CITY OF SAN ANTONIO

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January 22, 2021

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SUBJECT: Audit Report of San Antonio Police Department Alarm Permits

Mayor and Council Members:

We are pleased to send you the final report of the San Antonio Police Department Alarm Permits. This audit began in November 2019 and concluded with an exit meeting with department management in October 2020. Management's verbatim response is included in Appendix B of the report. The San Antonio Police Department management and staff should be commended for their cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully Submitted,

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
City of San Antonio

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CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR

Audit of San Antonio Police Department

Alarm Permits

Project No. AU20-028

January 22, 2021

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the San Antonio Police Department (SAPD), specifically the alarm permit unit. The audit objectives, conclusions, and recommendations follow:

Determine if Alarm Permit issuance, monitoring, and revenues are appropriately managed.

The SAPD Alarms Unit properly processes and records the collection of alarm permit applications. However, they lack controls for the monitoring and effective management and collection of outstanding service fees. Additionally, the Alarms Unit does not have adequate controls for cash handling and enforcement of penalties for excessive false alarm notifications. Lastly, user access to department shared drive was excessive and password requirements to False Alarm Management System (FAMS) were not in compliance with City AD 7.3A.

We recommend that the SAPD Alarms Unit.

- Establish and implement controls for the effective monitoring and accurate identification of outstanding receivables to increase permit collections and alarm permit compliance.

- Create and execute controls for the timely and independent verification of deposits. Additionally, establish controls for the adequate safeguarding of cash and cash equivalents.

- Develop a formalized process and implement monitoring controls to ensure excessive false alarms are consistently identified, monitored, and enforced.

- Remove unauthorized users from the department shared drive. Additionally, develop and implement monitoring controls to ensure access to the department shared drive is based on the principle of least privilege and restricted to authorized users.

SAPD Alarms Unit Management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 8.

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Background

On March 3, 1988, in response to excessive false alarm requests, the ordinance for Police Alarm Permitting was implemented. The approval was in effort to raise public awareness, decrease the amount of resources and assist in recovering costs for false alarm response. Additionally, in 1992, the code was amended to include fees associated with fire alarms in the permitting process.

All monitored alarm systems operating within the City of San Antonio are required to have a valid permit issued by the San Antonio Police Departments (SAPD) Alarms Unit. The San Antonio Municipal Code identifies alarm permitting requirements and definitions. Persons operating such a device are required to notify the SAPD Alarms Unit or Dispatcher's Office within 12 hours of alarm system operation. Upon notification, the individual will have 4 days to pay accompanied fees.

Permit renewals should occur annually and may be subject to fees due to non-compliance or excessive false alarms. Regardless of citizen adherence to ordinance, SAPD responds to all alarm calls. See tables below for the fees and fines.

Fees: Standard Annual Permit	
Alarm Type	**Fee**
Residential Alarm	$40
Senior ≥65 yrs.	$30
Commercial Alarm - Fire	$100
Commercial Alarm - Police	$100

Fines: False Alarms			
False Burglar Alarm		**Panic/ Duress (Silent Alarm)**	
Occurrence	**Fee**	**Occurrence**	**Fee**
1st - 3rd	No Fee	1st	No Fee
4th - 5th	$50	2nd	$200
6th - 7th	$75	3rd	$300
8 or more	$100	4th	$400
		5 or more	$500
False Fire Alarms		**Cancelled Fire Alarms**	
1st	No Fee	1st	No Fee
2nd - 4th	$125	2nd- 4th	$50
5th - 10th	$250	5th - 10th	$125
10 or more	$500	10 or more	$250

See table below for a summary of SAPD Alarms Unit collections for FY2018 and FY2019.

SAPD Alarms Unit Collections

	FY2018	FY2019
Alarm Permit Renewals	$2,683,510	$2,675,741
Unpermitted Alarm Fees	853,080	945,750
New Alarm Permits	394,565	349,912
Burglar Alarm Service Fees	339,766	294,186
Other Fees*	342,209	304,800
Total	**$4,613,130**	**$4,570,389**

*Other fees include Fire Alarm and Robbery Alarm service fees

Audit Scope and Methodology

The audit scope consisted of the alarm permit application and renewal processing for Fiscal Years 2018 and 2019.

We interviewed SAPD Alarms unit staff and performed walk-throughs to gain an understanding of implemented controls associated with cash handling and false alarm monitoring and enforcement. Testing criteria included SAPD Alarm Permit Standard Operating Procedures, Municipal Code Article 4, Sec. 25, and Cash Handling AD 8.1.

We reviewed 25 permit applications to determine if applicable fees were applied appropriately and charged in accordance with Municipal Code requirements. In addition, we reviewed support documentation to evaluate the monitoring and collection efforts for renewable permit fees.

Furthermore, we reviewed 3 weeks of completed permit applications to determine if payment collections and deposits were properly segregated, independently verified and accurately recorded.

We determined that the following internal control components were significant to the audit objective. Significant internal control components and principles include the following activities: segregation of duties and independent verification of cash handling, logical and physical access controls for the safeguarding of customer Personally Identifiable Information (PII), and monitoring and enforcement of outstanding receivables.

We relied on computer-processed data in the False Alarm Management System (FAMS) to validate active alarm permits and their associated fees. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included reviewing alarm permits and confirming applicable fees met eligibility requirements. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this performance audit 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.

Audit Results and Recommendations

A. Outstanding Alarm Collections

SAPD Alarms unit does not effectively monitor and track outstanding permit collections and FAMS lacks the ability to accurately identify outstanding receivables.

We reviewed the FAMS accounts receivable listing for the period of October 2018 through December 2019 and identified 12,925 outstanding permit collections for $1,102,199.63. However, the aging report does not properly age receivables or categorize receivables as renewal or false alarms collections, which limits the ability to properly analyze and determine the rate of collectability for outstanding receivables.

According to City Administrative Directive 8.4, departments should review, analyze, and update accounts receivable customer accounts for outstanding items found in the aging report. Items deemed uncollectible after collection efforts have been fully exhausted should be recommended for write off.

Lack of effective controls for the accurate identification and monitoring of outstanding receivables may result in loss permit collections or overstatement of receivables.

Recommendation

SAPD Alarms Management should establish and implement controls for the effective monitoring and accurate identification of outstanding receivables to increase permit collections and alarm permit compliance.

B. Cash Handling

SAPD Alarms unit does not have adequate controls in place to ensure the timely or independent verification of cash collections. Additionally, proper key controls for the safeguarding of cash and cash equivalents have not been established.

We reviewed 22 End of Day mail and walk-in packets consisting of 725 applications and determined that on average, deposits were made 4 days after their transaction date and were not independently verified. Additionally, there was no evidence to show when the combination was changed on the unit's safe following an employee's departure.

According City Cash Handling AD 8.1, deposits shall be made within 24 hours of receipts and the process shall involve at least two people per cash handling site. Additionally, safe's combination shall be changed within 24 hours from the departure of an employee who had access.

Failure to perform deposits timely and ensure adequate safeguarding may increase the opportunities for irregularities and misappropriation of assets.

Recommendation

SAPD Alarms Management should establish and implement controls to ensure the timely and independent verification of deposits. Additionally, establish controls to ensure the adequate safeguarding of cash and cash equivalents.

C. False Alarm Enforcement

SAPD Alarms Unit does not have a formalized documented process or internal controls for the consistent identification and enforcement of excessive false alarms.

We reviewed support documentation of daily activity enforcement measures and determined that activities were documented and recorded in FAMS. However, the process does not effectively identify and ensure consistent enforcement measures are performed in accordance with the City Municipal Code.

Per City Municipal Code Chapter 25 Article 4 Sec. 25, alarm owners that exceed established false alarm thresholds may be subject to court proceedings up to and including permit revocation.

The inability to identify and consistently track false alarm enforcement measures for repeat offenders may result in excessive false alarms and inefficient use of police resources.

Recommendation

SAPD Alarms Management should develop a formalized process and implement monitoring controls to ensure excessive false alarms are consistently identified, monitored, and enforced.

D. User Access

The SAPD Alarms Unit has excessive user access to the department shared network drive. Additionally, FAMS password requirements are not in compliance with City Administrative Directive (AD) 7.3A.

The department shared drive retains alarm permit files that may include customer Personally Identifiable Information (PII). We reviewed user access to the department shared drive and identified 9 of 24 users with inappropriate user access. Specifically, 5 users were previous Alarms Unit staff members and 4 are SAPD employees assigned to other units.

According to AD 7.8D access should be restrictive and based on the principle of least privilege. Additionally, after access controls are implemented, they should be reviewed no less than annually. Failure to restrict access to authorized users can increase the possibility of misuse or abuse of sensitive customer PII.

In addition, we reviewed the FAMS password requirements and identified that generic passwords were issued by the system administrator that were not required to be changed and did not contain a minimum of 8 characters. However, upon discovery, the alarm permit made the appropriate correction and implemented a process to help ensure password requirements are done in accordance with AD 7.3A.

Recommendation

SAPD Alarms Management should remove unauthorized users from the department shared drive. Additionally, develop and implement monitoring controls to ensure access to the department shared drive is based on the principle of least privilege and restricted to authorized users.

Appendix A – Staff Acknowledgement

Gabriel Treviño, CISA, Audit Manager
Lawrence Garza, CFE, Auditor in Charge
Dan Kuntzelman, CIA, CISA, IT Auditor
Denise Trejo, Auditor

Appendix B – Management Response

CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

December 14, 2020

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of San Antonio Police Department (SAPD) Alarm's Office

SAPD has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
A	**Outstanding Alarm Collections** Recommendation: SAPD Alarms Management should establish and implement controls or the effective monitoring and accurate identification of outstanding receivables to increase permit collections and alarm permit compliance.	p. 4	Accept	**Richard Riley –** Assistant Police Director	Dec. 2020
	Action plan: The Alarms Office utilizes a newly created aging report in the False Alarms Management System (FAMS) to effectively monitor and accurately identify outstanding receivables to better track and increase permit collections and alarms permit compliance. This report is used to develop an accurate aging and receivables spreadsheet, which will allow for more efficient control over outstanding receivables and enforcement by identifying frequent offenders. Further, the Alarms Office developed and implemented a SOP that outlines procedures to monitor outstanding receivables and track alarm permit compliance. Additionally, the monthly aging report was added to the Self-Audit SOP.				
B	**Cash Handling** Recommendation: SAPD Alarms Management should establish and implement controls to ensure the timely and independent verification of deposits. Additionally, establish controls to ensure the adequate safeguarding of cash and cash equivalents.	p. 5	Accept	**Richard Riley –** Assistant Police Director	Dec. 2020

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	Action plan: SAPD Fiscal and Administrative Support Management requested a variance to AD 8.1 to address the varying deposit requirement needs for the Alarms Office. Specifically, the Alarms Office receives an average of 256 pieces of mail daily. As a result, deposits are delayed and are not made within the one-day requirement; therefore, a variance allowing for two days to make the deposits once the mail is opened was requested and granted. A SOP was created to ensure that the safe combination and key controls for the Alarms office comply with AD 8.1.				
C	**False Alarm Enforcement** Recommendation: SAPD Alarms Management should develop a formalized process and implement monitoring controls to ensure excessive false alarms are consistently identified, monitored, and enforced.	p. 5	Accept	**Richard Riley –** Assistant Police Director	Dec. 2020
	Action plan: The Alarms Office will utilize a recently created aging report in the False Alarms Management System (FAMS) to monitor excessive false alarms and ensure they are consistently identified, monitored, and enforced. This report is used to identify customers/permit holders that are 30/60/90/120+ days delinquent on false alarm fees and/or repeat offenders. A SOP that outlines procedures to monitor the aging report monthly, establish a repeat offenders list, and outline specific enforcement measures for repeat or delinquent offenders was created.				
D	**User Access** Recommendation: SAPD Alarms Management should remove unauthorized users from the department shared drive. Additionally, develop and implement monitoring controls to ensure access to the department shared drive is based on the principle of least privilege and restricted to authorized users.	p. 6	Accept	**Richard Riley –** Assistant Police Director	Dec. 2020
	Action plan: The Alarms office is updating the SOP to establish procedures to track and review individuals with access to the Alarms II shared drive and the addition/removal of individuals upon their departure or reassignment from the Alarms Office. A list of individuals with access to the Alarms II shared drive was requested and received from ITSD for review. The Alarms Office is in the process of removing individuals that no longer require access to the Alarms II shared drive. The Alarms Office Self-Audit SOP was updated to include a bi-annual review of access to the Alarms II shared drive.				

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,

William McManus
Police Chief
San Antonio Police Department

12/23/2020
Date

María Villagómez
Deputy City Manager
City Manager's Office

1/4/2020
Date