

AUDIT REPORT



CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF MANAGEMENT AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the Cash and Firearm Custody Controls of the Manhattan Property Clerk Division of the Police Department

MH07-127A

June 30, 2008



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentlemen:

In accordance with the responsibilities of the Comptroller contained in Chapter 5, § 93, of the New York City Charter, my office has audited the Manhattan Property Clerk Division of the New York City Police Department (NYPD) to determine whether the Property Clerk Division has adequate controls over the custody, return, and disposition of cash and firearms.

The Property Clerk Division (PCD) of the Police Department (NYPD) accepts, catalogs, and safeguards all property brought into its custody. The types of property accepted by PCD include cash, narcotics, rifles, handguns, and general property of varying description. We audit City operations such as this as a means of ensuring that they operate efficiently and are properly accountable for their activities.

The results of our audit, which are presented in this report, have been discussed with NYPD officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please e-mail my audit bureau at audit@Comptroller.nyc.gov or telephone my office at 212-669-3747.

Very truly yours,

A handwritten signature in black ink, appearing to read "William C. Thompson, Jr.", written over a horizontal line.

William C. Thompson, Jr.

WCT/ec

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The City of New York
Office of the Comptroller
Bureau of Management Audit

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Of the Police Department**

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AUDIT REPORT IN BRIEF

The Property Clerk Division (PCD) of the Police Department (NYPD) accepts, catalogs, and safeguards all property brought into its custody. The types of property accepted by PCD include cash, narcotics, rifles, handguns, and general property of varying description. The property is categorized as arrest evidence, investigatory, safekeeping, or decedent's property. The NYPD has established five PCD offices, one in each borough, to accept and safeguard the property in custody. This audit focused on the Manhattan PCD office and its controls over two types of property: cash (from an arrest and investigation of a criminal case) and firearms (handguns and rifles)—both susceptible to theft and, in the case of the firearms, a matter of public safety.

This audit determined whether the Manhattan Property Clerk Division of the NYPD has adequate controls over the custody, return, and disposition of cash and firearms.

Audit Findings and Conclusions

The Manhattan PCD's controls over the custody, return, and disposition of cash are generally adequate. However, the controls over the custody, return, and disposition of firearms were inadequate and require immediate attention to address the following conditions:

- Manhattan PCD officials could not immediately account for or retrieve from their designated storage 94 (29%) of the 324 sampled firearms brought in for safekeeping. Several attempts were made over a number of weeks before the firearms were found or accounted for.
- The Manhattan PCD failed to record pertinent information in its documents that would permit it to readily track and account for the firearms in its custody. For

instance, the logbooks were either incomplete or had inaccurate information recorded in them.

- Rifles were stored in a disheveled manner. During our observation of the rifle storage area, we saw rifles on the floor and rifles piled one on top of the other; and we noted that some of the rifles lacked identifying tags.
- Firearms were kept by the Manhattan PCD office longer than required by NYPD regulations, which require that firearms be reclaimed or disposed of after the expiration of one year.
- The Manhattan PCD cannot accurately account for the number of firearms in its custody since there are no written NYPD procedures governing inventory of firearms in the custody of the PCD offices. In addition, the Manhattan PCD does not keep adequate sequential numbering systems.

Audit Recommendations

Based on our findings, we make 13 recommendations, including that the NYPD should:

- Overhaul the rifle storage area of the Manhattan PCD so it can store rifles according to the year received and provide a storage system that will keep the rifles separate one from the other on the shelves.
- Consider replacing the manual system with a computerized system to improve the controls over the handling of property brought into PCD custody.
- Ensure that the Manhattan PCD follow the procedures governing the destruction of firearms after the allotted time of one year, as required by the Penal Law.
- Implement a system that red-flags firearms that are stored at the Manhattan PCD facility beyond one year and identifies the date after which they should be sent to Pearson Place for destruction.
- Immediately inventory all firearms in the Manhattan PCD's possession.
- Establish written procedures that require that the Manhattan PCD conduct and maintain an inventory system to accurately account for all firearms that are in its custody, as well as firearms that are returned and disposed of.

NYPD Response

In their response, NYPD officials generally agreed with four recommendations. Officials also determined that eight recommendations, while valid, are unnecessary because they call for actions or policies that were planned or existed independent of the audit and stated that another recommendation requires further analysis and evaluation.

INTRODUCTION

Background

The Property Clerk Division (PCD) of the Police Department (NYPD) is mandated by New York City Administrative Code §14-140 to accept, catalog, and safeguard all property brought into its custody. The types of property accepted by PCD include cash, narcotics, rifles, handguns, and general property of varying description. In addition, property is categorized as arrest evidence, investigatory, safekeeping, or decedent's property. The NYPD has established five PCD offices, one in each borough to accept and safeguard the property. This audit focused on the Manhattan PCD office and its controls over two types of property: cash (from an arrest and investigation of a criminal case) and firearms (handguns and rifles)—both susceptible to theft and, in the case of the firearms, a matter of public safety.

In general, property is first brought to neighborhood police precincts. The precincts are responsible for preparing a five-part carbon copy invoice which describes and categorizes the type of property brought in, the name and address of the owner or claimant, if known, the date and place the property was obtained or found, and the name of the officer who recovered or obtained the property. The property, with the accompanying five-part invoice, is delivered to the Manhattan PCD office. Before accepting and signing for the property, the Manhattan PCD clerk at the intake window matches the information on the invoice with the actual property and enters the invoice number and a storage number in the intake logbook. The property, together with the yellow and white copies of the invoice, remains with and is now in custody of the PCD office.¹

The PCD does not maintain an electronic database of the property in its custody. Its control systems are completely manual. All information and any action taken with the property is recorded on the yellow copy of the invoice, which is considered the working copy and kept on file until the associated property is processed, depending on the action taken on the property. The type of action taken on property maintained by the PCD includes property that is returned to the owner, property taken out to court, and property that is sent out for destruction. The white copy of the invoice represents the PCD control copy of all property in its custody and is filed in a binder according to borough storage number.

With respect to cash, once cash is accepted and counted for safekeeping, the PCD office perforates the bills, puts the bills in an envelope, and stores the envelope in a safe by storage number. In addition, each transaction is recorded in the Accountant's Daily Report of Receipts and Disbursements by storage number sequence. For instances in which the case is resolved and the cash maintained for safekeeping purposes, arrest evidence, or for an investigation, the PCD sends the perforated bills to the Federal Reserve Bank. The Federal Reserve Bank destroys the perforated bills and deposits the equivalent amount into the PCD's bank account. In addition, claimants are allowed to go to the PCD office to claim the money as long as the claimant presents a valid identification along with the pink copy of the invoice. The claimant is issued a check for the amount of money being returned. In Fiscal Year 2007, the Manhattan PCD office received approximately \$2 million dollars from the arrest evidence and investigatory categories.

¹ The remaining green copy is sent to the District Attorney's (DA) office; the blue copy is maintained by the police precinct, and the pink copy is given to the claimant, where appropriate.

Cash that is not claimed by an owner within 120 days of the end of the case is deposited into the NYPD's General Reserve Fund.

Regarding firearms, the Manhattan PCD separates firearms into two types, handguns and rifles. In addition to the intake logbook, these two types of firearms have separate logbooks. When the firearms are taken to the storage area, both the invoice number and the storage number are recorded in these logbooks.

Handguns are put into brown manila envelopes and stored by year on the shelves. Each envelope represents an invoice and can contain several handguns with their ammunitions. Rifles are tagged with the storage number and the associated invoice number and are stored one on top of the other on the assigned shelves. The handguns and rifles are stored in two separate locked areas (cages).

Firearms that are brought in as investigatory or arrest evidence in a criminal proceeding remain at the Manhattan PCD office until the case has been adjudicated. Once the case is adjudicated, the firearms are sent to Pearson Place in Long Island City to be processed for destruction.

Firearms that are brought in for safekeeping are returned to the owners who must bring a firearm permit in order to retrieve the firearm. The claimant must present a valid identification, a current license along with the pink copy of the invoice, and an authorization letter from a Commanding Officer (when required). The Manhattan PCD Safe Clerk attaches a photocopy of the claimant's identification as well as the original copies of authorization to the yellow copy of the invoice. The Clerk also makes an entry of disposition in the logbooks. A receipt is prepared in the Property Clerk's Delivery Receipt Book, and claimants are required to sign the receipt attesting that the property was received. In Fiscal Year 2007, 678 firearms were returned to owners by the Manhattan PCD. According to NYPD guidelines, firearms that are not claimed by owners within one year by the owners who brought the firearms in for safekeeping are then also sent to Pearson Place for destruction. In Fiscal Year 2007, approximately 2,805 firearms were sent to Pearson Place for destruction.

Objective

The objective of the audit was to determine whether the Manhattan Property Clerk Division of the NYPD has adequate controls over the custody, return, and disposition of cash and firearms.

Scope and Methodology

This audit scope period included Fiscal Years 1999 to 2007.

To obtain an understanding of the objectives, responsibilities, and laws governing the Property Clerk Division, we reviewed:

- Title 14, §140, of the New York City Administrative Code;

- Title 38 of the Rules of the City of New York;
- Section 265.20 of the New York State Penal Law;
- Chapter 578, which amends Penal Law 265.20(a)(1)(f);
- *The Mayor's Management Report Fiscal Year 2007*;
- The NYPD "Property Clerk Guide," (Property Guide) issued April 1, 2007; and
- The NYPD "Patrol Guide" and "Administrative Guide."

We interviewed PCD officials, including the Commanding Officer and Deputy Chief of the Manhattan PCD office; the Sergeant-in-Charge of the PCD offices of the five boroughs; and the Sergeant-in-Charge of the Pearson Place warehouse in Long Island City. We also conducted walk-throughs of each facility to obtain an understanding of PCD's handling of property when brought to the offices. We observed the entire process, which starts at the intake window and ends with the property being stored in its assigned storage area. We also observed the Manhattan PCD's handling of property once returned to its rightful owner.

Controls over Firearms

Data Reliability

To assess the reliability of Manhattan PCD information recorded in the yellow invoices and logbooks, we:

- Randomly selected 30 invoice entries from the handgun logbook for Fiscal Year 2007 and judgmentally selected 30 invoice entries from the handgun logbook for Fiscal Year 2000 to 2006. We obtained the hard-copy invoices for each of the 60 entries and compared the information on the invoices to the information written on the manila envelopes containing the handguns that were stored on the shelves.
- Judgmentally selected 60 manila envelopes containing handguns from the shelves for Fiscal Years 2000 to 2006, and compared the information written on the envelopes to the information entered in the associated invoices and the handgun logbook.
- Randomly selected 15 invoice entries from the rifle logbook for Fiscal Year 2007. We obtained the hard-copy invoices for each of the 15 entries and compared the information on the invoices to the tag numbers found on the rifles stored on the assigned shelf.
- Judgmentally selected 15 tagged rifles from the assigned shelves for Fiscal Years 2000 to 2006, and compared the information on the tags to the information entered in the associated invoices and rifle logbook.

Verification of Information and Observation of Handguns and Rifles

To determine whether the handguns were stored on the assigned shelves as indicated in the logbook and the invoices, we provided Manhattan PCD officials with 60 storage numbers that were randomly and judgmentally selected from Fiscal Years 2000 to 2007 handgun

logbooks and the associated invoices. On that same day, we asked that they retrieve these handguns while we were present. If the guns were not found on the first attempt, we requested and accompanied PCD officials to conduct additional attempts until the gun was found. The PCD officials who accompanied us on each attempt were individuals who were familiar with the storage of the guns. While conducting our test to find the guns, we made sure that the daily operations of the Manhattan PCD were not interrupted.

To determine whether these 60 handguns stored on the assigned shelves were the same handguns that were received at the Manhattan PCD intake window, we compared the serial numbers etched on the handguns to the serial numbers that were entered on the invoices.

To determine whether the rifles were stored on the assigned rifle shelves as indicated in the logbook and the invoices, we provided Manhattan PCD officials with 15 storage numbers that were randomly selected from Fiscal Year 2007 rifle logbook and from the associated invoices. On that same day, we asked that they retrieve these rifles while we were present.

To determine whether the rifles stored on the assigned rifle shelves were the same rifles that were received at the Manhattan PCD intake window, we compared the serial numbers etched on the rifles to the serial numbers that were entered on the invoices.

To determine whether handguns brought in prior to Fiscal Year 2007 were on the assigned shelves, we judgmentally selected an additional 60 invoices from the handgun logbook and 30 invoices from the rifle logbooks for Fiscal Years 1999 to 2006 and accompanied Manhattan PCD officials to the assigned storage area entered in the logbooks and invoices. If the guns were not found on the first attempt, we requested and accompanied PCD officials to conduct additional attempts until the gun was found. PCD officials who accompanied us on each attempt were individuals who were familiar with the storage of the guns. While conducting our test to find the guns, we made sure that the daily operations of the Manhattan PCD were not interrupted. These firearms were specifically brought in for safekeeping.

Adequacy of Documentation for Tracking and Recording Information

To determine whether the Manhattan PCD followed its Property Guide procedures in establishing and maintaining chain of custody for the firearms brought into its facility, we reviewed 150 sampled invoices. We reviewed all the invoices to determine whether they were on file and whether all required information was present on the invoice, including signatures, firearm serial numbers, security envelope numbers, and storage numbers.

To determine whether the invoice numbers were cross-referenced to the assigned storage numbers and entered in the handgun and rifle logbooks, we compared the invoice numbers for the handguns and rifles to the entries made in the respective handgun and rifle logbook for Fiscal Years 2000 to 2006.

We also reviewed both the handgun and rifle logbooks for Fiscal Year 2007 to determine whether there were gaps in the consecutive storage numbers, which are cross-referenced to invoice numbers of property as it is brought to the Manhattan PCD office.

Destruction of Firearms

To determine whether firearms kept for safekeeping in the Manhattan PCD's custody were processed for destruction according to the Property Guide procedures, we calculated the number of days between the dates that the firearm (handgun and rifle) invoices were stamped as received by the Manhattan PCD office to the dates of our review. Additionally, we visited Pearson Place in Long Island City to verify that 14 firearms in our sample identified as destroyed were actually sent to them for destruction.

Scope Limitation

PCD officials informed us that due to the confidential nature of the crimes involved in some of the 139 firearms that were involved in an arrest or an investigation, they would not provide us access to information from the Office of Court Administration System (OCA). Access to this system was needed to determine whether a case was adjudicated so that we could identify those firearms that should be released for close-out and disposal. Since we found all 139 firearms, which was one of our main tests, because of PCD's concern about the confidentiality of information, we decided not to pursue this matter and concentrated on firearms brought in for safekeeping that should have been destroyed.

Firearms Returned to Owners

To determine whether firearms were returned to its rightful owners, we reviewed the documentation on file for the 57 firearms in our sample that were noted as returned to owner. We ascertained whether the files included a copy of the owner's valid identification and a signed delivery receipt attesting that the correct property was returned to them.

Controls over Cash Obtained as the Result of Arrest Evidence and Investigation

To determine the reliability of the data, we judgmentally selected the month of February² and calculated the total cash invoices and bank deposit slip entries that were made to the Accountant's Daily Report of Receipts and Disbursements Log for that month. We then compared the calculated totals to the Manhattan PCD's monthly reports to check whether all transactions were captured in both reports.

To determine whether the Manhattan PCD accurately handled and recorded cash brought to it for safekeeping and using the month of February, we selected 20 entries with the highest

² February (2007) was selected for review since it captured the various categories of cash handled by the Manhattan PCD, i.e., cash returned to owners, cash maintained for safekeeping purposes, arrest evidence, investigation, found, and deceased.

dollar value, totaling \$96, 037, from the Accountant's Daily Reports and Disbursements Log. We requested the associated invoices for these entries and then compared the information recorded in the Daily Reports to the information on the invoice to determine whether the information, such as, the dollar amounts, invoice numbers, and safe numbers matched. We also checked the assigned cash safes to verify that the cash was present and that it was stamped as evidence and perforated.

To determine whether cash was returned to its rightful owners, we selected all 177 delivery check numbers, totaling \$121,045, for the month of February. The associated yellow working copies of the invoices were requested to verify the presence of notations on the invoices for cash to owners. We then reviewed the files to ascertain whether it contained all pertinent documents required to be on file so as to process a return. Pertinent documents include a letter of demand³ by the claimant, copies of two pieces of the claimant's ID, copy of the District Attorney's release letter, signatures of two authorized Manhattan PCD personnel,⁴ and a signed delivery receipt by the claimant attesting the receipt of a check in the equivalent amount. We also reviewed the February to July 2007 bank statements to see whether the claimants cashed their checks once they were issued.

The results of our test, while not projected to their respective populations, provided a reasonable basis for us to assess the cash and firearm custody controls of the Manhattan PCD.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of the records and other auditing procedures considered necessary. This audit was performed in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

Discussion of Audit Results

The matters covered in this report were discussed with NYPD officials during and at the conclusion of this audit. A preliminary draft report was sent to NYPD officials on April 10, 2008, and was discussed at an exit conference held on May 12, 2008. On May 23, 2008, we submitted a draft report to NYPD officials with a request for comments. We received written comments from NYPD on June 12, 2008. In their response, NYPD officials agreed with 4 of the 13 recommendations (#s 8, 9, 10 & 12); determined that 8 recommendations (#s 1, 3, 4, 5, 6, 7, 11 & 13), while valid, are unnecessary because they call for an action, policy, or practice that was planned or existed independent of the audit; and stated that 1 recommendation (# 2) requires further analysis and evaluation.

The full text of the NYPD response is included as an addendum to this report.

³ Claimant is required to submit this letter to a PCD as an acknowledgement of demand for cash that was taken as the result of an arrest. This letter initiates the return process for monies to be returned to the rightful owner.

⁴ The accounting unit maintains on file a list of Manhattan PCD personnel who are authorized to approve checks made out to claimants who request that their money be returned to them.

FINDINGS AND RECOMMENDATIONS

The Manhattan PCD's controls over the custody, return, and disposition of cash are generally adequate. Before cash was accepted by the property clerk, it was verified against the invoice; it was counted and the bills were perforated with the associated invoice number to prevent the cash from being used; and the cash was stored in a locked safe, recorded in a general intake log and in the Accounting Log. Cash was returned to its rightful owner when a valid identification and a copy of the invoice were presented to the Manhattan PCD office. The checks issued to owners had the correct amounts and two authorized signatures, and the owners signed the Return to Owner Receipt Log attesting receipt of the funds.

On the other hand, the controls over the custody, return, and disposition of firearms were inadequate and require immediate attention to address the following conditions:

- Manhattan PCD officials could not immediately account for or retrieve from their designated storage 94 (29%) of the 324 sampled firearms brought in for safekeeping. Several attempts were made over a number of weeks before the firearms were found or accounted for.
- The Manhattan PCD failed to record pertinent information in its documents that would permit it to readily track and account for the firearms in its custody. For instance, the logbooks were either incomplete or had inaccurate information recorded in them.
- Rifles were stored in a disheveled manner. During our observation of the rifle storage area, we saw rifles on the floor and rifles piled one on top of the other; and we noted that some of the rifles lacked identifying tags.
- Firearms were kept by the Manhattan PCD office longer than required by NYPD regulations, which require that firearms be reclaimed or disposed of after the expiration of one year.
- The Manhattan PCD cannot accurately account for the number of firearms in its custody since there are no written NYPD procedures governing inventory of firearms in the custody of the PCD offices. In addition, the Manhattan PCD does not keep adequate sequential numbering systems.

Based on these conditions, we believe there is limited assurance that firearms brought to the Manhattan PCD office are safe and secure from risk of being removed without detection and that the firearms are out of harms way. It is therefore important that the NYPD review its current procedures to strengthen controls over the custody, return, and disposition of firearms. Additionally, it would benefit the Manhattan PCD to consider replacing the manual system with a computerized system to handle data for property brought into the PCD office.

The following sections of this report discuss our findings in more detail.

The Manhattan PCD Required Several Attempts to Find or Account for Firearms in Its Custody

Ninety-four (29%) of the 324 sampled firearms in the Manhattan PCD’s custody for safekeeping that were selected from the firearm logbooks were not accounted for or found in their designated storage area. The remaining 230 firearms were accounted for or found on the first attempt. We had to accompany Manhattan PCD staff on a number of different days before the 94 firearms were found in their designated location or some other place. Of these 94 firearms that initially were found or accounted for, 24 (26%) were eventually found in the Manhattan PCD’s custody; 11 of these firearms took between four and five attempts over a number of weeks before they were found. The remaining 70 (74%) firearms required several attempts before the Manhattan PCD could account for their disposition; these firearms were either returned to owners or destroyed. The inability on the first attempt to find specific firearms in their designated storage spaces or to use documentation to account for their disposition does not provide assurance that the Manhattan PCD’s controls are strong and adequate to secure the firearms and suggests that there is the potential for these firearms to be removed undetected. Table I, following, shows the number of attempts made by the Manhattan PCD office to find or account for the 94 firearms in our sample.

Table I

Number of Attempts Made by the Manhattan PCD Office
To Find 94 Sampled Firearms

Number of Attempts to Locate Firearms	Number of Firearms Found	Number of Firearms Returned to Owner	Number of Firearms Destroyed	Total
Second Attempt	3	41	3	47
Third Attempt	10	0	0	10
Four or More Attempts	11	16	10	34
Total	24	57	13	94

Recommendation

The NYPD should:

1. Examine and strengthen Manhattan PCD controls over firearms in its custody by requiring:
 - a) Periodic review of the invoices to ensure that the disposition of the firearm is noted and filed accordingly.
 - b) Cross-referencing of the associated invoices for firearms returned to owners or sent out to court to the corresponding logbooks.
 - c) Maintenance of a yearly log of firearms processed for destruction, which should then be cross-referenced to the transmittal sheets that accompany the firearms sent to Pearson Place.

NYPD Response: The NYPD stated that “this recommendation is not necessary because it calls for an action, policy or practice that was planned or existed independent of the audit.” According to the NYPD, “MPC (Manhattan Property Clerk) currently follows procedures for recording and filing the final disposition of firearms. This includes processing the yellow or work copy of the invoice, completing an inventory card, stamping out and recording the disposition in the firearm log and forwarding completed paperwork for filing. With regard to recording the destruction of firearms, an itemized yearly log is maintained documenting all firearms destroyed in a calendar year.”

Auditor Comments: While the NYPD has procedures that require recording and filing of the final disposition of firearms, the findings in this section show that they are not consistently followed. In fact, 94 of the 324 sampled firearms could not be found on the first attempt because the documentation and the logbooks were not updated to reflect the disposition of the firearms. Therefore, we believe that this recommendation is valid and should be implemented.

Inadequate Controls over the Storage And Security of the Firearms

On several occasions Manhattan PCD officials stated that the firearms were not found on the first attempt because they were misplaced and required time to find them. Compared to the storage of handguns, each group of which is packaged, labeled, and has its own place on the shelf, the storage of rifles is inadequate. We observed that rifles are piled one on top of the other. As time passes and more rifles are brought in, the piles become larger, disordered, and disorganized. As a result, rifles that were brought in several years ago can become lost, lose their tags, and become more difficult to find as time passes. During our observations of the rifle storage area, we noticed that piles of rifles were thrown all over the floor. It was not until after we pointed this out to Manhattan PCD officials that the piles were cleared from the floor.

Manhattan PCD officials stated that the rifles were taken off the shelves and placed on the floor to get them ready to be sent to Pearson Place for destruction.

In addition, we are concerned that there is the possibility that the handguns not found on the first attempt had been removed but placed back on the shelf after we requested to see them. Some of the handguns were not in their assigned storage area the first time we went with the Manhattan PCD staff, but were then found at the same designated storage area later on. Shown below are examples of two firearms that were not found until the fourth and fifth attempts, casting some doubt on the Manhattan PCD's ability to safeguard adequately firearms in its custody.

- Invoice # M542245: One handgun was surrendered to the Manhattan PCD for safekeeping by a private citizen. According to the information recorded in the invoice, the owner's pistol license expired February 5, 2005; the owner was required to submit a copy of the renewed license to the Manhattan PCD before the owner could reclaim its property. Since there were no notations on the invoice or logbook indicating that the handgun was either returned to its owner or destroyed, we expected to find it on the shelves. On our first attempt on October 12, 2007, we were unable to find the handgun in the assigned space. It was not until our fourth attempt on November 2, 2007, that we were able to find the handgun in the specific place and on the specific shelf to which the handgun was assigned. The Manhattan PCD was unable to provide a reason for the handgun not being on the shelf the first time we looked for it.
- Invoice # M353041: One rifle, along with rounds, was surrendered by a private citizen to the Manhattan PCD office for safekeeping. According to the remarks section of the invoice, the owner's license expired September 30, 2004, and the owner did not want to renew the license. We were unable to find the rifle on our first attempt, conducted on January 11, 2008. It took us four additional attempts before the rifle was finally found on March 4, 2008. Again, the Manhattan PCD was not able to provide a reason this rifle could not be found sooner.

Recommendation

The NYPD should:

2. Overhaul the rifle storage area of the Manhattan PCD so it can store rifles according to the year received, and provide a storage system that will keep the rifles separate one from the other on the shelves.

NYPD Response: NYPD officials stated that "they need to further analyze and evaluate this recommendation." According to the NYPD, "the MPC has been at its current location since 1974 and the designated rifle area was established and maintained based on the initial set-up. It consists of forty (40) free standing racks with eleven (11) shelves and thirteen (13) bins with six (6) shelves for larger or unusually shaped long barrels. Given the unusual size, shape and configuration of 'long barrel' firearms, it would not be

practical or functional to establish a 'time based' system of storage. Furthermore, to devote an individual shelf for each long barrel would exhaust all available space.

"The PCD recently conducted an in-depth space analysis of all its facilities and is considering possible alternatives to more efficiently utilize all available area. The MPC rifle storage area was included in this study and further analysis is required."

Auditor Comment: As mentioned in the report, we observed that the rifles were stored in a disheveled manner and could easily become lost and difficult to find. As a result, we repeat that the NYPD needs to find a solution to the storage system as quickly as possible since rifles are regularly brought to the PCD office for storage.

Inadequate Controls over the Recording and Maintaining of Documentation

While the Manhattan PCD office has procedures to track the firearms in its custody, the documentation used to track the firearms is cumbersome, and the procedures relating to them are not being followed. According to Manhattan PCD officials, the yellow copy of the five-part invoice that they receive from the police precincts is considered the working copy. All relevant information is noted on the yellow invoice and kept on file for easy access. When a firearm is sent to Pearson Place for destruction, an entry should be made in the handgun or rifle logbooks to indicate that it was sent out for destruction. The yellow invoice, along with the firearm, is delivered to Pearson Place in Long Island City. In all other instances, when the firearm is removed from the Manhattan PCD shelves, a notation is to be made on the yellow copy and remains on file at the office in another cabinet. Therefore, it is the yellow copy that allows Manhattan PCD officials to keep track of and account for the firearm at all times.

Of the 150 yellow invoices⁵ that should have been on file, 15 (10%) were never found. As a result, Manhattan PCD officials had to search other sources of documents, including the Return to Owner, Out to Court, and the Destruction Logbooks to account for the firearms. The need to go to additional sources is time consuming and may not always result in accounting for the firearm. By having to perform such extensive searches to find or account for firearms, it is clear that the Manhattan PCD's controls over tracking firearms are not effective.

In addition, Manhattan PCD officials stated that once the firearms are processed at the intake window, they are taken to the storage area where the associated invoice numbers and storage numbers are entered in the handgun or rifle safe logbook. The logbook is an additional means of tracking the status of the firearms. Our analysis of the handgun and rifle logbook found the following:

- The Fiscal Year 2007 handgun logbook lacked 10 entries. Upon further research, we found that these entries represented 24 handguns. These handguns were placed on the shelf without a corresponding entry noted in the handgun logbook.

⁵ Number of invoices, excluding the invoices forwarded to Pearson Place for destruction of the associated firearms.

- The Fiscal Year 2007 rifle logbook lacked 11 entries. Upon further research, we found that these entries represented 22 rifles. These rifles were placed on the shelf without a corresponding entry noted in the rifle logbook.
- Logbooks for prior years had pieces of paper stapled onto various pages indicating that the firearms were either returned to owners, out to court, or destroyed. Manhattan PCD officials stated that when these firearms came in, they were not entered in the logbooks. Subsequently, when the firearms had been processed for destruction, returned to the owner, or out to court, they realized that an entry had not been made in the logbook. The stapled papers were an attempt to correct the omissions.

In one instance, a handgun was not on the shelf when we accompanied Manhattan PCD officials on January 3, 2008, to find it. After several attempts, the handgun still could not be found or accounted for, and Manhattan PCD officials assured us that they would continue to look for it. On January 14, 2008, we visited the destruction unit at Pearson Place in Long Island City and were provided a transmittal sheet that listed all the handguns that the Manhattan PCD had sent them for destruction. This transmittal sheet included the above-mentioned handgun. Manhattan PCD officials had failed to update this information in their logbook and assumed that this handgun was still in their facility.

Recommendations

The NYPD should:

3. Ensure that all key personnel involved with the handling of firearms uniformly follow the procedures to record and maintain the documents that track the firearms.

NYPD Response: The NYPD stated that “this recommendation is not necessary because it calls for an action, policy or practice that was planned or existed independent of the audit.” According to the NYPD, “all key personnel are aware of and are practicing the established procedures as they pertain to recording and maintaining the documents that track firearms. The PCD is creating a self inspection worksheet that specifically targets firearm related logs and records.”

Auditor Comment: We disagree with the NYPD’s contention and believe that all key personnel do not consistently follow the procedures that pertain to the recording and maintaining of documents that track the firearms. We found numerous inconsistencies in the recording, filing, and maintaining of those documents. Therefore, we believe that the NYPD needs to instruct all key personnel on the procedures and reinforce the importance of following them consistently.

4. Require that Supervisors periodically review the logbooks to ensure that entries are sequentially numbered.

NYPD Response: The NYPD stated that “this recommendation is not necessary because it calls for an action, policy or practice that was planned or existed independent of the

audit.” The NYPD stated that “the supervisors of the MPC regularly review all the log books to ensure entries are being made correctly and sequentially. Additionally, outside units such as the Support Service Bureau Investigations Unit and the Property Clerk Inspections Unit conduct spot inspections of the MPC. The PCD is also creating a self inspection worksheet that will target the sequential numbering of all essential log books.”

Auditor Comments: We disagree with the NYPD’s contention that supervisors regularly review logbook entries since our review of the 2007 handguns and rifle logbooks found that entries for 21 firearms were not made. NYPD was not aware of this until we brought it to their attention in 2008—a year later.

5. Consider revising the Manhattan PCD’s procedures to eliminate or combine some of the logbooks to prevent the recording of duplicate information in multiple documents.

NYPD Response: The NYPD stated that “this recommendation is not necessary because it calls for an action, policy or practice that was planned or existed independent of the audit.” According to the NYPD, “the current system of log books and cross reference books are an integral part of the success of the manual, paper based system. These log books have been in existence for well over thirty (30) years and serve as a check and balance system. The entire operation relies on the information recorded in each book. In the event that a human error or omission is made, the log books and cross reference books serve as the path to a solution or answer to the problem.

“While archaic, this system of manual checks and balances has served the MPC well. This is most evident in the results of the auditor’s 324 inquiries relating to firearms. For each and every inquiry the auditors were provided with disposition. There were zero (0) instances where the necessary information could not be provided.

“Until the Property Evidence Tracking System (PETS) project is operational, the MPC must rely on its current system of log books and cross reference books to record and track the tremendous amount of property it receives each year.”

Auditor Comment: We believe that the new automated tracking system for firearms will be a great improvement and should lead to greater efficiency and accountability regarding the intake, storage, and transfer of firearms. In the meantime, since there is no timeframe for making the new system operational, the NYPD should make every effort to review and streamline its “archaic” system to eliminate duplication of information, which creates unnecessary work and errors.

6. Consider replacing the manual system with a computerized system to improve the controls over the handling of property brought into PCD custody.

NYPD Response: The NYPD stated that “this recommendation is not necessary because it calls for an action, policy or practice that was planned or existed independent of the audit.” According to the NYPD, “the PCD is currently in the final stages of procuring a computerized Property and Evidence Tracking System (PETS). A request for proposal for

the PETS project was written by members of the Management Information Systems Division, Property Clerk Division and Contract Administration Unit. The proposal details every aspect and requirement the PCD would require as it relates to the intake, storage, inventory, location and disposition of property.

“A selection committee was formed and selected a vendor to build the Property Evidence Tracking System. Funding for the PETS project has been approved and the Contract Administration Unit is currently writing the contract for the PETS project.”

Auditor Comment: We are encouraged by the NYPD’s efforts to computerize its outdated manual system and hope it will be implemented soon.

Lack of Procedures for Disposing of Guns

Although the Manhattan PCD office has written procedures regarding the length of time a firearm brought in for safekeeping should remain in its possession before the firearm is sent to Pearson Place for destruction, the office is not following it. As a result, firearms are stored for years at the Manhattan PCD facility, and the space for more recent firearms becomes limited. By storing firearms indefinitely, there is a greater possibility that the Manhattan PCD will lose track of the firearms and there is increased risk that firearms could be removed without detection.

The Penal Law, which the Manhattan PCD is required to follow, states that

a firearm which is surrendered or voluntarily delivered . . . shall be retained by the officials to whom it was delivered for a period not to exceed one year. Prior to the expiration of such time period, [the] person who surrenders a firearm shall have the right to arrange for sale, or transfer of the firearm to a [licensed firearm dealer] . . . or for the transfer of such weapons to himself. . . . If no such disposition is made within the time provided, the weapon, or weapons concerned shall be declared a nuisance and shall be disposed of.

According to the Manhattan PCD’s Property Guide and officials, this statement is interpreted to mean that the firearms can be destroyed after one year, but not necessarily that they are required to be destroyed. Nevertheless, the Penal Law clearly states that PCD is to dispose of firearms once they have been retained by the PCD for one-year.

However, we found that 98 (30%) of 324 sampled firearms that were either surrendered or voluntarily brought in for safekeeping were stored at the Manhattan PCD office longer than one year. Two of these firearms have been on the shelves for more than nine years. The invoice for one of them indicates that the shotgun and ammunition were brought to the Manhattan PCD in July of 1998 by a private citizen. The remarks section of the invoice states that the owner of the shotgun had legal possession and surrendered the shotgun after his license had expired. As of January 11, 2008, this shotgun was still at the Manhattan PCD office. The Manhattan PCD had no explanation for why this shotgun was still in its possession and had not been processed for destruction.

Table III, below, shows the 98 safekeeping firearms in our sample that we determined should have been destroyed and the length of time they have been stored by the Manhattan PCD.

Table III

Length of Time 98 Sampled Firearms
Stored at the Manhattan PCD Office

Categories of Firearms	Number of Guns for Safekeeping	Length of Time Guns Stored			
		Past 1 Yr	Past 2 to 3 Yrs	Past 4 to 5 Yrs	Past 6 Yrs or more
Handguns	36	6	15	5	10
Rifles	62	7	27	19	9
Total	98	13	42	24	19

In addition, the Manhattan PCD has no system in place that triggers its personnel to remove a firearm from the shelf and send it to Pearson Place for destruction. We were told that from time to time a member of the Manhattan PCD staff goes to the file cabinets where the yellow invoices are stored and reviews the invoices to see whether the firearms should be removed from the shelves. This method is not only inefficient, but is judgmental and unsystematic; it allows firearms to remain on the Manhattan PCD premises much longer than required.

Further, according to the Penal Law and NYPD officials, firearms belonging to retired police officers can be kept indefinitely by the PCD offices. We found that an additional 60 firearms that were brought in for safekeeping and stored at the Manhattan PCD longer than one year belonged to former members of the service who had retired. These 60 firearms were stored at the Manhattan PCD for periods ranging from one to nine years. Although the one-year disposal mandate of the Penal Law does not apply to firearms of retired or deceased police officers, we believe NYPD should implement internal procedures that require the PCD offices to consistently and regularly make attempts to notify owners that their firearms are still in PCD custody. The notifications should also require that the owners provide instructions to the relevant PCD office concerning the disposition of their firearms. This internal procedure is especially important since PCD officials told us on numerous occasions that they are running out of storage space for firearms brought to them for safekeeping and since such storage for indefinite periods seems to add to the problem.

Recommendations

The NYPD should:

7. Ensure that the Manhattan PCD follow the procedures governing the destruction of firearms after the allotted time of one year, as required by the Penal Law.

NYPD Response: The NYPD stated that “as stated in recommendation #6, the PETS proposal details every aspect and requirement the PCD would require as it relates to the intake, storage, inventory, location and disposition of property. Inclusive would be a system that ensures the destruction of safekeeping firearms after a specified period of time as required by the Penal Law.”

Auditor Comment: We are encouraged by NYPD’s efforts to computerize its outdated manual system and hope it will be implemented soon to ensure that firearms are destroyed after the allotted time required by the Penal Law.

8. Implement a system that red-flags firearms that are stored at the Manhattan PCD facility beyond one year and identifies the date after which they should be sent to Pearson Place for destruction.

NYPD Response: The NYPD agreed and stated “this is included in the design of the PETS project, referred to in recommendation #6. Until that time, the MPC will devise and implement a manual procedure to accomplish this.”

9. Notify former members of service who have retired and surrendered their firearms(s) to PCD for safekeeping that their firearm(s) are still in PCD custody and request that the owners provide instructions about the disposition of their firearms.

NYPD Response: The NYPD agreed and stated “the PCD agrees with this recommendation and will implement a policy and practice of a time sensitive, scheduled notification to former members of the service regarding the status of their vouchered firearms.”

Inadequate Inventory Control over Firearms

The Manhattan PCD office does not have written procedures regarding inventory of firearms brought in to its office. As a result, we were unable to obtain an accurate count of the number of firearms that are currently in the Manhattan PCD’s custody.

When we asked the Manhattan PCD for the number of firearms in its custody and an inventory listing of firearms as of Fiscal Year 2007, we received a one-page list of handguns, by month; each month had a beginning inventory of the number of handguns on hand, another column listing the number of handguns received for that month, another column listing the number of handguns destroyed or returned to owner, and a column showing the ending inventory of handguns. The list provided to us was according to the calendar year. Therefore, using the calendar year 2006 listing of handguns and the monthly recaps of firearms inventoried by the Manhattan PCD, we calculated that as of June 2007, the Manhattan PCD had approximately 29,576 handguns in its custody.

Manhattan PCD officials stated that in a prior year, one staff member was assigned the task of counting all handguns stored on the shelves. To do this, the manila envelopes containing the handguns and ammunition were physically removed from the shelves, and each handgun was

counted. Several months later, a count of handguns was obtained. While this manual count indicates that the Manhattan PCD made some effort to inventory the handguns in its custody, the inventory count is unreliable and incomplete for the following reasons:

- The Manhattan PCD had no supporting documentation to verify the accuracy of the handgun count or to reconcile it with existing documents on file.
- The calendar year 2006 handgun list prepared by the Manhattan PCD does not include handguns that were vouchered with rifles. We were told by Manhattan PCD officials, and we observed, that there were instances in which rifles were stored together with handguns in the rifle storage area. These handguns were not included in the physical count that was initially conducted for the handguns. These handguns are still not counted. This clearly reduces the number of handguns that are reported in the handgun inventory listing.
- The Manhattan PCD does not have a similar list for the number of rifles in its custody and has never inventoried its rifles. Manhattan PCD officials could not state why an inventory of the rifles was not performed. In our sample of 119 rifles reviewed, 6 rifles had handguns that were vouchered with them.

Without a reliable inventory system that is followed on a regular basis, the Manhattan PCD cannot account for all firearms in its possession and, as a result, there is an increased risk that firearms could be removed without detection.

Recommendations

The NYPD should:

10. Immediately inventory all firearms in the Manhattan PCD's possession.

NYPD Response: The NYPD agreed and stated "the Police Department recognizes the importance of conducting periodic inventories on firearms stored in its warehouses. An inventory on firearms stored at the Property Clerk Division was conducted in 2006. A new inventory will be commenced presently."

11. Establish written procedures that require that the Manhattan PCD conducts and maintains an inventory system to accurately account for all firearms that are in its custody, as well as firearms that are returned and disposed of.

NYPD Response: "Beginning in January 2008, the Property Clerk Division implemented a uniform and standardized monthly report for firearms. It includes the following:

- The total number of firearms received daily
- The category of each firearm received daily
- The total number of firearms disposed of daily
- The category of each firearms disposed of daily

- A cumulative monthly and year to date tally of all firearms received and disposed of and the corresponding category of each

This report also compared to the Accounting Unit's monthly report to ensure accuracy and consistency in reporting the inventory of firearms. The recommendation is also included in the design of the PETS project."

Auditor Comment: As stated in the report, the procedure the NYPD has implemented is inadequate and is merely a count of daily activities for the handguns only. We do not consider this to be an inventory system. Therefore, we repeat that the NYPD needs to implement a valid inventory system that includes both handguns and rifles.

12. Conduct periodic inventory counts of all firearms in the possession of the Manhattan PCD.

NYPD Response: The NYPD agreed and stated "the Police Department will conduct periodic inventories of firearms. The PCD will also devise and implement a system to conduct periodic reviews and inspections of its firearms to ensure accuracy in its count. To complement this, the PETS project will ensure that there is a computerized and systematic accounting of all property in the Property Clerk's possession, including firearms."

13. Ensure that the Manhattan PCD prepares inventory reports that reflect a detailed breakdown of the various dispositions of firearms in its custody.

NYPD Response: "Beginning in January 2008, the PCD implemented a uniform and standardized monthly report for firearms. It is inclusive of the daily total firearms received or disposed of and the category for each. The report is submitted to the division office where it is compiled and added to the cumulative total for each respective borough office."

Auditor Comment: The NYPD needs to reevaluate their response to this recommendation and implement a valid inventory system that includes both handguns and rifles.



POLICE DEPARTMENT
Office of Management Analysis and Planning
One Police Plaza, Room 1403

June 12, 2008

Mr. John Graham
Deputy Comptroller
Audits, Accountancy and Contracts
The City of New York
Office of the Comptroller
1 Centre Street
New York, N.Y. 10007

**Re: Response to Draft: Audit Report
on the Cash and Firearm Custody
Controls of the Manhattan Property
Clerk Division of the Police
Department (MH07-127A)**

Dear Mr. Graham:

This letter is in response to the Draft Report on the Audit of the Cash and Firearm Custody Controls of the Manhattan Property Clerk Division of the Police Department (MH07-127A) which was forwarded to us by the NYC Comptroller's Office.

The Police Department is gratified to read in this report that "the Manhattan Property Clerk Division's controls over the custody, return and disposition of cash are generally adequate", that cash was returned properly to the rightful owners and that checks issued to owners were accurate, and were correctly authorized to be distributed. More importantly, **all monies were accounted for.**

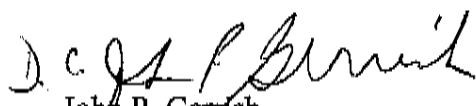
As for firearms, it is important to note that **every firearm was also accounted for**, albeit the fact that some required a prolonged effort to locate, given the fact that firearms may at times be removed from their original storage position for court appearances, destruction, etc. We recognize that our property management system is an antiquated paper-based system of invoices and logbooks, and we are currently in the process of automating the entire system. We have selected a vendor and hope to soon begin implementing the *Property Evidence Tracking System (PETS)*, an automated tracking system for all property, including firearms. This system will improve and strengthen controls over property, provide for better documentation, and increase efficiency regarding the intake, storage and transfer of property. It will also eliminate the need for logbooks, prevent duplication of information, and ensure the timely destruction of firearms.

Regarding your concerns with firearm storage capacity, please note that the Police Department recently conducted a space analysis of the storage areas and shelving system at the Manhattan Property Clerk Division to determine if the fixed shelving system could be replaced by a moveable shelving system. Further analysis needs to be done, but preliminary indications are that a new system may increase usable storage capacity by at least 60%.

Of the thirteen recommendations offered by the auditors, the Police Department agrees with, and will implement, the recommendation to notify retired members of service who have surrendered their firearms for safekeeping that their firearms are still in the Department's custody and that the owners should provide instructions regarding the disposition of their firearms. The Department also agrees with the importance of conducting inventories of property stored by the Property Clerk, and will presently commence an inventory of all firearms in our possession as well as schedule future inventories. As noted above, the recommendation to overhaul the storage area to maintain rifles separately from one another and to store them according to the year received is under review. All the remaining recommendations will be covered by the new Property Evidence Tracking System and are therefore unnecessary.

Attached please find an Agency Implementation Plan which addresses each of the recommendations indicated in the auditors' report. We appreciate the Comptroller's efforts to conduct this audit and hope your office found that the Department demonstrated its policy of full cooperation during the course of the audit. If you have any questions concerning this response, please call Administrative Staff Analyst Kenneth Wesley at 646-610-8366.

Sincerely,


John P. Gerrish
Deputy Chief
Commanding Officer
Office of Management Analysis
And Planning

NYPD AGENCY IMPLEMENTATION PLAN

Auditing Agency	NYC Comptroller
Audit Title/Subject	Cash and Firearm Custody Controls of the Manhattan Property Clerk Division
Audit #	MH07-127A

AUDIT REPORT STATUS	Draft Report	Report Dated	May 23, 2008
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PD EVALUATION OF RECOMMENDATIONS BY CATEGORY			
Category		Recommendation Numbers	Total Recommendations
A	We agree with the recommendation and have implemented or will attempt to implement	9,10,12	3
B	We agree with the recommendation but are unable to implement		
C	We disagree with the recommendation and will not implement.		
D	The recommendation, while valid, is unnecessary because it calls for an action, policy or practice that was planned or existed independent of the audit.	1,3,4,5,6,7,8,11,13	9
E	We must further analyze/evaluate the recommendation.	2	1
TOTAL - All Recommendations Made			13

LIST OF RECOMMENDATIONS AND PD EVALUATION OF EACH

#	Recommendation	Category				
		<u>"A"</u> Agree. Will Imple- ment.	<u>"B"</u> Agree. Can't Imple- ment.	<u>"C"</u> Disagree. Won't Imple- ment.	<u>"D"</u> Not Necessary. A Planned or Existing Practice.	<u>"E"</u> Requires Study.
1.	The NYPD should examine and strengthen controls over firearms in its custody by requiring: (a) review of invoices to ensure that the disposition of the firearm is noted and filed accordingly; b) cross referencing of invoices for firearms returned to owners or sent out to court to the corresponding logbooks; c) maintenance of a yearly log of firearms processed for destruction.				X	
2.	Overhaul the rifle storage area of the Manhattan PC, so that it can store rifles according to the year received and provide a storage system that will keep the rifles separate one from the other on the shelves.					X
3.	Ensure that all key personnel involved with the handling of firearms uniformly follow the procedures to record and maintain the documents that track the firearms.				X	
4.	Require that supervisors periodically review the logbooks to ensure that entries are sequentially numbered.				X	
5.	Consider revising the Manhattan PCD's procedures to eliminate or combine some of the logbooks to preven the recording of duplicate information in multiple documents.				X	
6.	Consider replacing the manual system with a computerized system to improve the controls over the handling of property brought into the Manhattan PCD's custody.				X	

7.	Ensure that the Manhattan PCD follow the procedures governing the destruction of firearms after the allotted time of one year, as required by the Penal law.				X	
8.	Implement a system that red-flags firearms that are stored at the Manhattan PCD facility beyond one year and identifies the date after which they should be sent to Pearson Place for destruction.				X	
9.	Notify former members of the service who have retired and surrendered their firearm(s) to PCD for safekeeping that their firearm(s) are still in PCD custody and request that the owners provide instructions about the disposition of their firearms.	X				
10.	Immediately inventory all firearms in the Manhattan PCD's possession.	X				
11.	Establish written procedures that require that the Manhattan PCD conducts and maintains an inventory system to accurately account for all firearms that are in its custody, as well as firearms that are returned and disposed of.				X	
12.	Conduct periodic inventory counts of all firearms in the possession of the Manhattan PCD.	X				
13.	Ensure that the Manhattan PCD prepares inventory reports that reflect a detailed breakdown of the various dispositions of firearms in its custody.				X	

Category "A"		We agree with the recommendation and have implemented or will attempt to implement.	
Recommendation #	9	Report Page #	16
Recommendation			
The NYPD should notify former members of the service who have retired and surrendered their firearm(s) to PCD for safekeeping that their firearm(s) are still in PCD custody and request that the owners provide instructions about the disposition of their firearms.			
Explanation			
The PCD agrees with this recommendation and will implement a policy and practice of a time sensitive, scheduled notification to former members of the service regarding the status of their vouchered firearms.			

Recommendation #	10	Report Page #	17
Recommendation			
Immediately inventory all firearms in the Manhattan PCD's possession.			
Explanation			
The Police Department recognizes the importance of conducting periodic inventories on firearms stored in its warehouses. An inventory on firearms stored at the Property Clerk Division was conducted in 2006. A new inventory will be commenced presently.			

Recommendation #	12.	Report Page #	17
Recommendation			
Conduct periodic inventory counts of all firearms in the possession of the Manhattan PCD.			
Implementation Methods/Procedures and Projected/Actual Implementation Date			
The Police Department will conduct periodic inventories of firearms. The PCD will also devise and implement a system to conduct periodic reviews and inspections of its firearms to ensure accuracy in its count. To complement this the PETS project will ensure that there is a computerized and systematic accounting of all property in the Property Clerk's possession, including firearms.			

Category "D"	The recommendation is not necessary because it calls for an action, policy or practice that was planned or existed independent of the audit.
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Recommendation #	1		Report Page #	10
Recommendation				
Examine and strengthen controls over firearms in its custody by requiring: (a) review of invoices to ensure that the disposition of the firearm is noted and filed accordingly; b) cross referencing of invoices for firearms returned to owners or sent out to court to the corresponding logbooks; c) maintenance of a yearly log of firearms processed for destruction.				
Explanation				
The MPC currently follows procedures for recording and filing the final disposition of firearms. This includes processing the yellow or work copy of the invoice, completing an inventory card, stamping out and recording the disposition in the firearm log and forwarding completed paperwork for filing. With regard to recording the destruction of firearms, an itemized yearly log is maintained documenting all firearms destroyed in a calendar year.				

Recommendation #	3		Report Page #	13
Recommendation				
Ensure that all key personnel involved with the handling of firearms uniformly follow the procedures to record and maintain the documents that track the firearms.				
Explanation				
All key personnel are aware of and are practicing the established procedures as they pertain to recording and maintaining the documents that track firearms. The PCD is creating a self inspection worksheet that specifically targets firearm related logs and records.				

Recommendation #	4		Report Page #	13
Recommendation				
Require that supervisors periodically review the logbooks to ensure that entries are sequentially numbered.				
Explanation				
The supervisors of the MPC regularly review all the log books to ensure entries are being made correctly and sequentially. Additionally outside units such as the Support Services Bureau Investigations Unit and the Property Clerk Inspections Unit conduct spot inspections of the MPC. The PCD is also creating a self inspection worksheet that will target the sequential numbering of all essential log books.				

Category "D"	The recommendation is not necessary because it calls for an action, policy or practice that was planned or existed independent of the audit.
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Recommendation #	5	Report Page #	13
Recommendation			
Consider revising the Manhattan PCD's procedures to eliminate or combine some of the logbooks to prevent the recording of duplicate information in multiple documents.			
Implementation Methods/Procedures and Projected/Actual Implementation Date			
<p>The current system of log books and cross reference books are an integral part of the success of the manual, paper based system. These log books have been in existence for well over thirty (30) years and serve as a check and balance system. The entire operation relies on the information recorded in each book. In the event that a human error or omission is made, the log books and cross reference books serve as the path to a solution or answer to the problem.</p> <p>While archaic, this system of manual checks and balances has served the MPC well. This is most evident in the results of the auditors' 324 inquiries relating to firearms. For each and every inquiry the auditors were provided with a disposition. There were ZERO (0) instances where the necessary information could not be provided.</p> <p>Until the Property Evidence Tracking System (PETS) project is operational, the MPC must rely on its current system of log books and cross reference books to record and track the tremendous amount of property it receives each year.</p>			

Recommendation #	6	Report Page #	13
Recommendation			
Consider replacing the manual system with a computerized system to improve the controls over the handling of property brought into the Manhattan PCD's custody.			
Explanation			
<p>The PCD is currently in the final stages of procuring a computerized Property and Evidence Tracking System (PETS). A request for proposal for the PETS project was written by members of the Management Information Systems Division, Property Clerk Division and Contract Administration Unit. The proposal details every aspect and requirement the PCD would require as it relates to the intake, storage, inventory, location and disposition of property.</p> <p>A selection committee was formed and selected a vendor to build the Property Evidence Tracking System. Funding for the PETS project has been approved and the Contract Administration Unit is currently writing the contract for the PETS project.</p>			

Category "D"	The recommendation is not necessary because it calls for an action, policy or practice that was planned or existed independent of the audit.
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Recommendation #	7	Report Page #	15
Recommendation			
Ensure that the Manhattan PCD follow the procedures governing the destruction of firearms after the allotted time of one year, as required by the Penal Law.			
Explanation			
As stated in recommendation # 6, the PETS proposal details every aspect and requirement the PCD would require as it relates to the intake, storage, inventory, location and disposition of property. Inclusive would be a system that ensures the destruction of safekeeping firearms after a specified period of time as required by the Penal Law.			

Recommendation #	8	Report Page #	15
Recommendation			
Implement a system that red-flags firearms that are stored at the Manhattan PCD facility beyond one year to determine when they should be sent to Pearson Place for destruction			
Explanation			
This is included in the design of the PETS project, referred to in recommendation #6. Until that time, the MPC will devise and implement a manual procedure to accomplish this.			

Recommendation #	11	Report Page #	17
Recommendation			
Establish written procedures that require that the Manhattan PCD conducts and maintains an inventory system to accurately account for all firearms that are in its custody, as well as firearms that are returned and disposed of.			
Explanation			
Beginning in January of 2008, the Property Clerk Division implemented a uniform and standardized monthly report for firearms. It includes the following:			
<ul style="list-style-type: none"> -The total number of firearms received daily -The category of each firearm received daily -The total number of firearms disposed of daily -The category of each firearm disposed of daily -A cumulative monthly and year to date tally of all firearms received and disposed of and the corresponding category of each 			
This report is also compared to the Accounting Unit's monthly report to ensure accuracy and consistency in reporting the inventory of firearms.			
The recommendation is also included in the design of the PETS project.			

Category "D"	The recommendation is not necessary because it calls for an action, policy or practice that was planned or existed independent of the audit.		
Recommendation #	13	Report Page #	17
Recommendation			
Ensure that the Manhattan PCD prepares inventory reports that reflect a detailed breakdown of the various dispositions of firearms in its custody.			
Explanation			
Beginning in January 2008 the PCD implemented a uniform and standardized monthly report for firearms. It is inclusive of the daily total firearms received or disposed of and the category for each. The report is submitted to the division office where it is compiled and added to the cumulative total for each respective borough office.			

Category "E"	We must further analyze/evaluate the recommendation		
Recommendation #	2	Report Page #	12
Recommendation			
Overhaul the rifle storage area of the Manhattan PC, so that it can store rifles according to the year received and provide a storage system that will keep the rifles separate one from the other on the shelves			
Explanation			
<p>The MPC has been at its current location since 1974 and the designated rifle area was established and maintained based on the initial set-up. It consists of forty (40) free standing racks with eleven (11) shelves and thirteen (13) bins with six (6) shelves for larger or unusually shaped long barrels. Given the unusual size, shape and configuration of "long Barrel" firearms it would not be practical or functional to establish a "time based" system of storage. Furthermore, to devote an individual shelf for each long barrel would exhaust all available space.</p> <p>The PCD recently conducted an in-depth space analysis of all its facilities and is considering possible alternatives to more efficiently utilize all available area. The MPC rifle storage area was included in this study and further analysis is required.</p>			