

Performance Audit Report

Baltimore Police Department

Asset Forfeiture and Property Control

November 2021



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Gregory A. Hook, CPA
Legislative Auditor

November 30, 2021

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee
Delegate Carol L. Krimm, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a performance audit to evaluate the effectiveness and efficiency of certain management practices of the Baltimore Police Department (BPD) as required by State Government Article, Section 2-1220 of the Annotated Code of Maryland. This is the second of four planned audits during the first six-year audit cycle of BPD. The scope of this audit focused on an evaluation of BPD's policies and procedures for safeguarding, accounting for, and disposing of property it confiscates, including money, during the course of its police work. Our audit focused on activity for the six-year period beginning July 1, 2014 and ending June 30, 2020.

Generally, confiscated property is held until final disposition by BPD's Evidence Management Unit, deposited into a City bank account in the case of money, or in the case of vehicles, maintained at a Baltimore City impound lot. Confiscated property may include items held specifically as evidence of a crime, items seized during an investigation but not necessarily considered evidence, as well as property that has been found or otherwise recovered. According to BPD records, between July 1, 2014 and June 30, 2020, approximately 272,000 property items were confiscated, including, for example, approximately \$11.5 million in cash, 14,000 weapons, and 76,000 items related to controlled dangerous substances.

Our audit disclosed that BPD's written policies and procedures for maintaining confiscated property did not address the performance of routine physical inventories and audits, and complete physical inventories and audits had not been conducted, contrary to published best practices. Furthermore, BPD's policies and procedures did not require regularly scheduled reviews of its property inventory to identify items that could be removed, and sufficient action was not always

taken to identify and remove items no longer required to be held. In addition, BPD did not have an effective procedure for ensuring that property transferred out of its property room for temporary use elsewhere, such as in court proceedings, was adequately accounted for and returned when no longer required.

Our audit also disclosed that critical data relating to seized firearms were often not recorded or were inconsistently recorded in BPD's property records. Additionally, required documentation supporting the destruction of firearms was not always on file, and based on available records, BPD was not reporting destroyed firearms to the Maryland State Police as required by law.

We also noted that BPD did not have procedures to independently account for all funds initially recorded in its property records, as well as funds being held in City escrow accounts. Furthermore, BPD had not established a formal, comprehensive training program for its property and evidence management operations, and lacked formal policies and procedures for maintaining and tracking certain critical documentation relating to the seizure and return of property. Lastly, BPD did not maintain adequate documentation to support \$1 million in overtime expenditures charged against Federal Equitable Sharing Program funds.

Our audit recommendations were addressed to BPD; however, for certain fiscal-related issues noted in Finding 7, the Baltimore City Department of Finance will be a party to the recommended corrective actions. BPD's response to this audit is included as an appendix to this report. We reviewed the response and noted general agreement to our findings and related recommendations. However, BPD's responses did not always include details on corrective actions discussed and agreed to during our previous meetings with the BPD, which are necessary for us to conclude that all agreed upon recommendations will be satisfactorily addressed. As a result, certain aspects of the response will require further clarification and follow-up. However, we do not anticipate that this follow-up process will require the Joint Audit and Evaluation Committee's attention to resolve.

We wish to acknowledge the cooperation extended to us during the audit by BPD and other Baltimore City government employees. We also wish to acknowledge

BPD's willingness to address the audit issues and implement appropriate corrective actions.

Respectfully submitted,

A handwritten signature in black ink that reads "Gregory A. Hook". The signature is written in a cursive style with a large, prominent 'G' and 'H'.

Gregory A. Hook, CPA
Legislative Auditor

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Audit Scope, Objectives, and Methodology

Audit Scope

Chapter 535, Laws of Maryland, 2020, effective July 1, 2020, requires the Office of Legislative Audits (OLA), at least once every six years, to conduct an audit or audits of the Baltimore Police Department (BPD) to evaluate effectiveness and efficiency of the financial management practices of BPD. The law also states the scope and objectives of the audit or audits shall be determined by the Legislative Auditor.

OLA identified four separate audits to be conducted during the first audit cycle of BPD (in the following order).

1. Evaluation of Purchasing and Disbursement Controls and Transactions,
2. Asset Forfeiture and Property Control,
3. Surveillance Equipment, and
4. Human Resource Activities and Overtime.

The scope of this audit broadly focused on an evaluation of BPD's policies and procedures for the safeguarding, accountability, and disposition of confiscated property (including money). Our audit focused on activity for the six-year period beginning July 1, 2014 and ending June 30, 2020. The audit evaluated BPD's compliance with its standard operating procedures and policies for confiscated property and the extent to which BPD had implemented certain property and evidence management best practices recommended by the International Association for Property and Evidence (IAPE)¹. In addition, we reviewed BPD's practices for compliance with State laws that provide for the forfeiture of property seized in relation to certain criminal violations. Finally, we evaluated BPD's compliance with Federal Equitable Sharing Program requirements established in the U.S. Department of Justice and U.S. Department of the Treasury *Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies*.

Our audit was performed in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹ IAPE is a non-profit organization that seeks to advance the scope of knowledge and enhance professionalism within the field of property and evidence management.

Objectives and Methodology

Our audit included the following objectives:

1. Evaluate the adequacy of BPD policies and procedures for the submission, handling, storage, and disposition of confiscated/seized property relative to State law and established best practices, and to determine if BPD complied with its policies and procedures.
2. Evaluate the adequacy of BPD's policies and procedures for asset forfeiture and the return of property relative to State law, and to determine if BPD complied with its policies and procedures.
3. Evaluate the adequacy of BPD's procedures for ensuring compliance with the U.S Department of Justice and U.S. Department of Treasury – *Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (Guide)* and to determine if BPD addressed certain recommendations noted during prior federal reviews of BPD's participation in the Federal Equitable Sharing Program.

To accomplish our objectives, we reviewed applicable State laws, and standard operating procedures and policies established by BPD for the control of property, asset forfeiture, and the return/disposition of property. Additionally, we reviewed the aforementioned federal *Guide* on equitable sharing. We also compared BPD's policies and procedures against evidence control best practice standards provided by the IAPE.

In addition, we conducted interviews of BPD, Baltimore City Department of Finance (DOF), Baltimore City Department of Transportation, and Baltimore City Law Department personnel; inspected documents and records; observed certain procedures and operations; and performed tests of transactions. Furthermore, we reached out to four other large law enforcement agencies in Maryland regarding their asset forfeiture and property room procedures, and compared the procedures from the three agencies that responded to our request for information to the procedures used by BPD.

We obtained data files of BPD's general ledger activity from the City's financial system for the period of July 1, 2014 to June 30, 2020. We also obtained various data extracts from BPD's property and evidence management system, such as detailed records of property and evidence under BPD custody as of September 24, 2020, as well as extracts from BPD's internal tracking databases for the Equitable Sharing Program cases and vehicle forfeiture tracking. We performed various tests of the relevant data and determined that these data files were sufficiently

reliable for the purposes used during the audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives.

Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

The reliability of data used in this report for background or informational purposes was not assessed. In addition to the conditions included in this report, other findings were communicated to BPD that were not deemed significant and, consequently, did not warrant inclusion in this report.

More detailed descriptions of the specific objectives and related methodologies, including the time period covered by our test work, are discussed in the Findings and Recommendations section of this report.

Fieldwork and Agency Response

We conducted our fieldwork from August 28, 2020 to April 19, 2021. A copy of the draft report was provided to BPD and DOF. The responses to our findings and recommendations from BPD appear as an appendix to this audit report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise BPD regarding the results of our review of its response.

Background Information

Agency Responsibilities

The Baltimore Police Department (BPD) is an agency and instrumentality of the State of Maryland (State) established under Article 4 – Section 16 of the Code of Public Local Laws of Maryland. BPD safeguards the lives and properties of persons within the areas under the control of Baltimore City, and assists in securing protection under the law for all persons. Authority to appoint the Police Commissioner was transferred from the Governor to the Mayor of Baltimore, effective July 1, 1978. The Police Commissioner has the full authority and responsibility for directing and supervising the operations and affairs of BPD.

BPD is responsible for safeguarding, storing, accounting for, and disposing of confiscated or recovered property. Confiscated property may include items held specifically as evidence of a crime or items seized during an investigation but not necessarily considered evidence. BPD may also obtain other property that has been found or otherwise recovered. Generally, confiscated money is deposited into a City bank account and vehicles are maintained at a Baltimore City impound lot, while other property and controlled dangerous substances are physically safeguarded by BPD's Evidence Management Unit until final disposition. Confiscated or recovered property may be returned to the rightful owner, sold or auctioned, disposed or destroyed, or retained for BPD use. See Figure 1 below for the possible disposition outcomes.

**Figure 1
Possible Dispositions**

Possible Disposition	Eligible Property Types
Return to Owner	Money
	Weapons
	Vehicles
	Other Property
Sold/Auctioned	Vehicles
	Other Property
Destroyed/Disposed	Weapons
	Controlled Dangerous Substance
	Other Property with no value
Retained for Local Government Use	Money
	Vehicles
	Weapons (if rare or for training)
	Other Property

Note: Money or proceeds from sale of property are reverted to the City General Fund (except for Federal Sharing Proceeds)

State Asset Forfeiture Law

Property that is subject to forfeiture proceedings are governed by the Annotated Code of Maryland, specifically the Criminal Procedure Article, Title 12 – Forfeiture – Controlled Dangerous Substance (CDS) Violations and Title 13 – Other Forfeitures, which relates to non-CDS related crimes such as gambling or gun violations. The majority of BPD forfeitures are made in association with CDS violations.

Legislation enacted during the 2016 General Assembly session amended Title 12, shifting the burden of proof in forfeiture proceedings by requiring that the State prove that a violation of the CDS law was committed with the owner’s actual knowledge, rather than the owner having to prove otherwise. The amendment also included a requirement that law enforcement agencies send written information to the owner within 15 days regarding steps to recover seized property.

Maryland law requires proceeds from BPD forfeitures be deposited into the Baltimore City General Fund. In accordance with this law, during fiscal year

2020, BPD transferred approximately \$500,000 to the City's General Fund according to the City's records.

Federal Equitable Sharing Program

The U.S. Department of Justice (DOJ) and the U.S. Department of the Treasury (DOT) Federal Equitable Sharing Program allows for sharing of federal forfeiture proceeds with cooperating state and local law enforcement agencies through an equitable sharing process. BPD is eligible to receive a portion of forfeited proceeds for its participation and assistance in an investigation or prosecution of a DOJ or DOT case. The amount to be received is based on the discretion of DOJ and DOT. Any proceeds received through the Program must be used by BPD for law enforcement purposes only and cannot be reverted to the City's General Fund. According to the City's records, during fiscal year 2020, BPD received approximately \$1.5 million in Program proceeds.

Property and Evidence Management System

BPD has used the same automated property and evidence management system (PEMS) since 1993. At the time of our review, the PEMS software had not been updated in numerous years, and BPD management advised us that, due to its age and related limitations, it did not believe that the current PEMS adequately met the complex needs of BPD or properly served the citizens of the City of Baltimore.

Consequently, BPD awarded a non-competitive sole source procurement for a new PEMS to a Kentucky based company which was approved by the City Board of Estimates in June 2020. The contract provided for migration of data from the old system, training, and software licenses at a cost of approximately \$94,000 for the period of May 13, 2020 to May 12, 2021, with two one-year renewal options. This new system was not operational during our audit. We were advised that the system went live on March 1, 2021, at which time our fieldwork had essentially been completed. As a result, the conclusions reached during our audit and included in this report are based on our review of procedures and related testing of procedures in place and data available prior to activation of the new PEMS. We did not examine the implementation or effectiveness of the new system. Nevertheless, the recommendations contained in this report will apply to BPD's property management function regardless of what PEMS is in use, and will help to ensure BPD's complex needs are met and that the citizens of the City are properly served.

Support Services

Our audit scope included certain support services provided to BPD. Specifically, the Baltimore City's Department of Finance (DOF), Law Department - Office of Legal Affairs for the Baltimore Police Department, and Department of Transportation provide various support services to BPD regarding confiscated funds and asset forfeiture. These include administering forfeiture proceedings with the court, record keeping for BPD's participation in the Federal Equitable Sharing Program, maintaining escrow accounts and processing certain disbursements relating to seized funds, and certain other record keeping functions. In addition, the Department of Transportation operates the impound lots used to store vehicles towed or seized by BPD, notifies owners upon release by BPD, and processes the return of the vehicle to the owner.

Findings and Recommendations

Objective 1 – Property Room Procedures

Objective and Methodology

The objective of our review of the Baltimore Police Department (BPD) property room was to evaluate the adequacy of policies and procedures for the submission, handling, storage, and disposition of confiscated property in relation to State law and established best practices, and to determine whether BPD complied with its policies and procedures.

To accomplish our objective, we reviewed applicable State laws and related policies and standard operating procedures established by BPD. We also reviewed best practices established by the International Association of Property and Evidence (IAPE)². Additionally, we interviewed BPD staff to determine processes used to receive, secure, maintain, and dispose of property. We also interviewed Baltimore City Department of Finance (DOF) staff to determine how money deposited by BPD was recorded in the City’s financial system. In addition, we surveyed four other large law enforcement agencies (LEA) in Maryland regarding their asset forfeiture and property room procedures. Three of the LEAs responded and we compared their limited responses to BPD procedures and did not note any significant practices not present at BPD. Lastly, we reviewed other audits and reviews related to property and evidence control, including best practice reviews conducted by the audit departments in two other States.

We also obtained data files of BPD’s general ledger activity from the City’s financial system for the period of July 1, 2014 to June 30, 2020, and we obtained data extracts of BPD’s property and evidence management system (PEMS), as of September 24, 2020. We used the data to perform various tests of the existence, recordation, transfer, and disposal of property and evidence. We performed various tests of the relevant data and determined that these data files were sufficiently reliable for the purposes used during the audit.

Background

In the course of performing their duties, BPD law enforcement personnel routinely seize or take custody of property such as money, weapons, vehicles, and controlled dangerous substances (CDS). Property may be taken for evidentiary purposes, to ensure public safety, for safekeeping, or because the owner is

² International Association for Property and Evidence, Inc. – *Professional Standards*, Version 3.0/Rev January 2019

unknown. BPD’s Evidence Management Unit (EMU) is responsible for the receipt, maintenance, and disposal of property and evidence seized or found by BPD officers.

According to BPD records, between July 1, 2014 and June 30, 2020, approximately 272,000 property items were submitted to the EMU, including approximately \$11.4 million in cash, 14,000 weapons, 76,000 CDS/paraphernalia items, and 159,000 other property items. See Figure 2 below for property submitted by fiscal year.

Figure 2
Property Submitted to Baltimore City Police EMU
Fiscal Years 2015 to 2020

Property Type	2015	2016	2017	2018	2019	2020	Total	CDS Related	Non-CDS Related*
Money (Count)	4,772	4,888	4,520	4,185	3,037	2,152	23,554	14,853	8,701
Money (\$ Millions)	\$1.76	\$2.14	\$2.42	\$1.93	\$1.90	\$1.30	\$11.45	\$8.67	\$2.78
Controlled Substances	13,382	13,020	12,995	13,247	13,277	9,744	75,665	61,612	14,053
Weapons	1,879	2,160	1,898	2,025	3,998	2,080	14,040	928	13,112
Other Property	25,225	27,280	27,051	26,376	26,691	26,249	158,872	137,813	21,059
Total Count:	45,258	47,348	46,464	45,833	47,003	40,225	272,131	215,206	56,925

* - For property recorded in PEMS, the nature of the related case is recorded in a designated field for informational purposes. This field identifies found property or the alleged criminal violation, such as a CDS violation. CDS may be seized and recorded under the primary alleged criminal violation (e.g. handgun violation).

Source: Baltimore Police Department PEMS

Conclusion

Based on our review, we determined that BPD personnel did not always comply with established BPD procedures and controls. In addition, certain procedures and controls were not in line with international best practices for receiving, monitoring, and accounting for seized property. We also noted inconsistencies and inefficiencies with firearms data recorded in PEMS, and found that firearm destructions did not always have required approvals documented.

Findings

Finding 1

BPD's written policies and procedures did not require routine physical inventories and audits to ensure all property is accounted for, and complete physical inventories and audits were not being conducted.

Analysis

BPD's written policies and procedures did not require routine physical inventories and audits to ensure all property was properly accounted for. According to BPD's automated PEMS, as of September 24, 2020, BPD had custody of 961,554 property items³. *Professional Standards* published by the IAPE provide for law enforcement agencies to conduct inventories of property at least annually and several times a year for high-risk items (such as firearms, drugs, and money). The IAPE standards further provide for annual audits to verify employee compliance with written policies and procedures and to ensure agency property and evidence functions, such as staffing, training, security, and special handling are free from significant errors or other deficiencies.

Our review of BPD procedures disclosed that they did not include provisions or requirements for conducting routine inventories or audits. While audits of employee compliance with policies and procedures were not performed, BPD did conduct a limited number of physical inventories; however, BPD could not document that all discrepancies found during the inventory process were investigated and resolved. Specifically, according to BPD records, between August 2018 and November 2020, inventories were only conducted of 143,105 property items, of which, 1,008 could not be located. We were advised that discrepancies identified during the inventories, including the missing items, were provided to EMU warehouse personnel to investigate and resolve. However, our test of 12 of the aforementioned missing items disclosed that BPD could not provide us with documentation of the investigation and resolution for 11 of the items. In separate testing, we were able to account for all 65 items selected from BPD property records, and our test of 15 items on hand disclosed that the items were all properly recorded in BPD's PEMS.

The lack of routine physical inventories and audits may result in missing property going undetected, the inability to locate property when required, an inability to return property to its rightful owner, or the improper disposal of property.

³ BPD also maintained manual inventory records that included approximately 867,000 property items, but BPD considers its automated system to be its official record of property and there is uncertainty as to the accuracy of the manual records. We did not attempt to reconcile the differences.

Recommendation 1

We recommend that BPD

- a. establish and implement written policies and procedures for the routine performance of physical inventories that address, for example, frequency, methodology, documentation requirements, and resolution of discrepancies and other problems noted, in accordance with industry best practices;**
- b. establish and implement written policies and procedures for periodic audits to ensure employee adherence to policies and procedures, and that property and evidence functions, such as staffing, training, and security are free from significant errors or other deficiencies;**
- c. periodically conduct complete physical inventories and audits in accordance with newly established policies and procedures, and reconcile the results of inventories to its inventory records; and**
- d. determine the disposition of missing items, including those noted above.**

Finding 2

BPD's policies and procedures did not require regularly scheduled reviews of confiscated property to identify items that could be disposed of or returned to owners, resulting in items held unnecessarily for extended periods.

Analysis

BPD's policies and procedures did not require regularly scheduled reviews of its property to identify items that could be disposed of (such as by sale) or returned to their owners. IAPE best practices provide for law enforcement agencies to conduct an annual review to evaluate whether property can be disposed of or returned. Although BPD's policies and procedures state that items that may be eligible for disposal should be identified, there was no formal mechanism or provision for regularly scheduled reviews of the inventory to identify such items. Instead, we were advised by BPD management that reviews are only performed when the evidence room becomes overpopulated.

When an item is identified for possible disposal or return, an Electronic Disposition Order (EDO) is to be sent to the responsible officer requesting authorization to return or dispose of the property. As provided for in BPD's standard operating procedures, an officer's failure to respond to an EDO within 30 days shall be deemed authorization for release or disposal of the property.

Our review of 12 items in BPD custody for at least three years disclosed that BPD either did not issue an EDO or did not take appropriate action when the officer failed to respond timely to the EDO. Specifically, as of September 2020, 10 of

the 12 items had been held for between 41 and 72 months without evidence that an EDO had been issued to the applicable officer. For the remaining 2 items, an EDO was issued between January 2020 and May 2020, but as of September 2020 the responsible officer had failed to respond, which is deemed to be implicit authorization, yet no action was taken to dispose of or return the items.

Recommendation 2

We recommend that BPD

- a. establish and implement policies and procedures to require regularly scheduled reviews of its property to identify items eligible for disposal or return,**
- b. consider revising the EDO policy to require positive confirmation from the applicable officer that property is approved for disposal or return, and**
- c. issue timely EDOs and take action to dispose of or return property.**

Finding 3

BPD did not have an effective procedure to ensure all property temporarily transferred out of its property room was accounted for and returned.

Analysis

BPD did not have an effective procedure to ensure that property temporarily transferred out of its property room (such as for court or for laboratory analysis) was accounted for and returned. Specifically, BPD did not use available output reports from its PEMS to periodically identify and determine the disposition of transferred property that was outstanding (removed) for extended periods. For example, as of September 2020, the system indicated that 28,433 transferred property items had been outstanding since between December 1993 and September 2019.

BPD could not document that sufficient follow-up action was taken to investigate these outstanding items to determine the current disposition, including whether the items should have been or had been returned to the property room. According to the system, at least nine of these items were firearms that had been transferred to other BPD units for further investigation between September 2008 and May 2015.

BPD written policies provide that evidence removed for court proceedings may remain in the custody of the court for the duration of the trial except for firearms and CDS, which are to be returned to the property room at the conclusion of each day's court proceedings. The policies further provide that EMU personnel shall

follow-up on all items released for further investigation that are not returned to EMU within 30 days.

BPD advised us that it believes that there are legitimate reasons why transferred property may remain outstanding for extended periods. For example, property may be secured in crime labs for extended periods due to the volume of property to be analyzed. In addition, property may be permanently transferred to another entity such as a federal agency for prosecution purposes. Furthermore, certain items recorded as outstanding may have been returned at some point, but not properly updated in the property system. Nevertheless, BPD could not document how these conditions may have impacted the specific aforementioned 28,433 items.

BPD had certain manual procedures for tracking property transferred out of the evidence control room, such as maintaining folders of items removed; however, these records were not reconciled to the evidence management system to ensure all outstanding property was properly accounted for; and therefore could not be relied upon.

Recommendation 3

We recommend that BPD

- a. use available output reports to periodically identify outstanding transferred property;**
- b. investigate transferred property outstanding for extended periods and document the results of these reviews; and**
- c. determine the status of the aforementioned items that were outstanding for extended periods, including the nine firearms, and take appropriate corrective action.**

Finding 4

BPD did not enter all required data into the property records for confiscated firearms, could not support the destruction of numerous firearms, and did not report all destroyed firearms to the Maryland State Police as required.

Analysis

BPD did not enter all required data into the property records for confiscated firearms, could not support the destruction of numerous firearms, and did not report all destroyed firearms to the Maryland State Police as required. Seized firearms are submitted to the EMU, which then records the firearm information in BPD's PEMS and safeguards the firearm in a secured firearm vault. EMU retains the firearms until they are released by the responsible officer (such as when it is

no longer needed for evidentiary purposes). Released firearms are generally returned to the owner following a background investigation, or are scheduled for destruction.

Firearms scheduled for destruction are added to a destruction list in PEMS and identified by a sequential destruction or “burn” number. Prior to destruction, the BPD Performance Standards Section (PSS) ensures the firearm matches the information on the prepared destruction list and then written approval to destroy the firearm is obtained from the Director of BPD’s Crime Scene Sciences and Evidence Section. Multiple BPD personnel escort the firearms to the destruction facility and witness the destruction, sign a Certification of Destruction, and PEMS is updated to reflect the firearm was destroyed. According to PEMS, between July 2014 and September 2020 there were 14,583 entries into the property records with at least one item coded as a firearm.⁴ However, primarily because of the coding discrepancies noted below, it was not possible to determine the exact number of firearms taken in during the period; therefore, we believe the accuracy of the 14,583 is questionable.

Firearm Information Recorded in PEMS was Not Accurate or Complete

Critical information, such as serial number and brand (manufacturer) was not always recorded in PEMS for firearms seized. We judgmentally selected 15 firearms recorded in PEMS and noted 3 that had no serial number⁵ recorded and 1 with no brand recorded. When the serial number and brand were provided, they were not always recorded in the proper designated fields. For example, 1 of the 12 aforementioned firearms with recorded serial numbers had the serial number recorded in the item description field instead of the designated serial number field. In addition, although PEMS had a designated brand field, this was not used when recording firearms, rather the brand information was included in the item description field. As a result of incorrectly recording firearm designations, BPD could not readily identify or otherwise analyze all firearms held by serial number or brand using its automated PEMS.

Furthermore, in addition to improperly recording firearms, BPD improperly used the identification code reserved for firearms for other items such as ammunition and holsters. BPD established a unique identification code for individual property types, and designated “W” for firearms. Our review of 1,507 entries into the property records between July 2014 and September 2020 disclosed 2,296 property items with property code W, which were not firearms based on recorded

⁴ Each property entry may include multiple property items, each assigned its own identification code and description.

⁵ A serial number may not always be available, but the reason for such should be recorded in PEMS (for example, serial number had been filed off).

descriptions of the items. For example, for one entry with six property items coded “W”, only one item was described as a firearm while the others included ammunition and clothing. Consequently, BPD could not readily determine the number of firearms on hand using the PEMS coding system.

Firearm Destruction Was Not Always Documented or Recorded Properly

Our test of five firearm destruction events between July 2016 and March 2020, which according to destruction documentation destroyed 7,308 firearms, disclosed a lack of documented inspections and approvals by witnesses, untimely updating of PEMS, and other record keeping deficiencies.

- For two of the five events tested (for 3,965 firearms), BPD did not retain documentation to support the required pre-inspection by the PSS or the witnessing of the firearm destruction as required (in other words, no Certificate of Destruction was prepared for these two events). For the remaining three events, Certificates of Destruction were prepared, but not signed by all witnesses.
- PEMS was not updated timely for any of the five events tested. Specifically, PEMS was updated between 31 days to more than 3.5 years after the dates of the firearms’ destruction. Although BPD *Standard Operating Procedures and Policies* do not specify a timeframe for updating PEMS after destruction, we believe that records should be updated timely to ensure the records are accurate. We were advised by BPD management that delays were due to an unfamiliarity on the part of BPD personnel with how to finalize the destructions in PEMS.
- BPD did not reconcile the number of firearms to be destroyed according to the Certifications of Destruction to the corresponding number of firearms destroyed recorded in PEMS. As a result, discrepancies were not identified and resolved. For example, documentation from one of the five destruction events tested indicated that 2,465 firearms were destroyed, but PEMS indicated that 5,828 firearms had been destroyed. BPD could not explain the cause(s) of the discrepancy or the whereabouts of the unaccounted for 3,363 firearms (which were not documented as having been destroyed).

BPD Did Not Report the Destroyed Firearms to Maryland State Police

BPD did not report destroyed firearms to the Maryland State Police (MSP) as required by State law and BPD operating procedures. MSP management personnel advised us that they had not received any record of destroyed firearms from BPD since 2012. The Criminal Procedure Article, Section 13-206, of the Annotated Code of Maryland requires that forfeited firearms be reported to MSP

within 30 days of disposal. In addition, BPD's *Standard Operating Procedures* require that reports of destroyed firearms be sent to MSP. Although we were advised by BPD officials that the reports were sent to MSP, there was no documentation provided by BPD to support these assertions and, as previously mentioned, this was contradicted by MSP.

Recommendation 4

We recommend that BPD

- a. ensure that all firearms seized are properly recorded in PEMS, which includes appropriately using the firearms code and correctly recording all identifying information in designated system fields;**
- b. ensure that all required inspections and witness approvals are obtained and documented for destruction events;**
- c. accurately and timely record the destruction of firearms in PEMS and periodically reconcile destruction records to PEMS and investigate any discrepancies, including those noted above; and**
- d. ensure that all destroyed firearms, including those noted in this Finding, are reported to MSP as required.**

Finding 5

BPD did not have procedures to independently account for all funds seized and recorded in its property records on a periodic basis.

Analysis

BPD did not have procedures to independently account for all funds seized and recorded in PEMS on a periodic basis. Funds seized by officers are submitted to EMU, recorded in PEMS, and temporarily placed in an EMU vault until deposit in a financial institution. We were advised that, for the vast majority of these funds, a deposit is prepared by BPD on a weekly basis, which is then picked up and deposited by a courier into a City holding or escrow account maintained at a financial institution, when DOF updates the City's financial accounts accordingly. In certain cases, funds may be returned to the owner without being deposited, or remain in the vault, such as when the funds are evidence of a crime. During the period July 1, 2014 to June 30, 2020, funds recorded in PEMS totaled approximately \$11.4 million, and funds deposited into escrow accounts totaled approximately \$11.2 million.

Our review disclosed that BPD lacked procedures to independently verify the disposition of all recorded funds as deposited, returned to the owner, or on hand. Although an employee in DOF agreed deposit documentation prepared by BPD to deposit documentation from the financial institution, this procedure was not

sufficient since the initial record of the funds received by EMU (property records) was not used for this process. In addition, this procedure did not account for funds that were returned to the owner prior to deposit or retained in the vault.

Recommendation 5

We recommend that BPD establish procedures to independently account for all funds recorded in PEMS. Specifically we recommend that an employee independent of the related funds reconcile collections initially recorded in PEMS to the validated deposit slip from the financial institution and periodically account for all funds as to deposited, returned, or on hand.

Finding 6

BPD had not established a formal, comprehensive training program in relation to its property and evidence management operations.

Analysis

BPD had not established a formal, comprehensive training program for its property and evidence management operations to help ensure that employees obtain and develop the necessary knowledge and skills to effectively perform their duties. We reviewed best practices for training established by two other states (Minnesota and Ohio) and noted that they provided examples of a comprehensive training program relevant to property and evidence management. Such training may address, for example, protocols in all areas of evidence handling; safety precautions; specialized training in the handling of items such as hazardous materials and firearms, and drug exposure; evidence management software; and laws governing the disposition of property.

We also found that the IAPE (which appears to be a basis for the aforementioned states' programs) recommends that training should be provided to all property officers, supervisors, and managers of the property unit and the training should be timely, continual, and well documented. Familiarization with written evidence policies and procedures should also be provided to all officers, especially new hires and newly promoted detectives and investigators to provide, for example, instruction on timely authorization to dispose or return unneeded items. This training, if provided by BPD, could help address some of the deficiencies noted in other findings in this report. For example, as noted in Finding 2, officers did not always respond to disposition inquiries from property room personnel despite the requirement in BPD's written policies and procedures.

Recommendation 6

We recommend that BPD establish and implement a formal, comprehensive training program that includes established best practices from the IAPE, and other states or law enforcement agencies as appropriate.

Objective 2 –Asset Forfeiture and Return of Property

Objective and Methodology

Our objective related to asset forfeiture and the return of property was to evaluate the adequacy of BPD’s policies and procedures for these functions in relation to State law, and to determine if BPD complied with its policies and procedures. To accomplish our objective, we reviewed applicable State law and BPD policies and standard operating procedures pertaining to asset forfeiture and the return of property. Additionally we interviewed BPD personnel and personnel at the City’s Law Department – Office of Legal Affairs for Baltimore Police Department, DOF, and Department of Transportation to determine the processes in place for pursuit of asset forfeiture and the return of property to owners.

We obtained data files of BPD’s general ledger activity from the City’s financial system for the period of July 1, 2014 to June 30, 2020. We also obtained various data extracts from BPDs property records (PEMS), such as detailed records of property and evidence under BPD custody as of September 24, 2020, as well as extracts from BPD’s internal tracking database of vehicle forfeiture tracking. We used these data files to perform various tests pertaining to asset forfeiture and the return of property to ensure compliance with applicable State law and BPD policies and procedures. We performed various tests of the relevant data and determined that these data files were sufficiently reliable for the purposes used during the audit.

Our objective pertaining to asset forfeiture was generally focused on seizures governed by the Criminal Procedure Article, Title 12 – Forfeiture – Controlled Dangerous Substance Violations of the Annotated Code of Maryland, as these cases account for the majority of money and vehicles seized and we were advised BPD focuses its forfeiture efforts on money and vehicles seized in relation to CDS violations.

Background

If there is probable cause to believe that property (including money, weapons, and vehicles) has been used or is intended to be used in a violation of the CDS law, the property may be subject to seizure under Title 12 with or without a warrant. State law and BPD’s *Policy 1401 - Control of Property and Evidence*, require a Property Seizure Receipt form (Exhibit 1) witnessed by a supervisor to be completed at the time property is seized.⁶ The form must be signed by both the officer and the witnessing supervisor. Accordingly, the following three steps

⁶ The law regarding provision of a receipt does not specifically address property seizures unrelated to CDS violations.

must occur when an officer is seizing property relating to a potential CDS violation, all of which must be recorded on the officer's body worn camera.

1. **Notify** – The officer must notify a supervisor to witness inventory and completion of the receipt form.
2. **Inventory** – The officer must count any money with the suspect and supervisor both as witnesses.
3. **Document** – The officer must document the inventory and provide a copy of the receipt form to the suspect.

The Receipt form explains that the owner of the seized property has the right to request the return of the property, and provides an email address to make such a request. Within 60 days after receipt of such a request, BPD must make a determination as to whether to seek forfeiture of the property, continue holding the property as evidence, or release/return the property.

All property recovered or seized by BPD officers that is not immediately returned to the lawful owner, is required to be submitted to the EMU for storage and safekeeping before the completion of the officer's tour of duty. The officer submitting the property must complete a property receipt, documenting the change of custody to EMU personnel (Exhibit 2).

If the property is to be held for an investigation or evidence of a crime, a hold is entered into PEMS, and the property may not be disposed of or returned to the owner until authorized by the responsible officer. If no owner can be identified, and there is no record of the property as stolen, the property will be considered found property, and may be disposed in accordance with BPD's *Policy*.

Like other property seized related to CDS violations, to comply with State Law and BPD policy, a Property Seizure Receipt form (Exhibit 1) is required to be completed for vehicles seized by BPD. If the owner is not present at the time of seizure, the owner must be notified in writing within 15 days.

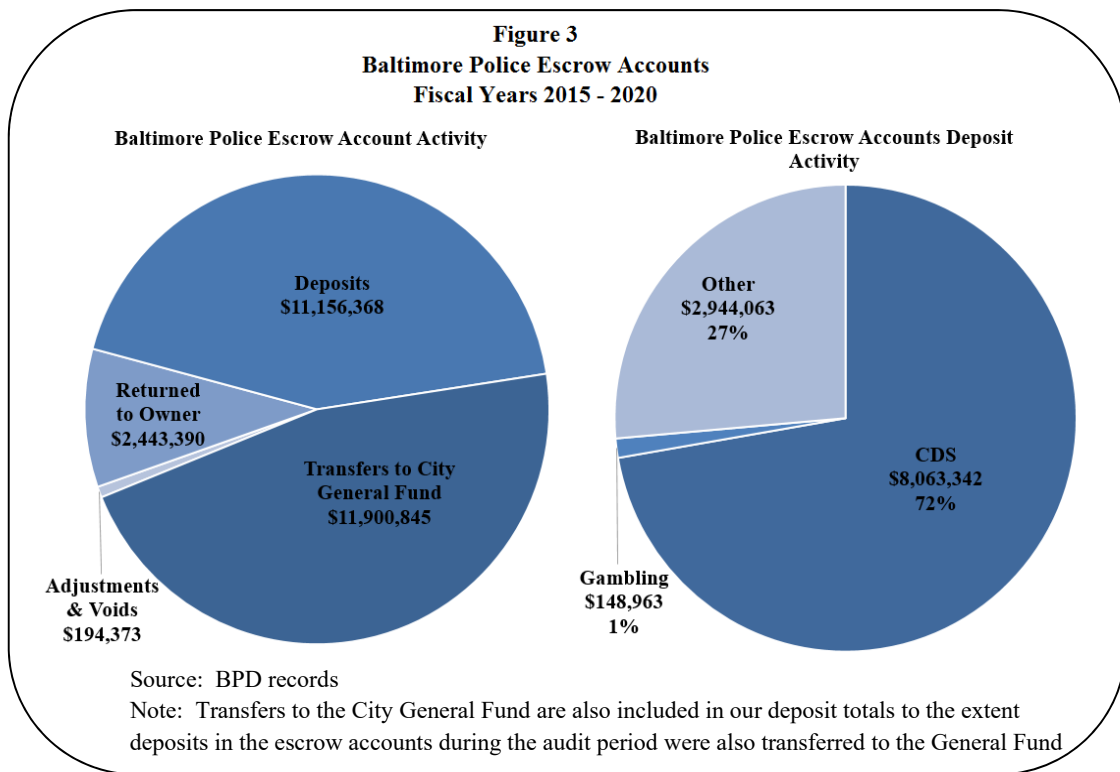
BPD Forfeiture of Property Process

The City's Office of Legal Affairs acts as the forfeiting authority on behalf of BPD and makes determinations regarding whether a complaint seeking forfeiture of property should be pursued and filed with the court. The law stipulates certain time limits by which a complaint must be filed depending on the type of property. In general, the law requires complaints be filed within the earlier of 90 days after the seizure or 1 year after the final disposition of the criminal charge for the violation giving rise to the forfeiture. If a complaint seeking forfeiture is filed with the court, the owner must respond by the date indicated in the summons. If

the owner does not respond by that date, the court may order forfeiture of the property.

BPD Escrow Accounts for Seized Money

Funds recovered or seized by BPD are generally deposited and recorded in one of three separate City maintained escrow accounts based on the type of case to which they relate, CDS, gambling, or other. These accounts serve to hold funds pending final disposition, such as seeking forfeiture or return to owner. Deposit activity by account (BPD escrow account by case) for fiscal years 2015 through 2020 and total activity combined for all accounts for the same period is shown in Figure 3. As previously mentioned, Maryland law requires proceeds from BPD forfeitures be deposited into the Baltimore City General Fund.



Conclusion

Based on our review, we determined that BPD lacked formal policies and procedures for maintaining and tracking certain critical documentation relating to the seizure and return of property. In addition, BPD did not adequately account for seized or recovered funds deposited into escrow accounts and asset forfeitures.

Findings

Finding 7

BPD lacked formal policies and procedures for maintaining and tracking certain critical documentation relating to the seizure and return of property and did not adequately account for funds maintained in escrow accounts.

Analysis

BPD lacked formal policies and procedures for maintaining and tracking critical information documenting the receipt, request to return, and return of seized property. Our procedural review and testing disclosed several instances in which these documents were not on file, or were not adequately tracked and monitored by BPD. In addition, BPD did not adequately account for seized or recovered funds deposited into escrow accounts.

Property Seizure Receipt Forms

- BPD has no central file of property seizure forms, which must be provided to the individual from whom the property is taken when the seizure relates to a CDS violation. We were advised that the seizing police officer maintains a copy of the property seizure receipt form in their case file. Using EMU records as our source, we requested copies of receipt forms for 47 CDS-related property seizures consisting of 20 vehicles and money totaling \$580,701 during the period from fiscal years 2015 to 2020; but BPD could provide a receipt form for only one of the seizures, which consisted of money totaling \$6,480. According to BPD's records, during fiscal years 2019 and 2020 seized funds related to CDS cases and deposited into escrow accounts maintained by DOF totaled approximately \$1.2 million and \$738,000, respectively.

Returned Property

- BPD did not formally track requests from owners for the return of property. Specifically, there was no centralized record of requests received, the substance and timing of BPD's response, and the disposition of the request. Consequently, we were unable to readily compile this data for any specific period of time.
- A property release receipt signed by the owner/recipient was not on file for 6 of 8 cases we examined between May 2016 and January 2020 in which BPD's records indicated that the property, such as phones and bicycles, had been returned to the owners.

Escrow Accounts

- BPD did not have a comprehensive centralized record of seized or recovered funds deposited into the three escrow accounts. Although certain BPD and City units kept independent records of escrow account activity, such as deposits and transfers, there was no centralized record maintained to summarize all activity for each account. In addition, there was no reconciliation of BPD's recorded account activity to the escrow account balances maintained by DOF (completing such a reconciliation would be complicated by the current lack of comprehensive centralized records). Consequently, BPD could not readily identify and account for all funds in each account, and there was a lack of assurance that only valid and authorized account activity had been processed. According to DOF records, as of June 30, 2020, the three escrow account balances totaled approximately \$8.9 million.
- Forfeited funds were not transferred to the City's General Fund on a case-by-case basis. Instead, DOF generally processed one year-end transfer for the current year net proceeds (current year deposits less returns to owners). As a result, there was a lack of assurance that transfers were made only when permitted, and that all funds were transferred as required. State law requires funds not pursued for forfeiture to be transferred to the City General Fund if the owner does not request return of the funds within one year of the criminal case disposition; such accountability was not provided by the current annual bulk transfer.

Recommendation 7

We recommend that BPD maintain a centralized seized property record retention system and

- a. establish and enforce formal policies and procedures for maintaining required property seizure receipt forms to and from owners, and for tracking requests from owners for the return of seized property, including the timing of BPD's response and the disposition of the request;**
- b. formally track and account for property seizure receipt forms, including those noted above for which a receipt could not be provided;**
- c. establish a comprehensive centralized record of each escrow account and periodically reconcile this record to the balance maintained by DOF and investigate and resolve any differences; and**
- d. transfer funds to the City's General Fund on a case-by-case basis to ensure compliance with State law and perform an analysis of the current escrow account balances to identify and ensure the proper disposition of the funds.**

Objective 3 – Federal Equitable Sharing Program Compliance

Objective and Methodology

Our objective for examining BPD’s participation in the Federal Equitable Sharing Program (Program) was to evaluate BPD’s procedures for ensuring compliance with Program requirements as stated in the U.S Department of Justice (DOJ) and U.S. Department of Treasury (DOT) – *Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (Guide)* and to determine if BPD addressed certain recommendations noted during prior federal reviews of BPD’s participation in the Program. While DOJ and DOT are two separate federal agencies, the *Guide* applies to both.

To accomplish our objectives, we reviewed the *Guide* to determine requirements placed on local law enforcement agencies for participation in the Program. We interviewed BPD and DOF staff to determine the procedures in place to request federal equitable sharing funds, account for the funds, and ensure that Program funds received were used for authorized purposes as stipulated in the *Guide*. In addition, we reviewed the results of one DOJ and one DOT review of BPD compliance with Program requirements issued in September 2018 and July 2019, respectively. The reports identified findings and recommendations regarding BPD’s compliance with the Program. We examined BPD’s actions regarding a selection of those findings and recommendations that we deemed to be the most significant.

We obtained data files of BPD’s general ledger activity from the City’s financial system and data files of case information from BPD’s internal tracking database of cases potentially eligible for Program participation for the period of July 1, 2014 to June 30, 2020. We performed various tests of the relevant data and determined that these data files were sufficiently reliable for the purposes used during the audit. We then used these data files to perform various tests of BPD’s participation in the Program.

We tested 15 cases for which Program proceeds had been requested by BPD and determined whether BPD properly controlled and accounted for any amounts received. We also tested 17 disbursements of Program funds to ensure they were made in accordance with the *Guide* and were properly supported and approved. Finally, we ensured that an Equitable Sharing Agreement and Certification (ESAC) required by the Program was accurately prepared by BPD for fiscal year 2020 and submitted to the DOJ, as required.

Background

The Program allows for sharing of federal forfeiture proceeds with cooperating state and local law enforcement agencies through an equitable sharing process. State or local law enforcement agencies approved for participation in the Program that directly participate in a DOJ or DOT investigation or prosecution resulting in an asset forfeiture can request an equitable share of the proceeds. DOJ and DOT have discretion in evaluating, approving and determining the amount of a request and not all law enforcement efforts will result in equitable sharing.

Any amounts awarded are required to be retained by BPD and spent on authorized police-related expenditures, and may not be used for other purposes, such as reversion to the City’s General Fund. In order to remain compliant with the Program, an annual ESAC must be submitted by BPD to DOJ. The ESAC is used by BPD to certify compliance with the *Guide* and provides a summary of DOJ and DOT equitable sharing fund balances, including the beginning balances, funds received, interest income, total funds spent, and ending balance, as well as additional details on funds spent by various expense categories such as for law enforcement operations, training and education, and law enforcement equipment.

Figure 4 below specifies relevant Program data for fiscal years 2015 through 2020.

Figure 4
Summary of Federal Equitable Sharing Activity

Fiscal Year:	2015	2016	2017	2018	2019	2020
Beginning Balance	\$3,030,649	\$4,194,464	\$2,620,058	\$1,305,722	\$3,130,282	\$4,944,142
Equitable Sharing Funds Received	2,658,106	741,030	589,359	2,053,677	1,058,324	1,536,460
Interest Income	15,909	24,685	29,821	69,419	102,142	91,337
Other Income*	0	0	0	554,213	1,109,934	89,457
Equitable Sharing Funds Spent	(1,510,200)	(2,340,121)	(1,933,516)	(852,749)	(456,540)	(45,652)
Ending Balance	\$4,194,464	\$2,620,058	\$1,305,722	\$3,130,282	\$4,944,142	\$6,615,744

*- Other Income represents disallowed expenditures for which funds were returned to the equitable sharing account.

Source: Equitable Sharing Annual Certification Reports

Conclusion

BPD has established adequate written procedures and controls required for participation in the federal Equitable Sharing Program. The procedures address requests for equitable share funds, accounting for funds received in the City’s fiscal records, requests and recordation of expenditures from Program funds, filing of the annual ESAC, and monitoring and reconciliation of Program funds. These procedures also addressed the findings we examined in the aforementioned DOJ and DOT compliance reviews. Furthermore, DOF, on behalf of BPD, has established general ledger accounts to separately account for Program funds, including related interest earned.

Our test of 15 BPD requests for Program funds disclosed that approximately \$2 million relating to 7 requests were approved and paid by DOJ/DOT and had been properly recorded by BPD. Five other requests were pending DOJ or DOT approval, and 3 requests were denied by either DOJ or DOT. However, our test of 17 expenditures by BPD totaling approximately \$2.5 million charged against Program funds did note one expenditure totaling \$1.0 million that was not adequately supported in accordance with Program requirements.

Findings

Finding 8

BPD did not maintain adequate documentation to support one of the seventeen program expenditures tested totaling \$1.0 million.

Analysis

BPD did not maintain adequate documentation to support \$1.0 million in overtime expenditures charged against Equitable Sharing Program funds. Our test of 17 expenditure transactions totaling approximately \$2.5 million charged against Program funds during our audit period, disclosed a \$1.0 million transaction processed at the end of fiscal year 2016 that was not adequately supported. The expenditure related to overtime costs for which BPD could not provide the specific employees and the hours worked to substantiate the proper use of Program funds.

The *Equitable Sharing Program Guide* provides that Program funds may be used to pay overtime costs of law enforcement personnel. DOJ and DOT further provide that adequate records be maintained to support the overtime charges, including applicable employees and the overtime hours worked.

Recommendation 8

We recommend that BPD maintain documentation required by the *Guide* to support all expenditures using Program funds.

Exhibit 2 – Property Receipt

Property Receipt Form 56		BALTIMORE POLICE DEPARTMENT Baltimore, Maryland		CC# 1	AC#
Type of Case 2			Date Received 3	Page _____ of _____	
Responsible District, Division, Section/Unit 4					
Responsible Officer 5			Rank	Seq.	Assignment
Submitting Officer 6			Rank	Seq.	Assignment
Signature of Responsible Officer 7					Date Prepared 8
IN MISDEMEANOR CASES BOTH SUSPECT AND CLAIMANT MUST BE IDENTIFIED OR EVIDENCE CONTROL SECTION WILL DISPOSE OF THE PROPERTY AFTER 90 DAYS					
FOR INFORMATION CONCERNING THE SEIZED PROPERTY IN THIS CASE, CONTACT THE EVIDENCE CONTROL SECTION OF THE BALTIMORE POLICE DEPARTMENT AT 410-396-2048					
9	Arrestee/ Suspect	Last, First, MI		D.O.B.	Arrest Date
		Street Address		City, State, ZIP	
10	Victim/ Claimant	Last, First, MI		D.O.B.	
		Street Address		City, State, ZIP	
11	Finder	Last, First, MI		D.O.B.	
		Street Address		City, State, ZIP	
Fold Here		Fold Here		Fold Here	
12	Comments				
Property Type (Check All That Apply) 1. Currency <input type="checkbox"/> (Amount _____) 2. Vehicle <input type="checkbox"/> 3. Weapons <input type="checkbox"/> 4. Other <input type="checkbox"/>					
13	Item	QUANT	SERIAL #	DETAILED-DESCRIPTION	STATUS
ECS Member			Date Received	Total Money Received	Total Items
IF YOU ARE A PROPERTY OWNER, YOU MAY MAKE A WRITTEN REQUEST FOR RETURN OF THE SEIZED PROPERTY, AND A DETERMINATION REGARDING THE RETURN OF THE PROPERTY WILL BE MADE WITHIN 60 DAYS.					
IF YOU ARE NOT THE PROPERTY OWNER, THE PROPERTY OWNER, IF KNOWN, SHALL BE SENT, BY FIRST CLASS MAIL, WRITTEN INFORMATION PROVIDING (1) THE LOCATION AND DESCRIPTION OF THE SEIZED PROPERTY, AND (2) CONTACT INFORMATION FOR THE EVIDENCE CONTROL SECTION OF THE BALTIMORE POLICE DEPARTMENT WHICH CAN PROVIDE FURTHER INFORMATION CONCERNING THE SEIZED PROPERTY, INCLUDING INFORMATION ON HOW THE PROPERTY MAY BE RETURNED.					
SEIZURE AND FORFEITURE OF PROPERTY IS A LEGAL MATTER. NOTHING IN THIS DOCUMENT MAY BE CONSTRUED AS LEGAL ADVICE. YOU MAY WISH TO CONTACT AN ATTORNEY CONCERNING THIS MATTER.					
RENUNCIATION -- I hereby renounce all claim and title I may have to any property under AC# _____				Signed: _____ Date: _____ Witness: _____	

APPENDIX



BALTIMORE POLICE DEPARTMENT



Brandon M. Scott
Mayor

Michael S. Harrison
Police Commissioner

November 16, 2021

Gregory A. Hook, CPA
Legislative Auditor
Department of Legislative Services
301 West Preston Street, Room 1202
Baltimore, MD 21201

Dear Mr. Hook:

Enclosed please find responses from the Baltimore Police Department (BPD) to the performance audit report for asset forfeiture and property control from the Office of Legislative Audits for the period beginning July 1, 2014 and ending June 30, 2020.

If you have any additional questions or concerns, please contact Ms. Shallah L. Graham, BPD Chief Financial Officer, at 443-602-4280 or shallah.graham@baltimorepolice.org. Ms. Graham will be happy to assist you. Of course, you may always contact me directly.

Respectfully,

Michael S. Harrison
Police Commissioner

Enclosure

Cc: Henry J. Raymond, Director and Chief Financial Officer, Baltimore City Department of Finance
Eric Melancon, Chief of Staff, BPD
Shallah Graham, Chief Financial Officer, BPD
Yoanna Moises, Chief of Staff, Baltimore City Department of Finance

**Baltimore Police Department
Asset Forfeiture and Property Control**

Agency Response Form

Finding 1

BPD’s written policies and procedures did not require routine physical inventories and audits to ensure all property is accounted for, and complete physical inventories and audits were not being conducted.

We recommend that BPD

- a. establish and implement written policies and procedures for the routine performance of physical inventories that address, for example, frequency, methodology, documentation requirements, and resolution of discrepancies and other problems noted, in accordance with industry best practices;**
- b. establish and implement written policies and procedures for periodic audits to ensure employee adherence to policies and procedures, and that property and evidence functions, such as staffing, training, and security are free from significant errors or other deficiencies;**
- c. periodically conduct complete physical inventories and audits in accordance with newly established policies and procedures, and reconcile the results of inventories to its inventory records; and**
- d. determine the disposition of missing items, including those noted above.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 1a	Agree	Estimated Completion Date:	12/31/21
Please provide details of corrective action or explain disagreement.	We will update the current Policy 1401 Section V Property Retention/Disposal to include a provision which requires EMU personnel to conduct routine sample set physical inventories. We will update the EMU Standard Operating Procedures to include a section that outlines the frequency, methodology, documentation requirements, and resolution of discrepancies, in accordance with industry best practices. Periodic audits of employee compliance with written policies and procedures are being conducted by shift supervisors and communicated by operation managers through regularly scheduled staff meetings.		
Recommendation 1b	Agree	Estimated Completion Date:	

**Baltimore Police Department
Asset Forfeiture and Property Control**

Agency Response Form

Please provide details of corrective action or explain disagreement.	See above.		
Recommendation 1c	Choose an item	Estimated Completion Date:	
Please provide details of corrective action or explain disagreement.	Because of the resource intensive nature of the recommendation, supplemental funding would be required for EMU to complete a comprehensive physical inventory. BPD agrees that such an audit would be useful and will work to identify funding for this purpose.		
Recommendation 1d	Choose an item	Estimated Completion Date:	
Please provide details of corrective action or explain disagreement.	See above.		

**Baltimore Police Department
Asset Forfeiture and Property Control**

Agency Response Form

Finding 2
BPD’s policies and procedures did not require regularly scheduled reviews of confiscated property to identify items that could be disposed of or returned to owners, resulting in items held unnecessarily for extended periods.

We recommend that BPD

- a. establish and implement policies and procedures to require regularly scheduled reviews of its property to identify items eligible for disposal or return,**
- b. consider revising the EDO policy to require positive confirmation from the applicable officer that property is approved for disposal or return, and**
- c. issue timely EDOs and take action to dispose of or return property.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	We agree with the auditors’ finding that during the period of the audit – 7/1/2014 to 6/30/2020 – there were no examples of a clear established methodology for the timely disposition of property. This deficiency was due to the use of an antiquated evidence management system and a lack of necessary personnel to manually track the disposition process.		
Recommendation 2a	Agree	Estimated Completion Date:	10/31/21
Please provide details of corrective action or explain disagreement.	The BPD EMU has since implemented a new evidence management system in the third quarter of FY21 that allows of the automation of the disposition process employing a trackable EDO function which will significantly improve the efficiencies of the process. We also began hiring additional personnel to staff the property and evidence storage and disposition section. As of date, this recommendation has been completed.		
Recommendation 2b	Agree	Estimated Completion Date:	12/31/21
Please provide details of corrective action or explain disagreement.	Formal consideration of revision to EDO policy will take place before year end.		
Recommendation 2c	Agree	Estimated Completion Date:	10/31/21
Please provide details of corrective action or explain disagreement.	See above.		

**Baltimore Police Department
Asset Forfeiture and Property Control**

Agency Response Form

<p>Finding 3 BPD did not have an effective procedure to ensure all property temporarily transferred out of its property room was accounted for and returned.</p>

We recommend that BPD

- a. use available output reports to periodically identify outstanding transferred property;**
- b. investigate transferred property outstanding for extended periods and document the results of these reviews; and**
- c. determine the status of the aforementioned items that were outstanding for extended periods, including the nine firearms, and take appropriate corrective action.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 3a	Agree	Estimated Completion Date:	10/31/21
Please provide details of corrective action or explain disagreement.	<p>We agree with the auditors' recommendation to utilize available reports to identify and investigate outstanding transferred property. Since the implementation of the new EMS, EMU has implemented a daily check process in which officers are contacted each evening to provide an update on outstanding items taken out for court or further investigation. This information is then updated in the EMS notes for the individual items. EMU will continue to investigate the items mentioned between the period of December 1993 and September 2019 and take appropriate corrective action where applicable.</p> <p>As of date, this recommendation has been completed.</p>		
Recommendation 3b	Agree	Estimated Completion Date:	12/31/21
Please provide details of corrective action or explain disagreement.	See above.		
Recommendation 3c	Agree	Estimated Completion Date:	12/31/21
Please provide details of corrective action or explain disagreement.	See above.		

**Baltimore Police Department
Asset Forfeiture and Property Control**

Agency Response Form

Finding 4
BPD did not enter all required data into the property records for confiscated firearms, could not support the destruction of numerous firearms, and did not report all destroyed firearms to the Maryland State Police as required.

We recommend that BPD

- a. ensure that all firearms seized are properly recorded in PEMS, which includes appropriately using the firearms code and correctly recording all identifying information in designated system fields;**
- b. ensure that all required inspections and witness approvals are obtained and documented for destruction events;**
- c. accurately and timely record the destruction of firearms in PEMS and periodically reconcile destruction records to PEMS and investigate any discrepancies, including those noted above; and**
- d. ensure that all destroyed firearms, including those noted in this Finding, are reported to MSP as required.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 4a	Agree	Estimated Completion Date:	10/31/21
Please provide details of corrective action or explain disagreement.	We agree with the auditors' recommendations as during the audit scope period the agency was using an antiquated evidence management system. With the implementation of the new PEMS and updated training of the property intake personnel, we are correctly capturing all pertinent information related to firearm submissions. In addition, checks and balances have been implemented and agreed upon with the EMU and BPD Inspections Unit to ensure proper documentation of each destruction event. These documents are then scanned and stored digitally for future reference. We recognize there was a discrepancy in timely reporting of destroyed firearms to the MSP. This task will now be handled by the EMU Legislative Compliance team. As of date, this recommendation has been completed.		
Recommendation 4b	Agree	Estimated Completion Date:	10/31/21

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Please provide details of corrective action or explain disagreement.	See above.		
Recommendation 4c	Agree	Estimated Completion Date:	10/31/21
Please provide details of corrective action or explain disagreement.	See above.		
Recommendation 4d	Agree	Estimated Completion Date:	10/31/21
Please provide details of corrective action or explain disagreement.	See above.		

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Finding 5

BPD did not have procedures to independently account for all funds seized and recorded in its property records on a periodic basis.

We recommend that BPD establish procedures to independently account for all funds recorded in PEMS. Specifically we recommend that an employee independent of the related funds reconcile collections initially recorded in PEMS to the validated deposit slip from the financial institution and periodically account for all funds as to deposited, returned, or on hand.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	Management acknowledges that a discrepancy exists. We are actively investigating the source and time of that discrepancy.		
Recommendation 5	Agree	Estimated Completion Date:	Dec 2021
Please provide details of corrective action or explain disagreement.	We agree with the auditors' recommendation and the EMU is working with BPD Fiscal to implement a Quality control process within the next forty-five (45) days whereas BPD Fiscal will reconcile collections and deposits made on behalf of the BPD.		

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Finding 6
BPD had not established a formal, comprehensive training program in relation to its property and evidence management operations.

We recommend that BPD establish and implement a formal, comprehensive training program that includes established best practices from the IAPE, and other states or law enforcement agencies as appropriate.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 6	Agree	Estimated Completion Date:	12/31/21
Please provide details of corrective action or explain disagreement.	We agree with the auditors' recommendation for a formal comprehensive training program which includes industry best practices. Review of best practices as outlined by such respected entities as the International Association of Property & Evidence and the Evidence Management Institute has been incorporated in the onboarding and continuing education training of all EMU personnel. We are also allocating funding to obtain virtual learning modules from these groups to facilitate ongoing training and refresher resources. The virtual training modules resources will be procured and applied in the 2 nd quarter of FY22.		

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Finding 7
BPD lacked formal policies and procedures for maintaining and tracking certain critical documentation relating to the seizure and return of property and did not adequately account for funds maintained in escrow accounts.

We recommend that BPD maintain a centralized seized property record retention system and

- a. establish and enforce formal policies and procedures for maintaining required property seizure receipt forms to and from owners, and for tracking requests from owners for the return of seized property, including the timing of BPD’s response and the disposition of the request;**
- b. formally track and account for property seizure receipt forms, including those noted above for which a receipt could not be provided;**
- c. establish a comprehensive centralized record of each escrow account and periodically reconcile this record to the balance maintained by DOF and investigate and resolve any differences; and**
- d. transfer funds to the City’s General Fund on a case-by-case basis to ensure compliance with State law and perform an analysis of the current escrow account balances to identify and ensure the proper disposition of the funds.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 7a	Agree	Estimated Completion Date:	
Please provide details of corrective action or explain disagreement.	BPD currently maintains copies of Form 56 (Property Receipt) in EMU and Form 57 (Property Seizure Receipt) is maintained by the seizing officer. We agree that the maintenance of these forms should be controlled by a formal policy, which also could provide for a transition to digital recordkeeping, and will commence work on developing such a policy.		
Recommendation 7b	Agree	Estimated Completion Date:	
Please provide details of corrective action or explain disagreement.	EMU maintains 56 forms which we ultimately would like to digitize in order to attach to the case (a work in progress). There are also 57 forms which are maintained by the seizing officer. A policy should be established to maintain these forms as well in the case files (policy suggestion).		

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Recommendation 7c	Agree	Estimated Completion Date:	Spring 2022
Please provide details of corrective action or explain disagreement.	The BPD Fiscal Department will work with EMU and the Department of Finance to implement a reconciliation procedure for these accounts.		
Recommendation 7d	Agree	Estimated Completion Date:	
Please provide details of corrective action or explain disagreement.	BPD recognizes that this is an ongoing and complex issue which BPD hopes to resolve through the implementation of an IT solution and identification of a reliable and efficient data intake strategy. We have been in strategizing and planning meetings, both internally and with other agency partners, for several months and will continue to pursue an appropriate solution that provides the granularity of tracking we require. With regard to historical balances, BPD has preliminarily developed a disposition plan and is in consultation with the Law Department to ensure legal compliance.		

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Finding 8
BPD did not maintain adequate documentation to support one of the seventeen program expenditures tested totaling \$1.0 million.

We recommend that BPD maintain documentation required by the *Guide* to support all expenditures using Program funds.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 8	Agree	Estimated Completion Date:	12/31/21
Please provide details of corrective action or explain disagreement.	A thorough review of compliance with our SOP and the <i>Guide</i> has begun. Retraining of staff administering this program will be done as needed.		

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