



**AUDIT OF MESA COUNTY SHERIFF'S OFFICE
EQUITABLE SHARING PROGRAM ACTIVITIES
GRAND JUNCTION, COLORADO**

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

Audit Report GR-60-12-009
March 2012

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EXECUTIVE SUMMARY¹

The purpose of the Department of Justice (DOJ) asset forfeiture program is to deter crime by depriving criminals of the profits and proceeds of illegal activities while enhancing the cooperation between federal, state, and local law enforcement agencies. State and local law enforcement agencies that participate in the seizure of property and funds may receive a portion of the proceeds, or an equitable share of the forfeiture, to use for law enforcement purposes. The Criminal Division's Asset Forfeiture and Money Laundering Section (AFMLS) oversees the DOJ asset forfeiture program.

The Department of Justice, Office of the Inspector General conducted an audit of the Mesa County Sheriff's Office (MCSO) participation in the DOJ asset forfeiture program during the MCSO's fiscal years 2009 and 2010. During the audit period, the MCSO received over \$1,872,998 in equitable sharing proceeds and assets and spent \$900,734 in equitable sharing funds. The audit found that the MCSO primarily spent these monies to enhance and support law enforcement capabilities of the MCSO and task force member agencies.² However, we found weaknesses with allowability of purchases made with equitable sharing funds, recordkeeping related to equitable sharing requests and expenditures, and reconciliation of equitable sharing funds requested with those received. We identified \$64,516 in questioned costs related to expenditures we consider unallowable under program guidelines and \$22,238 in questioned costs related to expenditures that lacked adequate supporting documentation. We found one expenditure in the amount of \$8,402 to be both unallowable and unsupported; as a result, total questioned costs in this audit were reduced accordingly to \$78,351.³ This audit provided the following recommendations to the Criminal Division, which oversees the use of equitable sharing funds by recipients.

¹ The Mesa County Sheriff's Office response to this report contains limited information that may be protected by the Privacy Act of 1974, 5 U.S.C. § 552(a), may implicate the privacy rights of identified individuals, or may be law enforcement sensitive. Therefore, the Office of the Inspector General redacted such portions of the full report response to create this public version of the report.

² Task force member agencies included the Drug Enforcement Administration (DEA), City of Palisade Police Department, and Grand Junction Police Department; equitable sharing committee members included leadership of those agencies as well as the Fruita Police Department, Colorado State Patrol, and Mesa County District Attorney's Office.

³ Throughout this report, differences in total amounts are due to rounding.

- Ensure that the MCSO periodically reconciles the equitable sharing funds requested and the corresponding amount received.
- Ensure that the MCSO retains copies of submitted DAG-71 equitable sharing request forms.
- Ensure that the MCSO follows the *Guide* to verify allowability of expenditures.
- Ensure that the MCSO retains adequate documentation for all equitable sharing expenditures.
- Remedy the \$64,516 in questioned costs due to five expenditures that were unallowable per the *Guide*.
- Remedy the \$22,238 in questioned costs as a result of five expenditures that lacked adequate supporting documentation.

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INTRODUCTION

The Department of Justice (DOJ), Office of the Inspector General (OIG) audited the monitoring and use of DOJ equitable sharing funds by the Mesa County Sheriff's Office (MCSO) in Grand Junction, Colorado. The audit covered MCSO's fiscal years (FY) 2009 and 2010, beginning on January 1, 2009, and ending on December 31, 2010. During that period, the MCSO received \$1,872,998 in proceeds and assets as a participant in the DOJ equitable sharing program.

DOJ Equitable Sharing Program

Because asset forfeiture deprives criminals of the profits and proceeds derived from their illegal activities, it is one of the most powerful tools available to law enforcement agencies. A key element of the DOJ's asset forfeiture initiative is the equitable sharing program, whereby the DOJ and its components share a portion of federally forfeited cash, property, and proceeds with state and local law enforcement agencies.¹

State and local law enforcement agencies receive equitable sharing funds by participating directly with DOJ agencies on investigations that lead to the seizure and forfeiture of property. Once an investigation is completed and the seized assets are forfeited, the assisting state and local law enforcement agencies can request a share of the forfeited assets or a percentage of the proceeds derived from the sale of forfeited assets. Generally, the degree of a state or local agency's direct participation in an investigation determines the amount or percentage of funds shared with that agency.

Three DOJ components work together to administer the equitable sharing program – the U.S. Marshals Service (USMS), the Justice Management Division's Asset Forfeiture Management Staff (AFMS), and the Criminal Division's Asset Forfeiture and Money Laundering Section (AFMLS). The USMS is responsible for transferring asset forfeiture funds from the DOJ to the receiving state or local agency. The AFMS manages the Consolidated Asset Tracking System (CATS), a database used to track federally seized assets throughout the forfeiture life-cycle. Finally, AFMLS tracks membership of state and local participants, updates the equitable sharing program rules and

¹ Federal asset forfeiture programs are also administered by the U.S. Department of the Treasury.

policies, and monitors the allocation and use of equitably shared funds.

To request a share of seized assets, a state or local law enforcement agency must first become a member of the DOJ equitable sharing program. Agencies can become members of the program by signing and submitting an annual equitable sharing agreement and certification form to AFMLS. As part of each annual agreement, officials of participating agencies certify that they will use equitable sharing funds for law enforcement purposes.

Mesa County Sheriff's Office

Mesa County is located on the western border of Colorado, 250 miles west of Denver. Mesa County has a population of nearly 148,000 people in a 3,309 square mile region. More than 70 percent of the county is comprised of public lands controlled by the U.S. Forest Service and Bureau of Land Management. Grand Junction is the county seat of Mesa County and is the largest city between Denver and Salt Lake City, Utah.

Mesa County has experienced an economic downturn in recent years. A Denver Post article from Thursday, August 11, 2011, cited a U.S. Bureau of Economic Analysis report when stating "Grand Junction suffered the biggest decline of personal incomes last year of any metro area in the country." Due to drops in the oil and gas and construction industries in Mesa County, personal incomes in Grand Junction fell 0.9 percent in 2010, the largest drop of 366 cities and 1 of only 4 cities that showed a decline in 2010. Nationwide, personal incomes in all U.S. cities rose 2.9 percent in 2010, with an average Colorado increase of 2.8 percent.

The MCSO is a department of Mesa County. The MCSO is a member of a regional task force with the Drug Enforcement Administration (DEA) and other local law enforcement agencies. A seven member committee made up of local law enforcement leadership and a DEA official oversees equitable sharing for the task force. Requests for expenditures were submitted to the committee by task force members, and majority approval by the committee was required for expenditures. Equitable sharing requests were submitted by a task force officer and receipts were deposited into a bank account held by MCSO; the MCSO asset forfeiture account served as the clearinghouse for task force equitable sharing receipts. Because the MCSO maintained accounting records, documentation of receipts and expenditures, and the bank account for equitable sharing, and MCSO officials signed and submitted the annual certifications, we conducted the audit of the MCSO rather than the task force. As of the audit period, asset forfeitures resulting from task force investigations were the MCSO's primary source of DOJ asset forfeiture funds. MCSO also

received asset forfeiture funds from the Treasury Department and through local (non-federal) seizures.

OIG Audit Approach

We tested compliance with what we considered to be the most important conditions of the DOJ equitable sharing program. Unless otherwise stated, we applied the *Guide to Equitable Sharing for State and Local Law Enforcement Agencies (Guide)*, issued by AFMLS in 2009, as our primary criteria. The *Guide* outlines procedures for submitting sharing requests and discusses proper use and accounting for equitable sharing assets.

To conduct the audit, we tested the MCSO's compliance with the following three aspects of the DOJ equitable sharing program:

- **Federal Sharing Agreements and Certification Forms** to determine if these documents were complete and accurate.
- **Accounting for equitable sharing receipts** to determine whether standard accounting procedures were used to track equitable sharing assets.
- **Use of equitable sharing funds** to determine if equitable sharing cash was used for law enforcement purposes.

See Appendix II for more information on our objectives, scope, and methodology.

FINDINGS AND RECOMMENDATIONS

Our audit found the MCSO submitted federal sharing agreements and certification reports on time and adequately recorded receipts and expenditures. However, the MCSO did not retain copies of submitted equitable sharing requests and did not periodically reconcile equitable sharing funds requested with those funds received. MCSO and task force officials were not aware of specific *Guide* requirements. One property asset received and in use by MCSO personnel was not recorded in inventory. This audit also identified \$64,516 in expenditures that were not allowable under DOJ equitable sharing guidelines and \$22,238 in expenditures that lacked adequate supporting documentation.

Federal Sharing Agreements and Certification Forms

The *Guide* requires that participants submit an annual certification report (certification) 60 days after the close of the participating agency's fiscal year (FY). According to the *Guide*, the head of the law enforcement agency and a designated official of the local governing body must sign each certification. By signing the report, signatories certify their agency's compliance with statutes and guidelines that govern the equitable sharing program. We reviewed MCSO certifications submitted for FYs 2009 and 2010 and found the certifications were complete, submitted timely, and signed by appropriate officials.

To verify the total amount of equitable sharing funds received, we compared the receipts listed on the certifications to the total amount listed as disbursed on the AFMLS Consolidated Asset Tracking System (CATS) reports. For the audited period, this comparison showed that the amounts listed in the MCSO certifications matched the amounts listed in the CATS report for 2009 but did not match for 2010, as shown in Table 1. We determined the \$16,699 difference in 2010 occurred because the certification report for 2010 did not require law enforcement agencies to provide valuation information for assets received, which had been required in the 2009 certification. However, on the 2010 certification, MCSO provided a description of the asset that matched the description of the asset on the CATS report.

TABLE 1: RECEIPTS COMPARISON

| YEAR | RECEIPTS PER CERTIFICATION | DISBURSEMENTS PER CATS REPORT | DIFFERENCE |
|-------------------|---------------------------------------|--|-------------------|
| 2009 | | | |
| Cash | \$839,502 | \$839,502 | - |
| Assets | \$40,012 | \$40,012 | - |
| <i>2009 Total</i> | <i>\$879,513</i> | <i>\$879,513</i> | <i>-</i> |
| 2010 | | | |
| Cash | \$976,786 | \$976,786 | - |
| Assets | - | \$16,699 | \$16,699 |
| <i>2010 Total</i> | <i>\$976,786</i> | <i>\$993,485</i> | <i>\$16,699</i> |
| Total | \$1,856,299 | \$1,872,998 | \$16,699 |

Source: AFMLS and MCSO

To verify the total expenditures listed on the certification, we analyzed MCSO accounting records. We noted the total expenditures of \$900,734 reported on the accounting records matched the \$900,734 in expenditures listed on the certification, as shown by Table 2.

TABLE 2: EXPENDITURE COMPARISON

| YEAR | EXPENDITURES PER CERTIFICATION | EXPENDITURES PER MCSO ACCOUNTING RECORDS | DIFFERENCE |
|--------------|---|---|-------------------|
| 2009 | \$210,785 | \$210,785 | - |
| 2010 | \$689,948 | \$689,948 | - |
| Total | \$900,734 | \$900,734 | - |

Source: AFMLS and MCSO

Accounting for Equitable Sharing Receipts

The *Guide* requires that law enforcement agencies use standard accounting procedures to track equitable sharing program receipts. Participating agencies should maintain a log of all sharing requests that consecutively number the requests while listing the seizure type, seizure amount, share amount requested, amount received, and date received for each request.² Since the amount actually received may differ from the amount initially requested, receiving agencies should periodically update the log to ensure accurate recordkeeping. The *Guide* also requires requesting agencies to maintain copies of DAG-71 equitable sharing request forms.³

We reviewed how the MCSO requested and tracked DOJ equitable sharing receipts. When an asset was seized, an officer serving on the task force prepared a form requesting a portion of the forfeiture. Each request form was signed and certified by the officer and a representative from the Mesa County District Attorney's Office. To facilitate the request, the task force officer worked in conjunction with a local DEA official.

After the requested assets went through legal proceedings and were forfeited, the USMS disbursed the assets or proceeds from the sale of a forfeiture to the MCSO. The MCSO received all receipts via Electronic Fund Transfers (EFT), and MCSO officials were notified by email that funds were deposited into the MCSO's equitable sharing bank account.

Although the MCSO separated the requesting and accounting functions with regard to its equitable sharing receipts, neither task force officials nor MCSO personnel retained copies of DAG-71 equitable sharing request forms, monitored the status of equitable sharing requests, or periodically reconciled asset forfeiture funds received with funds actually requested. Task force officials stated they had no knowledge of the *Guide* requirement to retain documents. Without retention, monitoring, and periodic reconciliation of request forms, we believe the MCSO could not ensure that it had received and accounted for all equitable sharing funds properly. Therefore, we recommend that the Criminal Division ensure that the MCSO, in accordance with equitable sharing guidelines: (1) maintains copies of all DAG-71 equitable sharing request forms submitted; (2) monitors the status of equitable sharing requests; and (3) periodically reconciles the requests for DOJ asset forfeiture

² Under AFMLS rules in effect during the audit period, a law enforcement agency was required to submit separate share requests on form number DAG-71, "Application for Transfer of Federally Forfeited Property" for each shared asset request.

³ There was not an electronic filing system for submission of DAG-71 forms in the scope of this audit; the MCSO submitted all DAG-71s on paper.

funds with the EFT receipts to ensure the MCSO receives requested funds and accurate records are maintained by MCSO.

From January 2009 through December 2010, the CATS reports recorded 65 equitable sharing receipts totaling \$1,872,998 for the MCSO, as shown in Table 3. Those receipts included five pieces of property that were received through equitable sharing, all vehicles. We physically verified the existence of all five vehicles and MCSO officials stated that each was in use by MCSO personnel; we determined all five vehicles were being used for permissible law enforcement uses under the *Guide*. We reviewed MCSO inventory records and determined that four of the five vehicles were recorded. MCSO officials provided us an email on September 19, 2011, stating that the fifth vehicle had not yet been added to inventory records because a receipt for a payment to release a lien had not yet been received from Mesa County. However, we noted during fieldwork that the vehicle was being used by MCSO personnel. Further, our review of MCSO records indicated that the USMS had approved equitable sharing of the property on November 10, 2010, and the lien payment had been made with equitable sharing funds on December 31, 2010; therefore, at the time of the MCSO email, ten months had passed since the vehicle was received and nine months had passed since the lien was paid, without the vehicle being recorded in MCSO inventory records.

TABLE 3: MCSO RECEIPTS IN FYS 2009 THROUGH 2010

| MESA COUNTY FISCAL YEAR | PROCEEDS | PROPERTY | TOTAL |
|----------------------------|--------------------|-----------------|--------------------|
| 2009 | \$839,502 | \$40,012 | \$879,513 |
| 2010 | \$976,786 | \$16,699 | \$993,485 |
| Total | \$1,816,288 | \$56,711 | \$1,872,998 |

Source: AFMLS and MCSO

We reconciled the MCSO's equitable sharing receipts stated in the CATS report with the receipts in the EFT log and found the receipt amounts matched. As shown by Table 4, we sampled the five highest receipts from FYS 2009 and 2010, totaling \$1,173,132, to ensure these monies were properly deposited and timely recorded. Our testing determined that the MCSO accurately recorded its asset forfeiture receipts.

TABLE 4: MCSO SAMPLED RECEIPTS IN FYs 2009-2010

| Sample Count | Date Received Per USMS EFT Log | Date Received Per Mesa County Records | Amount Received |
|--------------|--------------------------------|---------------------------------------|--------------------|
| 1 | 01/29/2009 | 01/29/2009 | \$179,076 |
| 2 | 06/25/2009 | 06/25/2009 | \$271,626 |
| 3 | 07/28/2010 | 07/28/2010 | \$81,335 |
| 4 | 08/26/2010 | 08/26/2010 | \$98,708 |
| 5 | 10/26/2010 | 10/26/2010 | \$542,387 |
| TOTAL | | | \$1,173,132 |

Source: USMS and MCSO

Use of Equitable Sharing Funds

As summarized in Table 5, the *Guide* outlines categories of allowable and unallowable uses for equitable sharing funds.

TABLE 5: SUMMARY OF ALLOWABLE AND UNALLOWABLE USES FOR EQUITABLE SHARING FUNDS

| ALLOWABLE USES | UNALLOWABLE USES |
|--|---|
| Activities calculated to enhance future investigations | Salaries for existing positions |
| Salaries paid for first-year law enforcement personnel and overtime for officers and investigators | Non-law enforcement use of tangible property and expenses |
| Law enforcement training, equipment, travel and transportation, awards and memorials, and operations support | Non-official, improper, or illegal uses |
| Law enforcement and detention facilities | Education related costs, unless necessary to performance of official law enforcement duties |
| Drug and gang education and awareness program operation | Extravagant expenses |
| Asset accounting and tracking expenses | Construction, improvement, or expansion of facilities without prior approval by AFMLS |
| Support of eligible community based programs through direct purchase of supplies, equipment, and/or services | Cash transfers or donations to community-based programs |

Source: AFMLS

According to the *Guide*, participating agencies should generally use equitable sharing funds for law enforcement purposes. Under certain circumstances, however, up to 15 percent of equitable sharing revenues may be used to pay for drug abuse rehabilitation, drug and crime prevention efforts, housing and job skills programs, or other nonprofit community-based

activities. However, the *Guide* requires that the participating agency directly purchase supplies, equipment, and/or services for eligible programs, or reimburse such programs for eligible expenditures with a valid, itemized receipt; cash transfers to community-based programs are not permitted.

As stated previously, MCSO was a member of a regional task force with the DEA and other local law enforcement agencies, and the MCSO equitable sharing account acted as a clearinghouse for task force equitable sharing receipts. A seven member committee of task force agency leadership decided how to use asset forfeiture funds, based on an application and approval process. For each proposed expenditure, the recipient agency provided an application to the task force committee. The committee met monthly to review applications and, through majority vote, approved or denied the application or requested more information. While the committee considered each application prior to approval of expenditures, MCSO officials stated that task force committee members were not aware of specific guidelines for allowability of equitable sharing expenditures and did not refer to the *Guide* when deciding on approval of expenditures.

The MCSO spent a total of \$900,734 in equitable sharing funds during the audit period to obtain items including covert equipment for undercover officers, SWAT equipment, vehicles, training equipment, Tasers, radio equipment, training and conferences, and firearms.

To assess whether expenditures were allowable under equitable sharing guidelines, we judgmentally sampled 34 expenditures totaling \$759,030.⁴ The sample included high-dollar expenditures and expenditures for items we selected based on potential for impermissible or improper use.

Using our sample, we reviewed inventory records for tangible items purchased with equitable sharing funds. Because equitable sharing funds were used to purchase items for task force members, we reviewed inventory records related to the sample expenditures for MCSO and the Grand Junction Police Department. For both agencies, we found items purchased were appropriately recorded as inventory, with the exception of a hostage negotiator phone that was purchased for \$5,000 and used by the MCSO SWAT team. We determined the expenditure for the phone was properly recorded in MCSO accounting records, but MCSO officials were unable to provide us with the inventory record for this piece of equipment. We also requested and received property confirmation letters for radios purchased for the City of Fruita Police Department, Grand Junction Police Department, and Palisade

⁴ Appendix III includes our sample of items MCSO purchased with equitable sharing funds during the audit period.

Police Department. Our review of inventory records for the sample did not reveal any other exceptions.

However, our review of MCSO equitable sharing expenditures identified six expenditures that we do not consider to be permissible law enforcement uses as defined by the *Guide*.⁵ The questionable expenditures include a 2009 expenditure of \$2,797 for courtroom projectors, \$8,402 for attorney attendance at a 2009 Colorado District Attorney Council conference, a 2010 expenditure of \$4,970 for office scanner equipment,⁶ and \$550 for grand jury pay in 2010 for the Mesa County District Attorney's Office; a 2010 donation of \$48,000 to a community-based nonprofit organization for improvements to the organization's facility; and a \$4,767 expenditure in 2010 for an anti-bullying program at a local school. Because these expenditures were not related to permissible law enforcement uses, we do not consider the costs to be allowable equitable sharing program expenses and we question the total amount of \$64,516 as unallowable under equitable sharing guidelines. We recommend that the Criminal Division remedy the \$64,516 associated with these unallowable expenditures.

In our review of the 34 sampled equitable sharing expenditures, we found the MCSO generally maintained documents that adequately supported each tested transaction; however, our review of MCSO equitable sharing expenditures identified five expenditures that did not have adequate supporting documentation. The unsupported expenditures include \$8,402 for the Colorado District Attorney Council conference attended in 2009 by 20 attorneys from the Mesa County District Attorney's Office, which included lodging reservations made in one name for 24 adults in 16 bedrooms at six condos at Keystone ski resort, but was missing an attendee roster and conference registration forms, and was also found to be an unallowable expenditure above; a 2009 expenditure for \$1,500 that included \$292 in unsupported per diem expenses for an exchange program with Romanian law enforcement officers; \$5,664 and \$5,879 for law enforcement academy scholarships awarded in 2010, in which MCSO officials stated the application forms had been shredded by the academy, preventing us from identifying the scholarship recipients; and \$2,000 for a 2010 law enforcement conference in which MCSO officials stated the attendee roster and registration forms had been destroyed, which prevented us from verifying the expenditure. These unsupported expenditures led us to question the amount of \$22,238 as unsupported. Therefore, we recommend that the Criminal Division remedy the \$22,238 in questioned costs related to expenditures that lacked adequate supporting documentation.

⁵ Appendix I lists unallowable and unsupported expenditures.

We note that the unsupported expenditure for attorney training for the Mesa County District Attorney's Office, in the amount of \$8,402, was also found to be unallowable under equitable sharing guidelines. Therefore, while unallowable expenditures totaled \$64,516 and unsupported expenditures totaled \$22,238, total questioned costs in this audit were \$78,351, as shown in Appendix I.

Recommendations

We recommend that the Criminal Division:

1. Ensure the MCSO periodically reconciles the equitable sharing funds requested and the corresponding amount received.
2. Ensure that the MCSO retains copies of submitted DAG-71 equitable sharing request forms.
3. Ensure the MCSO follows the *Guide* to verify allowability of expenditures.
4. Ensure that the MCSO retains complete documentation to support all equitable sharing expenditures.
5. Remedy the \$64,516 in questioned costs due to five expenditures that were unallowable per the *Guide*.
6. Remedy the \$22,238 in questioned costs due to five unsupported expenditures.

APPENDIX I

SCHEDULE OF DOLLAR-RELATED FINDINGS

| QUESTIONED COSTS:⁷ | <u>AMOUNT</u> | <u>PAGE</u> |
|--|----------------------|--------------------|
| <i>Unallowable Expenditures:</i> | | |
| Media equipment purchased for courtroom use by the Mesa County District Attorney's Office | \$2,797 | 10 |
| Conference attendance for attorneys for the Mesa County District Attorney's Office (as noted below, also an unsupported expenditure) | \$8,402 | 10 |
| Grand jury pay for the Mesa County District Attorney's Office | \$550 | 10 |
| Donation to community-based nonprofit organization for building improvements | \$48,000 | 10 |
| Anti-bullying program at local school district | \$4,767 | 10 |
| <i>Unsupported Expenditures:</i> | | |
| Conference attendance for attorneys for the Mesa County District Attorney's Office (as noted above, also an unallowable expenditure) | \$8,402 | 10 |
| Law enforcement exchange with Romanian law enforcement officers | \$292 | 10 |
| Law enforcement academy scholarship | \$5,664 | 10 |
| Law enforcement academy scholarship | \$5,879 | 10 |
| Law enforcement conference | \$2,000 | 10 |
| Total Questioned Costs:⁸ | \$78,351 | |
| TOTAL DOLLAR RELATED FINDINGS: | \$78,351 | |

⁷ Questioned Costs are monies spent that, at the time of the audit, do not comply with legal requirements, or are unsupported, unnecessary, or unreasonable. They can be recoverable or non-recoverable.

⁸ The unsupported expenditure for conference attendance for the Mesa County District Attorney's Office, in the amount of \$8,402, was also found to be unallowable under equitable sharing guidelines. Therefore, while unallowable expenditures totaled \$64,516 and unsupported expenditures totaled \$22,238, total questioned costs in this audit were \$78,351.

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.

Objective

The objective of the audit was to assess whether the Mesa County Sheriff's Office (MCSO) accounted for equitable sharing funds properly and used such revenues for allowable purposes defined by applicable guidelines. We tested compliance with what we considered were the most important conditions of the Department of Justice's (DOJ) equitable sharing program. We reviewed laws, regulations, and guidelines governing the accounting for and use of DOJ equitable sharing receipts, including:

- *A Guide to Equitable Sharing for State and Local Law Enforcement Agencies*, dated April 2009 and
- *Circular No. A-133*, setting standards for audits of States, local governments, and non-profit organizations expending Federal awards, dated June 27, 2003.

Unless otherwise stated in our report, the criteria used during the audit were contained in these documents.

Scope and Methodology

Our audit concentrated on, but was not limited to, equitable sharing receipts received by the MCSO during the agency's fiscal years (FY) 2009 and 2010, covering the period from January 1, 2009, to December 31, 2010. The U.S. Department of the Treasury administers a similar equitable sharing program; we determined MCSO separately tracked equitable sharing revenues received through the Treasury program. Our audit reviewed equitable sharing revenues received through only the DOJ equitable sharing program.

During FYs 2009 and 2010, MCSO had 65 receipts totaling \$1,872,998. We tested a judgmental sample of 5 receipts totaling \$1,173,132. During the audited period, there were 66 expenditures totaling \$900,734. We selected a

judgmental sample of 34 expenditures for testing, totaling \$759,030. A judgmental sampling design was applied to obtain broad exposure to numerous facets of the disbursements reviewed, such as dollar amounts. This non-statistical sample design does not allow projection of the test results to all expenditures.

We performed audit work at the MCSO headquarters in Grand Junction, Colorado. To accomplish the objectives of the audit, we interviewed MCSO officials and examined records, related revenues, and equitable sharing revenues and expenditures. In addition, 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 MCSO 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 we relied upon 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 MCSO compliance with three essential equitable sharing guidelines: (1) Federal Sharing Agreements and Annual Certification Reports, (2) accounting for equitable sharing receipts, and (3) use of equitable sharing funds. In planning and performing our audit, we considered internal controls established and used by the MCSO and Mesa County over DOJ equitable sharing receipts to accomplish our audit objectives. However, we did not assess the MCSO or Mesa County financial management system reliability, internal controls, or whether it, as a whole, complied with laws and regulations.

Our audit included an evaluation of the MCSO, a unit of Mesa County, which was included in Single Audit Reports for Mesa County for 2009 and 2010. 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 no control weaknesses or significant noncompliance issues related specifically to Mesa County or MCSO management or administration of equitable sharing funds or DOJ grant funds.

APPENDIX III

SUMMARY OF TESTED EQUITABLE SHARING PURCHASES

| ITEM NO. | EXPENDITURE DESCRIPTION | PERMISSIBILITY | LAW ENFORCEMENT PURPOSE | AMOUNT OF EXPENDITURE |
|-----------------|--|--------------------------------|--------------------------------|------------------------------|
| 1 | Technology - Court Room | No | N/A | 2,797 |
| 2 | Night Vision | Yes | Equipment | 35,541 |
| 3 | Peace Officer Conference | Yes | Training | 500 |
| 4 | Scholarship Academy | Yes | Training | 6,243 |
| 5 | DA Training | No, and unsupported | N/A | 8,402 |
| 6 | CIT Training Program | Yes | Training | 8,165 |
| 7 | Exchange Students | Yes, but partially unsupported | Training | 1,500 |
| 8 | GPS Units | Yes | Equipment | 17,491 |
| 9 | CDIA Conference | Yes | Training | 13,270 |
| 10 | Court Service Rifles | Yes | Equipment | 4,361 |
| 11 | Court Service Rifles | Yes | Equipment | 11,987 |
| 12 | Thunderjet Boats | Yes | Equipment | 37,399 |
| 13 | Academy Scholarship | Yes, but unsupported | Training | 5,664 |
| 14 | WSCC's Energy Improvement Project | No | N/A | 48,000 |
| 15 | Hostage Negotiator Phone | Yes | Equipment | 5,000 |
| 16 | DTR Radio Conversion | Yes | Equipment | 100,000 |
| 17 | 800 MHZ Radio Tower | Yes | Equipment | 200,000 |
| 18 | Tasers | Yes | Equipment | 61,793 |
| 19 | Leadership, Legal Issues & Ethics Training | Yes | Training | 9,500 |
| 20 | Honor Guard Uniforms | Yes | Equipment | 2,501 |
| 21 | Post Scholarship | Yes, but unsupported | Training | 5,879 |
| 22 | CDIA Conference | Yes | Training | 11,460 |
| 23 | DTR Handheld Radios for Palisade & Fruita PD's | Yes | Equipment | 27,256 |
| 24 | WCPOA Conference | Yes | Training | 1,700 |
| 25 | Grand Jury Expenses | No | N/A | 550 |
| 26 | Scanners | Yes | Equipment | 4,970 |

| ITEM NO. | EXPENDITURE DESCRIPTION | PERMISSIBILITY | LAW ENFORCEMENT PURPOSE | AMOUNT OF EXPENDITURE |
|-----------------|--|-----------------------|--------------------------------|------------------------------|
| 27 | CDIA Conference | Yes | Training | 200 |
| 28 | Bomb Vehicle | Yes | Equipment | 38,741 |
| 29 | Portable & Mobile Radios | Yes | Equipment | 48,702 |
| 30 | Radio Equipment for Communication Vehicle | Yes | Equipment | 26,757 |
| 31 | Equipment for Reality Based Training | Yes | Equipment | 5,182 |
| 32 | Spring WCPOA Conference | Yes, but unsupported | Training | 2,000 |
| 33 | Rachel's Challenge Presentation | No | N/A | 4,767 |
| 34 | CSP - Managing Property & Evidence Room Training | Yes | Training | 750 |
| TOTAL | | | | \$759,030 |

Source: AFMLS and MCSC0

**MESA COUNTY SHERIFF'S OFFICE
RESPONSE TO THE DRAFT REPORT**

Mesa County Sheriff's Office

Sheriff Stan Hilkey

215 Rice Street
P.O. Box 20,000
Grand Junction, Co. 81502

970-244-3500 Phone
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www.sheriff.mesacounty.us



February 27, 2012

Mr. David M. Sheeren, Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
1120 Lincoln, Suite 1500
Denver, Colorado 80203

Dear Mr. Sheeren:

Enclosed is the 21st Judicial District Seizure Board's response to the recent Department of Justice Equitable Sharing Program audit.

We appreciated the audit process and agree with several findings. As indicated, we have changed some of our documentation and accountability procedures to comply with audit findings. Several of our crafted responses disagree with audit outcomes, primarily due to definition interpretation differences. Additionally included is documentation for several audit findings which were not available during the audit process. We would hope that those affected areas will change with the submission of the documentation.

Please let us know if you have questions or require additional follow-up.

Thank you.

Rebecca Spiess
Undersheriff

A handwritten signature in black ink, appearing to read "Rebecca Spiess".

Enclosure: As stated

cc: Criminal Division

**DEPARTMENT OF JUSTICE
AUDIT OF MESA COUNTY LAW ENFORCEMENT EQUITABLE SHARING PROGRAM
FOR YEARS ENDING IN DECEMBER 31, 2009 AND DECEMBER 31, 2010**

| FINDING | AGENCY | AMOUNT | EXPENDITURE | AGREE / DISAGREE | IMPLEMENT DATE | RESPONSE |
|---------|------------------|---------|-----------------------------------|------------------|----------------|--|
| 1 | N/A | N/A | N/A | Agree | 3/1/2012 | The Mesa County Fiscal Manager will be responsible for reconciling the equitable sharing funds requested with the corresponding amount received. A spreadsheet will be built tracking all of the DAG-71s submitted to the Department of Justice. When MCSO receives notification that an Equitable Sharing Payment has been received, it will be noted on the spreadsheet. Furthermore a copy of the notice of electronic wire, will be stapled to the corresponding DAG-71. |
| 2 | N/A | N/A | N/A | Agree | 2/1/2012 | The Mesa County Sheriff's Office Lt/Sgt of the Drug Task Force will be responsible for maintaining copies of the DAG-71. |
| 3 | N/A | N/A | N/A | Agree | 2/6/2012 | All Mesa County Law Enforcement Board Members were given a copy of the Guide to Equitable Sharing on February 6, 2012. All new requests will be reviewed by the Fiscal Manager to ensure that the request is permissible according to the Guide. It will be noted where in the Guide the item is permissible on the request form. |
| 4 | N/A | N/A | N/A | Agree | 3/1/2012 | Whenever possible no request will be paid without the proper supporting documentation. The MCSO Fiscal Manager will be responsible for review of the documentation prior to payment. Occasionally a request, such as a training that is being held by one of the agencies, is paid in advance. In such case the MCSO Fiscal Manager will be responsible for obtaining the documentation when available. |
| 5(a) | 21st DA Judicial | \$2,796 | Equipment for Courtroom | Disagree | N/A | This transaction was made to support the Law Enforcement activities of the District Attorney. Page 3 of the Guide to Equitable Sharing states: "Typically, a law enforcement agency will include city, district, local, county or state police, sheriff, or highway patrol departments, and state or local prosecutors' offices." Furthermore the Colorado Revised Statute also defines the District Attorney's Office as part of Law Enforcement in C.R.S. 16-2.5-101(3) and C.R.S. 16-2.5-132. Additionally on page 17, (2d) of the Guide <u>law enforcement equipment</u> is a permissible use of the funds. |
| 5(b) | 21st DA Judicial | \$8,402 | Conference attended by DA's staff | Disagree | N/A | This transaction was made to support the Law Enforcement activities of the District Attorney. Page 3 of the Guide to Equitable Sharing, states: "Typically, a law enforcement agency will include city, district, local, county or state police, sheriff, or highway patrol departments, and state or local prosecutors' offices." Furthermore the Colorado Revised Statute also defines the District Attorney's Office as part of Law Enforcement in C.R.S. 16-2.5-101(3) and C.R.S. 16-2.5-132. Additionally on page 16, (2b) of the Guide <u>training of officers, investigators, prosecutors, and law enforcement</u> is a permissible use of the funds. |

**DEPARTMENT OF JUSTICE
AUDIT OF MESA COUNTY LAW ENFORCEMENT EQUITABLE SHARING PROGRAM
FOR YEARS ENDING IN DECEMBER 31, 2009 AND DECEMBER 31, 2010**

| FINDING | AGENCY | AMOUNT | EXPENDITURE | AGREE / DISAGREE | IMPLEMENT. DATE | RESPONSE |
|---|------------------|----------|--|--------------------|-----------------|---|
| (c) | | | | | | |
| Remedy the \$69,486 in questioned costs due to six expenditures that were unallowable per the Guide to Equitable Sharing. | 21st DA Judicial | \$4,970 | Scanner Equipment | Disagree | N/A | This transaction was made to support the Law Enforcement activities of the District Attorney. Page 3 of the Guide to Equitable Sharing, states "Typically, a law enforcement agency will include city, district, local, county or state police, sheriff, or highway patrol departments, and state or local prosecutors' offices." Furthermore the Colorado Revised Statute also defines the District Attorney's Office as part of Law Enforcement in C.R.S. 16-2.5-101(3) and C.R.S. 16-2.5-132. Additionally on page 17, (2d) of the Guide <u>law enforcement equipment</u> is allowed. |
| (c) | | | | | | |
| Remedy the \$69,486 in questioned costs due to six expenditures that were unallowable per the Guide to Equitable Sharing. | 21st DA Judicial | \$550 | Grand Jury pay for the DA | Agree | N/A | While this transaction was for court recorder support, we acknowledge that it is not permissible per the Guide. |
| (d) | | | | | | |
| Remedy the \$69,486 in questioned costs due to six expenditures that were unallowable per the Guide to Equitable Sharing. | MCSO | \$48,000 | Capital Improvements for Western Slope Center For Children | Partially Disagree | N/A | The Western Slope Center for Children's existence is to serve juvenile victims of Sexual Assault and, consequently, all local law enforcement agencies and prosecutors who seek justice for these victims. The Center itself provides a vitally important location for these victims to be examined by a Sexual Assault Nurse Examiner (S.A.N.E.), a trained and certified medical professional, to gather evidence from child victims in these crimes, and a safe, non-threatening location for law enforcement investigators to interview these child victims in an effort to keep from creating further Trauma during the investigation. This type of facility is considered a Professional Best Practice in Policing, and were it not for this location, the law enforcement agencies would have to duplicate these types of environments in their local police facilities or in another alternative location, at a cost to the local law enforcement agency. This distribution is directly in the service of law enforcement and their efforts to serve victims of what could be argued as the worst kind of victimization that can occur in our society. The Board recognizes and agrees that the steps in the Equitable Sharing process for this transaction were inadvertently overlooked, but the Board feels strongly that this expenditure is in compliance with serving law enforcement's needs. The Board also contends that had the correct procedure been applied, this transaction would without question stand the test of being morally, legally, and ethically justifiable according to the Guide to Equitable Sharing. |

DEPARTMENT OF JUSTICE
 AUDIT OF MESA COUNTY LAW ENFORCEMENT EQUITABLE SHARING PROGRAM
 FOR YEARS ENDING IN DECEMBER 31, 2009 AND DECEMBER 31, 2010

| FINDING | AGENCY | AMOUNT | EXPENDITURE | AGREE / DISAGREE | IMPLEMENT. DATE | RESPONSE |
|--|----------|---------|--|------------------|-----------------|---|
| | | | | | | |
| Remedy the \$69,486 in questioned costs due to six expenditures that were unallowable per the Guide to Equitable Sharing. | Fruta PD | \$4,767 | Anti-Bullying program at local school district | Disagree | N/A | This program known as "Rachel's Challenge" was created to honor the memory of Rachel Scott, the first Columbine student killed at Columbine High School in 1999. The Columbine incident forever defined how law enforcement responds to active shooters - and why school resource officers have become such a critical and integral part of elementary and secondary school environments. As described by the Rachel's Challenge website "Rachel's Challenge exists to stand alongside education professionals at every level to inspire, equip and empower students from K-12 to make a positive difference in their world. It is a powerful partnership that can replace bullying and violent behavior on school campuses with kindness and compassion so students can learn more in a safer, more respectful environment". A testimonial from the website, "The very next day after your presentation, we had an episode happen at our school... a student was arrested for planning a shooting at our school. I truly believe that if not for your presentation, there may have been a horrific disaster occur at our school ...because of your presentation, students decided to come forward and tell on the young man that was planning the attack. I just want to thank you for sharing your story and I honestly think it helped save many lives at our school here at Greentier East." -S. Surber, Teacher, Greentier East High School |
| (S)(f) (Continued) Remedy the \$69,486 in questioned costs due to six expenditures that were unallowable per the Guide to Equitable Sharing. | Fruta PD | \$4,767 | Anti-Bullying program at local school district (Continued) | Disagree | N/A | (Continued) The 21st Judicial Seizure Board actively supported this school training request because of its nexus to law enforcement and strong partnership with the District 51 school district. Providing students with the tools to combat violent behavior and eschew bullying activities can only minimize the likelihood of another Columbine tragedy and the need for law enforcement intervention. Additionally, page 17 of the Guide to Equitable Sharing, section (g) allows for "drug and gang education and awareness programs. We translate this to include awareness programs like "Rachel's Challenge." |
| (S)(a) Remedy the \$22,238 in questioned costs as a result of five expenditures that lacked adequate supporting documentation | 21st DA | \$8,402 | Conference attended by DA's staff | Disagree | 3/1/2012 | Although the names of those attending are not in the file, there was supporting documentation submitted for all of the expenditures. Submitted documentation included a receipt for registration supporting 20 staff at \$200 each for a total of \$4,000 for the Fall Conference and invoices for Lodging, totalling \$4,402 for the 20 attendees - for a total of \$8,402. In the future we will document all attendees' names. |

DEPARTMENT OF JUSTICE
 AUDIT OF MESA COUNTY LAW ENFORCEMENT EQUITABLE SHARING PROGRAM
 FOR YEARS ENDING IN DECEMBER 31, 2009 AND DECEMBER 31, 2010

| | FINDING | AGENCY | AMOUNT | EXPENDITURE | AGREE / DISAGREE | IMPLEMENT. DATE | RESPONSE |
|------|--|-------------|---------|---|--------------------|-----------------|--|
| 6(b) | Remedy the \$22,238 in questioned costs as a result of five expenditures that lacked adequate supporting documentation | Palisade PD | \$292 | Law Enforcement exchange with Romanian Law Enforcement officers | Agree | 3/1/2012 | All documentation was included except \$292 per diem. In the future no expenditure will be paid without supporting documentation. |
| 6(c) | Remedy the \$22,238 in questioned costs as a result of five expenditures that lacked adequate supporting documentation | MCSO | \$5,664 | Academy scholarship For [REDACTED] | Disagree | N/A | Originally this transaction was considered a questioned costs because of the lack of an application and invoice. We were told that the College shreds all application at the end of the year. As we were preparing for the audit responses, I contacted the College one more time to see if they had the application. It is true that they do shred the application, but only after they scanned it. We had attached both the invoice and the application for [REDACTED] |
| 6(d) | Remedy the \$22,238 in questioned costs as a result of five expenditures that lacked adequate supporting documentation | MCSO | \$5,879 | Academy scholarship For [REDACTED] | Disagree | N/A | Originally this transaction was considered a questioned costs because of the lack of an application and invoice. We were told that the College shreds all application at the end of the year. As we were preparing for the audit responses, I contacted the College one more time to see if they had the application. It is true that they do shred the application, but only after they scanned. We had attached both the invoice and the application for [REDACTED] |
| 6(e) | Remedy the \$22,238 in questioned costs as a result of five expenditures that lacked adequate supporting documentation | MCSO | \$2,000 | Law Enforcement WCPOA Conference | Partially Disagree | N/A | An agenda from the conference was submitted as documentation. \$1,700 was returned by the Association for services not provided. In the future we will include the application for each student that attends. |

**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE THE REPORT**

The Department of Justice Office of the Inspector General (OIG) provided a draft of this audit report to the Criminal Division and the Mesa County Sheriff's Office (MCSO). We incorporated MCSO's response as Appendix IV of this final report. However, the audit recommendations are unresolved because the Criminal Division declined to provide comments on the draft report. The following provides the OIG analysis of MCSO's response and a summary of actions necessary to resolve each report recommendation.

Recommendation Number:

1. **Unresolved.** The MCSO concurred with our recommendation to ensure that the MCSO periodically reconciles the equitable sharing funds requested and the corresponding amount received.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action.

2. **Unresolved.** The MCSO concurred with our recommendation to ensure it retains copies of submitted DAG-71 equitable sharing request forms.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action.

3. **Unresolved.** The MCSO concurred with our recommendation to ensure it follows the *Guide to Equitable Sharing for State and Local Law Enforcement Agencies (Guide)* to verify allowability of expenditures.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action.

4. **Unresolved.** The MCSO concurred with our recommendation to ensure it retains complete documentation to support all equitable sharing expenditures.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action.

5. **Unresolved.** This recommendation can be closed when we receive evidence that the \$64,516⁹ in unallowable questioned costs has been remedied by the Criminal Division.

Unallowable expenditure 1: \$2,796 for courtroom equipment

The MCSO asserted that this transaction was made to support the law enforcement activities of the District Attorney.

Page 3 of the *Guide* provides an overview of agencies that are eligible to participate in the Department of Justice Equitable Sharing Program. Section VIII of the *Guide*, starting on page 16, describes allowable uses of equitably shared property and funds. Specifically, Section VIII, item A, states "Except as noted in this Guide, equitably shared funds shall be used by law enforcement agencies for law enforcement purposes only," and Section VIII, item A.1.d, states "the costs associated with the purchase...of law enforcement equipment for use by law enforcement personnel that supports law enforcement activities" are permissible. MCSO records identify this equipment as "Technology – Court Room" and the District Attorney's Office request to the seizure board stated the reason for the request as "Increasing use of technology in courtroom necessitates having a projector in each of the 4 District Courtrooms." While the District Attorney's office serves prosecution functions, this purchase was stated as intending to benefit the Court, and we therefore do not consider this expenditure to be for law enforcement purposes only. We continue to question this expenditure as unallowable under Equitable Sharing guidelines.

Unallowable expenditure 2: \$8,402 for a conference attended by District Attorney's Office staff

The MCSO asserted that this transaction was made to support the law enforcement activities of the District Attorney.

Page 3 of the *Guide* provides an overview of agencies that are eligible to participate in the Department of Justice Equitable Sharing Program.

⁹ Based on additional information received, we have determined \$4,970 for costs previously questioned as unallowable, expenditure 3, to be allowable. Consequently, total questioned costs for unallowable expenditures have been reduced from \$69,486 to \$64,516.

Section VIII of the *Guide*, starting on page 16, describes allowable uses of equitably shared property and funds. Specifically, Section VIII, item A, states "Except as noted in this Guide, equitably shared funds shall be used by law enforcement agencies for law enforcement purposes only" and Section VIII, item A.1.b, allows for training of prosecutors, but also specifies training must be "in any area that is necessary to perform official law enforcement duties." The invoice for this expenditure stated that this event was the Colorado District Attorney's Council Fall Conference; the only mention of training is in the District Attorney's Office request letter for funding. MCSO officials were unable to provide us with an agenda for the conference, including details of training provided at the conference. Because the only external document for this expenditure described the event as "Fall Conference," with no mention of training, we continue to question this expenditure as unallowable under Equitable Sharing guidelines.

Unallowable expenditure 3: \$4,970 for scanner equipment for the District Attorney's Office

The MCSO asserted this transaction was made to support the Law Enforcement activities of the District Attorney. Based on additional information received, we have determined this portion of the recommendation can be considered an allowable expenditure. Therefore, total questioned costs will be reduced by \$4,970 for audit resolution purposes.

Unallowable expenditure 4: \$550 for Grand Jury pay for the District Attorney's Office

The MCSO asserted this transaction was for court recorder support, but acknowledged that it was not permissible per the *Guide*.

This portion of the recommendation can be closed when we receive documentation that the \$550 in questioned costs for the unallowable expenditure has been remedied.

Unallowable expenditure 5: \$48,000 for capital improvements for the Western Slope Center for Children

The MCSO stated its agreement that steps in the Equitable Sharing process for this transaction were overlooked, but feels that this expenditure is in compliance with serving law enforcement's needs. The MCSO also contends that had the correct procedure been applied, this transaction would stand the test of being morally, legally, and ethically justifiable according to the *Guide*.

Section VIII of the *Guide*, starting on page 16, describes allowable uses of equitably shared property and funds. Specifically, Section VIII, item A.1.m, states “Cash transfers to community-based programs are not permitted.” MCSO acknowledged that this expenditure did not meet Equitable Sharing guidelines. The *Guide* does not discuss moral, legal, or ethical justification for expenditures. We continue to question this expenditure as unallowable under Equitable Sharing guidelines.

Unallowable expenditure 6: \$4,767 for an anti-bullying program at a local school district

The MCSO asserted that it actively supported this expenditure because of its nexus to law enforcement and strong partnership with the District 51 school district. MCSO stated the program provided students with the tools to combat violent behavior and eschew bullying activities to minimize the likelihood of another Columbine tragedy and the need for law enforcement intervention. MCSO also asserted that the *Guide* allows for “drug and gang education and awareness programs, which MCSO interpreted to include anti-bullying awareness programs.

Section VIII of the *Guide*, starting on page 16, describes allowable uses of equitably shared property and funds. Specifically, Section VIII, item A, states “Except as noted in this Guide, equitably shared funds shall be used by law enforcement agencies for law enforcement purposes only,” and Section VIII, item A.1.g, states the permissibility of “costs associated with conducting drug or gang education and awareness programs by law enforcement agencies.” In the latter section, the OIG interprets “awareness” as referring to drugs or gangs, rather than a blanket definition of programs related to awareness, which could encompass virtually any topic. MCSO records indicated this expenditure supported an anti-bullying program at a local school, which was conducted by a 501(c)(3) nonprofit. MCSO records also included concerns by seizure board members regarding the law enforcement aspect of this expenditure. Because this program was not related to drug or gang education, or drug or gang awareness, and was not provided by law enforcement agencies, we do not believe it to be an allowable expenditure per the *Guide*.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action.

6. **Unresolved.** This recommendation can be closed when we receive evidence that the \$22,238 in unsupported questioned costs has been

remedied by the Criminal Division.

Unsupported expenditure 1: \$8,402 for a conference attended by District Attorney's Office staff

The MCSO asserted that although the names of those attending are not in the file, there was supporting documentation submitted for all of the expenditures, including a receipt for registration supporting 20 staff at \$200 each for a total of \$4,000 for the Fall Conference and invoices for lodging totaling \$4,402 for the 20 attendees, for a total of \$8,402. MCSO stated in the future it will document all attendees' names.

MCSO documentation for this expenditure included a request from the District Attorney's office for funds; an invoice for the Colorado District Attorney's Council Fall Conference for 20 conference registrations; and 6 condominium reservations for 24 people at Keystone Resort in 16 bedrooms, all made in one name. MCSO officials were unable to provide us with an agenda for the conference, individual registrations, and a roster of attendees, and we therefore consider this expenditure to be unsupported. This part of the unsupported expenditures recommendation can be closed when we receive adequate supporting documentation.

Unsupported expenditure 2: \$292 related to per diem expenses for a law enforcement exchange program with Romanian Law Enforcement officers

The MCSO asserted that it agreed with this finding, and stated in the future no expenditure will be paid without supporting documentation.

This part of the unsupported expenditures recommendation can be closed when we receive documentation that the \$292 in questioned costs for the unsupported expenditure has been remedied.

Unsupported expenditure 3: \$5,664 for a police academy scholarship

The MCSO asserted that this transaction was considered a questioned cost because of the lack of an application and invoice. MCSO stated it contacted the academy again and obtained a signed copy of Recipient A's application to the police academy. MCSO provided a tuition invoice for Spring 2010 (dated June 2010); a college application dated November 2009; and a residency form, approved by the school in January 2010 as documentation for the scholarship recipient.

However, we noted during fieldwork that the documentation for this expenditure appeared to be a duplicate of an earlier scholarship

application for another individual, Recipient B. We previously reviewed Recipient B's scholarship application during transaction testing, and we considered that application to adequately support that expenditure, which was for the Fall 2009 academy and was originally dated July 2009. MCSO's scholarship award documentation for Recipient A consisted solely of a printout of an email from Recipient B's scholarship application, on which Recipient A's name, "\$5,664.60," and "5/31/10" were handwritten. We received no other documentation of Recipient A's application for the scholarship or of MCSO approval of the scholarship.

The documentation for this questioned expenditure also included two emails involving Mesa State College and MCSO. Those emails were dated June 1, 2010, and June 2, 2010, and discussed an invoice and scholarship for Recipient A, who had graduated in May, and stated uncertainty regarding the recipient and whether payment had been issued and to whom. During fieldwork, we also reviewed a description of the Peace Officer Academy provided to MCSO by Mesa State College, which listed three seizure board scholarship recipients for Fall 2009, Fall 2010, and Spring 2011; Recipient B, Recipient C, and Recipient D were specifically listed by name, but Recipient A was not listed by the school as a recipient of the seizure board scholarship. This part of the unsupported expenditures recommendation can be closed when we receive documentation of Recipient A's application for the seizure board scholarship.

Unsupported expenditure 4: \$5,879 for a police academy scholarship

The MCSO concurred that this transaction was considered a questioned cost because of the lack of an application and invoice. MCSO stated it contacted the academy again and obtained a signed copy of the application. MCSO provided an invoice and a college application as documentation for the scholarship recipient.

In response to the draft audit report, the MCSO provided us with additional documentation related to a scholarship awarded to Recipient C, including an online application for Recipient C to an unknown school, dated November 2005, and personal background information that appeared to be an attachment to that application. We noted during fieldwork that the expenditure documentation included a seizure board disbursement request form for a post scholarship for Recipient C; a tuition invoice for Recipient C for Fall 2010, dated September 15, 2010; and a description from Mesa State College of the seizure board scholarship program for the Peace Officers Academy. The seizure board disbursement request form did not include a scholarship application for Recipient C; during transaction testing for an earlier scholarship

awarded to Recipient B, we verified that a formal scholarship application form was used. This part of the unsupported expenditures recommendation can be closed when we receive documentation of Recipient C's application for the seizure board scholarship.

Unsupported expenditure 5: \$2,000 for a law enforcement conference

The MCSO asserted that an agenda from the conference was submitted as documentation, and that \$1,700 was returned by the Association for services not provided. The MCSO stated that in the future it will include the registration for each attendee.

During fieldwork, we identified two unsupported expenditures for WCPOA Conferences; \$2,000 was paid on May 31, 2010 and \$1,700 was paid on November 1, 2010. On September 13, 2011, the MCSO notified us that a check was provided to MCSO for \$1,700 as a refund for the November 2010 WCPOA Conference expenditure; we were provided with a copy of that check. The MCSO also notified us that the registrations and attendee roster related to the May 2010 expenditure had been destroyed. While we were able to review an agenda for the Spring 2010 WCPOA Conference, we are unable to verify the expenditure without individual registrations and a roster of attendees. This part of the unsupported expenditures recommendation can be closed when we receive documentation of conference attendees paid with equitable sharing funds.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action.