USE OF EQUITABLE SHARING REVENUES
BY THE BERWYN POLICE DEPARTMENT
BERWYN, ILLINOIS

U.S. Department of Justice
Office of the Inspector General
Audit Division

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USE OF EQUITABLE SHARING REVENUES BY
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EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ), Office of the Inspector General, Audit Division has completed an audit of the use of DOJ equitable sharing revenues by the Berwyn Police Department (Berwyn PD). Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations.¹ During the period of January 1, 2006, through April 30, 2009, the Berwyn PD was awarded DOJ equitable sharing revenues totaling $654,681 to support law enforcement operations.²

The Berwyn PD generally accounted for and complied with equitable sharing guidelines with respect to accounting for equitable sharing receipts, use of equitable shared property, and interest earned on equitable sharing funds. However, we found weaknesses related to the Berwyn PD’s overall internal controls, Federal Annual Certification Reports and Single Audits, its tracking and reconciliation of sharing requests and property accountability, and its use of equitable sharing revenues and compliance with non-supplanting requirements. Overall, we identified $1,045,945 in dollar-related findings.³ Our findings include:

- **Use of Equitable Sharing Funds** - We identified expenditures for impermissible activities and equipment, donations, and unsupported costs. As a result, we identified $152,634 in questioned costs.

- **Supplanting** - The Berwyn PD has not utilized its own funds to purchase a police vehicle since fiscal year (FY) 2001. All 45 police vehicles currently on the inventory were purchased for $893,311.

¹ The DOJ asset forfeiture program has three primary goals: (1) to punish and deter criminal activity by depriving criminals of property used or acquired through illegal activities; (2) to enhance cooperation among foreign, federal, state, and local law enforcement agencies through equitable sharing of assets recovered through this program; and, as a by-product; (3) to produce revenues to enhance forfeitures and strengthen law enforcement.

² The Berwyn PD’s fiscal year is January 1 through December 31.

³ Excluding the $893,311 related to supplanting questioned costs, the bulk of which were outside our review period, the remaining $152,634 constitutes 12 percent of equitable sharing expenditures between January 1, 2006, and April 30, 2009.
between January 1, 2001, and April 30, 2009, utilizing equitable sharing funds. Because we consider police vehicles to be a basic necessity for a police department, these vehicles did not result in an increase in police equipment, but rather indicate that the Berwyn PD may have supplanted funds that would have otherwise been used for this purpose.

• Federal Sharing Agreements and Annual Certification Reports - While Federal Sharing Agreements were properly filed as required and Annual Certification Reports (ACR) were submitted timely, we noted that the ACRs for FYs 2006 and 2007 contained reporting errors. Specifically, the total expenditures for FY 2006 summer youth payrolls totaling $17,234 were omitted from the total of reported expenditures. Additionally, interest income reported on the 2007 ACR was overstated because the total improperly included $143 that was actually a deposit and not earned interest.

• Property Management - While separate officers within the Berwyn PD are responsible for property management records for vehicles, laptops, and weaponry, these same officers record the initial entry, update the records as necessary, and perform the required inventories on at least an annual basis. Further, no one checks the work of any of these individuals. We identified errors and omissions on the property management records and these errors and omissions have existed for several years.

• DAG-71s - Equitable sharing guidelines require that the receiving entity specify the intended purpose of the funds requested and maintain a log and copies of all DAG-71s forwarded to DOJ. The Berwyn PD used the same generic statement in each of its DAG-71s that funds would be used for “policing activities, training and law enforcement operations calculated to result in further seizures and forfeitures.” In our opinion, the lack of details regarding the use of funds creates the opportunity that funds will be used for impermissible purposes that may not be detected in a timely manner, if at all. In addition, no log of DAG-71s, as required by equitable sharing guidelines, was maintained by the Berwyn PD.

• Single Audit Requirements - According to OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the city of Berwyn was required to have an annual Single Audit for all years under review. The open FY 2004 and FY 2005 Single Audits properly

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4 Differences in totals are due to rounding.
identified and tested the Berwyn PD’s equitable sharing Asset Forfeiture Fund as a major program and noted numerous material internal control weaknesses and significant questioned costs. However, we discovered that the Single Audits for FYs 2006 and 2007 understated the equitable sharing expenditures by several hundred thousand dollars. Further, the Asset Forfeiture Fund was not identified as a major program that should have been considered for testing according to the single auditor’s threshold. City Finance Department staff stated program expenditures were not properly reported to the single auditor because the Berwyn PD operated its equitable sharing funds outside the city Finance Department prior to FY 2008.

- **Internal Controls** - The purpose of internal controls and segregation of duties is to ensure that errors or irregularities are identified and corrected in a timely manner. However, we noted that within the Berwyn PD, the entire equitable sharing cycle (including receipt, accounting, disbursement, and reporting) is overseen by only one individual. Further, there is no independent review of the work performed by this person.

Our report contains 10 recommendations to address the weaknesses we identified, which are discussed in detail in the Findings and Recommendations Section of the report. Our audit objectives, scope, and methodology appear in Appendix I of the report. We discussed the results of our audit with Berwyn PD officials, and we included their comments in the report, as applicable.
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INTRODUCTION

The U.S. Department of Justice (DOJ), Office of the Inspector General, Audit Division has completed an audit of the use of DOJ equitable sharing revenues by the Berwyn, Illinois, Police Department (Berwyn PD). The audit covered the Berwyn PD’s 2006, 2007, 2008, and part of 2009 fiscal years (FY), specifically the period of January 1, 2006, through April 30, 2009. During that period, the Berwyn PD was awarded DOJ equitable sharing revenues totaling $654,681 and property valued at $17,985 to support law enforcement operations. Due to the exceptions noted during our review, a limited scope expansion targeting vehicles purchased between January 1, 2001, and December 31, 2005, was also performed.

Background

The primary mission of the DOJ Asset Forfeiture Program is to employ asset forfeiture powers in a manner that enhances law enforcement. This is accomplished by removing the proceeds of crime and other assets relied upon by criminals and their associates to perpetuate their criminal activity against our society. Asset forfeiture has the power to disrupt or dismantle criminal organizations that would continue to function if we only convicted and incarcerated specific individuals.

The primary purpose of the DOJ Asset Forfeiture Program is to deter crime by depriving criminals of the profit and proceeds from illegal activities. A secondary purpose of the program is to enhance cooperation among federal, state, and local law enforcement agencies by sharing federal forfeiture proceeds through the DOJ equitable sharing program. State and local law enforcement agencies may receive equitable sharing revenues by participating directly with DOJ agencies in joint investigations leading to the seizure or forfeiture of property. The amount shared with the state and local law enforcement agencies in joint investigations is based on the degree of the agencies’ direct participation in the case.

Although several DOJ agencies are involved in various aspects of the seizure, forfeiture, and disposition of equitable sharing revenues, the DOJ Criminal Division, Asset Forfeiture and Money Laundering Section (AFMLS)

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5 The Berwyn PD’s fiscal year was January 1 through December 31.

6 Our audit objective, scope, and methodology appear in Appendix I.
is responsible for issuing policy statements, implementing governing legislation, and monitoring the use of DOJ equitable sharing funds. Generally, the use of equitable sharing funds by state and local recipient agencies is limited to law enforcement purposes. However, under certain circumstances, up to 15 percent of equitable sharing revenues may be used for the costs associated with drug abuse treatment, drug and crime prevention education, housing and job skills programs, or other nonprofit community-based programs or activities. This provision requires that all expenditures be made by the law enforcement agency and does not allow for the transfer of cash.

FINDINGS AND RECOMMENDATIONS

The Berwyn PD complied with equitable sharing guidelines with respect to accounting for equitable sharing receipts, use of equitable shared property, and interest earned on equitable sharing funds. However, we found significant weaknesses related to the Berwyn PD’s use of equitable sharing revenues. We identified questioned costs totaling $152,634 due to impermissible use of equitable sharing funds, lack of proper expenditure support, donations to schools and the park district, and excess funds spent on non-law enforcement community programs. Moreover, the Berwyn PD used equitable sharing funds to fully pay the cost of all vehicle purchases since 2001. Additionally, the Federal Annual Certification Reports contained errors. We also identified errors in the Berwyn PD’s property management records and found that the Berwyn PD did not ensure adequate separation of duties related to property management tasks. Moreover, the DAG-71s did not include a specific statement of use, and a DAG-71 log was not maintained. Furthermore, the Single Audit Reports for FYs 2006 and 2007 understated equitable sharing expenditures by $407,469 and $542,275, respectively. Finally, the Berwyn PD’s internal controls over equitable sharing activities were weak because one individual was responsible for all phases of receipt, accounting records, disbursement, and report preparation.

Use of Equitable Sharing Funds

The Berwyn PD had 40 receipts of equitable sharing funds totaling $654,681 for FY 2006 through April 30, 2009. We determined that the Berwyn PD generally complied with equitable sharing guidelines with respect to accounting for all federal equitably shared revenues, maintaining funds in separate interest-bearing accounts as required, as well as utilizing federal property for law enforcement purposes. During FYs 2006, 2007, 2008, and 2009 the Berwyn PD reported expenditures of $1,307,708 in DOJ equitable sharing revenues. Excluding vehicles, we tested 180 expenditure transactions totaling $413,138 to determine if the expenditures of DOJ equitable sharing funds were allowable and supported by adequate documentation.

The 1994 Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies (Equitable Sharing Guide) provides participating agencies with guidance on how equitable sharing...
receipts and property can be used. The Equitable Sharing Guide stipulates that equitable sharing expenditures must have a valid law enforcement use or be considered part of an agency’s law enforcement mission to be allowable. Consequently, items such as charitable donations, the purchase of laptops for a local school computer lab, or payment of drug testing for city employees (not just police officers) are examples of impermissible uses of equitable sharing funds.

We determined that the Berwyn PD used equitable sharing funds for impermissible activities and equipment, as well as for unsupported costs. As a result, we identified $152,634 in questioned costs, as detailed below:

- The Berwyn PD used equitable sharing revenues to pay for banquets for local honor roll students, basketball and cheerleading camps, baseball team uniforms, silk plants for the police department lobby, youth and toddler bike helmets, and donations to the library and park district. These non-law enforcement expenditures totaled $132,866.

- We identified $6,208 in unallowable expenditures, such as a personal Sam’s Club membership, liquor, and food at a meeting not documented by agendas or sign-in sheets.

- The Berwyn PD could not provide adequate supporting documentation for expenditures totaling $13,559.

Additionally, due to exceptions noted during our review, we determined that a limited expansion of our scope was necessary. Specifically, we expanded our scope back to FY 2001 for the limited purpose of identifying the cost of vehicles purchased using equitable sharing funds. The Berwyn PD’s vehicle purchasing activities are discussed in the following section of this report.

Finally, the Equitable Sharing Guide allows participating agencies to expend up to 15 percent of total annual equitable sharing expenditures on community-based law enforcement efforts. We found that the Berwyn PD did not exceed the 15 percent allowance for community-based programs in FYs 2006 and 2007. However, the Berwyn PD’s community-based expenditures in 2008 totaled $60,623, which is 23 percent of its receipts for that year. Therefore, the 15-percent allowance was exceeded in FY 2008 by $20,519. These costs are included in the $152,634 in impermissible costs detailed in the

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An updated Equitable Sharing Guide was issued in April 2009. This version did not apply to any of the expenditures that we tested because all of the reviewed transactions were executed prior to the issuance of the guide in April 2009.
bullets in this section. We have not questioned these costs a second time for being above the 15-percent allowance because the AFMLS previously informed the Berwyn PD that costs such as the summer youth employment program were not permissible uses of equitable sharing funds in FYs 2004 and 2005. When these costs are excluded from the Berwyn PD’s community-based program expenditures for FY 2008, the total goes below 15 percent of the total expenditures for the fiscal year.

**Supplanting**

Pursuant to the Equitable Sharing Guide, equitable sharing revenues must be used to increase or supplement the resources of the receiving state or local law enforcement agency. Equitably shared funds shall not be used to replace or supplant the resources of the recipient. To test whether equitable sharing funds were used to supplement rather than supplant local funding, we interviewed local officials and reviewed the agency’s local budgets for FYs 2006 through 2009 (see the following chart).

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>FY 2006</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2009(^8)</th>
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<tbody>
<tr>
<td>Budget</td>
<td>$12,447,222</td>
<td>$16,711,386</td>
<td>$18,112,073</td>
<td>$18,574,309</td>
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<tr>
<td>Forfeiture Revenues</td>
<td>$288,671</td>
<td>$194,799</td>
<td>$143,792</td>
<td>$27,419</td>
</tr>
</tbody>
</table>

As shown, overall local funding for the Berwyn PD increased every year between FY 2006 and FY 2009. Based on the results of our review of the Berwyn PD budget documents, we did not find any indications that the Berwyn PD was using equitable sharing funds to supplant local resources through a reduction in funding.

However, during our testing of equitable sharing expenditures and property management, we determined that the current Berwyn PD vehicle inventory records indicated that no vehicles had been purchased utilizing city funds since FY 2001. We believe that police vehicles are a common, basic, and routine purchase for a police department. During our original audit scope of FY 2007 through April 30, 2009, 12 vehicles, including 2 ATVs, were purchased with equitable sharing funds. Additionally, from FY 2001 through FY 2006, 34 vehicles were purchased with equitable sharing funds. This includes three automobiles that are now in the tow yard and used for parts.

\(^8\) FY 2009 was still in progress at the time of our fieldwork.
as well as two motorcycles. The cost of the 46 vehicles, all purchased with equitable sharing funds, totaled $913,005.9

According to equitable sharing guidelines, it is permissible to purchase equipment and vehicles that will enhance law enforcement operations. However, in our opinion, the purchase, in its entirety, of basic equipment necessary for a police department to function is not an enhancement of law enforcement operations. Rather, it was a replacement of funds required for standard operations. We observed that while the Berwyn PD purchased police vehicles with its own funds during the 1990s, expenditures in recent years did not include this cost.

Because we consider police vehicles to be a basic necessity for a police department, we believe the Berwyn PD’s vehicle purchases with equitable sharing funds and failure to use local funds for this purpose for an extended period of time indicate that supplanting may have occurred. We therefore question the $893,311 spent on the vehicles purchased with equitable sharing funds from FYs 2001 through 2009.

Federal Sharing Agreements and Annual Certification Reports

The Addendum to A Guide to Equitable Sharing, dated March 1998 (March 1998 Addendum), requires that any state or local law enforcement agency that receives forfeited cash, property, or proceeds as a result of a federal forfeiture shall submit a Federal Sharing Agreement and an Annual Certification Report (ACR). The submission of the agreements and reports is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency’s sharing request. We tested compliance with the Federal Sharing Agreement and Annual Certification Report requirements to determine if the required agreements and reports were submitted, complete, accurate, and signed by the appropriate officials.

9 As part of its review of Berwyn’s Single Audits for FYs 2004 and 2005, AFMLS identified one impermissible vehicle transaction in which a vehicle purchased with equitable sharing funds was transferred to the fire department immediately after purchase. The value of this vehicle, $19,694, was repaid to the federal equitable sharing account on July 6, 2009, and no further corrective action is necessary related to this vehicle. Therefore, the total purchase price of the remaining 45 vehicles amounts to $893,311.
Federal Sharing Agreements

Effective October 1, 1996, the Federal Sharing Agreement must be submitted every 3 years on or before October 1. The agreement must be signed by the head of the law enforcement agency and a designated official of the governing body. If a change in administration occurs at the state and local law enforcement agency or its governing body within the 3-year period, the requesting agency must submit a new agreement. By signing the agreement, the signatories agree to be bound by the statutes and guidelines that regulate the equitable sharing program and certify that the law enforcement agency will comply with these guidelines and statutes. The AFMLS provided us with documentation that this was changed in 2009 to an annual requirement and the form was combined with the ACR.

We determined that the Berwyn PD timely submitted the required Federal Sharing Agreements for the 3-year period ending September 30, 2008. This agreement certified that the Berwyn PD was complying with the Equitable Sharing Guide and was properly signed by an authorized representative. Additionally, we noted that when the current Chief of Police was appointed in January 2006, the agreement for the 3-year period ending September 30, 2008, was revised with the new Chief’s signature. At the time of our audit, Berwyn’s FY 2009 was still in process and the report was not yet due to be submitted.10

Annual Certification Reports

The ACR is due 60 days after the close of the requesting agency’s fiscal year and must be signed by the head of the law enforcement agency and a designated official of the local governing body. By signing the report, the signatories certify that the accounting of funds received and spent by the law enforcement agency is accurate and in compliance with the guidelines and statutes that govern the equitable sharing program. In addition, DOJ funds must be reported in a separate row from all other sources of federal forfeiture revenue, such as funds from the Internal Revenue Service.

The Berwyn PD’s ACRs were prepared by the same person who maintains all of the equitable sharing records, and the ACRs were not reviewed for accuracy by anyone else prior to submission. The ACRs for FYs 2006, 2007, and 2008 were complete, timely submitted, and signed by the appropriate officials. However, we identified errors on the ACRs, as follows:

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10 The FY 2009 submission is due to AFMLS on March 2, 2010.
In FY 2006, expenditures from summer youth employment payrolls were not included on the ACR and thus reported expenditures were understated by $17,234.

In FY 2007, interest earned was overstated by $143 because Berwyn PD staff erroneously included a check deposit when totaling the interest amount.

**Property Management**

The Equitable Sharing Guide requires that all participating state and local law enforcement agencies implement standard accounting procedures to track equitably shared revenues and property. According to the Attorney General’s Guidelines on Seized and Forfeited Property, dated July 1990, equipment should be identified and tracked in an accountable property system.

The Berwyn PD maintained separate inventory listings for vehicles, weapons, and laptops. However, we noted that the employees assigned to maintain each inventory listing were also the same employees who created the listing, updated information as necessary, and conducted the periodic physical inventories. While physical inventories had been taken at least annually for all three types of property, and equipment was properly used for law enforcement activities, the Berwyn PD did not observe adequate separation of duties for its property management activities. Various property management responsibilities should be separated among various staff members to ensure that errors and irregularities can be identified in a timely manner.

We reviewed the Berwyn PD’s vehicle inventory listing and found that federal seizures and vehicles purchased using federal funds were properly identified. However, we noted three errors in the Vehicle Identification Numbers (VIN) identified on the inventory list. In all three instances, the VIN on the inventory listing did not match the VIN on the dealership order form or the vehicle itself. All three vehicles were purchased utilizing federal funds. The Berwyn PD provided an updated vehicle inventory that corrected all errors we identified.

We observed that 26 of 64 weapons and 5 of 22 laptops were purchased with equitable sharing funds. While we traced all laptops to the inventory listing, we noted that neither the laptop nor weapons inventory listings identified the items as being purchased with federal funds. Additionally, the weapons inventory listed one weapon, which had been purchased with equitable sharing funds, with an incorrect serial number.
Another weapon was not listed on the inventory. We were unable to confirm whether this unlisted weapon had been purchased with federal funds, and Berwyn PD staff stated that it had been purchased several years ago. An updated weapons inventory listing correcting both recording errors, but not identifying the items as federally purchased, was provided to the OIG. Further, we received an updated laptop inventory listing that identified federally purchased items.

**DAG-71s**

Federal equitable sharing guidelines require that the requesting agency indicate a specific intended purpose for the requested cash or property on the DAG-71. This purpose must be in agreement with the specific law enforcement uses allowable under the Equitable Sharing Guide. In the case of the Berwyn PD, the DAG-71s contained only a generic statement that the funds would be used for “policing activities, training, and law enforcement operations calculated to result in further seizures and forfeitures.” We do not believe that this statement is specific enough to conform to the equitable sharing guidelines. Moreover, we believe the lack of details regarding the use of funds creates an opportunity for funds to be used for impermissible purposes, which may not be detected in a timely manner.

We examined 21 DAG-71s requesting $366,010 from the total $654,681 received between FYs 2007 and April 30, 2009. However, without a specified statement of intended use on its DAG-71s, we could not reconcile the requests with actual expenditures. Further, the Equitable Sharing Guide requires participating agencies to use a consecutive numbering system for DAG-71s and to maintain a complete log of all DAG-71s. The Berwyn PD did not comply with these requirements because staff believed maintaining a file of open and closed DAG-71s was sufficient.

**Single Audit Act Requirements**

The Equitable Sharing Guide requires that the agency follow the Single Audit Act Amendment of 1996 and OMB Circular A-133, which require each non-federal entity that expends a total amount of federal awards equal to or in excess of $500,000 in a fiscal year to have either a Single Audit or a program-specific audit performed for that fiscal year.

We obtained the city of Berwyn’s Single Audits for FY 2004 through 2007. The Single Audits for FYs 2004, 2005, and 2006 were submitted over
10 months, 8 months, and 2 months late, respectively. The FY 2007 Single Audit was submitted within the required timeframe. We confirmed with the city of Berwyn Financial Department that the non-timely Single Audits resulted from the city not submitting its annual audit information on time due to a lack of qualified personnel within the Finance Department. According to the city Finance Director, hiring someone with an accounting background, as well as timely provision of the annual audit information requested by the single auditors, has corrected the untimely submissions.

The single auditors audited the city of Berwyn as a whole (not just the Police Department) and concentrated their efforts on what they considered to be major programs (ones that identified at least $300,000 in expenditures for the fiscal year). In FYs 2004 and 2005, the single auditors considered federal asset forfeiture activity to be a major program and noted numerous issues and internal control weaknesses in the program, as described below:

- Berwyn PD equitable sharing funds were not under the control of the city and the Berwyn PD was possibly not following the city’s required cash receipts and deposit procedures. Excluding summer job payrolls, which came under the city Finance Department in late FY 2006, the remaining equitable sharing expenditures came under the control of the city Finance Department in FY 2008.

- W-2 Forms were not issued for summer jobs program salary payments made with equitable sharing funds. We confirmed with the city Finance Director that W-2s were subsequently issued.

- The Berwyn PD’s spending of equitable sharing funds on community-based programs exceeded the allowable 15 percent of total expenditures. Our review confirmed that the Berwyn PD, upon receiving notice of the issue, took immediate steps to significantly reduce the amount of equitable sharing funds spent on community-based programs.

- Bank reconciliations on the equitable sharing account were not performed in a timely and accurate manner. Both the Berwyn PD and the city Finance Director subsequently implemented procedures to perform and jointly review bank account reconciliations on a monthly basis.

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11 Single Audits are to be submitted 9 months after the end of the entity’s fiscal year.
• A lack of proper month-end closing procedures led to lack of reconciliation with other accounts. Both the Berwyn PD and the city Finance Director subsequently implemented monthly reconciliation and ledger entry review procedures to correct this deficiency.

• Journal entries were not properly supported by appropriate attachments and approvals. We observed that the number of journal entries was reduced once the accounts came under city control for FY 2008.

• Berwyn PD deposit and investment accounts, which included the equitable sharing funds, exceeded FDIC amounts and were therefore under-collateralized and consequently uninsured. During our review, the city Finance Director provided a bank confirmation that additional collateralization had been posted. He also stated that procedures had been implemented and executed on a monthly basis to identify any future instances of under-collateralization.

Additionally, we noted that although the ACRs for FY 2006 and FY 2007 reported Federal Sharing Funds spent as $442,416 and $558,857, respectively, the Single Audits for those periods reported expenditures of only $34,947 and $16,582, respectively. Because the single auditors identified $300,000 as the cut-off point for a major program and reported equitable sharing expenditures fell well below that point, these accounts were not considered for testing in those fiscal years. When we asked the single auditors about this discrepancy, they indicated that the city had not provided adequate information about the equitable sharing expenditures. The city Finance Director indicated this error occurred because at that time, the Berwyn PD operated these funds outside of the city accounting system and they were unaware of the correct dollars expended. This was corrected in FY 2008 when the Berwyn PD equitable sharing account came under city control.

**Internal Controls**

The purpose of internal controls and segregation of duties is to ensure that errors or irregularities are identified and corrected in a timely manner. We observed that the Berwyn PD had components of an adequate control environment, including experienced and qualified officers, active communication among staff and management, and relatively low turnover. However, we noted that within the Berwyn PD there was an inadequate separation of duties as receipt, recording, disbursement, and reporting of equitable sharing funds was handled by one individual. Further, we found
that there is no independent review of the work performed by this person and procurement approvals were seldom documented.

In addition, some of the findings noted previously in this report indicate weaknesses in the Berwyn PD’s internal control system for equitable sharing funds. These weak internal controls include the Berwyn PD’s failure to consecutively number or maintain a log of DAG-71s, the lack of independent review and verification of Annual Certification Reports, and the lack of adequate separation of property management duties.

Views of Responsible Officials

During our review, Berwyn PD officials indicated they were familiar with and possessed a copy of the Equitable Sharing Guide. We discussed the results of our review with Berwyn PD officials throughout the audit and at a formal exit conference. Their comments on specific issues have been included in the appropriate sections of the report.

Recommendations

We recommend that the Assistant Attorney General, Criminal Division:

1. Remedy the $152,634 in questioned costs related to expenditures for impermissible activities and equipment, donations, and unsupported costs.

2. Direct the Berwyn PD to comply with the Equitable Sharing Guide regarding allowable expenditures.

3. Remedy the $893,311 in equitable sharing funds utilized to purchase police department vehicles without using any local funds for this purpose for an extended period of time.

4. Require the Berwyn PD to develop procedures to verify the accuracy of the Annual Certification Report prior to submission.

5. Require the Berwyn PD to identify federally purchased property on its inventory records and develop property management procedures containing adequate separation of recording and inventory functions.

6. Require the Berwyn PD to provide a current, updated weapons inventory identifying federally purchased property.
7. Require the Berwyn PD to include a statement regarding the specific need and use of federal forfeiture funds requests on its DAG-71s.

8. Require the Berwyn PD to comply with the Equitable Sharing Guidelines that require maintenance of a DAG-71 log and that DAG-71s be consecutively numbered upon submission.

9. To ensure that federal forfeiture fund expenditures are accurately reported on the city of Berwyn’s pending Single Audit for FY 2008, require the city Finance Director to confirm that correct information is provided to the single auditors for FYs 2006, 2007, and 2008.

10. Require the Berwyn PD to develop policies and procedures containing adequate separation of duties and internal controls for administration of equitable sharing funds.
OBJECTIVES, SCOPE, AND METHODOLOGY

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

The objectives of the audit were to assess whether equitably shared cash and property received by the requesting agency were accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines. We tested compliance with what we considered to be the most important conditions of the DOJ equitable sharing program. We reviewed laws, regulations, and guidelines governing the accounting for and use of DOJ equitable sharing receipts, including:

- **OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations**, revised June 2003;


- **A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies**, dated March 1994, updated April 2009; and


Unless otherwise stated in our report, the criteria we audit against are contained in these documents.

Our audit concentrated on, but was not limited to, equitable sharing receipts received by the Berwyn PD from January 1, 2006, through April 30, 2009, as well as vehicles purchased from January 1, 2001, through April 30, 2009. We performed audit work mainly at the Berwyn PD’s office located in Berwyn, Illinois, and verified inventory throughout the department. To accomplish the objectives of the audit, we interviewed Berwyn PD officials and examined receipts, interest earned, and expenditures of DOJ equitable sharing funds received by the Berwyn PD.
Due to the significance of questioned costs and supplanting concerns that we identified during our initial audit period of January 1, 2007, through April 30, 2009, we determined that a limited expansion of our scope to include FY 2006 for targeted questioned costs categories was necessary. Additionally, we expanded our scope back to FY 2001 for the purpose of identifying the cost of vehicles purchased using equitable sharing funds.

We confirmed that the Berwyn PD properly accounted for 21 of 40 electronic fund transfers of equitable sharing funds received between January 1, 2006, and April 30, 2009. Including possibly supplanted vehicles, we tested 226 transactions totaling $1,326,143 from the entire period. Judgmental sampling design was applied to obtain broad exposure to numerous facets of the disbursements reviewed, such as dollar amounts and cost categories. This non-statistical sample design does not allow projection of the test results to all disbursements.

We relied on computer-generated data contained in the DOJ Consolidated Asset Tracking System (CATS) for determining equitably shared revenues and property awarded to the Berwyn PD during the audit period. We did not establish the reliability of the data contained in the CATS system as a whole. However, when the data used is viewed in context with other available evidence, we believe the opinions, conclusions, and recommendations included in this report are valid.

Our audit specifically evaluated the Berwyn PD’s compliance with six essential equitable sharing guidelines. The Berwyn PD is a unit of the city of Berwyn, which was included in city-wide audits conducted by Sikich LLP for FYs 2004 through 2007. The results of these audits were reported in the Single Audit Reports obtained from the online Federal Audit Clearing House. The Single Audit Reports were prepared under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor’s assessments, which disclosed various weaknesses and noncompliance issues directly related to the Berwyn PD. We noted that the Single Audit Reports for FYs 2006 and 2007 did not adequately address federal forfeiture funds (see additional discussion under “Single Audit Act Requirements”).

In planning and performing our audit, we considered internal controls established and used by the Berwyn PD over DOJ equitable sharing receipts to accomplish our audit objectives. We did not assess the reliability of the Berwyn PD’s financial management system or internal controls of that system or otherwise assess internal controls and compliance with laws and regulations for the city of Berwyn as a whole.
### SCHEDULE OF DOLLAR-RELATED FINDINGS

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<th>QUESTIONED COSTS</th>
<th>AMOUNT</th>
<th>PAGE</th>
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</thead>
<tbody>
<tr>
<td>Impermissible Community-based Programs</td>
<td>132,866</td>
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</tr>
<tr>
<td>Unallowable Expenditures</td>
<td>6,208</td>
<td>4</td>
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<tr>
<td>Unsupported Expenditures</td>
<td>13,559</td>
<td>4</td>
</tr>
<tr>
<td>Vehicle Supplanting</td>
<td>$893,311</td>
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**TOTAL QUESTIONED COSTS** $1,045,945

**TOTAL DOLLAR-RELATED FINDINGS** $1,045,945

*Questioned Costs* are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.
AUDITEE RESPONSE

BERWYN
POLICE DEPARTMENT

8401 West 31st Street
Berwyn, Illinois 60402-0733
Phone (708) 795-5900
Fax (708) 795-5627 Emergency 9-1-1

Carol S. Taraszka
U.S. Department of Justice
Office of the Inspector General
500 West Madison Street Suite 1121
Chicago Illinois 60661-2590

January 12, 2010

Dear Ms. Taraszka:

We are in receipt of the Draft Report of the Equitable Sharing Audit of the Berwyn Police Department for years 2006 through 2009. We have reviewed the Draft Audit Report, and are prepared to defend/rebut some of the findings outlined in the report.

In the Executive summary, expenditures for impermissible activities and equipment, donations, and unsupported costs in the amount of $152,634 are noted. The report itself indicates that of this amount, $132,866 was expended on "banquets for honor roll students, basketball and cheerleading camps, baseball team (little league) uniforms, silk plants for the police department lobby, youth and toddler bike helmets, and donations to the library and park district(s)". It should be pointed out that these funds were also used for National Night Out against Crime, National Red Ribbon Drug and Alcohol Abuse Education Week, and in support of Operation Snow Ball, a program that works to prevent adolescents from using and abusing drugs and alcohol. Students are chosen after an application and interview process. These students pledge to remain drug and alcohol free for the duration of the school year as a means to better serve their peers and the community as role models and examples.

It further states that $6,208 in allowable expenditures, such as a Sam's Club membership, liquor, and food at meetings not documented by agendas or sign in sheets. Additionally, there is the matter of expenditures totaling $13,559 that do not have supporting documentation. We acknowledge that there were errors and omissions; and steps have been taken to rectify this situation, however, we are confident that these funds were expended for permissible purposes.

The Executive Summary also points out that the City of Berwyn has not budgeted for police cars since FY 2001, and that $833,312 was spent to supplant the budget for police vehicles. In the March, 1994 version of the "Guide to Equitable Sharing of Federally
Forfeited Property for State and Local Law Enforcement Agencies". Section X b states: "Sharing must be used to increase or supplement the resources of the receiving state or local agency or any other ultimate recipient agency. Shared resources shall not be used to replace or supplant the resources of the recipient. In other words, the receiving law enforcement agency must benefit directly from the sharing. If, for example, a police department receives $100,000 in federal sharing money only to have its budget cut $100,000 by the city council, the police department has received no direct benefit whatsoever. Rather, the city as a whole has received the benefit of the equitable sharing. The Department of Justice may terminate sharing with law enforcement agencies that are not permitted by their governing authorities to benefit directly from equitable sharing."

The April, 2009 edition of the "Guide" expands on this in Section VIII B: "...in determining whether supplantation has occurred, the Department of Justice will examine the law enforcement agency’s budget as a whole and allow agencies to use equitable sharing funds for any permissible purpose as long as shared funds increase the entire law enforcement budget." (emphasis added) A simple review of the Berwyn Police Department budgets reveals that the budgets increased, rather than diminished every year. Further, in Section VIII 81 d, the April 2009 edition of the Guide specifically mentions that vehicles, both patrol and surveillance, are permissible purchases. Given these two sections of the Guide to Equitable Sharing, the Berwyn Police Department is not supplanting, and is in compliance with permissible purchases as it regards to vehicles.

Berwyn Police Department Annual Budget 2001 through 2008

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Additionally, the previous audit examined FY 2004 and 2005; this most current audit (covering back to 2001) technically exceeds the records retention requirements based upon the United States Government Accounting Office "Yellow Book".

The "banquets for honor roll students" is actually a small part of a much larger program called "the Best of Berwyn". The Best of Berwyn is a community based program that partners with every school, all three park districts, numerous community organizations and the City of Berwyn to promote outstanding academic performance, community service, high ethical standards, and a drug free/crime free lifestyle among the youth of Berwyn. The Best of Berwyn recognizes outstanding students through a nomination process, judging by community leaders and recognition at a dinner attended by elected officials, community leaders and the nominees' families. The dinner draws approximately 350 people. The Best of Berwyn nominees are incorporated in a year round program that positions the youth at parades, festivals, summer camps, special events and other functions around the city promoting the values of the program. The Best of Berwyn youth are examples for
other youth of the rewards associated with good academics, high ethical standards, community service and leading a crime free/drug free lifestyle. The Best of Berwyn program is in its 9th year, there are approximately 225 Best of Berwyn role models that gather annually for community service projects throughout the City of Berwyn. The cost of the Best of Berwyn program is approximately $16,000.

It is our convention that this program fits the guidelines found in Appendix C of the Guide to Equitable Sharing (April 2009) in that it is community based, a branch of a local government agency, is a component of our anti gang initiative, and helps encourage the students to remain drug free and remain in school. The costs for the program itself are minimal, as compared to the benefit that we enjoy by not having these students engaged in gang/drug related activities. The expenditures for the basketball camps, cheerleading camps, little league baseball teams, library and park district were all made to support programs that have traditionally been used across the United States to keep children occupied and away from the negative influence of street gangs and drug dealers. These programs, athletic, social, or academic in nature, have all been geared toward providing the youth of Berwyn opportunities to become involved in positive things that help these otherwise endangered youths avoid the perils of street gangs and casual narcotics use. The programs have strengthened their minds and bodies, and have helped them develop social skills and learn teamwork. These programs have been well received by the community, and by the young people that have participated. The positive impact of these programs has been considerable, although it is difficult to quantify the crimes that were prevented, the instances of drug use averted, and the tragedies avoided through participation in these programs.

The youth/toddler bike helmets were distributed to children and youths who participated in our bicycle safety rodeo during our National Night Out events. These bike safety rodeos help reinforce basic safety and rules of the road concepts with the children, and help to forge positive relationships between the community and the police department. These types of events help further the goals and objectives of the department, and are consistent with the Guide to Equitable Sharing.

In regards to the $6,208 in unallowable expenditures, the Sam's Club membership was purchased in order to minimize costs associated with the purchase of food items for meetings ranging from Community Crime Prevention/Neighborhood Watch meetings to meetings of the West Suburban Detectives' Association and our Law Enforcement Explorer Scout program, and Department Sponsored Community Presentations. The lone receipt identified by the audit team as having liquor on it was an anomaly, a simple case of human error. A civilian employee of the department had been authorized to make a purchase for a sanctioned event. This subject also made purchases on her own Sam's Club Card for her personal use. When submitting the receipts for the Department purchase, she inadvertently submitted the receipt for her personal purchase. At no time have Equitable Sharing Funds been utilized to purchase alcoholic beverages for any purpose.

The amount of $893,312 as indicated in the Executive Summary and the Audit Report for vehicles purchased between 2001 and 2009 is erroneous. There is no denying that the
City of Berwyn Police Department utilized Equitable Sharing funds for vehicle purchases during the time period stated; however, a significant portion of the amount is, we believe, allowable under the Guide to Equitable Sharing, VIII A, Id. We do not disagree with the contention of the audit team that (patrol) cars are a "basic necessity" for a police department; however, other vehicles, non-traditional, unmarked and specialty vehicles are not necessarily a basic necessity, although they are crucial to narcotics investigations and gang suppression. Initially, we would like to address specialty, unmarked, and non-traditional vehicles purchased from 2006 through 2009. All vehicles will be referred to by the line number as indicated on the attachment titled "Vehicles".

2006

Line # 3 is a Dodge Charger purchased for use as a canine vehicle; Purchase price was $15,797.
Line #28 is a Dodge Magnum purchased for use as a canine vehicle. Purchase price was $24,332.

Total for 2006 $40,129
These vehicles were purchased to implement the Berwyn Police Canine unit; both dogs are Police Service Dogs, certified in narcotics detection. They have been used since the inception of the unit for narcotics searches and currency units.

2007

Line # 45 is a Kawasaki ATV Purchase price was $6,560.23
Line # 46 is a Kawasaki ATV Purchase price was $6,560.23

These vehicles were purchased to afford Berwyn Police personnel the opportunity to more effectively patrol our parkland areas and walking paths, as well as our more congested commercial strips. These vehicles are utilized year round, and also serve as a way to engage the public, and deny formerly secluded and under patrolled areas to the drug dealers/users.

Line # 16 is a Chevy Aveo Purchase price was $10,258.48
Line # 17 is a Chevy Aveo Purchase price was $10,258.48
Line # 18 is a Chevy Aveo Purchase price was $10,258.48
Line # 19 is a Chevy Aveo Purchase price was $10,258.48
Line # 21 is a Chevy Aveo Purchase price was $10,258.48
Line # 22 is a Chevy Aveo Purchase price was $10,258.48
Line # 42 is a Chevy Aveo
was $10,258.48

These 6 non traditional vehicles were purchased for the express purpose of parking and code enforcement; a review of officer's time spent during a normal tour of duty revealed that these types of activities consumed a great deal of time that could otherwise be used for discretionary patrol, of known gang and drug locations or participation in directed missions. Civilians were hired to man these vehicles and free sworn personnel for other enforcement duties.

Line # 40 is a Ford F-450 prisoner transport vehicle
was $66,050

Prior to the purchase of this vehicle, prisoner transport had been conducted by utilizing patrol cars and a multi purpose vehicle with significant safety and environmental issues. The vehicle was NOT purchased entirely through Equitable Sharing Revenues; a grant from the State of Illinois in the amount of $40,000 was used, and the remaining balance of $26,055 was paid by using Sharing funds. The audit team was privy to this information while on site, and received supporting documentation. Consequently, it is our contention that the amount reflected in the audit report as it relates to this piece of equipment should be adjusted accordingly.

Line # 39 is a Dodge Charger
$19,447

Line # 43 is a Dodge Charger
$19,447

Both vehicles were purchased and equipped to provide personnel assigned to our tactical and investigative sections vehicles that would “meld” into the suburban environment in order to afford them effective surveillance platforms.

Line # 44 is a Dodge Magnum
Purchase price $21,467

This vehicle was purchased for a third canine that was added to the unit; this dog is also a full Police Service Dog trained in and used for narcotics and currency sniffs and search warrant operations. Additionally, all three dogs have been used on traffic missions in a “free air sniff” role in an effort to interdict the flow of narcotics and currency.

Line # 35 is a Ford 500 Secan
Purchase price $15,048.48

The need for supervisory oversight and accountability prompted the purchase of this vehicle, which is used by on call command personnel for response to significant and/or critical incidents. This would include responding to search warrants, active shooters, major seizures of currency, narcotics, or both, and joint operations with other agencies.
Review of documents and records within the Berwyn Police Department for vehicles purchased from 2001 to 2005 reveals additional vehicles that would, in our opinion, fall into the specialty, non-traditional category as well. These vehicles are described below.

Line # 4 is a Ford Expedition
$26,521

This vehicle was purchased for the street supervisor, and outfitted for not only mobile command and control, but also serves to carry specialty items of equipment for warrant service and drug detection and crime scene security/processing. This vehicle contains breaching equipment, thermal imaging gear, crime scene lighting as well as interoperable communication equipment.

Line # 29 is a Harley Davidson Motorcycle
$14,247.

Line # 30 is a Harley Davidson Motorcycle
$14,247.

These vehicles were purchased in an effort to afford greater visibility of police personnel to the public, and to help counter a rising trend (at the time) in drug gang related activities within the city.

2005 $35,015

2004

Line # 1 is a Ford Explorer
$ 26,922

This vehicle had been purchased for and assigned to the previous Chief of Police. It was purchased in order to provide the Chief with an emergency vehicle for his 24/7/365 on call status for major/critical incidents in Berwyn and for use in multi jurisdictional operations, including fugitive warrant missions and search warrant service.

2004 $26,922

2003
Line # 2 is a Ford Sedan $22,167

This vehicle is a civilian pattern Crown Victoria used by investigative personnel for covert operations ranging from assisting tactical personnel to surveillance of locations identified as potential robbery targets. Due to the "civilian grill and the full wheel covers, this vehicle is unobtrusive and blends well into the daily traffic within the community.

Line # 10 is a Ford Sedan $22,167

This vehicle is unmarked and outfitted with video equipment for use as a traffic DUI car. This car is also used in concert with tactical units to conduct traffic stops on vehicle that fit the profile of cash/drug courier vehicles transiting the area.

Line # 20 is a Ford Sedan $22,167
Line # 22 is a Ford Sedan $22,167

Utilized by members of the Citizens on Patrol/Neighborhood Watch program, these vehicles are currently utilized by the next generation of Neighborhood Watch, the Volunteers in Police Service. Trained volunteers utilize these vehicles to drive in designated areas in the community acting not only as a deterrent, but as force multipliers for the sworn police officers. These individuals act as additional eyes and ears for our sworn personnel. These vehicles bear distinctive markings indicating that they are in fact Neighborhood Watch patrols.

Line # 25 is a Ford Taurus $14,700

A decidedly "non traditional" police vehicle, this piece of equipment has been extremely useful in narcotics surveillance and interdiction missions.

Line #27 is a Ford 15 Passenger Van $23,564

Purchased for use with our Police Explorer Scout program, this vehicle is used to transport our Explorers to competitions, training sites, parades, and other Explorer events.

2003 $124,932.
2002

Total for
Line # 26 is a Ford van
Purchase price $16,936.08

This Ford panel van was purchased for use by members of the Department’s Evidence Technicians (ET’s) in order to transport specialized evidence gathering equipment and personnel to major crime scenes investigation sites. This vehicle offers the Berwyn Police Department an added edge in the collection of critical evidence which will strengthen the prosecution of the perpetrators of these crimes.

2082 $16,936.08

Total for

It is our belief and contention that the vehicles described above are beyond the normal patrol vehicles; these are vehicles that by their very design and designated purpose are critical to our continued successful anti drug and anti gang efforts. Without these specially and non traditional vehicles, our personnel would be at greater risk as would the general public. These varied vehicles are utilized by trained personnel in missions and operations designed to help stop the flow of drugs into the metropolitan area, and the flow of US currency out of the area and the country. Because of the specified use and purpose of these enumerated vehicles we are submitting that they fall within the Equitable Sharing Guidelines as permissible purposes/purchases.

In an effort to offer historical perspective to the purchase of patrol vehicles with Equitable Sharing Funds, it should be pointed out that in the late 1990s the City of Berwyn was divided into 5 patrol zones (beats). A decision was made to add a patrol zone (beat); in order to obtain a vehicle dedicated to that patrol zone, a member of the Department administration at that time reportedly contacted “someone” at the Asset Forfeiture and Money Laundering Section of the United States Department of Justice and inquired if Equitable Sharing funds could be used to purchase patrol vehicles.

Federal Sharing Agreements and Annual Certification Reports

Steps have been taken with the City Finance Department and Sikich LLP, the city’s auditing firm, to review the documents and we will be filing amended FSA’s and ACR’s going back to 2006 and 2007.

Property Management

Steps have been taken by Police Administration to rectify this situation through segregation of duties and a system of checks and balances.

DA671s

One of the items questioned by the audit team in this category and posted as “(their) our opinion” was the “generic” language for use of the funds; the generic phraseology is necessitated due to the fact that IF funds were seized and the DA671 submitted
indicating a narrowly focused permissible use, there would be no practical accurate
method for tracking those specific funds to ensure that they were used specifically in the
manner described. Prevailing practice among agencies filing DAG 71s, from the Chicago
Police Department, Illinois State Police, Cook County Sheriff's Police and the Drug
Enforcement Administration is to use the same "generic" language on the forms being
submitted.

The matter of not maintaining a DAG71 log has been rectified, and all DAG71s are being
sequentially numbered and entered into an electronic log file.

Single Audit Requirements

Steps have been taken with both the City of Berwyn Finance Department and Sikich
LLP, the audit firm utilized by the City of Berwyn to conduct and prepare the single
audits.

We are currently in receipt of Draft Revised Single Audit Reports for 2006 and 2007 that
will be filed with the Federal Audit Clearing House.

Internal Controls

This issue was addressed prior to the audit by the Police Department and the City Finance
Director.

While procedural errors may have been made by the Berwyn Police Department in
regards to some record keeping matters, the fact remains that the Equitable Sharing Funds
were expended to further the goals of the Department, and that the Department Budget
had not been supplanted through the use of the Equitable Sharing Funds.

It should also be pointed out that while the State of Illinois provides training regarding
the State asset forfeiture law, policy and procedures at least annually, training for Federal
Asset Forfeiture law, policy and procedures has been conspicuous by its absence.

Requests have been made, in the wake of the initial audit, for such training. To the best
of our knowledge, efforts are being made by DOJ to facilitate our request.

Respectfully submitted;

[Signature]
William R. Kushner
Chief of Police
Berwyn Police Department
U.S. DEPARTMENT OF JUSTICE RESPONSE

On January 5, 2010, we provided the Criminal Division Asset Forfeiture and Money Laundering Section (AFMLS) with an official copy of our draft report and offered the AFMLS the opportunity to submit written comments on the report. The AFMLS did not provide us with any written comments.
OFFICE OF THE INSPECTOR GENERAL, AUDIT DIVISION
SUMMARY OF ACTIONS NECESSARY TO RESOLVE REPORT

The Berwyn Police Department and the U.S. Department of Justice Criminal Division were previously furnished with copies of the draft report, along with requests for written comments. The Berwyn Police Department’s response is included in the report as Appendix III and the lack of a response from the Criminal Division is noted in Appendix IV.

Recommendation Number

1. **Unresolved.** The AFMLS did not comment on this recommendation. In its response, the Berwyn PD stated that expenditures for basketball camps, cheerleading camps, little league baseball teams, and the library and park district related to law enforcement because they helped to keep children occupied and away from the negative influence of street gangs and drug dealers. However, no direct connection to law enforcement or drug and crime-prevention education was noted. Additionally, while the Berwyn PD response comments on National Night Out activities, it does not mention that entertainment at the National Night Out, such as a band or fireworks, associated with the event, was also paid for with equitable sharing funds. The Berwyn PD also stated that its Best of Berwyn-related expenses relate to law enforcement because the program promotes outstanding academic performance, community service, high ethical standards, and a drug and crime free lifestyle. However, we noted that on May 5, 2009, the AFMLS rejected the Berwyn PD’s request for funding the Best of Berwyn program because it did not have a sufficient direct connection to law enforcement or drug and crime-prevention education. The AFMLS also requested that funds previously allocated for this impermissible use be returned to the equitable sharing account.

Therefore, this recommendation may be resolved and closed when we receive evidence that the $152,634 in questioned costs related to expenditures for impermissible activities and equipment, donations, and unsupported costs have been remedied.

2. **Unresolved.** The AFMLS and the Berwyn PD did not comment on this recommendation. Therefore, this recommendation may be resolved and closed when we receive evidence that the AFMLS has directed the Berwyn PD to comply with the Equitable Sharing Guide regarding allowable expenditures.
3. **Unresolved.** The AFMLS did not comment on this recommendation. In its response, the Berwyn PD referred to the Government Accountability Office “Yellow Book” for standards regarding record retention. However, we did not take issue with the record retention practices of the Berwyn PD. The Yellow Book provides minimum standards for conducting government audits and does not establish policies and procedures for record retention.

Documents supporting vehicle purchases were in files maintained by the Berwyn PD and were provided to auditors while on site. Moreover, in its response, the Berwyn PD did not disagree with our statement that patrol cars are a basic necessity for a police department. Our report contains our analysis of the Berwyn PD’s use of DOJ equitable sharing funds and our conclusion that the Berwyn PD’s vehicle purchase practices, including its failure to use any local funds for this purpose since FY 2001, may be an indicator of supplanting.

Therefore, this recommendation may be resolved and closed when we receive evidence that the $893,311 in equitable sharing funds utilized to purchase police department vehicles has been remedied. This should include documentation to support the Berwyn PD’s assertion in its response that $40,000 in state grant funds were used for the purchase of a prisoner transport vehicle included in our analysis.

4. **Unresolved.** The AFMLS did not comment on this recommendation. According to the Berwyn PD’s response, its auditing firm will be reviewing documents and the Berwyn PD anticipates submitting amended Annual Certification Reports. Therefore, this recommendation may be resolved and closed when we receive evidence that the Berwyn PD has established procedures to verify the accuracy of its Annual Certification Reports prior to submission.

5. **Unresolved.** The AFMLS did not comment on this recommendation, and the Berwyn PD stated that it is addressing property management weaknesses. Therefore, this recommendation may be resolved and closed when we receive a copy of the procedures developed to ensure that federally purchased property is identified on the Berwyn PD’s inventory records and that an adequate separation of duties for the recording of inventory functions has been established.

6. **Unresolved.** The AFMLS and the Berwyn PD did not comment on this recommendation. Therefore, this recommendation may be resolved and closed when we receive an updated weapons inventory that identifies federally purchased property.
7. **Unresolved.** The AFMLS did not comment on this recommendation. In its response, the Berwyn PD identified several other large, local law enforcement entities that use the same “generic” language on their DAG-71s. Both the 1994 Equitable Sharing Guide and the 2009 Equitable Sharing Guide contain the guidelines agencies must follow to participate in the Equitable Sharing Program. Both of these documents require that agencies list a specific use for equitable sharing funds on their DAG-71 forms. Specifically, the Equitable Sharing Guide states, in part, that a requesting entity must: “Indicate specific intended law enforcement purpose(s) for requested cash, proceeds or tangible property.” The word “specific” is underlined in the Equitable Sharing Guide, leading us to believe that it is especially important to the AFMLS that a requesting entity includes specific rather than generic information on its DAG-71s. In developing our recommendation, we have considered the AFMLS’s own written criteria for the program.

Therefore, this recommendation may be resolved and closed when we are provided evidence that the AFMLS has required the Berwyn PD to identify a specific expected use of federal forfeiture funds on its DAG-71 forms.

8. **Unresolved.** The AFMLS did not comment on this recommendation. According to the response from the Berwyn PD, a sequentially numbered DAG-71 log is now being maintained electronically. Therefore, this recommendation may be resolved and closed when we are provided evidence that the Berwyn PD is now maintaining a DAG-71 log that shows DAG-71s are consecutively numbered upon submission.

9. **Unresolved.** The AFMLS did not comment on this recommendation. Therefore, this recommendation may be resolved and closed when we receive confirmation that the City Finance Director has provided updated information for FYs 2006, 2007, and 2008 to the single auditors. A copy of the amended single audits for those years containing the corrections should be provided.

10. **Unresolved.** The AFMLS did not comment on this recommendation. The Berwyn PD stated that it has addressed its internal control weaknesses. Therefore, this recommendation may be resolved and closed when we receive evidence that the Berwyn PD has developed written policies and procedures containing adequate separation of
duties and internal controls for administration of equitable sharing funds.