the risk that improprieties could occur without detection. However, any one of these conditions by itself does not create a significant risk. The conditions included the following:

- Crime lab storage vaults did not have security cameras to monitor staff activity inside storage areas. Adding cameras inside storage vaults would be an effective control to compensate for situations in which a witness or second individual is not present when an employee accesses a vault.

- One of the crime labs we visited has a policy prohibiting individual employees from accessing storage vaults unless another employee is present. However, employees did not always observe this policy, and management did not always enforce it. Due to chain of custody issues regarding evidence and its analysis, requiring two people to observe activity in the vaults is not always feasible. At other crime labs we visited, individual crime lab employees were allowed to access the vaults alone. The size of the lab and number of staff at some locations does not make the two-person requirement feasible.

- It is possible for a single crime lab employee to be responsible for documenting in DRAGNet the receipt, analysis, and destruction of evidence. Wherever feasible, segregating these duties could help reduce the risk that improprieties could occur.

- At one crime lab, the evidence checkout procedure used to separate analysts from direct vault access was not always observed. Analysts were allowed to enter the vaults alone after hours.

- At one crime lab, the bulk storage vault used to store marijuana did not have a check-in/check-out log for staff to record their entry and exit.

In addition to the combination of factors listed above, existing camera technology for outside storage vaults at all crime labs could be enhanced to enable clearer resolution and zoom capability. Added camera technology also would allow improved monitoring and recording of outside vault activity.

Two crime labs also could make minor physical improvements to further ensure security of their storage vaults. For example, the physical layout of one crime lab's receiving area allowed individuals who were submitting drugs for analysis to have access to areas that contained other seized drugs and evidence.

Recommendations:

The Department should:

- Strive to improve vault access controls where reasonable. When facility structures and/or staff limitations do not reasonably allow for two-person vault access controls, crime lab management should safeguard drug evidence with compensating technology such as cameras. Adequate camera technology placed inside and outside vaults should be used to record, monitor, and confirm drug vault activity when single individuals must access vaults. The physical layout of facilities must also be adjusted to compensate for staff limitations.

- Enhance security of outside drug vaults with adequate camera technology. Cameras should cover all access areas and clearly record activity around outside vaults.

Management's Response:

Agree. We will investigate the cost of adding security cameras inside the evidence vaults. This project will be completed as funding becomes available, and we will include a request for capital funds for these cameras in our next biennium budget.

We fully support the second recommendation to enhance the security of the outside drug vaults with an adequate number of cameras monitoring the exterior of the buildings. We are currently in the process of replacing and upgrading cameras monitoring the outside of these vaults.

Section 2-C:

The Department Should Better Enforce Crime Lab Policies and Procedures and Consistently Adhere to Statutory Requirements and Industry Standards

While the four crime labs we visited were generally following policies and procedures, state statutes, and industry standards, we noted exceptions that must be addressed to ensure continued safeguarding of seized drugs and evidence.

Some Crime Labs Do Not Consistently Comply With Established Policies and Procedures Regarding Annual Inventories and the Recording of Gross Weight for Drug Evidence

Two crime labs had not conducted the annual inventory required by Crime Laboratory Service policy. One of these labs was waiting to conduct the inventory pending its

relocation to a new facility. The other lab had a limited number of staff and a great deal of evidence, some of which was quite bulky. This made it difficult for the crime lab to comply with inventory requirements.

One crime lab was not consistent in the manner in which it recorded the gross weight of evidence. It did not record the gross weight for most older cases that occurred prior to 1999. In addition, the crime lab recorded gross weight inconsistently in new cases because the Crime Laboratory Service's policy does not clearly define "gross weight." The gross weight provides a basis for verifying drug evidence when conducting an inventory and confirming analysis results.

Crime lab personnel do not receive any formal training for handling, processing, or storing drugs and evidence.

Some Crime Labs Do Not Consistently Adhere to State Statute Authorizing Destruction of Excess Drug Evidence

Texas Health and Safety Code, Section 481.160, authorizes a law enforcement agency to destroy excess drug evidence without a court order as long as the agency ensures that it takes specific steps. However, two crime labs we visited were not following the statute consistently.

One of the two labs did not currently have an incinerator and was waiting to move to its new facility before it conducted destruction events. The other lab's two incinerators were in need of repair. This hindered the labs' ability to destroy excess drug evidence.

The Department is working to reduce the inventory of excess drug evidence. For example, the director of the Crime Laboratory Service has formally requested the cooperation of all district attorneys and law enforcement officials in reducing excess drug inventory.

In addition, the Crime Laboratory Service revised its policies and procedures for crime labs in June 2001 during the course of our audit. The revised policies and procedures were designed to ensure standardization in all lab operations. They include a section on evidence destruction, emphasizing the destruction of excess drug quantities without a court order.

Some Crime Labs Do Not Consistently Adhere to Industry Standards for Packaging and Storage of Seized Drugs and Evidence

Two crime labs did not fully adhere to industry standards that outline recommended procedures for standardization of seized drug and evidence packaging, labeling, and storage (see Appendix 3 for online references and resources regarding industry standards). One of the two labs did not use standardized packaging and did not consistently label and seal evidence. The walkway of one of this crime lab's three vaults also was blocked by evidence stored there. The evidence was stacked three to five feet high in the walkway. The other crime lab occasionally was not consistent in resealing cuts it made in packages to obtain samples for analysis.

The Crime Laboratory Service's revised policies and procedures were designed to ensure standardization in all lab operations. The Department also has plans to assign an additional staff member to one of the crime labs. This lab needs more staff because of the volume of drug activity this crime lab processes.

Recommendations:

The Department should:

- Enforce its policies and procedures to ensure annual inventories are conducted, excess drug evidence is destroyed, and crime labs implement standardization and organization in their storage facilities.

- Clearly define "gross weight" and incorporate the definition into policies and procedures to ensure consistency in recording the weight of drug evidence.

- Continue strengthening its efforts to identify and destroy excess drug evidence, particularly in cases in which significant volumes of drugs are involved.

- Ensure that crime labs have adequate resources to identify excess drug evidence, effectively staff drug vaults, and conduct destruction events.

- Use the International Association for Property and Evidence as a reference to ensure that all aspects of the Department's revised policies and procedures maximize the effectiveness and efficiency of crime lab operations.

- Consider providing formal property and evidence management training to crime lab staff.

Management's Response:

- *Recommendation to enforce annual inventory policies and procedures.*

  Agree. The crime laboratories are complying with DPS policy to conduct annual inventories of drug evidence. We will continue to enforce policies to destroy excess drug evidence to the extent that local, state and federal prosecutors will approve such actions. Standardization and organization of storage facilities will continue to be a priority.

- *Recommendation to clearly define gross weight, as it applies to drug evidence.*

  Agree. This recommendation has been implemented.

- *Recommendation to strengthen efforts to identify and destroy excess drug evidence in bulk drug cases.*

  We agree with this recommendation.

- *Recommendation to ensure that crime labs have adequate resources and staff to store and destroy drug evidence.*

Agree. For the past three Legislative sessions, the CLE Division has made Crime Lab funding its top priority. Future appropriations requests will continue to be made on behalf of the Crime Labs. DPS will also continue to aggressively research grant funding opportunities.

- *Recommendation to use the International Association for Property and Evidence as a reference.*

  Agree. The Texas DPS Crime Laboratories have been fully accredited by the American Society of Crime Lab Directors/Lab Accreditation Board for 15 years, and this accreditation process examined our packaging, handling, and storage of evidence. All DPS laboratories were in compliance with these ASCLD/LAB requirements. However, we agree to also incorporate, where appropriate, techniques taken from the IAPE.

- *Recommendation to provide formal evidence management training*

  Agree with modifications. We will look into this and implement the recommendation as appropriate courses and adequate resources become available.

The Department Should Improve the Completeness and Accuracy of Record Keeping Associated With All Seized Property, Drugs, and Evidence

Audit Objective

Determine whether the Department's automated information systems used to report on and manage seized property, drugs, and evidence contain data that is complete and accurate.

The automated and manual records that narcotics offices and crime labs maintain for seized property, drugs, and evidence are not always complete and accurate. Without complete and accurate records, the Department cannot ensure that it has a complete listing of all seized property under its control. This can make verifying seized property inventories difficult and time-consuming, and it increases the risk that unrecorded seized property, drugs, and evidence could be lost or stolen without detection.

Section 3-A:

Narcotics Offices Should Improve the Completeness and Accuracy of Record Keeping Associated With Seized Property and Evidence

Our review of 178 seized property items at seven narcotics offices identified items with:

- Missing or incomplete seizure inventory forms.

- Entrusted property logbook errors.

- Errors in the "undispositioned" seized asset inventory reports printed from the automated Criminal Law Enforcement Reporting and Information System (CLERIS), the automated investigative case management system used by narcotics offices.

> **Where is information about seized items recorded?**
>
> Narcotics offices record seized property and evidence information on manual inventory forms, in the manual investigative case files, and in the Criminal Law Enforcement Reporting and Information System (CLERIS).

In addition, in some cases, the chain of custody documentation for some property was difficult to follow.

Because we located all property items in our sample or found documentation to show their disposition, these issues do not appear to compromise the physical safeguarding of seized property and evidence. However, more complete and accurate record keeping could help ensure that narcotics offices have accounted for all property and evidence. Opportunities to improve record keeping exist. For example:

- Thirty-three of 178 (18.5 percent) seized property items we reviewed were not recorded at all or were recorded incorrectly in CLERIS. In addition, ten seized property items were still recorded as "undispositioned" in CLERIS although they had been disposed of or awarded to the Department. This does not directly affect the physical safeguarding of seized property and evidence because manual records generally compensate for incomplete and inaccurate information in CLERIS. However, insufficient information in CLERIS impairs the Department's ability to efficiently track and report on the status of seized property and evidence.

- Twenty-seven of 178 (15 percent) seized property items we reviewed were missing an inventory of seized property form (form HQ109) or the form was

incomplete. Department policy requires investigators to use this form to record all property taken from a suspect at the time of an arrest or search. The completion of this form is an important first step in the record keeping for seized property. Along with the investigative report and entrusted property logbook, this form helps document a complete chain of custody for all seized property. In addition, three investigative case files could not be located for testing during our site visit.

- Six of 178 (3.4 percent) of seized property items we reviewed were not recorded in the entrusted property room logbook. Each office uses the entrusted property room logbook as the official record of inventory for seized property and documents the chain of custody. Four of the six items were secured in the property room, but the property logbook did not indicate that these items were in the custody of the offices. The two remaining items were not recorded in the logbook and were not secured in the property room. The items were being stored in the investigator's locked closet.

It is important to note that our review focused only on the seized property and evidence information recorded in CLERIS. Therefore, our observations about CLERIS data completeness and accuracy do not apply to other case information recorded in CLERIS. Narcotics uses CLERIS to create its investigative reports and to record the property and evidence seized in each investigation. Although CLERIS is not designed to be an inventory system, it is the closest thing to an automated inventory system available because it can be used to create reports of all undispositioned property and evidence.

Property and evidence information is not always complete and accurate in CLERIS. This is primarily because some older cases have not been converted to CLERIS from Narcotics' previous automated system. Other reasons include:

- Investigators are behind on creating reports for current investigations.

- Investigators are behind on updating cases for which changes in custody of the property and evidence have occurred.

- Investigators occasionally fail to record all seized property when they create an investigative report.

Narcotics Offices Can Strengthen the Format of the Entrusted Property Room Logbook

The format of the entrusted property room logbook that narcotics offices use to record information about seized property and evidence limits the ability of property officers to completely record all of the important chain of custody information relating to a piece of property. Because the custody of seized property can change several times from seizure to disposition, having a clear and defensible chain of custody is important. The format of the logbook contributes to errors and inconsistent record keeping. For example:

- The logbook only provides a space to record the "receiving officer" name, regardless of whether the property is being checked in or checked out. Therefore, there is no record of individuals who submit property to or release

property from the property room. This creates a gap in the chain of custody record. A complete chain of custody record should include the names of the seizing officer, the property officer, and any other person who takes custody of the property for any reason.

- It is difficult to follow the chain of custody when property is checked out and later returned because the logbook's format requires property officers to record separate transactions in chronological order. Each transaction is recorded on a new line in the logbook, which means multiple transactions involving a single piece of property or evidence may be recorded on different pages in the logbook.

- The logbook provides very little space to record a complete description of changes in the custody of property. As a result, property officers are inconsistent in how they record custody changes. Some property officers provide a detailed description, while others provide no description or simply write "evidence" or "court." Because of space limitations, property officers occasionally try to record every transaction involving a single piece of property on the same line.

While we noted opportunities to strengthen record keeping associated with seized property, we did not identify any issues regarding record keeping for the cash seizures tested. All cash seizures tested had associated certificate of seizure forms (form HQ83) as required by Department policy. In many cases, the seizure forms included detailed descriptions of the chain of custody from the time of seizure to the time the cash was safeguarded in a forfeiture bank account or with a local district attorney. These cash seizures were also recorded in CLERIS.

Recommendations:

The Department should:

- Ensure the information on seized property is recorded and updated promptly, accurately, and completely in CLERIS. To bring CLERIS up to date, the Department should also ensure that investigators create reports for current investigations. In addition, the Department should continue to convert information from older case files to CLERIS.

- Ensure that investigators complete a seized property form (form HQ109) for all property they seize.

- Ensure that all seized property is properly recorded in the property room logbook.

- Redesign the property logbook to ensure that:

    – There is sufficient space to record the names of the seizing officer, the property officer, and any other person who takes custody of the property for any reason.

    – All transactions for a particular case can be recorded on adjacent lines in the logbook.

–   There is sufficient space in the logbook so that changes in the chain of custody can be thoroughly explained.

Management's Response:

Agree. The Narcotics Service will continue to stress compliance with existing policies and procedures. An evaluation will be made as to the design of the property logbook, as recommended.

Section 3-B:

Crime Labs Should Improve the Completeness and Accuracy of Record Keeping Associated With Seized Drugs and Evidence

Two of the four crime labs we visited did not track drug evidence pending destruction using DRAGNet because DRAGNet does not permit effective use of the "pending destruction" data field for all crime lab environments. The limitations of DRAGNet caused these two crime labs to record drug evidence as "destroyed" in DRAGNet when the evidence had not yet been destroyed. One of these two crime labs compensated by using a structured manual system. The other crime lab did not compensate by using a manual system and, because of this, mistakenly destroyed drug evidence that was not yet authorized for destruction.

One crime lab did not always record the number and size of representative samples of drug evidence. The crime lab selects representative samples of evidence from large seizures and destroys the excess evidence. A minimum of five samples is required in such cases. However, the crime lab selects more than five samples when the seizure is large. In these cases, the actual number of samples selected and the related weights are not recorded in the case file.

Recommendations:

The Department should:

*   Modify DRAGNet to allow for accurate tracking of drug evidence pending destruction in all crime lab environments.

*   Implement an effective manual system to accurately track evidence pending destruction for those crime lab environments that are unable to effectively use the DRAGNet "pending destruction" data field. This manual system should be used until DRAGNet is properly modified.

*   Ensure that crime labs record the weight of all samples pulled from seized drugs.

Management's Response:

Agree. Programming will occur to modify DRAGNet to improve evidence tracking. In the mean time labs will be instructed to keep accurate manual records that reflect what evidence is pending destruction versus what has been actually destroyed.

A policy requiring the recording of the weight of drugs retained and the weight of the excess evidence destroyed will be included in the appropriate laboratory policy manual.

Section 4:
The Department Should Improve Security Controls in CLERIS

Audit Objective

Determine whether security controls in the narcotics information system are adequate to protect the completeness and accuracy of seized property and evidence information.

While CLERIS has generally effective access and security controls in place, some general controls involving this system need improvement. Improvements include establishing procedures for providing access to CLERIS and updating the CLERIS user manual.

What is CLERIS?

The Criminal Law Enforcement Reporting and Information System (CLERIS) is an advanced case management system that supports the services within the Criminal Law Enforcement Division. These services include Narcotics, Motor Vehicle Theft, and Special Crimes.

Section 4-A:
The Department Should Establish Written Procedures for Providing Access to CLERIS

The Department does not have written procedures for providing user access, resetting passwords (authenticating the user), or expiring accounts in CLERIS. Documenting such procedures is essential to consistent implementation of the security process. Lack of documented procedures can result in the loss of knowledge regarding the security process when personnel separate from the Department.

The current process for authenticating users is inadequate. Presently, security coordinators use voice recognition to authenticate users, which could inadvertently result in allowing unauthorized users access to CLERIS. Voice recognition is an inadequate method to authenticate a user because security coordinators are not actually taking measures to verify a user's identity. However, the *Information Management Service (IMS) Manual* that applies to systems other than CLERIS requires system service technicians to verify user identity when resetting passwords. Although this manual does not apply to CLERIS, the policy is a useful guide to follow in authenticating users.

Recommendation:

The Department should establish and enforce written procedures for providing user access to CLERIS, resetting passwords and authenticating the user, and expiring accounts in CLERIS.

Management's Response:

Agree with modification. The CLE Division currently has policies and procedures regarding access and user authentication for CLERIS. Additionally, we are in the process of transitioning to PKI encryption that will enhance the system's security.

Section 4-B:
The Department Should Ensure That the CLERIS User Manual Is Updated

The user manual for the current version of CLERIS has not been updated; therefore, users do not have correct and up-to-date reference material. The numerous changes in system requirements requested by users caused the contractor that developed CLERIS to postpone updating the user manual. The contractor plans to have the user manual updated by February 2002, when the new version of CLERIS is scheduled for deployment. Up-to-date user manuals are essential in providing accurate references for users in order to avoid incomplete or inconsistent implementation of activities or processes.

Recommendation:

The Department should ensure that it verifies that the contractor updates the user manual by February 2002 as intended.

Management's Response:

Agree. The CLE Division monitors the contractor closely and will ensure that all "deliverables" required of the contractor are provided.

The Department Should Enhance and Enforce Security Access Controls in DRAGNet

Audit Objective

Determine whether security controls in the crime lab information system are adequate to protect the completeness and accuracy of seized drugs and evidence information.

DRAGNet has proven to be an effective tool in maintaining case information. However, general controls surrounding this system should be improved to ensure the integrity and the security of the system. These improvements involve strengthening access controls and system back ups.

What is DRAGNet?

The DPS Reporting and Gathering Network (DRAGNet) is a database used by the Crime Laboratory Service. The database contains information on case status, evidence disposition, and results. The database also produces various management reports and maintains an inventory of seized evidence on hand.

Section 5-A:

The Department Should Ensure That DRAGNet Access Controls Comply With Department Policy

DRAGNet access controls are not in compliance with Department policy regarding setting a maximum of three invalid access attempts allowed before a user's access ID is disabled. In DRAGNet, a user is allowed seven attempts to access the system before the user's access ID is disabled. In addition, the system automatically unlocks after fifteen minutes, allowing a user to access DRAGNet without requiring user authentication by DRAGNet administrators.

Allowing numerous access attempts and not permanently locking the system leaves DRAGNet vulnerable to possible security breaches.

Recommendation:

The Department should ensure that DRAGNet is modified to allow only three invalid access attempts. Network support personnel should reset (unlock) a password only after they authenticate the user.

Management's Response:

We agree with this recommendation and have implemented it.

Section 5-B:

The Department Should Enforce and Enhance Its DRAGNet Backup Policy

Eight of the thirteen crime labs are following the Crime Laboratory Service's policy requiring them to make backups of DRAGNet data. Three crime labs do not consistently follow this policy. The remaining two crime labs are not following the policy.

We also noted enhancements that should be made related to the manner in which the crime labs store backup tapes. For example:

- Ten crime labs are storing required daily backup tapes at various locations within the labs such as a computer workstation, on shelves, or in drawers. Although policy does not specifically prohibit this, it makes tapes readily accessible to anyone in the laboratory, regardless of authorization. This storage system also increases the risk that tapes could easily be misplaced.

- Although crime labs are required to make complete system backups of DRAGNet data files on a weekly basis and maintain the backups in a secure location away from the labs, one crime lab has not performed this task in approximately ten months. Two crime labs do not store their backup tapes offsite. Ten crime labs perform the required back ups, but store backup tapes at employees' homes or in briefcases. Storage of these tapes at employees' homes leaves the data vulnerable to being lost, stolen, or damaged.

Another concern surrounding the DRAGNet backup procedure involves the fact that confidential data on backup tapes is not encrypted. This increases the risk that unauthorized users could access data.

Recommendations:

The Department should:

- Enforce its policy requiring crime labs to back up DRAGNet data.

- Consider enhancing its policy regarding back up of DRAGNet data by defining an acceptable offsite storage location. The location should meet criteria specified in Texas Administrative Code, Section 201.13(a)(8), regarding physical security.

- Consider backing up all thirteen DRAGNet servers to the server at Department headquarters on a weekly basis. These back ups could then be saved to tape and sent to the Department's contracted offsite facility for storage. If this is not possible, the Department should consider one of the following options:

  - Each lab could back up its server at least once a week on tape and send the tape to Department headquarters in Austin. Headquarters could then store the tapes at the Department's contracted off-site storage facility.

  - Each lab could back up its server at least once a week on tape and send the tape to a nearby off-site storage facility.

Management's Response:

Agree. Backup policies will be enforced. We have enhanced the security of the backup data by defining and implementing use of a secure off-site storage site. The data stored off-site is replaced weekly. Additionally, the Crime Laboratory is looking into remote backups, performed at Headquarters, of all Field Labs on a weekly basis.

Section 5-C:

The Department Should Ensure That DRAGNet User Access Levels Are Assigned in Accordance With Department Policy

The assignment of user access levels to Crime Laboratory Service staff is inconsistent and does not comply with Department policy. Staff members have been assigned higher access levels to DRAGNet than necessary for their job titles and duties. For example, in one crime lab, an individual employed as an administrative technician was assigned a level of access that was higher than recommended by policy.

Assigning users access at a level that is higher than necessary places DRAGNet data at unnecessary risk. Access levels should be assigned on a "need-to-know" basis and in accordance with Department policy. Appendix G of the DRAGNet manual prescribes recommended access levels for various positions within the Crime Laboratory Service.

Recommendation:

The Department should review all DRAGNet access levels currently assigned to users to ensure that assigned levels are appropriate to users' job functions and duties. Management should also consider assigning an individual to be responsible for regularly reviewing access level assignments for appropriateness to ensure consistency with Department policy.

Management's Response:

Agree. Management has reviewed access levels and rights assigned to staff members, and corrected access levels that were too high for some individuals. This will be monitored on a regular basis.

The Department Should Enhance Its Support of CLERIS and DRAGNet

Audit Objective

Determine whether the Department adequately supports the narcotics and crime lab information systems to protect the completeness and accuracy of seized property, drugs, and evidence information.

The Department's Information Management Service (IMS) and Information Resources Manager (IRM) do not provide adequate leadership or support for CLERIS and DRAGNet. The lack of leadership and support has contributed to:

- Deficiencies in disaster recovery planning for CLERIS and DRAGNet.

- The lack of a transition plan to assume responsibility for CLERIS after the CLERIS contractor discontinues supporting this system.

- Insufficient monitoring of DRAGNet access violations and insufficient updating of DRAGNet passwords.

No IMS staff are assigned to support the DRAGNet application. DRAGNet was developed within the Crime Laboratory Service in 1991, and the Crime Laboratory Service continues to maintain the system.

Four IMS staff members are assigned to support CLERIS. However, high turnover and lack of qualified staff has made it difficult for IMS to provide adequate support for this system.

Section 6-A:
The Department Should Ensure There Are Adequate Disaster Recovery Plans for CLERIS and DRAGNet

DRAGNet has an inadequate disaster recovery plan and the CLERIS disaster recovery plan has not been finalized. Neither plan has been incorporated into the Department's overall disaster recovery plan.

The DRAGNet disaster recovery plan has the following weaknesses:

- The plan has not been evaluated for completeness or tested by the IRM, and executive management has not approved the plan.

- The plan does not specify the minimum computer configuration required, include provisions for use of manual procedures, identify staff involved in the plan and their associated training requirements, and include an alternative site agreement.

The CLERIS disaster recovery plan has not been approved by executive management or tested. It also does not identify staff responsible for carrying out specific functions during a recovery operation.

Comprehensive disaster recovery planning can reduce liability and disruption to normal operations, ease decision making during a disaster, and minimize financial loss. Texas Administrative Code, Section 201.13(a)(6)(B), requires all state agencies to maintain a current disaster recovery plan for information resources and test the plan at least once annually.

Recommendations:

The Department should:

- Assign responsibility to the IRM for ensuring the development, approval, and testing of the CLERIS and DRAGNet disaster recovery plans.

- Finalize and approve CLERIS and DRAGNet disaster recovery plans as soon as possible.

- Incorporate the CLERIS and DRAGNet disaster recovery plans into the Department's overall disaster recovery plan and test them annually.

Management's Response:

Agree. CLE and IMS will coordinate efforts to accomplish these recommendations. CLE Services will provide information to our IRM for incorporation into the Texas Department of Public Safety Disaster Recovery Plan.

Section 6-B:
The Department Should Develop a Transition Plan for Assuming Responsibility of CLERIS

IMS does not have a transition plan in place to assume responsibility for CLERIS after the contractor currently responsible for overseeing this system completes its work. In addition, IMS staff assigned to work on the CLERIS project with the contractor have been unable to provide the necessary support. This forced the Department to pay the contractor an additional $72,000 to get certain work completed.

The contractor currently responsible for CLERIS is contractually obligated to provide training and assistance to IMS staff. However, IMS staff have not taken full advantage of this opportunity.

IMS is aware of these issues and has begun to take steps to address them. According to IMS management, an additional supervisor was hired to help manage staff, and IMS staff assigned to support CLERIS will be assessed to determine if they possess the necessary skills and experience to effectively work on CLERIS.

Recommendations:

The Department should:

- Ensure that IMS develops a transition plan to assume the maintenance of CLERIS. Criminal Law Enforcement Division management should be included in the development of the plan to ensure that all necessary elements are included. The transition plan should include, at a minimum, the following:

    − Determination of the number of qualified staff necessary to maintain CLERIS.

− 　　Determination of whether CLERIS will be supported by IMS
　　　　　　　　　　staff or a contractor.

　　　　　　　− 　　Plans for hiring additional staff, if necessary.

　　　　　　　− 　　Identification of necessary training for staff.

　　　　　　　− 　　Determination of whether the Department will need
　　　　　　　　　　additional funding to maintain CLERIS and, if so,
　　　　　　　　　　identification of the source from which the funds would be
　　　　　　　　　　generated.

　　　　　　　− 　　Plans for obtaining all system documentation and other
　　　　　　　　　　related materials from the contractor.

- Ensure that IMS continues its efforts to assign qualified staff who can assume
  the operations of CLERIS. Criminal Law Enforcement Division management
  should provide input regarding the skills and experience necessary to support
  CLERIS.

Management's Response:

*Agree. CLE and IMS will continue to coordinate its efforts to develop and implement
a transition plan for the assumption of application maintenance by IMS. In addition,
IMS will continue our efforts to recruit and train qualified staff.*

Section 6-C:
The Department Should Establish and Enforce Access Policies and Ensure That Staff Are Assigned to Support DRAGNet

The Department does not have a policy requiring periodic changing of passwords and
monitoring and investigating access violations. This is the case not only for
DRAGNet, but for all of the Department's automated systems. As a result, there is
increased risk that unauthorized individuals could access DRAGNet or other
Department systems without detection. We identified this concern during our review
of DRAGNet access issues.

In addition, IMS does not have staff with the knowledge or skills required to support
DRAGNet. If the Crime Laboratory Service staff who currently support DRAGNet
separate from the Department, there will be no one left with the knowledge to support
this system.

Recommendations:

The Department should:

- Ensure that IMS establishes and enforces a policy that requires all users to
  periodically change their passwords for all of the Department's automated
  systems. The Department should consider using an automated network

prompt to require users to change their passwords every 60 to 90 days. Crime Laboratory Service management should enforce this policy.

- Ensure that IMS establishes and enforces procedures to monitor and investigate access violations. The procedures should include daily review of system access logs and require follow-up of suspicious activity. Crime Laboratory Service management should enforce this policy.

- Ensure that IMS assumes a more active role in providing support and security for DRAGNet. This could be accomplished by having a position that is dedicated to supporting and maintaining DRAGNet. Crime Laboratory Service management also should provide input regarding the skills and experience necessary to support DRAGNet and should participate in the staff selection process.

Management's Response:

- *Recommendation to change passwords periodically.*

  Agree. IMS will institute software that will require all of the Department's users of automated systems to update their passwords every 60 to 90 days.   In addition, IMS will work with IRS to monitor, review, and investigate violations related to access privileges.

- *Recommendation to monitor and investigate access violations.*
- *Recommendation to assume a more active role in providing support for DRAGNet security.*

  Agree with modification. IMS currently provides limited support for the network portion of DRAGNet. As resources become available, IMS will assume a more active role in providing support and security for DRAGNet, in coordination with the Crime Laboratory Service management.

The Department Has Spent State Forfeited Funds in Accordance With State Statute and General Appropriations Act Requirements

Audit Objective

Determine whether the Department spends forfeited funds in accordance with state statute and General Appropriation Act requirements.

Our testing indicated that the Department spent state forfeited funds in accordance with state statute and General Appropriations Act requirements during fiscal year 2000 and through June of fiscal year 2001. However, the Department has significant discretion in deciding how to spend these funds due to the broad criteria outlined in statute (see text box).

We reviewed a sample of 43 expenditure vouchers with multiple invoices for fiscal years 2000 and 2001 and found that the Department spent these forfeited funds in compliance with state statute and requirements of the General Appropriations Act. All expenditures we reviewed were used for law enforcement purposes, with priority given to the purchase of new equipment for field employees. The Department did not use any of the state forfeited funds to purchase real estate or to make improvements to real estate, which is specifically prohibited.

Figures 1 and 2 summarize how the Department spent state forfeited funds during fiscal years 2001 and 2000.


What are forfeited funds?

Forfeited funds are proceeds obtained from the sale of forfeited property and judgements from forfeited cash seizures. The Department and its Narcotics Service seize property and cash associated with violations of various crimes, including narcotics trafficking. The Department takes title to that property and cash (forfeiture) through either an administrative or judicial process. In fiscal year 2001, the balance of forfeited funds was estimated at $2.5 million in both federal and state funds.

The Department spent approximately $6.5 million and $2.5 million in forfeited funds during fiscal years 2000 and 2001, respectively (see Appendix 2 for detailed expenditure categories and amounts).

How can forfeited funds be spent?

State statutes regarding the expenditure of forfeited funds give state law enforcement agencies broad discretion in deciding how these funds will be spent. Chapter 59 of the Texas Code of Criminal Procedures states that forfeited funds can be used "solely for law enforcement purposes." In addition, Rider 11, page V-48, the General Appropriations Act (76th Legislature) specifies that the Department can use forfeited funds for "law enforcement purposes" with priority given to "purchase of new equipment for field employees." The Department decides what constitutes a law enforcement purpose and, therefore, how it will spend forfeited funds.

Figure 1

Fiscal Year 2001 Expenditures From State Forfeited Funds

Telephone Systems (Field)
10.42%

Replacement Field
Equipment
6.62%

Miscellaneous
Expenditures
11.41%

Prosecution Support Fees
11.99%

Lab Equipment
Expenditures
3.65%

Investigative Expenditures
0.05%

Aircraft Expenditures
23.39%

Camera/Video Field
Equipment
1.28%

Communication Facilities
Expenditures
2.89%

Field Equipment
Miscellaneous
28.30%
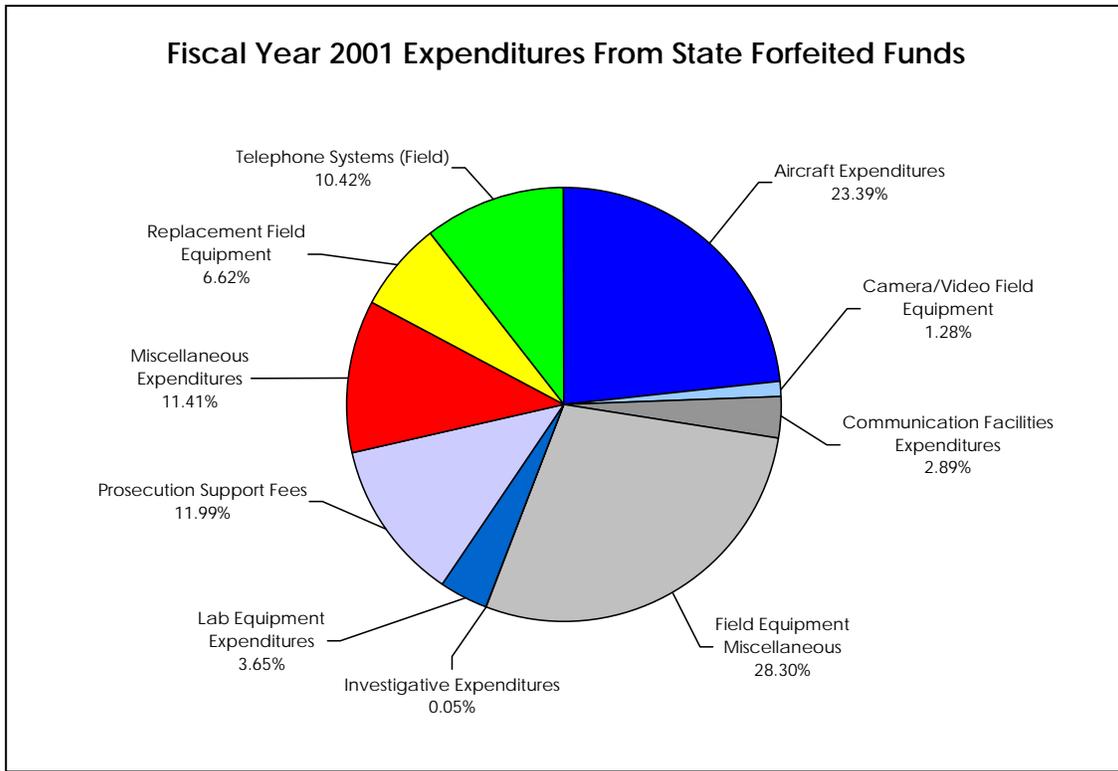
Source: Department of Public Safety's Seized Assets Report for Fiscal Year 2001

Figure 2
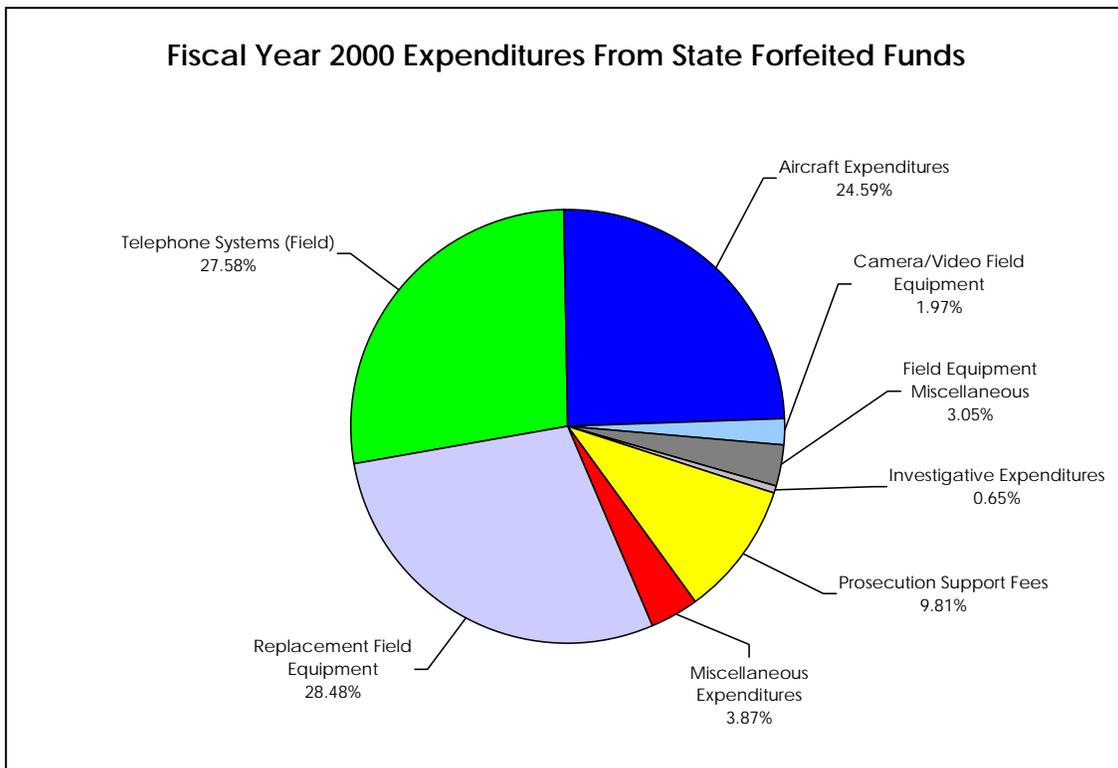
Fiscal Year 2000 Expenditures From State Forfeited Funds

Telephone Systems (Field)
27.58%

Replacement Field
Equipment
28.48%

Miscellaneous
Expenditures
3.87%

Aircraft Expenditures
24.59%

Camera/Video Field
Equipment
1.97%

Field Equipment
Miscellaneous
3.05%

Investigative Expenditures
0.65%

Prosecution Support Fees
9.81%

Source: Department of Public Safety's Seized Assets Report for Fiscal Year 2000

The Department Has Established an Adequate Review Process for Approving the Use of Forfeited Funds

The Department's Forfeited Funds Expenditure Review Committee (Committee) adequately reviews and approves the use of forfeited funds. Composed of all the division chiefs, the Committee is responsible for reviewing and recommending requests for purchases from forfeited funds to the Public Safety Commission (Commission). In reviewing purchase requests, the Committee considers whether the proposal meets state and federal guidelines and whether the proposal represents an appropriate use of forfeited funds. The Committee also assists the Commission in its decision-making by preparing an annual projection for the spending of forfeited funds. The Commission can accept or reject the Committee's recommendations.

We reviewed a sample of 28 purchase requests for fiscal years 2000 and 2001 and found that the Committee had approved or denied the requests in accordance with its established review process. A majority of the approved requests were for equipment needs directly related to law enforcement field operations.

Enhancements Would Further Strengthen the Process for Forfeited Funds Approval and Expenditure

Although the expenditure vouchers we reviewed from state forfeited funds were appropriate, we noted improvements that should be made in the Department's processing of state forfeited fund expenditures. The needed improvements center around the manner in which the Department communicates state forfeited fund expenditure approvals and maintains supporting documentation.

- The format of the purchase request form used by the Committee does not require the division or unit requesting forfeited funds to provide a detailed breakdown of the items being purchased or constraints placed on the purchase request. The lack of a detailed breakdown and clearly documented approval intent allows for various interpretations of the expenditure approval on the part of purchasing staff within the Department's Accounting and Budget Control. Some of the approved request forms attached to expenditures we reviewed provided a detailed breakdown of items and components being purchased; others provided a very broad description or category for the purchase request. For example, one request was approved with a general description of laptops, but the purchase was made for laptops, printers, and cables.

- Purchasing staff within the Accounting and Budget Control are not required to and do not confirm approval by the Committee and the Commission before executing a purchase with forfeited funds. Because approval confirmation is not required the possibility exists that a purchase could be made without the proper Committee and Commission approvals. Purchasing staff do not always receive a copy of the request form approved by the Committee and the Commission. In some cases, purchasing staff receive a purchase order signed and approved by someone in the Department who has purchase authority. We did not find any evidence in our sample of purchases made without the proper approvals.

- The approval and expenditure process for use of forfeited funds lacks a formal structured process for communicating requests approved by the Committee and the Commission to the Accounting and Budget Control. Specifically, the Accounting and Budget Control does not always receive confirmation of the approved expenditures. The lack of a formal structured process increases the risk that the Department could expend forfeited funds without proper approvals and detection. We did not find any evidence in our review sample of expenditures made without the proper approvals.

Recommendations:

The Department should:

- Revise the format of the approval request form to allow for the disclosure of adequate detailed information to the Accounting and Budget Control and to document the approval intent of the Committee and Commission. The Department should avoid broad categories that open up potential areas for expenditures not directly intended by the approval.

- Enhance its process to ensure that both the Committee and Commission approve all expenditures from state forfeited funds. The Committee and the Commission's approval should be attached to a purchase order prior to forwarding it to the Accounting and Budget Control.

Management's Response:

Agree. The Department will implement procedural changes to better track expenditures from these funds and will modify its current documentation to better communicate with Accounting and Budget Control.

Objective, Scope, and Methodology

Objective

The objective of the audit was to determine whether the Department has adequate controls over seized property, drugs, and evidence to ensure that they are tracked and safeguarded. Our specific objectives were to determine whether:

- Seized property, drugs, and evidence are safeguarded against loss, damage, and theft while awaiting a court decision.

- The information in the Department's automated information systems used to report on and manage seized property, drugs, and evidence (CLERIS and DRAGNet) is complete and accurate.

- The Department spends forfeited funds in accordance with state statute and the General Appropriations Act requirements.

Scope

The scope of this audit was limited to reviewing the controls the Department's narcotics offices and crime labs used to safeguard property, drugs, and evidence seized in criminal investigations. Our review of expenditures from forfeited funds included only funds from state forfeitures and activity that occurred in fiscal years 2000 and 2001. Our scope did not include the adequacy of controls over the disposition of seized assets. Our review of CLERIS data focused only on the seized property and evidence information recorded in CLERIS. Therefore, our observations about CLERIS data completeness and accuracy do not apply to other case information recorded in CLERIS.

Methodology

The audit methodology consisted of collecting information, performing selected audit tests and other procedures, and analyzing and evaluating the results against established criteria.

Information collected to accomplish our objectives included the following:

- Interviews with Department and division management staff

- Physical observations and walk-throughs of narcotics offices and crime labs that store seized drugs, property, and evidence

- Documentary evidence such as:
    - Policies and procedures relating to the handling and disposition of seized property and drugs
    - Department Internal Audit and Inspection reports
    - Seized asset reports for selected narcotics office districts

- Entrusted property room logbooks

- Seized drug inventories for selected crime labs

<u>Procedures, tests, and analysis performed</u> included the following:

- Risk assessment for the selection of narcotics offices and crime labs to visit
- Review of policies and procedures relating to the handling and disposition of seized property and drugs
- Selected testing of seized drugs, property, and evidence
- Review of investigative cases and files
- Review of forfeited fund expenditures
- Review of automated information systems

<u>Information resources reviewed</u> included the following:

- Requirements in Texas statutes
- Requirements in the General Appropriations Act

<u>Criteria included</u> the following:

- Department general manual
- Narcotics service manual
- Crime lab policies and procedures
- Statutory requirements

Other Information

Fieldwork was conducted from June 2001 through August 2001. This audit was conducted according to applicable professional standards, including generally accepted government auditing standards. There were no significant instances of noncompliance with these standards.

The following members of the State Auditor's staff performed the audit work:

- Kim McDonald (Project Manager)
- Walton Persons, CPA (Assistant Project Manager)
- Fred Bednarski, III
- William D. Hurley, CPA
- Shaniqua Johnson
- Elizabeth Prado
- John Quintanilla, MBA
- Juan R. Sanchez, MPA
- Sherry Sewell
- Serra Tamur, CISA, MPAff
- Worth Ferguson, CPA (Quality Control Reviewer)
- Julie Ivie, CIA (Audit Manager)
- Frank Vito, CPA (Audit Director)

Expenditures From State Forfeited Funds

Forfeited Funds Expenditures for Fiscal Year 2001

The Department spent approximately $2.5 million from state forfeited funds during fiscal year 2001. The expenditure categories and funds spent are as follows:

Table 1

Forfeited Funds Expenditures for Fiscal Year 2001	
Expenditure Category	**Amount**
Thermal Imaging Equipment (Two Sets/Three Installs)	$374,513.00
Interagency Agreement Legal Fees Seized Cases	$290,002.80
Portable Breath Test Unit	$281,417.75
Telephone Systems	$258,715.26
Laptop Computers	$222,518.50
Hazardous Chemical Destruction	$212,383.67
Body Armor (5-year replacement)	$164,462.22
Sliding Doors for Three A-Star Helicopters	$136,342.00
Traffic Advisory (Collision Avoidance) Equipment	$84,216.00
Tape Logger Maintenance Agreement	$71,655.60
Avionics Package/Air-Condition System for Cessna 206	$69,788.99
Solid Phase Extraction System	$50,000.00
Investigative Computers/Training	$48,218.91
Microplate ELISA Drug Screening Equipment	$39,425.00
Computerized Polygraph System	$38,460.00
Versamailer Folder Inserter	$33,195.00
Vehicle Make Ready	$21,384.29
Mobile Data Terminals (MDT)	$20,249.89
Criminal Law Enforcement Special Crimes 35mm Digital Cameras	$17,557.85
LAN Data Drops	$16,337.62
Digital Cameras	$14,235.00
Legal/Court Costs	$7,674.00
Laser Transmit Measuring/Surveying Instruments	$7,438.00
CODIS (Contracted DNA Analysis)	$1,288.00
Investigative Expenditures	$1,265.00
Total Fiscal Year 2001 Expenditures	**$2,482,744.35**

Source: Department of Public Safety's Seized Assets Report for Fiscal Year 2001

Forfeited Funds Expenditures for Fiscal Year 2000

The Department spent approximately $6.5 million from state forfeited funds during fiscal year 2000. The expenditure categories and funds spent are as follows:

Table 2

Forfeited Funds Expenditures for Fiscal Year 2000	
Expenditure Category	**Amount**
Telephone Systems	$1,781,620.56
Fixed-wing Aircraft and Helicopter	$1,579,991.00
In-car Video Cameras (5-year replacement)	$975,700.00
Hand Held Radio (5-year replacement)	$649,775.00
Interagency Agreement Legal Fees Seized Cases	$532,856.13
Body Armor (5-year replacement)	$213,964.53
Destruction of Hazardous Chemicals	$133,525.00
Audit Reclassification of Interagency Legal Fees FY98 Report	$100,909.33
Body Microphones for Video Cameras	$81,375.00
Laser Transmit Measuring/Surveying Instruments	$74,291.13
SWAT Equipment	$56,015.00
LAN Data Drops	$45,877.80
Investigative Expenditures	$36,289.00
8mm Video Cameras	$30,752.00
Preparation Cost Seized Vehicles	$26,156.52
Courtroom Playback System	$24,260.00
Command Post	$21,971.91
Dictaphone Lease	$18,453.20
Digital Cameras	$14,795.85
Backup Equipment for Dive Team	$14,217.00
Body Bugs	$11,160.00
Mobile Data Terminals (MDT)	$10,090.00
Night Scopes	$9,000.00
Refueling Tanks for Aircraft Section	$7,996.00
U.S. Marshal Investigative Expenses	$5,395.00
Lightning Protection System	$1,363.75
Investigative Computers/Training	$598.00
Total Fiscal Year 2000 Expenditures	**$6,458,398.71**

Source: Department of Public Safety's Seized Assets Report for Fiscal Year 2000

Online References and Resources

A number of organizations provide guidance or training regarding the safekeeping of seized property and evidence. Among these organizations are:

- International Association for Property and Evidence (IAPE), www.iape.org. IAPE provides education and training related to all aspects of the handling, storage, maintenance, and disposal of property and evidence held by law enforcement. Property standards are available on IAPE's Web site.

- Texas Association of Property and Evidence Inventory Technicians (TAPEIT), www.pasotx.com/tapeit. TAPEIT provides education and training and pursues positive changes in state laws that govern property and evidence.

- Several states offer property and evidence association Web sites:

    - California Association for Property and Evidence (CAPE), www.cape-inc.org

    - Arizona Association for Property and Evidence (AAPE), www.azape.org

    - Colorado Association of Property and Evidence Technicians (CAPET), www.capet.com

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable James E. "Pete" Laney, Speaker of the House, Chair
The Honorable Bill Ratliff, Lieutenant Governor, Vice Chair
The Honorable Rodney Ellis, Senate Finance Committee
The Honorable Florence Shapiro, Senate State Affairs Committee
The Honorable Robert Junell, House Appropriations Committee
The Honorable Rene O. Oliveira, House Ways and Means Committee

Governor of Texas

The Honorable Rick Perry, Governor

Department of Public Safety Commission

Ms. Colleen McHugh, Chair
Mr. James B. Francis, Jr.
Mr. Robert B. Holt

Department of Public Safety

Colonel Thomas A. Davis, Jr., Director