



Jerry E. Abramson
Mayor

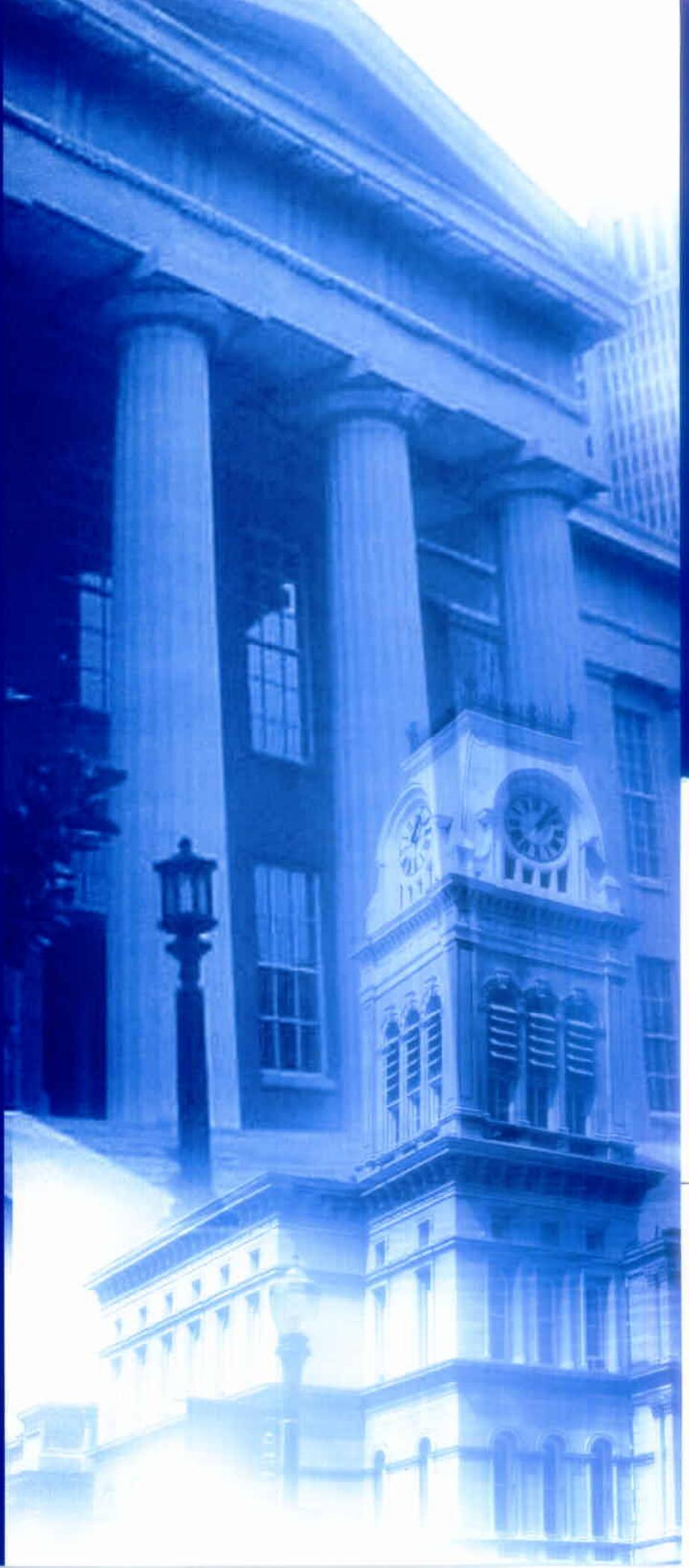
26 Member
Metro Council

The Office of Internal Audit provides independent, objective assurance and consulting services that adds value to and improves Louisville Metro Government.

Office of Internal Audit

Louisville Metro Police
Department

False Alarm Activity



Audit Report

Office of Internal Audit

Louisville Metro Police Department

False Alarm Activity

December 2006



Louisville Metro Police
Department

False Alarm Activity

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Transmittal Letter

December 29, 2006

The Honorable Jerry E. Abramson
Mayor of Louisville Metro
Louisville Metro Hall
Louisville, KY 40202

Re: Audit of LMPD False Alarm Activity

Introduction

An audit of the Louisville Metro Police Department (LMPD) false alarm activity was performed. The LMPD False Alarm Reduction Unit is responsible for the administration and enforcement of Louisville Ordinance §127, Burglary and Hold-up Alarm Systems. The primary focus of the audit was the operational and fiscal administration of the revenue, including the use of an outside contractor. This included how the False Alarm Reduction Unit processes, records, and monitors the activity.

The examination was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

As a part of the review, the internal control structure was evaluated. The objective of internal control is to provide reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories:

- Achievement of business objectives and goals
- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Safeguarding of assets

There are inherent limitations in any system of internal control. Errors may result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personnel factors. Some controls may be circumvented by collusion. Similarly, management may circumvent control procedures by administrative oversight.

Scope

The operating procedures for the Louisville Metro Police Department false alarm activity were reviewed through interviews with key personnel. The focus of the review was the operational and fiscal administration of the revenue activity. Tests of sample data were performed for transactions from May 1, 2005 to April 30, 2006. Activity reviewed included LMPD false alarm reports, alarm user accounts, appeal requests and judgment documentation, invoices, bank activity, and Metro financial system postings.

The review included assessing whether activity was processed, recorded, and monitored accurately and appropriately. The details of the scope and methodology of the review will be addressed in the Observations and Recommendations section of this report. The examination would not identify all weaknesses because it was based on selective review of procedures and data.

Opinion

It is our opinion that the administration of false alarm activity is inadequate. The internal control rating is on page 5 of this report. This rating quantifies our opinion regarding the internal controls, and identifies areas requiring corrective action. Several issues were noted that indicate the internal control structure is not effective. Examples of these include the following.

- **Policies and Procedures.** Comprehensive, documented policies and procedures for false alarm activity were not available. While LMPD staff had begun drafting Standard Operating Procedures for the False Alarm Unit, it was not complete as of the review period. This may lead to inconsistencies and inefficiencies with processing, along with inadequate monitoring.
- **Processing.** There were several issues noted regarding transferring accurate information from LMPD to the contractor and obtaining complete data from the contractor. These types of problems were mainly related to weaknesses with the systems used to manage the information. Ultimately, these weaknesses could result in limited enforcement of regulations and decreased penalty fee collections.
- **Monitoring and Reconciliation.** Monitoring and reconciliation of false alarm activity is weak. Some of the weaknesses are based on LMPD's limited oversight of information processed on the contractor's system. There were several instances noted in which false alarm incidents were either not recorded or incorrectly recorded. This lessens the usefulness of activity reports as management tools. Ultimately, this could impact the enforcement of regulations and result in lost revenue.

The implementation of the recommendations in this report will help improve the internal control structure and effectiveness of the administration of false alarm activity.

Corrective Action Plan

Representatives from the Louisville Metro Police Department have reviewed the results and are committed to addressing the issues noted. LMPD corrective action plans are included in this report in the Observations and Recommendations section. We will continue to work with the Metro Police to ensure the actions taken are effective to address the issues noted.

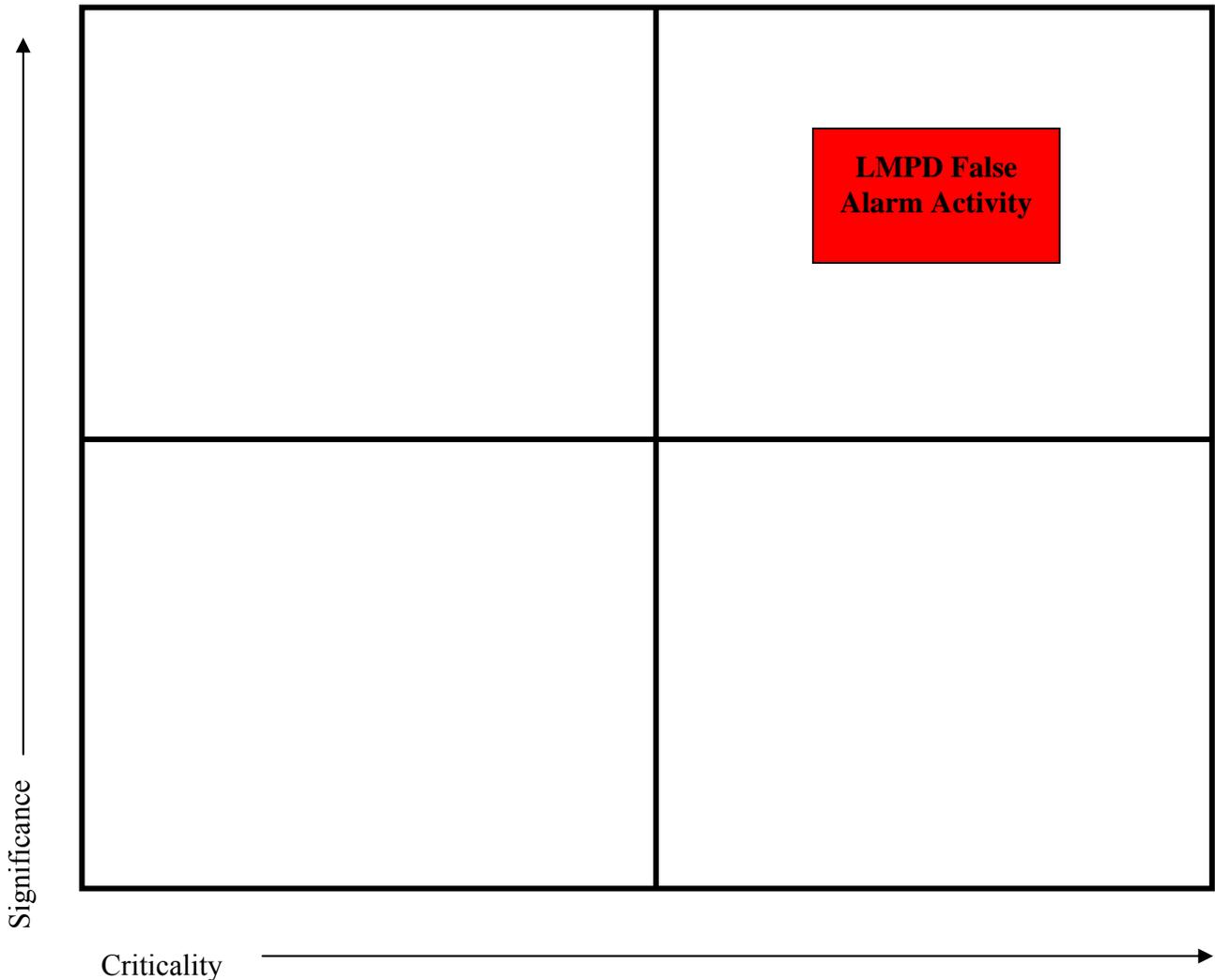
Sincerely,



Michael S. Norman, CIA, CGAP
Chief Audit Executive

cc: Louisville Metro Council Audit Committee
Louisville Metro Council Members
Deputy Mayors
Louisville Metro Police Chief

Internal Control Rating



<u>Legend</u>			
<u>Criteria</u>	<u>Satisfactory</u>	<u>Weak</u>	<u>Inadequate</u>
<u>Issues</u>	Not likely to impact operations.	Impact on operations likely contained.	Impact on operations likely widespread or compounding.
<u>Controls</u>	Effective.	Opportunity exists to improve effectiveness.	Do not exist or are not reliable.
<u>Policy Compliance</u>	Non-compliance issues are minor.	Non-compliance issues may be systemic.	Non-compliance issues are pervasive, significant, or have severe consequences.
<u>Image</u>	No, or low, level of risk.	Potential for damage.	Severe risk of damage.
<u>Corrective Action</u>	May be necessary.	Prompt.	Immediate.

Background

Louisville Metro Ordinance §127 was enacted to reduce the amount of false alarms dispatched to Police Officers. A false alarm is defined by the ordinance as activation of an alarm system which results in an emergency response by the police to an alarm site for which the responding officer finds no evidence of a criminal offense or attempted criminal offense. Penalty fees are assessed in two categories, false burglar and false hold-up alarms.

The ordinance requires alarm businesses and technicians to be licensed with the Metro Government. Additionally, the ordinance requires alarm businesses to register their alarm system users. The ordinance provides for the assessment of penalty fees for repeated false alarms during a 12-month period.

The Louisville Metro Police Department False Alarm Reduction Unit is responsible for the administration and enforcement of the ordinance. Burglar and hold-up alarm licensing, billing and tracking is managed through the use of a contract service provider. The contractor administers alarm activity through the use of proprietary software and is responsible for collection of all penalty fees. Penalty revenue is shared between the contractor and Metro government in accordance with established percentages.

The ordinance licensing requirements for alarm businesses and technicians was effective March 1, 2005, and the penalty fee assessments was effective June 1, 2005. The false alarm contractor collected approximately \$265,000 during the review period, with approximately \$18,000 of that being deposited with Metro government as General Fund Revenue. Louisville Metro's fiscal year 2006 budget included \$40,000 as false alarm revenue.

This was a scheduled audit.

Summary of Audit Results

I. Current Audit Results

See Observations and Recommendations section of this report.

II. Prior Audit Issues

The Office of Internal Audit has not previously conducted any reviews of Louisville Metro Police false alarm activity.

III. Statement of Auditing Standards

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

IV. Statement of Internal Control

A formal study of the internal control structure was conducted in order to obtain a sufficient understanding to support the final opinion.

V. Statement of Irregularities, Illegal Acts, and Other Noncompliance

The examination did not disclose any instances of irregularities, any indications of illegal acts, and nothing was detected during the examination that would indicate evidence of such. Any significant instances of noncompliance with laws and regulations are reported in the Observations and Recommendations section of this report.

VI. Views of Responsible Officials / Action Plan

A draft report was issued to the Louisville Metro Police Department on November 28, 2006. An exit conference was held at the Office of Internal Audit administrative office on December 14, 2006. Attending were Lt. Col. Vince Robison, Major Rodney Milburn, Major Ed Burgin, Lt. John Minogue and Pam Steiger representing LMPD; Mike Norman, Jenni Schelling and Mark Doran representing Internal Audit. Final audit results were discussed.

The views of LMPD officials were received on December 29, 2006 and are included as corrective action plans in the Observations and Recommendations section of the report. The plans indicate a commitment to addressing the issues noted.

LMCO §30.36(B) requires Louisville Metro Agencies to respond to draft audit reports in a timely manner. It specifically states that

“The response must be forwarded to the Office of Internal Audit within 15 days of the exit conference, or no longer than 30 days of receipt of the draft report.”

LMPD’s response was provided within this required timeframe.

Observations and Recommendations

Scope

The Louisville Metro Police Department (LMPD) procedures for administering false alarm revenue activity were reviewed. The focus of the review was the operational and fiscal administration of the revenue activity. This included how activity is processed, recorded, and monitored. Applicable personnel were interviewed in order to gain a thorough understanding of the processes.

The review consisted of examining false alarm activity for the period May 1, 2005 to April 30, 2006. A sample of activity was judgmentally selected from the population of transactions during the review period for the areas of recording incidents and assessing penalty fees, the appeals process, and program expenditures. This included reviewing LMPD false alarm extraction reports, alarm user accounts, appeal requests and judgment documentation, contractor invoices, bank activity, and the Louisville Metro financial system.

While internal controls associated with alarm business and technician license revenue was considered, the review did not include examining the processing of licenses and the application information. The review would not reveal all weaknesses because it was based on selective review of data. The following issues were noted.

Observations

There were several issues noted with the administration of LMPD's false alarm activity. As a result, the internal control structure is inadequate and its effectiveness impaired. The observations are as follows.

- #1 False Alarm Administration
- #2 Monitoring and Reconciliation

Details of these begin on the following page.

#1 - False Alarm Administration

The Louisville Metro Police Department False Alarm Reduction Unit is responsible for the administration and enforcement of the Metro ordinance applying to false burglar and hold-up alarms. Activity is managed through the use of a contract service provider who administers alarm activity through the use of proprietary software. The contractor is responsible for collection of all penalty fees. The following issues were noted with the administration of LMPD false alarm activity.

- **Policies and Procedures.** There is not a comprehensive manual that presents the duties that LMPD staff is responsible for or the documentation used to manage activity. While LMPD staff had begun drafting Standard Operating Procedures for the False Alarm Unit, it was not complete as of the review period. A lack of documented procedures increases the risk of non-compliance with intended procedures and requirements. This can also lead to inconsistencies and inefficiencies with processing and monitoring of activity.

- **Computer-Aided Dispatch System.** Louisville Metro dispatches Police Officers based on calls for service. The Dispatchers record service runs using a computer-aided dispatch (CAD) system. The CAD information includes the type of call and its disposition (e.g., false alarm). There were several problems noted with regards to the CAD system used by LMPD to receive, dispatch, and monitor calls for service.
 - LMPD has experienced difficulties extracting false alarm activity from its dispatch systems. Two CAD systems have been used since the merger of local government in January 2003. Each system generated false alarm data differently, making it difficult to provide data to the false alarm contractor in a consistent format.
 - It should be noted that a new CAD system was implemented in June 2006. All dispatch information is now entered into this system. A single system should promote more efficient and effective transfer of false alarm data to the contractor, as well as, improve the accuracy of information. However, there has not been sufficient time since the implementation of the new system to determine its effectiveness.

 - LMPD staff has had some difficulty with the accuracy of recorded false alarm service runs. Police Officers use various clearance codes to report the disposition of their service runs to dispatchers, who record the information in the CAD system. In order to better identify activity addressed in Louisville Metro Ordinance §127, four new clearance codes were implemented to specifically identify types of false alarm service calls. Although there are only four authorized clearance codes, it appears that at least twenty were actually used. When incidents are miscoded, it is difficult to penalize alarm users for offenses.

- **Penalty Fee Collection.** The false alarm contractor is responsible for collection of all penalty fees. Attempts to collect outstanding false alarm penalties are not pursued to the fullest extent. The ordinance allows for a lien to be placed on the property for non-paying accounts. Currently, active attempts to collect outstanding penalties are not pursued past sixty days of the citation's issuance and no liens are filed. For penalties assessed up to April 30, 2006, there were more than four-hundred alarm users that are sixty or more days past due, totaling over \$140,000.

- **Compliance with Ordinance.** Some of the policies and procedures currently practiced by LMPD do not comply with Louisville Metro Ordinance §127. The following examples were noted.
 - Ordinance §127.13(C) allows an alarm user to appeal a false alarm dispatch. This applies to any alarm dispatch, not only those resulting in a civil penalty. The appeal must be made in writing to the Alarm Administrator within ten days of notification of the false alarm dispatch.
 - Current False Alarm Reduction Unit policies do not enforce the timely appeal notification and issuance of a citation when applicable. LMPD allows appeals to the Alarm Administrator for sixty days from the notification date.
 - The LMPD guidelines distributed with false alarm notifications require notice of an appeal within seven days, instead of the 10-day period stated in the ordinance.

 - Ordinance §127.14 allows an alarm user to request a hearing with the Code Enforcement Board within seven days of issuance of a civil penalty. Hearings are applicable when fines are imposed for excessive false alarms and the alarm user wishes to dispute the penalty.
 - The LMPD guidelines distributed with false alarm notifications state that a hearing cannot be requested with the Code Enforcement Board unless the false alarm was previously appealed to the False Alarm Reduction Unit at the warning or invoice level. This is not required by the ordinance.

- **Background Checks for Alarm Technician Licenses.** Complete background checks are not performed for alarm technician applicants. Louisville Metro Ordinance requires applications for an alarm technician to contain a statement that the applicant has not been convicted of any crime which directly relates to the performance of holding a license, including crimes of violence, sexual offenses, dishonesty and fraud. The Metro application also states that LMPD will conduct a criminal background check on the applicant.
 - Currently, LMPD does not perform background checks for alarm technician applicants. This increases the exposure risk that Louisville Metro might license an individual that has convictions that might make them ineligible for an alarm technician permit.

*It should be noted that this observation is a result of the review of the revenue associated with alarm business and technician licenses **only**. The processing of licenses and application information was not examined.*

Recommendations

Appropriate personnel should take corrective action to address the issues noted. Specific recommendations include the following.

- ✓ A written internal policy and procedure manual should be developed. This manual should include sufficient detail for False Alarm Reduction Unit staff to administer job duties, copies of forms used, and the policies followed in the processing of activity. The internal policy and procedures should reflect the most current information and be updated periodically. This will help ensure adherence to applicable guidelines, along with promoting efficiency and effectiveness of program administration.
- ✓ A formal reconciliation process should be documented in the False Alarm Unit's policies and procedures. This should detail the monitoring of activity reports and the management of fiscal activity. Additionally, the verification of the completeness and accuracy of false alarm records should be addressed. This helps ensure that the Metro ordinance is enforced, transactions were processed as intended and that financial activity was recorded appropriately.
- ✓ Routine supervisory review should be required in the documented policies and procedures. These reviews should be performed to assess the completeness of files and the accuracy of the activity, including adherence to applicable guidelines. These reviews should be documented and signed by the reviewer.
- ✓ LMPD policies and procedures should be designed to comply with Louisville Metro ordinances. This will help ensure enforcement of the requirements as intended.

- ✓ Policies and procedures should include guidelines for the appeal evaluation process. This should include the issues considered for determining judgments, the approval required and documentation to record the decision.
- ✓ The policies and procedures should be disseminated to all applicable staff. Training of key personnel will help ensure consistent adherence to necessary requirements. In addition, the policies and procedures can be used as a training tool for new staff and individuals serving in backup roles.
- ✓ LMPD should assess the effectiveness of the new CAD system, and the associated records management system, in addressing the weaknesses associated with the prior systems. This should include determining whether its use improves the accuracy of the information transferred to the false alarm contractor, as well as, the efficiency of managing the information (e.g., citations issued).
- ✓ LMPD should continue efforts to resolve problems with inaccurate information being reported in the CAD system, such as the use of inaccurate clearance codes.
- ✓ LMPD should ensure the contractor is adequately administering activity, including partial payments and past due accounts. Alarm users should be re-invoiced when full payment has not been received. The contractor should ensure full payment is received and take further action (e.g. filing property lien) as necessary.
- ✓ The contract terms should be complied with. LMPD should document (e.g., contract amendment) instances where contractual stipulations differ from the actual procedures. Legal counsel should be consulted whenever changes to contractual terms are necessary.
- ✓ All Metro contracts should include a right to audit clause. This is necessary to ensure Metro Government's access to the contractor's records in the instance that a review is desired.
- ✓ Payments to the false alarm contractor should be reviewed prior to processing. The total revenue in which the payment calculation is based on should be reconciled to the false alarm bank account credits. The payment amount should be re-calculated and verified for accuracy and accordance with the contract.
- ✓ LMPD should consult legal counsel regarding its responsibility in performing criminal background checks for alarm technician applicants. The goal is to mitigate potential liabilities to LMPD by preventing issuance of alarm technician licenses to individuals with criminal convictions for behavior that would make licensing inappropriate.

#2 - Monitoring and Reconciliation

The LMPD False Alarm Reduction Unit reports false alarm activity extracted from the CAD system(s) to the contractor. The contractor administers false alarm activity through the use of proprietary software and is responsible for collection of all penalty fees. In addition, alarm business and technician licensing is processed by the contractor. The following issues were noted regarding the monitoring and reconciliation of this activity.

- **Reconciliation of Contractor Data.** LMPD does not sufficiently reconcile false alarm activity. For example, there is no verification that the information extracted from the CAD system(s) agrees with that recorded on the contractor's software. This does not provide assurance that accurate and complete information is transferred. Ultimately, this could result in non-enforcement of regulations and lost revenue.
 - Three of the ten (30%) individual false alarm incidents reviewed from the CAD systems were not recorded on the contractor's system. Consequently, alarm users were not properly penalized.
 - In addition to the specific runs examined during this review, the weekly CAD system reports contained ten additional false alarm incidents for two of the three accounts. None of these false alarms were reflected on the contractor's system.
- **Licenses.** Alarm business and technician licenses are obtained through self reporting. In accordance with Louisville Metro Ordinance, an application and fee are required to request a license.
 - There is not adequate oversight of revenue for the licensing of alarm businesses and technicians. The false alarm contractor receives and processes licenses and the associated payments. LMPD does not reconcile revenue to licenses issued to ensure payments are received.
 - There is nothing in place to identify alarm technicians who are not licensed. The contractor's computer system will flag false alarm reports from unregistered alarm businesses. This serves as a control to detect unlicensed alarm businesses and unregistered alarm users. There is not a similar type of control for alarm technicians.
- **Contractor's Computer System.** The contractor's alarm licensing, billing and tracking software is used to manage the false alarm activity. This software is used by the LMPD False Alarm Reduction Unit when researching and monitoring user accounts. The accuracy of the information recorded is relied upon to facilitate judgments in appeal cases. Several problems were noted with the information

recorded on the contractor's system reports. Ultimately, these weaknesses could result in limited enforcement of regulations and decreased penalty fee collections.

- The contractor's system creates an invoice number for each new transaction including invoices, notices, citations, canceled alarms, hearing requests and judgments. When an invoice number is created to indicate that a 30-day notice, 45-day notice, or citation was issued, there is no reference to the original invoice. Without a documented audit trail, it is difficult to determine with certainty whether proper follow-up is performed for individual cases.
- A few cases were noted in which the contractor's system did not reflect accurate information for accounts.
 - For one alarm user account, false alarm incidents were inaccurately numbered. Different incidents shared the same false alarm number; as a result, the alarm user was under-billed for penalty fees by \$100.
 - In one case, the system did not reflect a discount for early payment of a penalty. This resulted in an incorrect amount due remaining on the system.
 - In another case, the system was not updated to reflect an appeal judgment. Once again, this type of problem resulted in an incorrect amount due remaining on the system.
- The accounts receivable list for false alarm penalty fees contains incomplete information for some service runs. There are several unidentified alarm users listed on the report totaling \$1,750 over thirty days past due. Incomplete information for accountable parties impedes the ability to enforce the false alarm ordinance, along with the ability to collect penalty fees.

Recommendations

Appropriate personnel should take corrective action to address the concerns noted. Specific recommendations include the following.

- ✓ A major component of any reporting system is proper reconciliation and monitoring. It is imperative that administrative staff review the information on a regular basis. This includes periodically spot-checking false alarm dispatches from the weekly extraction report throughout the process of recording the incident, invoicing the alarm user, receipt of payment, etc. The reconciliation of bank account/deposit activity, along with monitoring of internal records for completeness and adherence to requirements should be performed. Ultimately, responsibility should be assigned to ensure fiscal transactions are reconciled to the Metro financial statements.
- ✓ The False Alarm Reduction Unit should monitor the information recorded on the contractor's false alarm reports. This includes verifying the completeness and accuracy of the contractor's system information compared to that extracted from the

LMPD CAD system (e.g., spot check individual transactions, verify total CAD extractions agree with contractor's software additions). This would help ensure that false alarm activity reports and ordinance enforcement is based on complete, accurate and timely information.

- ✓ LMPD should monitor the activity managed using the contractor's software system. This includes reviewing transactions to ensure they are processed accurately, completely and in accordance with requirements. Billing and collection reports should be reviewed for appropriateness. This includes the consideration of discounts for early payment of penalties, appeal judgments, etc. Monitoring of licenses should also be performed to ensure payments are received. Applicable follow-up should be performed for amounts due.
- ✓ Any discrepancies noted during routine monitoring activities should be thoroughly investigated and the outcomes properly documented.
- ✓ In addition to regular monitoring and reconciliation of activity, analytical reviews should be performed. This could include comparing total activity for a period to other periods and considering factors that may affect false alarm activity. This may indicate areas that alarm businesses and users could benefit from prevention training.
- ✓ LMPD should consult with the false alarm contractor as necessary to ensure activity reports are adequate. This includes ensuring reports are clear, concise and accurate. This will help ensure the usefulness of the activity reports as management tools. In the future, it may be beneficial to explicitly include reporting requirements in contractual agreements.

Louisville Metro Police Department's Corrective Action Plan

The Louisville Metro Police Department's corrective action plan begins on the following page.

Louisville Metro Police Department

False Alarm Audit Report

LMPD Response

December 29, 2006

Preamble:

The Louisville Metro Codified False Alarm Ordinance Chapter 127 took effect on June 1, 2005. Prior to this, the Louisville Metro Police Department (LMPD) was at work in preparing for its implementation. In May of 2004, an RFP (Request for Proposal) was published in order to obtain bids for a contract to assist in administering the ordinance. On January 19, 2005, a contract was signed with the Public Safety Corporation (PSC), also known as Cry Wolf.

From the onset of the Metro Council passage of this ordinance, LMPD Lieutenant John Mills, was instrumental in facilitating the process. Lieutenant Mills supervised the RFP and saw it through to vendor selection and contract signing. However, he retired in April of 2005, just prior to the ordinance taking effect and PSC coming fully on-line.

Lieutenant Mills was replaced by Lieutenant Carol Jeffery. Lt. Jeffery was assigned a civilian assistant, Pam Steiger. Together, Lt. Jeffery and Mrs. Steiger became the False Alarm Reduction Unit. For the first year, they worked closely with PSC in administering the program. Then in June of 2006, Lt. Jeffery retired.

Pam Steiger assumed Lt. Jeffery's duties. The decision was made to create a civilian position to supervise the False Alarm Reduction Unit rather than appoint another sworn police officer.

In October 2006, Pam Steiger was appointed as the first civilian supervisor of the False Alarm Reduction Unit. A Management Assistant position is authorized for this unit, but has not yet been filled. Therefore, Mrs. Steiger continues to do the job of the False Alarm Administrator and an Information Processing Technician.

In summation, the False Alarm Reduction Unit has been in a state of flux and transition since its very onset. Whereas this is in no way offered as an excuse, it does warrant consideration.

Scope:

The scope of the report from May 1, 2005 thru April 30, 2006 is somewhat dated and much has changed. In particular, the CAD system has been consolidated under a single vendor. This consolidation took place in June 2006.

Prior to CAD consolidation, there was no issue with file structure. There were issues with formatting however. To explain, the fields and files themselves were well suited to interfacing. However, the fields themselves had slightly different formatting, which inhibited interfacing. These problems were rectified by the consolidation of the CAD systems.

Opinion:

- **Policies and Procedures**
 - As stated, a Standard Operating Procedure (SOP) for the False Alarm Unit did not exist at the time of the audit report. Since the time of the audit report, an SOP for the False Alarm Reduction Unit has been adopted.

- Even though a formal, codified SOP was not in effect, it should be noted there was a False Alarm Brochure in use during this time, and it is still in use today. This brochure fully outlines procedures and is left by officers at the location of all false alarms. Further, there were and still are General Orders and Policies, which LMPD adopted to manage the False Alarm Reduction Unit.
- **Processing**
 - Problems were mainly related to CAD weaknesses. Much of this has been rectified by the consolidation of two CAD systems into one. There is now better tracking of false alarm histories.
- **Monitoring and Reconciliation**
 - Audit trails are planned for CAD data in order to follow it through the transfer process to the False Alarm Software. This should facilitate reconciliation and oversight.
 - The false alarm extract file includes all disposition codes except those in which a report number is issued. If a report number is issued, then an offense or other documented occurrence is deemed to have occurred. This accounts for 3-6% of applicable runs. A report number supersedes any disposition code, even if it indicates a false alarm.

Observations and Recommendations

#1 False Alarm Administration

- **Computer-Aided Dispatch System**
 - The consolidation of the two CAD systems, as mentioned in the Audit Report, has taken place and has corrected much of the problem. The daily false alarm CAD extracts are dated and logged in a folder for storage and recall. This folder is accessible by the Alarm Coordinator.
 - Clearance codes are an ongoing problem. At the time of the Audit Report, approximately twenty non-standard clearance codes were in practice. There should have only been four standardized clearance codes in use. Whereas the problem has improved, it is not entirely corrected. Currently, there are approximately 10 non-standard clearance codes in use. Plans to correct this problem are recommended as follows:
 - Remove flexibility in the system to not allow non-standardized clearance codes (This is deemed impractical because the applicable software field serves other run types). And/or;
 - Improved training for Officers and Dispatchers. Regarding LMPD, this would take the form of Roll Call Training. And/or;

- Implement error reports to audit performance. These would be checked on a quarterly basis by the Inspections Unit in order to determine specific areas of deficiency.
 - The new CAD system and supporting applications have rectified this problem.
- **Penalty Fee Collection**
 - Penalty fee collection is solely the responsibility of the false alarm contractor. Liens as an ultimate enforcement tool were not levied by the contractor from September 2005 to December 2006. Plans are in place to begin doing so.
 - The reason for the delay was due to legal concerns regarding owners and renters. The FA Contractor believes it now possesses sufficient understanding to proceed.
- **Compliance with Ordinance**
 - The ordinance stipulates appeals must be made in writing to the Alarm Administrator within 10 days of notification. Specifically it states, “Any alarm user who contests the determination that a false alarm dispatch has occurred, shall notify the Alarm Administrator in writing within ten days of notification of the false alarm dispatch.” Strict adherence to this provision is not always practical, and the Alarm Administrator routinely allows appeals, which exceed the 10 Day rule. Some examples of situations requiring a waiver of the 10-Day Rule are as follows: The Alarm user was on extended vacation. The Alarm User is mentally or physically disabled and not able to quickly consult with a competent party in dealing with their affairs. Plans are in place to request changes to the existing ordinance to clearly allow waivers of the 10-Day Rule. In the meantime, allowing waivers is NOT deemed to be an express violation of the ordinance. The language clearly addresses the duties of the alarm user, NOT the Alarm Administrator.
 - The LMPD guidelines were incorrectly listed on a form as 7 days instead of 10 days. This form has been discontinued and replaced.
 - Current LMPD practice is that a hearing cannot be requested with the Code Enforcement Board unless the false alarm was previously appealed to the False Alarm Reduction Unit at the warning or invoice level. This is not required by the ordinance. Plans are in place to request changes to the existing ordinance. In the meantime, the practice will be discontinued, and the ordinance will be followed.
- **Background Checks for Alarm Technician License**
 - The contract states the contractor, “shall be responsible for the licensing /permitting of Alarm Business and Alarm Technicians in accordance with the MLG Alarm Ordinance, except that PSC is not responsible for verifying/validating information submitted by Alarm Businesses and Technicians applying for licensing/permitting.” This language would tend to indicate the contractor is not responsible for background checks.

- LMPD does not inherit background checks by default. The ordinance states the following in 127.09 and 127.09d:

“In addition to such other information as the Alarm Administrator may require, every application for an alarm technician shall contain the following information, given under oath...(d) A statement that the applicant has not been convicted of any crime which directly related to the performance of holding a license, including crimes of violence, sexual offenses, dishonesty and fraud.”

There is no stipulation for LMPD, or anyone else, to conduct a background check to verify this information or to otherwise verify the information. However, LMPD may do so as the function of any law enforcement agency investigating illegality as it pertains to false statements made under oath (KRS 523.100). Exposure risk is deemed not to exist.

The application form for the Alarm Technician currently states, “The above information will be used by LMPD to conduct a criminal background check and any untruthfulness or falsification with intent to mislead may result in my prosecution under Kentucky Revised Statute 523.100.” This language is deemed problematic because it may be interpreted to mean LMPD assumes a duty to conduct background checks and is therefore obligated. This form was changed in order to remove and replace language, which could be construed as assuming a duty and/or obligation.

LMPD intends to respond to specific complaints or tips. In such cases, a background check will be performed. Further, the Inspections Unit will conduct random background checks on a periodic basis.

Recommendations

- All recommendations are deemed acceptable with the following comments, exceptions, and/or additions.
 - Routine supervisory review will consist of quarterly inspections performed by the Inspections Unit. These inspections will include random background checks of alarm technicians. It will include review of bank statement and invoice reconciliation. It will include tracking of a sampling of false alarm runs through the entire system from CAD to contractor software. It will include tracking of a sampling of appeals through the appellate process. These quarterly inspections will begin with a monthly trial run in February 2007 of January 2007 Activity. The first official inspection will then occur in April of 2007 of 1st Quarter 2007 Activity.
 - New practices have been adopted to enhance fiscal oversight. Specifically, the Alarm Coordinator now reconciles all contractor invoices against the bank statement.
 - Changes and improvements to the existing ordinance will be studied and recommended to the Metro Council.
 - As previously stated, the consolidated CAD has corrected many problems.

- LMPD is not responsible for background checks and liability is deemed non-existent. A form used by LMPD may have been problematic, but this form was discontinued. The language of the replacement form clearly dispels any notion of obligation to conduct background checks. LMPD intends to respond to specific complaints or tips. In such cases, a background check will be performed. Further, the Inspections Unit will conduct random background checks on a periodic basis.

#2 – Monitoring and Reconciliation

▪ Reconciliation of Contractor Data

- The audit report states, “LMPD does not sufficiently reconcile false alarm activity. For example, there is no verification that the information extracted from CAD system(s) agrees with that recorded on the contractor’s software.” In essence, not all false alarm records extracted from CAD made it through the transfer and into the contractor’s software. Whereas LMPD is certainly concerned, the FA Administrator does not have sufficient access to the contractor’s software to perform advanced querying. Therefore, there is no simple way to check this problem. The only solution is to request the contractor to build a query and/or report to perform this function.
- Currently, all licensing revenue is deposited directly in the bank. Further, all license applications are submitted to the bank. From the bank, the revenue summary and applications are sent directly to the contractor. The FA Administrator does not receive any notification. Various solutions are being considered. The best solution would be a two-part form. One part would go to the contractor and the other to the FA Administrator. In this way, both parties would be fully aware and thereby enhance enforcement of non-compliance.
- Enforcement of compliance for Alarm Technician Licensees could be facilitated by better Alarm Business License procedures as outlined above. Also, the Alarm Technician Application could also be improved by the adoption of a two-part form. Further, LMPD plans to implement a hot line. It is believed those who pay for the license will inform on those they compete against who do not pay for the license. Further, licensed technicians have suggested sending a patrol into a new home development and checking several technicians at one time. This suggestion is being considered.

Recommendations

- Already addressed.