

POLICE AUDITING

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Theories and Practices

By

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PREFACE

My involvement in police auditing began in 1995 when I was Masked by some municipalities to help them respond to audits for their local police departments. I served as a member on a municipal budget review task force and later as a chairperson of a city public safety committee to evaluate police responses to various audit recommendations. Being regarded as a police expert but new to the field of police auditing, I anxiously searched for a book on the subject of police audits to guide my work with the police. Although a great amount of information was available on government and corporate auditing, not a single work could be found on police auditing. All I was able to lay my hands on were different police audit reports written on individual police departments and fragmentary writings that are at best marginally related to police auditing.

It became clear to me, as a result of this searching, that a book on police auditing was needed. Many police officials I came into contact with in the course of audit evaluation and research also expressed their desire for such a work, which they believed would help them better respond to expected or sometimes unexpected external audits. During the past four years, I reviewed over 100 police audit reports published in the United States, United Kingdom, and Canada; interviewed dozens of police officials involved in police auditing; and collected numerous audit documents from both public and private sectors, in addition to the firsthand audit information I gathered while I was engaged in local police auditing. This book is the result of my contemplation on police auditing and contains the gist of all audit-related information I accumulated in the past five years.

This book aims at three types of readers. First, it is intended to provide police executives and police managers as well as police auditors with a timely and necessary understanding of the theories and practices of police auditing. Second, it serves as a valuable source of information for researchers and academicians who review and evaluate various police programs. Third, students in undergraduate and graduate criminal justice programs will enjoy using this book to fulfill the requirement of those courses that address police budget reviews, police accountability, police performance evaluations, as well as general police organizational diagnoses. This book, therefore, should prove interesting and beneficial to police practitioners, academics, and police students alike. I aim to serve this wide range of readers due to my consideration that police auditing has become a common practice in police agencies at all levels of government and there has not been a book published specifically on this subject in the United States.

To allow such wide range of audience to benefit from this work, I have made every attempt to provide a comprehensive view of police auditing by examining the theories, standards, procedures, practices, and evaluations of police audit. The purpose of this coverage is to enable the reader to obtain a general understanding of different aspects and types of police audits and learn to apply the principles of police auditing to a particular police department. To accomplish this purpose and increase the book's readability, I have not designed this work to read like an accounting text, nor have I written it as an empirical scientific research report. Instead, I have combined description of police auditing with discussion of planned change, and integrated standards and procedures of police auditing with principles of social science research to explicate a viable approach to changing the police.

Americans have been fascinated with changing the police, the usual reason given being the need to improve police organization and to better serve the public. These are noble purposes, to be sure, but they often obscure the process that the change is introduced, which eventually often determines the end results of police reform efforts. This book clarifies the process of police auditing as a unique approach to bringing about improvement in the police. This approach, although sharing the same goals or purposes as other police change programs, employs a different set of standards and procedures in measuring and evaluating the police. Police auditing is analytical, critical, and investigative in nature with an accounting or financial basis or consequence.

The systematic collection and analysis of information in the process of police auditing bring it closer into line with major principles of social scientific research. With a good understanding of the auditing process, the police should be better prepared to work with police auditors and respond to audit recommendations. Ultimately, the police should be able to increase the efficient and effective handling of funds and resources to meet the public demand for police services.

There are two simple reasons why police auditing merits the attention of both practitioners and academicians. First, police auditing meets the need of the police administrators to know about the economy, efficiency, and effectiveness of their operational programs. Police services, as we all know, are almost universally provided and police departments are an essential operating unit of most local governments. Whether the police organization and programs are functioning economically, efficiently, and effectively is the natural concern of police administrators. Reliable financial and performance information provide police departments with an opportunity to assess the value of management overheads, ensure that resources are being directed in line with priorities, and increase the accountability of commanding officers for the quality of their services. Thorough audits of resource allocation and organizational structure can prevent police organizations from their tendency to become overly bureaucratic and increase their readiness for meeting new demands and challenges.

Second, police auditing provides an important tool for the public and its elected representatives to fulfill their oversight responsibilities. Due to the fact that police agencies involve the largest single area of expenditure in the local government, police services are an area of great public and news media concern. Increasingly, the public questions the value of police services in terms of the taxes and resources the public provides to the police. The public becomes especially critical about police management and program performance when crime rate is extraordinarily high and when police are unable to meet the demand for police services. Police auditing answers the questions raised by the public as well as its elected representatives by examining how well the police are using the taxpayers' money and what are the results of the department's use of resources made available to it. Based on an accurate estimate of the cost of providing services and on results that are expected to be derived from the services, elected representatives will be better able to appropriate funds for police agencies and make rational funding decisions.

Different from corporate audit approaches, police audits go beyond examination of financial and financial-related statements. The historical development of police auditing indicates that the focus of police auditing has been shifted from only rendering financial opinions to attesting on performance, management, compliance, controls, and operations. Consequently, many recent police audits are concerned not only with whether police funds are handled properly and in compliance with laws and regulations, but also whether police organizations are achieving the purpose for which programs were authorized and funded and are doing so economically and efficiently. It is clear that police agencies are moving aggressively in a new direction in police auditing with an increasing emphasis on evaluating police performance. Following this progress, this book not only addresses audits of finance and compliance but, more importantly, examines what has been achieved by the expenditure of a police department's resources.

After a brief introduction of the purpose, development, and trend of police auditing, this book describes some general issues related to changing the police and discusses police auditing as a potential approach for improving the police organization and operations. It illustrates the structure and process of planned change and how they might address, through police auditing, the issue of efficiency and effectiveness and lead to desired changes in police management and operations. The book then introduces government auditing standards and procedures applicable to police auditing and explains the importance of meeting these requirements in the auditing process. To provide a realistic look at how police auditing is practiced, the book presents some typical problems police auditors encounter in a variety of police departments. These extant audit cases are often related to the economy and efficiency of police operations and functions, program results and effectiveness, and compliance with laws and regulations. Since conducting a post-audit evaluation is equally important as completing a police audit, two major evaluation approaches, process and outcome evaluations, are discussed; and a case study is presented to illustrate the process and outcome evaluation of a police audit program. Overall, the entire police auditing process can be regarded as a model of planned change with several interrelated elements, including internal and external pressures, organizational disequilibrium, examination and collection of data, innovative and rational decision making,

development of goals and solutions and alternatives, implementation of audit programs, maintaining and monitoring changes, and outcome evaluation.

In the process of preparing this book, I have been assisted by and benefited from numerous individuals. I'd like to thank Herbert Douglas and Jerome Harris, both from Rowan University, for introducing me to the audit project as well as their support and encouragement for writing this book. To the many police auditors in the United States and Great Britain, whose audit reports I have reviewed and cited as case examples, thank you for enriching this manuscript with your empirical insights. Thanks also to numerous police officers in the United States who have provided me with access to their agencies and indispensable information for completing this work. Thanks especially to Chief Robert Pugh, Chief William Hill, Captain Charles Kocher, and many police officers from the Camden Police Department in New Jersey. Finally, I'd like to dedicate this book to the many police administrators, police managers, and police officers who devote their life to the improvement of police service.

A.Y.J.

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POLICE AUDITING

Chapter 1

INTRODUCTION

A variety of approaches have been used to change, control, and reform the police since the first modern police, the London Metropolitan Police, was created in 1829. Efforts to change the police range from internal affairs investigations, managerial control, new police leadership, to external consultancies, civilian reviews, and government-appointed commissions. What makes police auditing different? Police auditing is not much different from other efforts in terms of its goals or purposes, which are usually to effect changes and bring about improvement in police services. What is different is the process and procedures used in measuring and evaluating the police. All types of auditing are analytical, critical, and investigative in nature with an accounting or financial basis or consequence (Mautz & Sharaf, 1985). As Robert H. Montgomery (1912), author of the first book on auditing in America, stated, auditing is the analytical branch of accountancy. The systematic collection and analysis of information in the process of auditing bring police audit closer in line with major principles of social science research.

This is a book about police auditing and how it can be used to improve police performances. Specifically, the book covers the theories, standards, procedures, practices, and evaluations of police audits. The purpose of such coverage is to enable the reader to obtain a general understanding of different aspects and types of police audits and learn to apply the principles of police auditing to a particular police department. Contrary to what is commonly understood, there are a variety of police audits that range from a single focus on police purchasing to a comprehensive audit aimed at increasing police effi-

ciency and effectiveness in an entire agency, including its organizational structure, operations, programs, and administrative services. Depending on the degree of comprehensiveness, police auditing may involve accountants, auditors, police administrators, municipal officials, local and state politicians, citizen representatives, police experts, and academicians during the auditing process. Viewed as a whole, police auditing represents a planned and systematic effort to change the police.

Why Police Auditing?

Police services are almost universally provided and police departments are an essential operating unit of most local governments. Whether the police organization and programs are functioning economically, efficiently, and effectively is the natural concern of police administrators and city officials. Police auditing meets the need of the government officials and police administrators to know about the economy, efficiency, and effectiveness of police operations. A police department, for instance, may be experiencing some controversy concerning its compliance and economy (Malan, 1988). Under this situation, the police department needs updated and objective financial information to management. Auditors provide assurance about that information as well as about systems producing that information (Bowsher, 1994). A police department may also be questioned about its efficiency and effectiveness. Under this circumstance, the police need accurate information about their performance level and their potential for improvements. Auditors may determine whether the police are performing at the standard level by comparing productivity of police departments located in cities of similar socioeconomic conditions. Upon finding that a police department is performing significantly below its capacity compared with similar agencies, auditors may recommend drastic measures for improvements in police management, organizational structure, and operating procedures.

Reliable financial and performance information provide police departments with an opportunity to reassess the value of management overheads, ensure that resources are being directed in line with priorities, match resources to demands, and increase the accountability of commanding officers for the quality of their services. Thorough audits

of resource allocation and organizational structure can prevent police organizations from their tendency to become overly bureaucratic and increase their readiness for meeting new demands and challenges. Departments that have conducted audits are usually able to create more efficient organizational structure by reducing the proportion of police manpower tied up in administrative functions, run more accountable programs by clarifying functions and objectives, and achieve greater performance by monitoring and evaluation. The police have experienced in recent decades as well as in history a wave of reforms to police internal management, particularly in the areas of organizational structure and patrol operations. Through a fundamental review of organization, police auditing can assure that the department is as economical, effective, and efficient as it can be at translating public money into police services (Audit Commission, 1991).

Police services are also an area of great public and news media concern (Drebin & Brannon, 1990). Such concern is directly associated with the fact that police agencies often involve the largest single area of expenditure in the local government, approaching half of the general fund budget. Increasingly, the public questions the value of police services in terms of the taxes and resources the public provides to the local police. The public often becomes critical about police management and program performance when crime rate is extraordinarily high and when police are unable to meet the demand for services. The public wants to know what has happened to its tax dollars, what has been accomplished with the public funds, or simply what has happened to police protection that they feel they rightfully deserve. This questioning is especially intense when there is a perception of police corruption and when many local residents are experiencing high crime rate or fear of criminal victimization.

Because of the large expenditure of police as well as the universality and necessity of police services, the police should be held accountable to the public through their elected representatives and subject to oversight. Police audit provides an important tool for elected representatives—city councils, or similar bodies—to fulfill their oversight responsibilities. Police auditing answers the questions raised by the public as well as its elected representatives by assessing how well the police are using the taxpayers' money, and by examining the department's use and results of its use of the resources made available to it

(Brown, Gallagher, & Williams, 1982). Through objectively acquiring and evaluating evidence, an audit assesses the credibility of the information reported by or obtained from police management. With the information on police performance, auditors then determine whether changes in police resources, such as personnel and patrol vehicles, relate to expected outcomes. Based on accurate estimate of the cost of providing services and on results that are expected to be derived from the services, elected representatives will be better able to appropriate funds for police agencies and make rational funding decisions (Drebin et al., 1990).

It should be pointed out, however, that a police service is not equivalent to a product that consumers purchase from a private business. Police protection is provided to the public as a whole with no available measure of the direct costs or benefits of the service to the individual. And there is no competing entity providing the same public services and thereby generating comparative cost and benefit data (Brown et al., 1982). Due to these reasons, corporate audit approaches, while possibly acceptable for exercising corporate oversight, have been found to be inadequate to questions being asked about police organizations, programs, or operations (Tierney, 1996). Police audits must go beyond examination of financial and financial-related statements and evaluate police efficiency and effectiveness. A police audit, therefore, is often referred to as a performance audit or an organizational audit. An organizational audit provides a full report of the state of a police agency, which becomes the basis for the organizational design (Mackenzie, 1986).

Traditional Police Auditing

Traditional police audits emphasize examination of financial statements, financial performance, and statements of cash flows. Similar to corporate auditing, these audits are performed of financial positions and activities of police organizations to satisfy government officials who are primarily concerned with balance sheets and expenditures and revenues. The purpose of traditional police auditing is to test the agency's disbursement and record-keeping procedures for any weaknesses or errors. By correcting these weaknesses and errors, which

could be repeated frequently during a long period, the police agency expects to save a great deal of financial resources (Stone & DeLuca, 1994).

Both internal and external auditors have been involved in police auditing traditionally. Internally, the police agency's own accounting staff, or a separate auditing staff if the agency is large enough, conducts a sample audit, a check of a random sample of purchase vouchers, payroll records, and other records of disbursements, to make sure that all disbursements are made and recorded properly. If any serious discrepancies are found, the accounting or auditing staff may conduct a complete audit of the entire year's records (Lee & Johnson, 1983). Externally, independent CPA firms, under a government contract, are also involved with financial statement audits of police activities. As the internal accounting or auditing staff in the police agency, independent CPAs are directed toward examining or evaluating police accounting records.

Due to the focus on detecting discrepancies and errors, traditional police audits often examine specific procedures, programs, or policies in the police department. Some review the department's procedures for the handling of cash and valuables from the time received or obtained to the time of dispersal. Some evaluate the appropriateness of records room procedures, report on the department's training program and promotion policies, investigate the homicide unit's low clearance rate, or review police chief's authority and accountability. Some audits evaluate the accuracy of crime data reported to the Federal Bureau of Investigation for its nationwide Uniform Crime Report. Some examine whether members of the detective divisions made deliberate efforts to lower crime statistics by falsely reporting the results of their investigations. Some others study whether the use of force guidelines and practices are consistent with laws and government policies, and monitor the investigation of complaints against police officers (Auditing and Internal Control Division, 1983a, 1983b; LEN, 1996a, 1996b, 1997a, 1997b, 1997c, 1997d).

In recent years, programmatic police auditing has increased due to the federal assistance to local police agencies in hiring community-oriented police officers. The U.S. General Accounting Office's government auditing standards apply to all recipients of federal assistance, including states, counties, cities, and other local governmental units

(Tierney, 1996). The hiring grant program, which was set up by Congress through the 1994 Crime Control Act, has allowed more than 10,000 law enforcement agencies in all 50 states to add almost 70,000 officers at the time of this writing. To ensure that agencies receiving federal grants do add more police officers and make good on the requirement that they continue to fund the new positions once the grants run out, the Department of Justice established an auditing program in the Monitoring Division of the Office of Community Oriented Policing Services in early 1998 (LEN, 1998).

New Trend in Police Auditing

Auditing, with the emphasis on attestation of amounts on a financial statement as of a specific point in time, sheds no information on whether the entity's operations are economical or efficient. And even less insight is provided on whether the entity has achieved its objectives or if it could have done even better. Financial statement audits do not address the points of whether there are alternative and better or cheaper methods of achieving goals (Tierney, 1996). The approach does not permit analyses assessing the economy and effectiveness of police operations.

During the past few decades, there has been an increased demand for reports of government stewardship, accountability, and performance. In 1972, for the first time, government auditing standards declared that audits may include not only work typically done by CPAs in auditing financial statements, but must also include audits made to assess compliance with laws and regulations, audits of efficiency and economy of operations, and audits of effectiveness in achieving program objectives and results (Tierney, 1996). The focus of police auditing has been shifted from only rendering opinions on financial statements to attesting on performance, management, compliance, controls, and operations. Many recent police audits are concerned not only with whether police funds are handled properly and in compliance with laws and regulations, but also whether police organizations are achieving the purpose for which programs were authorized and funded and are doing so economically and efficiently.

Police agencies have been moving aggressively in a new direction in police auditing with an increasing emphasis on police performance.

These are audits of results, assessing whether police activities have achieved the goals or objectives contemplated by the parent government when it appropriated funds to the police. The performance audit, according to the U.S. General Accounting Office, is inclusive of audits to assess a government's economy of operations, efficiency of operations, and effectiveness of operations or program results (General Accounting Office, 1994). Each of these is an audit with different objectives, requires different approaches, demands different audit and evaluation skills, and will result in different reporting. Auditors of police departments have focused more and more on conducting performance audits, during which they may also conduct voucher audits, procedural or compliance reviews, functional audits, and other evaluations of importance to the government.

The focus of this book is not only on audits of compliance with laws and regulations but also, more importantly, on what has been achieved by the expenditure of a police department's resources. This book, therefore, is concerned primarily with performance audit, with the relative economy and efficiency and operational results, and with changes that could have been brought about by police auditing. Since the effect of many police reform efforts has been questioned (Brodeur 1989; Reiss 1992), whether police auditing will lead to any significant changes for the police is a topic worthy of careful and systematic examination. The new development in police auditing that focuses on performance and results nevertheless qualifies police auditing as an approach that warrants the attention of both the public and police in their effort to improve police organizations and operations.

What Follows

This book intends to provide a comprehensive view of police auditing by examining the theories, standards, procedures, practices, and evaluations of police audit. It combines description of police auditing with discussion of theories of planned change in order to illustrate a model of police change through auditing. It also integrates principles of social science research with standards and procedures of auditing to explicate a unique approach to enhance the effectiveness of police audit activities. Chapter 2 specifically explores the relationship between police auditing and planned organizational change.

Going beyond the single focus on auditing, this chapter describes some general issues related to changing the police and discusses police auditing as a viable approach for improving police organizations. It illustrates the structure and process of planned change and how they might address the issue of efficiency and effectiveness and lead to desired changes in police management and operations. It also highlights some important concepts in the theory of planned change that police auditors should consider during their audit planning in order to effect genuine improvement in police services. These key concepts related to the structure and process of planned change lay the theoretical foundation for police auditing.

Chapter 3 introduces important and practical government auditing standards applicable to police auditing. These standards are important because the police, as local, state, or federal government agencies, are required to meet them. They are practical because they are what auditors follow in the course of audit work. And whether appropriate standards are followed determines whether the end product can be termed an audit. These standards generally include the objectives to be attained by conducting an audit, measurement of audit quality, and the professional judgement an auditor should exercise in planning and conducting an audit. The fourth chapter further introduces procedures to be followed in police auditing. Both general and specific audit procedures as related to police auditing are discussed. The general procedures include a pre-audit survey, audit planning, audit evidence gathering, audit findings, and audit report. Specific procedures are applied to different types of police audits such as financial statement audit, financial-related audit, compliance audit, and performance audit.

Chapter 5 discusses how police auditing is practiced in a variety of police departments and profiles the types of police problems targeted by various audit programs. Typical problems police auditors address are related to the economy and efficiency of the police agency; program results and effectiveness; and compliance with laws and regulations concerning matters of economy and efficiency, and program results and effectiveness. This chapter presents an overview of police audits that have been conducted in the United States and United Kingdom under these issues. The sixth chapter discusses the importance of conducting evaluations of police audits and how police audit

programs should be evaluated. Two major approaches, process and outcome evaluations, are discussed. Process evaluation measures how police practice audit recommendations, and outcome evaluations measure the effects of the audit recommendations after they are implemented.

Chapter 7 presents a case study of the audit of the Camden Police Department in New Jersey to illustrate process and outcome evaluations of a police audit program. It introduces audit recommendations produced by Camden police auditors and methods used by them in making these recommendations, describes the police and municipal government activities in response to the audit findings, and analyzes outcomes and accomplishments resulting from implementing the recommendations. Four types of recommendations are presented, including those related to police organizational structure, police operations, police and crime problems, and administrative services. Focusing on these recommendations, the outcome analysis uses organizational structural change, patrol workload distribution, official police arrest, program development, administrative enhancement, and cost savings data to examine the overall effect of the Camden police audit on police organization and operations as well as on incidents and crimes.

Chapter 8 explores the implications of police auditing as a model for planned change. It discusses how police auditing can be integrated with several interrelated constructs in the model of planned change. These elements include internal and external pressures, organizational disequilibrium, examination and collection of data, innovative and rational decision making, development of solutions and alternatives, implementation of change programs, maintaining and monitoring changes, and outcome evaluation. In discussing these constructs in the context of police auditing, this chapter demonstrates that the presence of these elements is crucial for a police audit program to succeed or for bringing about genuine changes in the audited police agency. Whether the police are able to follow these constructs in the auditing and change process represents also the challenges they face in their effort to improve organizational efficiency and operational effectiveness.

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Chapter 2

THEORETICAL MODEL

Police auditing is a process that involves planned change, which demands systematic examination of police management and operations to discover existing and potential problems in order to improve decision-making and police performance. Often it is desirable to aid this change effort by developing a theoretical model of the processes that are supposed to be happening and then measure intervening variables, intermediate results, and final outcomes accordingly (Skogan, 1985). The theoretical model of police auditing is concerned with the structure and process of planned change and how they might address the issue of efficiency and effectiveness and lead to desired changes in police management and operations. The structure outlines the interaction and interplay of the police environment, police organization, and individual officers in producing changes as well as the relationship between input and output in police auditing. The process describes the essential steps taken, procedures used, or choices made by decision-makers or auditors in audit planning and implementation. Having been demonstrated in organizational studies as critical factors for making positive changes, these steps, procedures, or choices should be considered as essential ingredients that lead to successful police auditing. Understanding the theoretical model of police auditing requires in essence an understanding of the structure and process of planned change and their application to police audits. This chapter illustrates the efficacy of the theoretical model that lays the foundation for police auditing.

Issues in Changing the Police

As has often been recognized in police literature, it is difficult to change the police due to their quasi-military organizational structure and strong occupational subculture. Police reforms initiated by outsiders such as citizen review boards and government-appointed commissions have been found to be ineffective in changing the police organization and individual officer behaviors (Brodeur, 1989; Reiss, 1992). Reforms initiated by the police themselves often change the image and rhetoric but not the substance of policing. The difficulty in changing the police, however, is not simply due to whether the change agents are outsiders or insiders. Rather, it has more to do with the structure and process according to which changes are initiated and implemented.

Police agencies are seldom engaged in rational planning as police administrators rarely plan their change programs based on empirical research on the effectiveness and efficiency of police operations (Weatheritt, 1986). Despite the fact that most medium- to large-sized police agencies have research and development offices, they are not responsible for or capable of developing plans or initiating planned changes (Bayley, 1994). Police evaluations also indicate that genuine management rarely occurs in the field of policing when compared with private business administration (Goldstein, 1990; Sheehy Commission, 1993). As Geller (1997:2) pointedly describes, many departments have “jumped into a program with both feet, sunk in the muck, and then compounded the problem by failing to learn from the experience.” Additionally, even when police know that their traditional tactics have failed to work, they still seem to have a difficult time changing their approaches and cutting their losses. The police are confronted with a daunting challenge: Can they change substantively rather than rhetorically? Can they find ways to work smarter instead of just harder? Is there a legitimate role for research and planning in helping police organizations succeed? Can police institutionalize the organizational change process to serve their communities more economically, efficiently, and effectively?

One way to confront this challenge, perhaps, is police auditing. Although police audits are not commonly associated with police reforms, being differentiated from external citizen review boards and government-appointed commissions or internal police reform pro-

grams, police auditing involves rigorous research and rational decision making. Police auditors are usually accounting professionals with knowledge and expertise in police administration. Being independent from the police being audited, they are usually able to apply their knowledge to police programs with relatively little political influence. Being neither “pure” outsiders nor “real” insiders, they stand strategically between government-appointed commissions and reform-minded police executives. This advantageous position in initiating changes in police organization places them close to the ground of police work while enabling them to maintain a professional distance from the police program under review. Due to this distinctive position police auditors find themselves in the spectrum of externally and internally initiated police reforms, police auditors hold great promise in confronting the challenges faced by police departments.

The Structure of Planned Change

Planned change refers to a set of activities designed to change individuals, groups, and organizational structure and process (Goodman & Kurke, 1982). The potential of police auditing for creating rational and significant changes lies in the employment of a theoretical model of planned change. This theoretical model is concerned with both the structure and process of planned change in the environment of police auditing. The structure of planned change delineates the structural relationship of major elements in planned change, the purposes of such change, and characteristics of change efforts. To understand the structural relationship in police auditing, one must view the theoretical model from the most general perspective. When viewed from such a perspective, the theoretical model of police auditing is analogous to an input and output system. The input involves the audit team, police agency being audited, public officials, political constituents, and any other group that has a legitimate interest in and contributes to the audit. The output is what happened as a result of the audit, which could be greater compliance to rules and regulations in police administration, more efficient police operations, or more rationally executed police programs. Between input and output is a transformation process which involves the interaction of people and technical systems in creating outputs (Weisbord, 1991). In the context of police auditing,

the transformation process changes police resources from input into police activities.

The input and output relationship can be further understood by examining two related concepts, i.e., performance gap and performance measurement. Performance gap is usually the initial indicator for planned change at input and performance measurement indicates whether the initial performance gap has been bridged at output. Performance gap occurs when police perform below their capacity in comparison to industry standards. Theoretically, planned change cannot happen until a performance gap has been identified. Performance gap, however, is rarely self-evident; it is more commonly exposed under environmental pressures, during internal conflicts, or when organizational members perceive needs to change (Warren, 1977). Police administrators should actively investigate the possible existence of performance gaps by staying alert to the need for change and innovation (Klofas, Stojkovic, & Kalinich, 1990).

Performance gap may also be defined as organizational disequilibrium (Chin, 1966), which can be produced by employee turnovers, internal structural changes, environmental changes, and repercussions of an agency's performance (Downs, 1967). First, employee turnover inevitably results in the loss of experienced police officers because training of new recruits takes time and cannot replace years' of experience officers developed on the job. Second, internal structural changes often require the police to become either more centralized for the purpose of higher efficiency or decentralized in the name of greater effectiveness in police operations. In both cases, structural changes will create changes in personnel relationship and hierarchical order, which the organization must adapt to. Third, environmental changes that affect police organizations are usually created by strong public pressure. Public pressures should be viewed as more sophisticated than a clear-cut public demand. As Williams and Wagoner (1992) pointed out, a "triad" of publics exists that can bring about three different types of changes: citizen-based change, interest group-based change, and elite-based change. These types of changes do not necessarily work separately; as a matter of fact, it is more likely that there will be a mixture of all these variations in police changes in response to different types of public demands. Fourth, repercussions of an agency's performance that make a performance gap evident may

be created by unexpected and unintended consequences following a routine agency performance (Downs, 1967). For example, advanced communications and reporting technology supplied by computer systems have created a rather clear performance gap in the police system (Klofas et al., 1990).

With performance gap indicating the problem to be addressed at input stage, performance measurement tests whether the gap has been filled at output stage. Performance measurement measures program integrity, analyzes program outcome, examines input-output relationship, and evaluates police accountability in planned change. Since the final outcomes of a change effort may be different from those agency officials desired (Sieber, 1981), conscious efforts must be maintained to keep it in place and protect its integrity once a program is established (Skolnick & Bayley, 1986). Useful methods of evaluating service delivery and programs must be developed to measure the final outcomes (Klofas et al., 1990). The outcomes of planned changes can be evaluated according to the goals and objectives set at the outset or input stage. Without performance measures related to both inputs and outputs, it is difficult to know which elements of the management structure actually add value (Audit Commission, 1991). Traditionally, control procedures limited accountability only to the input side of public-agency transactions—to the objects or resources allocated to an agency. This type of measurement and control of inputs hardly accounts for outputs or explains whether the expenditures resulted in a beneficial delivery of goods and services. The theory of planned change requires that a relationship be drawn between inputs and outputs. And this relationship lies at the heart of making police agencies accountable (Hudzik & Cordner, 1983).

In addition to this input and output relationship, the structure of planned change can be described as a bridge that links the police organization with its environment or fills the gap between the organization's today and tomorrow. Between the organization's current conditions and future prospects is a series of bridging strategies used by decision-makers (Scott, 1977). Planned change, therefore, assumes some possibility of affecting the future, or at least some effort in consciously preparing for that future (Hudzik & Cordner, 1983). This view of bridging the gap between the police and their environment, between the present and the future, is grounded in the philosophy of rationalism, a strong tradition in planning thought and theory.