



AUDIT OF MESQUITE POLICE DEPARTMENT'S EQUITABLE SHARING PROGRAM ACTIVITIES MESQUITE, TEXAS

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Audit Division

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EXECUTIVE SUMMARY

The Department of Justice (DOJ) Office of the Inspector General (OIG) conducted an audit to assess the Mesquite Police Department's (MPD) tracking and use of equitable sharing funds. The audit generally covered fiscal years (FY) 2009 through 2011, beginning on October 1, 2008, and ending on September 30, 2011. According to the DOJ's Asset Forfeiture and Money Laundering Section (AFMLS), during these 3 years, MPD received \$2,120,680 million as a participant in the DOJ equitable sharing program.

Our audit found that MPD accounted for and deposited equitable sharing receipts. We also determined that the sample expenditures tested were allowable and MPD maintained adequate documentation. Further, we were able to physically verify all sample equipment items and all were recorded in MPD's inventory, at their assigned locations, and being put to allowable uses. However, we identified reporting errors in the equitable sharing agreement and certification forms. Additionally, MPD misreported \$10,206 in interest earned on Federal seizure funds for FYs 2009 through 2011.

Our report contains two recommendations that address the weaknesses we identified. Our findings are discussed in greater detail in the Findings and Recommendations section of the report. The audit objectives, scope, and methodology are included in Appendix I.

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INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General (OIG) conducted this audit to assess the tracking and use of DOJ equitable sharing funds by the Mesquite Police Department (MPD) in Mesquite, Texas. The audit covered fiscal years (FY) 2009 through 2011, beginning on October 1, 2008, and ending on September 30, 2011. According to the DOJ's Asset Forfeiture and Money Laundering Section (AFMLS) distribution reports, during these 3 years, MPD received \$2,120,680 as a participant in the DOJ equitable sharing program.

Background

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.

State and local law enforcement agencies may 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 United States Marshals Service (USMS), the Justice Management Division (JMD), 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. JMD 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 policies, and monitors the allocation and use of equitably shared funds.

To request a share of the 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.

Mesquite Police Department

Incorporated in 1887, the City of Mesquite is located in eastern Dallas County, Texas. The City of Mesquite has a population of over 139,000 residents living across 46 square miles. According to Mesquite Police Department (MPD) officials, MPD was established in 1953 and has been under the leadership of the current Police Chief for the last four years. In addition, we were informed that MPD was governed by the City of Mesquite, which is led by the Mayor, City Manager, and a six-person City Council.

MPD has been a member of the DOJ equitable sharing program since October 6, 1999. According to the MPD official responsible for completing and submitting the annual Equitable Sharing and Agreement Certification forms, MPD collaborates with the Drug Enforcement Administration for equitable sharing purposes.

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 *AFMLS Guide to Equitable Sharing for State and Local Law Enforcement Agencies (Equitable Sharing Guide)* as our primary criteria. The *Equitable Sharing Guide* outlines procedures for submitting equitable sharing requests and discusses the proper use and accounting for equitable sharing assets.

To conduct the audit, we tested MPD'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 I for more information on our objectives, scope and methodology.

FINDINGS AND RECOMMENDATIONS

We found that the Mesquite Police Department properly accounted for and deposited equitable sharing receipts. We also determined that the sample expenditures tested were allowable and MPD maintained adequate documentation. Further, we were able to physically verify all sample equipment items and all were recorded in MPD's inventory, at their assigned locations, and being put to allowable uses. However, we also identified reporting errors in the equitable sharing agreement and certification forms. Additionally, MPD misreported \$10,206 in interest earned on federal seizure funds for FYs 2009 through 2011.

Accounting for Equitable Sharing Receipts

The *Equitable Sharing Guide* requires that law enforcement agencies use standard accounting procedures to track equitable sharing program receipts. We reviewed the Department of Justice (DOJ) Asset Forfeiture and Money Laundering Section's (AFMLS) Detail Distribution Report and determined the Mesquite Police Department (MPD) did not receive any tangible assets during FYs 2009 through 2011. From FYs 2009 to 2011, the AFMLS Detail Distribution Report for MPD recorded equitable sharing receipts totaling \$2,120,680, as shown in Exhibit 1.

EXHIBIT 1: MESQUITE POLICE DEPARTMENT EQUITABLE SHARING RECEIPTS

FY	CASH OR PROCEEDS	TANGIBLE ASSETS	TOTAL
2009	\$ 423,193	\$-	\$ 423,193
2010	500,342	-	500,342
2011	1,197,145	-	1,197,145
TOTAL	\$2,120,680	\$-	\$2,120,680

Source: AFMLS DOJ Detail Distribution Report

According to the *Equitable Sharing Guide*, the United States Marshals Service (USMS) electronically transfers equitable sharing payments to a state or local law enforcement agency's bank account. To determine if MPD properly deposited and accounted for DOJ equitable sharing funds, we reviewed and reconciled MPD's accounting records to DOJ reports of equitable sharing funds distributed and corresponding bank records. Our review indicated that DOJ equitable sharing funds were properly deposited.

Through our review of MPD's accounting records, we determined that MPD was separately accounting for DOJ equitable sharing receipts and expenditures as required by the *Equitable Sharing Guide*. The city of Mesquite's Manager of Accounting stated that all electronic fund transfers (EFT) received in the City bank account are reviewed for the purpose of the transfer to properly record the transaction on the general ledger. In addition, she stated that once it is confirmed that the funds are federal, the Accounting Department prepares a journal voucher to record the transaction to the appropriate federal seizure fund Organization Cost Account (OCA) and revenue account number.

We judgmentally selected and tested seven receipts totaling \$1,088,073 to ensure the funds were properly deposited and recorded. Exhibit 2 shows the sampled receipts were properly deposited and recorded.

EXHIBIT 2: MPD EQUITABLE SHARING RECEIPTS REVIEWED

DOJ DETAIL DISTRIBUTION REPORT OR USMS E-SHARE LOG		MPD RECORDS		
TRANSACTION DATE	DISBURSEMENT AMOUNT	AMOUNT RECEIVED	DEPOSIT AMOUNT	DEPOSIT DATE
03/24/2011	\$390,393	\$390,393	\$390,393	03/24/2011
03/24/2011	288,623	288,623	288,623	03/24/2011
07/25/2011	161,991	161,991	161,991	07/25/2011
12/16/2008	134,886	134,886	134,886	12/15/2008
06/09/2011	107,871	107,871	107,871	06/09/2011
01/26/2009	3,771	3,771	3,771	01/26/2009
01/26/2009	538	538	538	01/26/2009
TOTAL	\$1,088,073	\$1,088,073	\$1,088,073	

Source: AFMLS DOJ Detail Distribution Report, USMS E-Share Log, Mesquite Police Department Accounting Records and Bank Statements

According to the *Equitable Sharing Guide*, local law enforcement agencies must update their equitable sharing log when an E-Share notification is received. Through our review of the equitable sharing receipts, we discovered that MPD was not consistently receiving USMS E-Share notifications for each equitable sharing receipt deposited into its bank account. MPD received only five E-Share notifications from the USMS from September 16, 2010, to February 16, 2012. However, according to the AFMLS DOJ Detail Distribution Report, MPD received 30 equitable sharing receipts in FY 2011 alone. We confirmed with responsible officials at the USMS that it had the correct e-mail address for the MPD official that receives

E-Share notifications. We asked those same USMS officials why MPD had not been consistently receiving the E-Share notifications. The officials stated that the notifications might be blocked by MPD's IT firewall or sent to a junk e-mail folder. The MPD official that receives notifications stated that he regularly checks his junk e-mail folder and was skeptical that the IT firewall is preventing the notifications from getting through. Despite the fact that MPD had not received regular notification of equitable sharing receipts, our work indicated that it has tracked Federal equitable sharing receipts deposited into its account and adequately documented them in its accounting records.

DAG-71s

According to the *Equitable Sharing Guide*, agencies receiving equitable sharing revenues should maintain a log of all sharing requests that lists the seizure type, seizure amount, share amount requested, amount received, and date received for each request. Since the amount actually received may differ from the amount requested on the DAG-71 forms, receiving agencies should periodically update the log to ensure accurate recordkeeping.¹

We interviewed the MPD officials responsible for completing the DAG-71 forms and maintaining the log of all sharing requests. According to one official, MPD conducts collaborative investigations with the Drug Enforcement Administration (DEA). If officers seize assets during these investigations, such as cash and property items, a Form DAG-71 is submitted to the DEA to request a percentage, or share, of the asset's proceeds. The same official stated that the percentage is determined by the DEA.

Another MPD official maintains the equitable sharing log (DAG-71 Log). He stated that once the DAG-71s are completed, he enters the data from the forms into a database system that he created and maintains. He informed us that once an equitable sharing receipt is deposited, he updates the database with the information. We reviewed the DAG-71 Log and determined that it captures the seizure type, seizure amount, share amount requested, amount received, and date received for each request.

¹ According to the *Equitable Sharing Guide*, a state or local agency completes and submits a separate Form DAG-71, "Application for Transfer of Federally Forfeited Property" for each shared asset request.

Federal Sharing Agreements and Certification Forms

According to the *Equitable Sharing Guide*, state and local law enforcement agencies must submit Equitable Sharing Agreement and Certification forms within 60 days after the end of an agency's fiscal year. The agreement must be signed by the head of the law enforcement agency and a designated official of the local governing body. Additionally, the receiving agency should submit a newly signed agreement when an administration change occurs. By signing and submitting the agreement, the signatories agree to follow statutes and guidelines that regulate the equitable sharing program.

According to the official responsible for completing and submitting the agreement forms, he requests an end of year report from the Accounting Department that shows the amount of Federal seizure revenues and expenditures. He uses the data from the accounting report to complete the agreement forms, has the Mesquite Police Chief and City of Mesquite City Manager certify the forms, and submits them to the AFMLS.

We obtained copies of MPD's certification forms for FYs 2009 through 2011 to determine if the forms were complete, accurate, and submitted on time. We found that MPD generally submitted the agreement forms on time. The agreement form for FY 2010 was 3 days late. The MPD official responsible for submitting the agreement forms stated that it inadvertently sat on another official's desk for too long and was forgotten. Since the form was only 3 days late, we will not take exception to it. We also noted that the agreements were signed by appropriate officials.

To verify the total amount of equitable sharing funds MPD received, we compared the receipts listed on the certification forms to the total amounts listed on the DOJ's detail distribution reports for FYs 2009 through 2011. We identified errors on the FY 2010 certification form. Specifically, we found that the certification form listed a total of \$80 more in receipts than the DOJ detail distribution report. In addition, MPD listed \$14,100 in "Other Income" on the FY 2010 certification form that should not have been reported.

We discussed the errors in the report with the official responsible for completing and submitting the agreement forms. He stated that he was unsure why the numbers did not reconcile for FY 2010 because he used the report from the Accounting Department to complete the agreement forms. In addition, he explained that the \$14,100 income reported in FY 2010 was from the sale of a State of Texas vehicle seizure. The City Accounting Manager stated that the proceeds from the sale of the vehicle were

miscoded to the Federal seizure account instead of the State seizure account. In addition, she stated that the other minor discrepancies we noted were due to miscoding issues and data being incorrectly input into the accounting system. During our fieldwork, the Accounting Manager corrected the \$14,100 income receipt by reallocating it to the correct fund account. However, despite the \$80 receipt being reallocated on November 5, 2010, we did not note a correcting entry in the accounting records that we were provided for this review.

We also compared the receipts listed on the certification forms to the total amounts listed on the United States Marshals Service (USMS) E-Share Log report for FYs 2009 through 2011. We found that the amounts listed on the certification form did not reconcile to the USMS E-Share Log report. The certification forms listed a total of \$4,228 less in receipts than the E-Share Log for FYs 2009 through 2011.

As previously noted, there were miscoding issues and inaccurate data entry into the accounting system. For FY 2009, the USMS disbursed two equitable sharing receipts for a total of \$4,308 on January 26, 2009, in error. The funds were subsequently returned to USMS on February 17, 2009. However, when we received the USMS E-Share Log report, it still reflected the two payments made to MPD. The USMS official that provided us the E-Share Log informed us that the accounting system does not reflect payments sent back to the USMS as a result of an error. Since the USMS E-Share Log does not reflect this information, we do not take exception to the FY 2009 certification form not reconciling to it.

To verify the total expenditures listed on the certification, we compared the expenditures reported on the certification forms to the accounting records for FY 2009 through 2011. We noted that the certification form for FYs 2009 and 2011 reconciled to the accounting records. However, the certification form for FY 2010 did not reconcile to the accounting records. As previously stated, \$14,100 in revenue was misreported on the accounting records. The \$14,100 in revenue was subsequently reallocated to the correct account.

We also noted on the certification form that MPD misreported the interest earned on Federal equitable sharing receipts for FYs 2009 through 2011 in the amount of \$10,206. The City of Mesquite had been allocating 25 percent of its interest earnings to the Federal seizure account and 75 percent of its interest earnings to the State seizure account. However, the average monthly cash balances did not support the current allocations to these accounts. The actual monthly cash balances support allocating

36 percent for FY 2009, 34 percent for FY 2010, and 39 percent for FY 2011 of the interest to the Federal seizure account. The City of Mesquite Accounting Manager stated that she was unsure how the 25 percent and 75 percent allocation was calculated because the individual that made the decision is no longer with the City. In addition, she stated that future interest allocations will be based on the prorated share of the cash balance between the Federal and State seizure accounts. During our audit, the Accounting Manager corrected this issue by reallocating the \$10,206 in interest earned to the Federal seizure account.

Inaccurate and untimely reporting of equitable sharing fund activities may adversely affect DOJ equitable sharing fund program efforts. Therefore, we recommend the Criminal Division ensure that the Mesquite Police Department submits accurate equitable sharing agreement and certification forms. In addition, we recommend the Criminal Division ensure that the Mesquite Police Department applies the correct interest earned allocation to the Federal seizure fund account.

Use of Equitable Sharing Funds

As summarized by Exhibit 3, the *Equitable Sharing Guide* outlines allowable and unallowable uses for equitable sharing funds.²

EXHIBIT 3: SUMMARY OF ALLOWABLE AND UNALLOWABLE USES FOR EQUITABLE SHARING FUNDS

ALLOWABLE USES	UNALLOWABLE USES
Law enforcement investigations	Salaries and benefits for current law enforcement personnel
Law enforcement training	Use of forfeited property by non-law enforcement personnel
Law enforcement and detention facilities	Payment of non-law enforcement education-related costs
Law enforcement equipment	Non-official government use
Law enforcement travel and transportation	Purchase of food and beverages
Asset accounting and tracking expenses	Extravagant expenses

Source: *Equitable Sharing Guide*

Generally, the use of equitable sharing revenues by state and local recipient agencies is limited to law enforcement purposes. However, the

² The *Equitable Sharing Guide* includes the complete list of allowable and unallowable uses for equitable sharing funds.

Equitable Sharing Guide identifies other permissible uses such as drug and gang education and awareness programs, matching contributions in federal grant programs, a law enforcement agency's percentage of the costs to support multi-agency items or facilities, costs associated with properly accounting for equitably shared monies and tangible property, training in connection with language services for persons with limited English proficiency, and non-cash support of formally approved nonprofit community-based programs.

The Mesquite Police Department spent a total of \$693,001 from its DOJ Federal seizure fund account during FYs 2009 through 2011. Purchases included surveillance equipment, servers and software, video equipment, body armor, and other law enforcement equipment and supplies.

To assess whether MPD equitable sharing expenditures were allowable and supported by adequate documentation, we judgmentally sampled 22 transactions totaling \$448,830, or approximately 65 percent of the total amount of Federal seizure funds expended during the audit period. The sample included high-dollar purchases, as well as other costs we judgmentally selected. We determined that all 22 transactions we tested were allowable and MPD maintained adequate documentation.

In addition, we physically verified purchased equipment in our expenditure sample to determine if it was recorded in MPD's inventory, at their assigned locations, and being put to an allowable use. We determined that all 22 items we physically verified were listed in MPD's inventory, at their assigned locations, and being put to an allowable use.

Recommendations

We recommend that the Criminal Division:

1. Ensure that MPD submit accurate equitable sharing agreement and certification forms.
2. Ensure that the Mesquite Police Department applies the correct interest earned allocation to the federal seizure fund account.

OBJECTIVE, 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 objective.

Objective

The objective of the audit was to assess whether the Mesquite Police Department (MPD) accounted for equitable sharing funds properly and used the funds for allowable purposes defined by applicable guidelines. We tested compliance with what we considered to be 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 pertinent versions of the Criminal Division's *Guide to Equitable Sharing for State and Local Law Enforcement Agencies*. Unless otherwise stated in our report, the criteria used during the audit were contained in this document.

Scope and Methodology

Our audit concentrated on, but was not limited to, equitable sharing receipts received by MPD between October 1, 2008, and September 30, 2011. During FYs 2009 through 2011, there were 123 receipts totaling \$2,120,680. We tested a judgmental sample of seven receipts totaling \$1,088,073. During FYs 2009 through 2011, there were federal equitable sharing fund expenditures of \$693,001. We selected a judgmental sample of 22 disbursements, totaling \$448,830, or approximately 65 percent of the total expenditures made with equitable sharing funds during the audit period. We applied our judgmental sampling design to obtain a broad exposure to numerous facets of the disbursements reviewed, such as dollar amounts. This non-statistical sample design did not allow us to project results of our testing to the entire universe of equitable sharing disbursements made in the scope of our audit.

We performed audit work at MPD headquarters located in Mesquite, Texas. To accomplish the objectives of the audit, we interviewed MPD and

City of Mesquite officials and examined records, related revenues, and expenditures of equitable sharing revenues. In addition, we relied on computer-generated data contained in the DOJ Detail Distribution Report for determining equitably shared revenues awarded to MPD during the audit period. We did not establish the reliability of the data contained in the DOJ Consolidated Asset Tracking 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 MPD's compliance with three essential equitable sharing guidelines: (1) accounting for equitable sharing receipts, (2) Federal Sharing Agreements and Annual Certification Reports, and (3) use of equitable sharing funds. In planning and performing our audit, we considered internal controls established and used by MPD and the City of Mesquite, Texas, over DOJ equitable sharing receipts to accomplish our audit objectives. However, we did not assess MPD's financial management system's reliability, internal controls, or whether it, as a whole, complied with laws and regulations.

Our audit included an evaluation of a city-wide audit conducted of the City of Mesquite, of which the auditee is a sub-unit, by Grant Thornton, LLP. The results of this audit were reported in the Single Audit Report that accompanied the Comprehensive Annual Financial Report for the year ended September 30, 2011. The Single Audit Report was prepared under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor's assessment, which disclosed no control weaknesses or significant noncompliance issues related specifically to the Mesquite Police Department.

MESQUITE POLICE DEPARTMENT
RESPONSE TO THE DRAFT REPORT



The Professional Police Officer
With Integrity and Honor He Serves
That Men May Know Justice, Equality,
And Freedom Under The Law

September 7, 2012

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

Dear Mr. Sheeren:

Re: Mesquite Police Department Equitable Sharing Program Activities Audit

The Mesquite Police Department has reviewed the draft audit report on the Audit of Mesquite Police Department's Equitable Sharing Program Activities Mesquite, Texas for fiscal years 2009 through 2011. The audit found the Mesquite Police Department in compliance with most Equitable Sharing Program requirements. There were, however, two areas of weakness noted with related recommendations from the Department of Justice. Following is the Mesquite Police Department's official response to the audit report findings and recommendations.

Findings / Recommendations:

Finding 1: *Errors in the equitable sharing agreement and certification forms.*

Recommendation

Ensure that MPD submit accurate equitable sharing agreement and certification forms.

Response

We agree with the importance of submitting accurate equitable sharing agreement and certification forms. The equitable sharing agreements will be prepared by the Mesquite Police Department officer assigned responsibility for the reporting requirement using reports from the City of Mesquite accounting system. The officer will review all federal seizure account transactions for the reporting period to ensure they are properly reported as federal seizure fund activity. The draft reports will be reviewed by the Manager of Accounting Services for accuracy prior to submission to the Chief of Police for signature and final submission. Every effort will be taken to identify any transactions that are not part of the federal seizure program during this review.

Derek Rohde, Chief of Police
P.O. Box 850137 • Mesquite, Texas 75185-0137 • 972.216.6228 • 972.216.6780 Fax

Finding 2: Interest income of \$10,206 misreported between federal seizure funds and state seizure funds.

Recommendation

Ensure that the Mesquite Police Department applies the correct interest earned allocation to the federal seizure fund account.

Response

We agree that the correct interest earned allocation should be applied to the federal seizure fund account. The City of Mesquite's policy for allocating interest earned between various funds is based on the average cash balance of each fund. As noted in the audit report, a flat allocation rate was used to allocate interest between the federal seizure fund and state seizure fund during the audit period instead of the calculated average cash balance factor for each fund. A correction was made to reclass the \$10,206 of interest earned back to the federal seizure fund. The federal and state seizure funds have been changed to allocate interest earned based on the average cash balance for fiscal year 2012 and forward.

Working with Dallas Moore during the audit of the Mesquite Police Department's Equitable Sharing Program Activities was a pleasure. Our staff found Mr. Moore to be efficient, thorough and professional in all respects. Our goal is to fully comply with all requirements of the equitable sharing program and we appreciate the assistance and guidance from the Department of Justice Office of the Inspector General throughout the audit.



Derek Rohde
Chief of Police

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

The Department of Justice Office of the Inspector General (OIG) provided a draft of this audit report to the Criminal Division and the Mesquite Police Department (MPD). We incorporated MPD's response as Appendix II of this final report. However, the audit recommendations are resolved because the Criminal Division declined to provide formal comments on the draft report. The Deputy Chief of the Criminal Division Asset Forfeiture & Money Laundering Section stated it had nothing to add prior to the final report issuance. However, he provided an electronic mail statement that concurred with both recommendations and informed us they would work with MPD to address and close them. The following provides the OIG analysis of MPD's response and a summary of actions necessary to resolve each report recommendation.

Recommendation Number

1. **Resolved.** MPD concurred with our recommendation to submit accurate equitable sharing agreement and certification forms. MPD stated in its response that the MPD officer assigned responsibility will review all federal seizure account transactions for the reporting period to ensure they are properly reported. In addition, the reports will be reviewed by the Manager of Accounting Services for accuracy.

This recommendation can be closed once the Criminal Division ensures that MPD submits accurate equitable sharing agreement and certification forms.

2. **Resolved.** MPD concurred with our recommendation to apply the correct interest earned allocation to the federal seizure amount. MPD stated in its response that the federal and state seizure funds have been changed to allocate interest earned based on the average cash balance for fiscal year 2012 and forward.

This recommendation can be closed once the Criminal Division ensures that MPD has changed its interest allocation to be based on the average cash balance for fiscal year 2012 and forward.