



**AUDIT OF THE
MILWAUKEE POLICE DEPARTMENT'S
EQUITABLE SHARING PROGRAM ACTIVITIES
MILWAUKEE, WISCONSIN**

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

Audit Report GR-50-13-010
July 2013

AUDIT OF THE MILWAUKEE POLICE DEPARTMENT'S EQUITABLE SHARING PROGRAM ACTIVITIES MILWAUKEE, WISCONSIN

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Audit Division, has completed an audit of the use of DOJ equitable sharing revenues by the Milwaukee, Wisconsin, Police Department (Milwaukee PD). Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations.¹ During the period of January 1, 2010, through December 31, 2011, the Milwaukee PD received DOJ equitable sharing revenues totaling \$3,102,153 to support law enforcement operations.²

The objective of the audit was to assess whether equitably shared cash and property received by the Milwaukee PD was accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines. We found that the Milwaukee PD complied with equitable sharing guidelines with respect to permissible uses of equitable sharing funds. However, we identified the following deficiencies:

- The Milwaukee PD filed its certification report late in 2010 and 2011.
- The Milwaukee PD erroneously included a state-seized vehicle on its 2011 certification report.
- The Milwaukee PD failed to obtain permission to sell a vehicle, acquired through the equitable sharing program, within 2 years of acquiring it. Program guidelines require participants selling assets within 2 years of receipt to deposit the proceeds of the sale into its DOJ equitable sharing account, and the Milwaukee PD did not do so.

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

² The Milwaukee PD fiscal year begins on January 1 and ends on December 31.

- In FY 2010, the city of Milwaukee inaccurately reported equitable sharing expenditures on its Schedule of Expenditures of Federal Awards within its Single Audit Report.

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

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INTRODUCTION

The U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Audit Division, has completed an audit of the use of DOJ equitable sharing revenues by the Milwaukee, Wisconsin, Police Department (Milwaukee PD). The audit covered the Milwaukee PD's fiscal years (FY) 2010 and 2011.³ During that period, the Milwaukee PD received \$3,102,153 in equitable sharing revenues from DOJ to support law enforcement operations. The objective of the audit was to assess whether equitably shared cash and property received by the Milwaukee PD was accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines.

Background

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

Another purpose of the DOJ Asset Forfeiture Program is to enhance cooperation among federal, state, and local law enforcement agencies by sharing federal forfeiture proceeds through the DOJ equitable sharing program. State and local law enforcement agencies may receive equitable sharing revenues by participating directly with DOJ agencies in joint investigations leading to the seizure or forfeiture of property. The amount shared with the state and local law enforcement agencies in joint investigations is based on the degree of the agencies' direct participation in the case. The U.S. Department of the Treasury (Treasury) administers a similar equitable sharing program. Our audit was limited to equitable sharing revenues received through the DOJ equitable sharing program.

Although several DOJ agencies are involved in various aspects of the seizure, forfeiture, and disposition of equitable sharing revenues, the DOJ Criminal Division, Asset Forfeiture and Money Laundering Section (AFMLS), is responsible for issuing policy statements, implementing governing legislation, and monitoring the use of DOJ equitable sharing funds. Generally, the use of equitable sharing revenues by state and local recipient agencies is limited to law enforcement purposes. However, under certain circumstances, up to 15 percent of the total equitable sharing revenues received by the agency in the last 2 fiscal years may be used for the costs associated with drug

³ The Milwaukee PD fiscal year begins on January 1 and ends on December 31.

abuse treatment, drug and crime prevention education, housing and job skills programs, or other nonprofit community-based programs or activities. This provision requires that all expenditures be made by the law enforcement agency and does not allow for the transfer of cash.

The Milwaukee PD is located in the city of Milwaukee, Wisconsin, in the southeast section of the state; with a population of nearly 600,000, it is the largest city in Wisconsin. The Milwaukee PD's law enforcement budgets were \$237.35 million in FY 2009, \$216.87 million in FY 2010, and \$229.35 million in FY 2011.

OIG Audit Approach

We tested compliance with what we considered 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, dated April 2009 (2009 Equitable Sharing Guide) as our primary criteria. The 2009 Equitable Sharing Guide identifies the accounting procedures and requirements for tracking equitably shared monies and tangible property, establishes reporting and audit requirements, and defines the permissible uses of equitably shared resources.

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

- **Accounting for equitably shared resources** to determine whether standard accounting procedures were used to track equitable sharing assets.
- **Compliance with audit requirements** to ensure the accuracy, consistency, and uniformity of audited equitable sharing data.
- **Equitable Sharing Agreement and Annual Certification Reports** to determine if these documents were complete, accurate, and timely submitted.
- **Monitoring of Applications for Transfer of Federally Forfeited Property** to ensure adequate controls were established.
- **Use of equitably shared resources** to determine if equitable sharing funds were spent for permissible uses.

See Appendix I for more information on our objective, scope, and methodology.

FINDINGS AND RECOMMENDATIONS

We found that the Milwaukee PD complied with equitable sharing guidelines with respect to permissible uses of DOJ equitable sharing funds. However, we found that the Milwaukee PD submitted its 2010 and 2011 Equitable Sharing Agreement and Certification Reports late and erroneously included a state-seized car on its 2011 report. We also found that the Milwaukee PD failed to receive permission to sell a vehicle before meeting the 2-year possession requirement and did not deposit the proceeds of this sale into its DOJ equitable sharing account, as required by program guidelines. Finally, we found that the city of Milwaukee inaccurately reported the Milwaukee PD's equitable sharing expenditures on its Schedule of Expenditures of Federal Awards within its FY 2010 Single Audit Report.

Accounting for Equitably Shared Resources

The 2009 Equitable Sharing Guide requires that all participating state and local law enforcement agencies implement standard accounting procedures to track equitably shared monies and property. Additionally, DOJ equitable sharing funds must be accounted for separately from any other funds.

Through our review of Milwaukee PD official accounting records, we determined that the Milwaukee PD received all equitable sharing receipts via Electronic Fund Transfers (EFT) and maintained these funds in a separate account specifically reserved for DOJ asset forfeiture funds.

To determine whether the Milwaukee PD's accounting procedures adequately tracked equitably shared monies and property and separately accounted for DOJ equitable sharing funds, we compared AFMLS equitable sharing distribution reports to Milwaukee PD accounting records, and we considered the results of our work performed as reported in the Use of Equitably Shared Resources section of this report.

We reviewed the AFMLS report of DOJ equitable sharing distributions, which disclosed that the Milwaukee PD received equitable sharing funds totaling \$3,102,153 during the period of January 1, 2010, through December 31, 2011. To verify the total amount of equitable sharing funds received during our review period, we compared the receipts listed on the Milwaukee PD's Equitable Sharing Agreement and Annual Certification Reports to the total amounts listed as disbursed on the DOJ's Consolidated Asset Tracking System (CATS) reports. As shown in Table 1, we did not identify any discrepancies.

TABLE 1: RECEIPTS COMPARISON

Fiscal Year	Receipts Per Certification Report	Disbursements Per CATS Report	Difference
2010	\$2,088,443	\$2,088,443	\$0
2011	1,013,710	1,013,710	0
Totals	\$3,102,153	\$3,102,153	\$0

Source: Milwaukee PD Certification and CATS reports

During this period, the Milwaukee PD also received equitably shared tangible property in the form of vehicles. The Milwaukee PD's certification reports reported that it received six equitably shared vehicles in FYs 2010 and 2011. Our testing of these vehicles is addressed in the Use of Equitably Shared Resources section of this report.

From January 2010 through December 2011, the CATS report recorded equitable sharing receipts totaling \$3,102,153 for the Milwaukee PD, as shown in Table 1. We reconciled the CATS report to the E-Share log from the USMS and found that the receipts matched.⁴ As shown in Table 2, we then judgmentally selected and reviewed five of the highest receipts from FY 2010 and FY 2011, totaling \$1,475,053, to ensure that these monies were properly deposited and timely recorded. We found that the Milwaukee PD appropriately deposited its asset forfeiture receipts and recorded them in its accounting records in a timely manner.

⁴ E-Share is the United States Marshals Service program used to make equitable sharing payments to federal, state, and local law enforcement agencies through electronic funds transfer. An e-mail payment notification is sent to the participating agency within 5 business days after the funds are deposited in the recipient's bank account.

TABLE 2: SAMPLED RECEIPTS IN FY 2010 AND FY 2011

Sample Count	Date Received Per USMS CATS Report	Amount Received	Date Received Per Milwaukee PD Records	Amount Received
1	02/16/2010	\$900,005	02/16/2010	\$900,005
2	08/12/2010	238,496	08/12/2010	238,496
3	11/26/2010	184,086	11/29/2010 ⁵	184,086
4	12/28/2010	58,630	12/28/2010	58,630
5	07/18/2011	93,836	07/18/2011	93,836
TOTALS		\$1,475,053		\$1,475,053

Source: E-Share log from USMS and Accounting Records from the Milwaukee PD

Compliance with Audit Requirements

The 2009 Equitable Sharing Guide requires the Milwaukee PD to comply with audit requirements of the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133). OMB Circular A-133 requires non-federal entities to prepare a Schedule of Expenditures of Federal Awards for the period covered by the auditee's financial statements. The Schedule of Expenditures of Federal Awards is included within the entity's Single Audit Report.

To determine if the Milwaukee PD accurately reported DOJ equitable sharing fund expenditures on its Schedule of Expenditures of Federal Awards, we reviewed the Milwaukee PD's accounting records and the city of Milwaukee Single Audit Report for the year ended December 31, 2010.⁶ We found that the city of Milwaukee did not accurately report DOJ equitable sharing fund expenditures on the Schedule of Expenditures of Federal Awards as required by OMB Circular A-133. While the Milwaukee PD accurately reported FY 2010 equitable sharing expenditures of \$1,673,843 on its FY 2010 Annual Certification Report, the city of Milwaukee's 2010 Single Audit Report reported only \$216,540 in equitable sharing expenditures.

According to the city of Milwaukee Comptroller's Office, which prepared the Schedule of Expenditures of Federal Awards, it failed to report all equitable sharing expenditures for FY 2010 because of how it accounts for these funds. Specifically, the city separately identifies all equitable sharing funds received in

⁵ November 26, 2010, was a Friday, and the deposit was not recorded on the auditee's bank records until the following Monday, November 29, 2010.

⁶ At the time of our audit, the FY 2010 Single Audit report was the most recent report issued.

a fiscal year as funds for that fiscal year (e.g., all equitable sharing funds received in FY 2010 were recorded as FY 2010 funds, while all equitable sharing funds received in FY 2009 were recorded as FY 2009 funds). The city then reported on its FY 2010 Schedule of Expenditures of Federal Awards only those FY 2010 equitable sharing expenditures paid from its FY 2010 funds. Additionally, according to a Milwaukee PD official, the city's reported expenditures on the Schedule of Expenditures of Federal Awards also excluded all equipment expenditures for that same fiscal year.

After discussing this issue with the city Comptroller's Office, officials stated that they were working to correct the problem. We recommend that the AFMLS require that equitable sharing expenditures be reported accurately on the city of Milwaukee's Schedule of Expenditures of Federal Awards.

Equitable Sharing Agreement and Annual Certification Report

AFMLS requires that any state or local law enforcement agency that receives forfeited cash, property, or proceeds because of a federal forfeiture submit an Equitable Sharing Agreement and Annual Certification Report. The submission of this form is a prerequisite for the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request. The Equitable Sharing Agreement and Annual Certification Report must be submitted every year within 60 days after the end of the agency's fiscal year regardless of whether funds were received or maintained during the fiscal year. The head of the law enforcement agency and a designated official of the local governing body must sign the agreement. By signing the agreement, the signatories agree to be bound by the statutes and guidelines that regulate the equitable sharing program and certify that the law enforcement agency will comply with these guidelines and statutes.

We tested compliance with the certification report requirements to determine if the required forms for FYs 2010 and 2011 were accurate and complete. We determined that the forms for FYs 2010 and 2011 reflected the Milwaukee PD's equitable sharing receipts and expenditures and that the appropriate officials had signed the forms. However, we found a discrepancy with the transfer of property reported on the FY 2011 certification report. This is further discussed in the Use of Equitably Shared Resources section of this report.

We also found that the reports were not submitted in a timely manner. The Milwaukee PD filed its 2010 certification report 97 days late and its 2011 report 124 days late. The Milwaukee PD Finance and Planning Manager explained that the city comptroller's office does not officially finalize the prior year's books in time for submission of the certification report. In our opinion, the information the Milwaukee PD needs to complete its certification report in a

timely manner is available, even though the city's accounting records are not yet officially finalized for the fiscal year.

Monitoring Applications for Transfer of Federally Forfeited Property

The 2009 Equitable Sharing Guide states that all participating agencies should maintain a log of all sharing requests that consecutively numbers the requests and includes the seizure type, seizure amount, share amount requested, amount received, and date received for each request. The 2009 Equitable Sharing Guide requires that the log be updated when an E-Share notification is received.

We reviewed the Milwaukee PD's DAG-71 log and found that it contained all of the required information, and that the Milwaukee PD updated the log when an E-Share notification was received. We interviewed the Milwaukee PD Finance and Planning Manager regarding the procedures for monitoring and reconciling equitable sharing requests and receipts. He explained that he receives notification from the city Comptroller's Office that a deposit has been made to the Milwaukee PD Equitable Sharing account, and he matches that information to the Applications for Transfer of Federally Forfeited Property (DAG-71).⁷ He further stated that at the end of the year, he requests from AFLMS a printout of the year's transfers. He then matches his records and the DAG-71s against the AFMLS printout. We believe these procedures are adequate and in line with the requirements set forth in the 2009 Equitable Sharing Guide.

Use of Equitably Shared Resources

The 2009 Equitable Sharing Guide requires that equitable sharing funds received by state and local agencies be used for law enforcement purposes. However, under certain circumstances, up to 15 percent of the total equitable sharing revenues the agency received in the last 2 fiscal years may be used for the costs associated with nonprofit community-based programs or activities, such as drug abuse treatment, drug and crime prevention education, and housing and job skills programs. Law enforcement agencies can also transfer cash to another law enforcement agency.

Use of Equitably Shared Funds

According to its accounting records and certification reports, the Milwaukee PD expended DOJ equitable sharing funds totaling \$1,673,843 in FY 2010 and \$762,919 in FY 2011, for a total of \$2,436,762. We judgmentally selected and tested 12 transactions, totaling \$1,535,262, or 63 percent of the

⁷ The DAG-71 is the DOJ form submitted by a state or local agency to the federal seizing agency to request a share of seized assets.

total expended, to determine if the expenditures of DOJ equitable sharing funds were allowable and supported by adequate documentation. We determined that of the sampled transactions, the Milwaukee PD spent \$1,261,762 for the purchase of equipment and licenses, \$145,000 for consultants, \$107,705 for remodeling of police facilities, \$12,750 for a community program, and \$8,045 for training.

Several of the 12 transactions we tested consisted of multiple items and, with the exception of one transaction, we tested all items in the transaction. One transaction we tested consisted of 225 portable radios purchased with equitable sharing funds and assigned to officers. We judgmentally selected for testing 24 of the 225 portable radios purchased. We confirmed the permissible use and possession of the selected equipment and physically verified four radios while on site. We confirmed the remaining 20 radios by sending confirmation letters to the officers in possession of the radios. The officers signed and returned to us these letters, attesting that they possessed the radio assigned to them and that the radio was being used permissibly. For the remaining 11 transactions that we tested, we determined that the equipment or services purchased were supported by adequate documentation and were being used for allowable law enforcement purposes.

Based on our review of supporting documentation provided by the Milwaukee PD, we determined that its DOJ equitable sharing fund expenditures were supported by adequate documentation and were used for appropriate purposes.

Use of Equitably Shared Property

The 2009 Equitable Sharing Guide requires that any forfeited tangible property transferred to a state or local agency for official use must be used for law enforcement purposes only. Further, vehicles and other tangible property transferred for official law enforcement use must be used accordingly for at least 2 years. However, if the property becomes unsuitable for such stated purposes before the end of the 2-year period, it may be sold with approval from AFMLS and the proceeds are to be deposited in the agency's DOJ equitable sharing revenue account.

The Milwaukee PD's Equitable Sharing Agreement and Certification Reports identified that it received a total of six equitably shared vehicles in FYs 2010 and 2011. Through our review, we found that one vehicle, a 2005 Cadillac CTS listed on the Milwaukee PD's 2011 Certification Report, was not on the 2011 CATS Report. The Milwaukee PD Finance and Planning Manager explained that the Milwaukee PD received this vehicle through a state seizure, not a federal seizure, and it should not have been listed on this report to DOJ. We believe the Milwaukee PD should issue a corrected 2011 Certification Report to remove this state-seized vehicle.

We tested the remaining five equitably shared vehicles listed on the Milwaukee PD Certification Reports and the CATS reports for FY 2010 and FY 2011, as listed in Table 3.

TABLE 3: EQUITABLY SHARED VEHICLES RECEIVED IN FY 2010 AND FY 2011

Vehicle Number	Vehicle Description	Transaction Amount
1	1999 GMC Sierra 1500	\$ 6,975
2	2007 Cadillac Escalade	29,150
3	2007 Toyota 4Runner	17,175
4	2007 Mitsubishi Outlander ES	10,025
5	2008 Toyota Camry	N/A ⁸
TOTAL		\$63,325

Source: Milwaukee PD and AFMLS

We noted that Vehicle Number 1, a 1999 GMC Sierra 1500, had been transferred to the Milwaukee PD on October 6, 2010, and the Milwaukee PD sold it for \$7,925 on November 10, 2010, without receiving permission from AFMLS. According to the Milwaukee PD, the vehicle was unsuitable and mechanically unreliable for official use in undercover operations.

In addition, the proceeds from the sale were deposited into the city's parking fund, not the DOJ equitable sharing fund, as required by the 2009 Equitable Sharing Guide. In order to correct this situation, the Milwaukee PD provided documentation that it reimbursed its DOJ equitable sharing fund via journal entry on February 15, 2013, for the \$7,925 proceeds from the sale of the vehicle in November 2010.

We believe the Milwaukee PD should establish a procedure to ensure it requests permission from AFMLS before selling equitably shared property that is not maintained for the required 2-year period and that it deposits the proceeds from any such sale into its DOJ equitable sharing fund.

Supplanting

The 2009 Equitable Sharing Guide also requires that shared resources be used to increase or supplement the resources of the recipient agency and

⁸ The 2008 Toyota Camry was seized and ready to be transferred to the Milwaukee PD. However, the vehicle was not yet adjudicated. Therefore, the vehicle was in Milwaukee PD storage, and we were able to verify its existence. However, AFMLS had not yet assigned the vehicle a transaction amount.

prohibits the use of shared resources to replace or supplant the appropriated resources of the recipient. To test whether equitable sharing funds were used to supplement rather than supplant local funding, we reviewed the Milwaukee PD's local budgets for FYs 2009 through 2012 and sampled FY 2010 and FY 2011 expenditures.

Through our review of the Milwaukee PD's budget documents, we found that the Milwaukee PD's total budgeted appropriations have been flat or risen slightly with the exception of FY 2010, which decreased by approximately \$20.5 million from FY 2009. Through our review of the Milwaukee PD's budget documents and an interview with a Milwaukee PD budget official, we determined the decrease was the result of citywide budget reductions. Further, our testing of sampled expenditure transactions did not reveal any evidence of supplanting. Therefore, we concluded that the city of Milwaukee did not use DOJ equitable sharing funds to supplant the Milwaukee PD's budget.

Views of Responsible Officials

We discussed the results of our review with Milwaukee PD officials throughout the audit and at a formal exit conference. Their input on specific issues has been included in the appropriate sections of the report.

Recommendations

We recommend that the Criminal Division:

1. Ensure that the city of Milwaukee accurately reports the Milwaukee PD's equitable sharing expenditures on its Schedule of Expenditures of Federal Awards.
2. Ensure that the Milwaukee PD submits all required Equitable Sharing Agreement and Certification Reports in a timely manner.
3. Ensure that the Milwaukee PD submits a corrected 2011 Equitable Sharing Agreement and Annual Certification Report reflecting the correct number of vehicles that were received through the DOJ equitable sharing program.
4. Ensure that the Milwaukee PD establishes procedures to ensure that it receives permission from AFMLS before it sells any equitably shared property that has not been maintained for the required 2-year period and that it deposits any proceeds from such a sale to its DOJ equitable sharing fund.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The objective of the audit was to assess whether equitably shared cash and property received by the requesting agency was accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines. We tested compliance with what we considered the most important conditions of the DOJ equitable sharing program. We reviewed laws, regulations, and guidelines governing the accounting for and use of DOJ equitable sharing receipts, including the Guide to Equitable Sharing for State and Local Law Enforcement Agencies, dated April 2009. Unless otherwise stated in our report, the criteria we audit against are contained in these documents.

Scope and Methodology

Our audit concentrated on, but was not limited to, equitable sharing funds received by the Milwaukee PD from January 1, 2010, through December 31, 2011. During this period, the Milwaukee PD received \$3,102,153 and expended \$2,436,762 in DOJ equitable sharing funds. We tested 5 DOJ equitable sharing receipts (totaling \$1,475,053) and judgmentally selected a sample of 12 expenditure transactions (totaling \$1,535,262) for testing. We applied a judgmental sampling design to obtain broad exposure to numerous facets of the disbursements reviewed, such as dollar amounts and cost categories. This non-statistical sample design does not allow projection of the test results to all disbursements.

We performed audit work at Milwaukee PD headquarters located in Milwaukee, Wisconsin. To accomplish the objective of the audit, we interviewed Milwaukee PD officials and examined records, and related revenues, and expenditures of equitable sharing revenues and expenditures. In addition, we relied on computer-generated data contained in CATS for determining equitably shared revenues and property awarded to the Milwaukee PD during the audit period. We did not establish the reliability of the data contained in CATS 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.

In planning and performing our audit, we considered internal controls established and used by the Milwaukee PD over DOJ equitable sharing receipts to accomplish our audit objective. We did not assess the reliability of the Milwaukee PD financial management system or internal controls of that system or otherwise assess internal controls and compliance with laws and regulations for the city of Milwaukee as a whole.

Our audit included an evaluation of the city of Milwaukee's FY 2010 Single Audit. The Single Audit Report was prepared under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor's report, which disclosed no control weaknesses or significant noncompliance issues related specifically to the Milwaukee PD.

AUDITEE RESPONSE



Police Department
June 27, 2013

Edward A. Flynn
Chief of Police

Carol S. Taraszka
Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
500 W. Madison Street, Suite 1121
Chicago, IL 60661-2590

Dear Ms. Taraszka:

This letter is in response to your Agency's audit of the Milwaukee Police Department's (MPD) Equitable Sharing Program Activities for fiscal year's 2010-2011. The MPD agrees with each of the 4 recommendations and has taken steps to ensure that these exceptions do not occur again in the future.

Recommendation No. 1: Ensure that the City of Milwaukee accurately reports the MPD's equitable sharing expenditures on its Schedule of Expenditures of Federal Awards.

The MPD has confirmed that the City Comptroller's Office has put into place procedures which will ensure that this report will accurately be submitted in the future.

Recommendation No. 2: Ensure that the Milwaukee MPD submits all required Equitable Sharing Agreements and Certification Reports in a timely manner.

The MPD has made changes internally to ensure that all future reports will be submitted in a timely fashion.

Recommendation No. 3: Ensure that the MPD submits a corrected 2011 Equitable Sharing Agreement and Annual Certification Report reflecting the correct number of vehicles that were received through the DOJ equitable sharing program.

The MPD is preparing a corrected 2011 Equitable Sharing Agreement and Annual Certification Report and will submit it within 30 days.

Recommendation No. 4: Ensure that the MPD establishes procedures to ensure that it receives permission from AFMLS before it sells any equitably shared property that has not been maintained for the required 2-year period and that it deposits any proceeds from such a sale to its DOJ equitable sharing fund.

The MPD has established procedures to meet this requirement.

Carol S. Taraszka
June 27, 2013
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Thank you and your staff for the thorough and professional audit of this important program for the City of Milwaukee Police Department. Please contact me with any questions you may have at 935-7200.

Sincerely,



EDWARD A. FLYNN
CHIEF OF POLICE

cc: Joel Plant, Chief of Staff
Daniel Rotar, Budget & Admin Mgr

U.S. DEPARTMENT OF JUSTICE RESPONSE



U.S. Department of Justice

Criminal Division

Washington, D.C. 20530

JUN 19 2013

MEMORANDUM

TO: Carol Taraszka
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General (OIG)

FROM: Gene Patton, Assistant Deputy Chief
Asset Forfeiture and Money Laundering Section (AFMLS)

SUBJECT: Draft Audit Report for the Milwaukee Police Department Equitable Sharing Program Activities

In a memorandum to Mythili Raman, dated June 10, 2013, your office summarized the status of the above referenced report and detailed actions necessary for final closure of the outstanding audit report recommendations. The following is a list of the audit report recommendations pertaining to the Milwaukee Police Department's (MPD) equitable sharing program activity:

Recommendations:

1. Ensure that the city of Milwaukee accurately reports the MPD's equitable sharing expenditures on its Schedule of Expenditures of Federal Awards.
2. Ensure that the MPD submits all required Equitable Sharing Agreement and Certification Reports in a timely manner.
3. Ensure that the MPD submits a corrected 2011 Equitable Sharing Agreement and Annual Certification Report reflecting the correct number of vehicles that were received through the DOJ equitable sharing program.
4. Ensure that the MPD establishes procedures to ensure that it receives permission from AFMLS before it sells any equitably shared property that has not been maintained for the required 2-year period and that it deposits any proceeds from such a sale to its DOJ equitable sharing fund.

The Asset Forfeiture and Money Laundering Section (AFMLS) concurs with these recommendations and will request that the MPD implement the recommended policies and procedures and provide documentation verifying the corrective actions taken.

cc: Louise M. Duhamel, Ph. D.
Assistant Director
Audit Liaison Group
Justice Management Division

Denise Turcotte
Audit Liaison
Criminal Division

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

The OIG provided a draft of this audit report to the Criminal Division and the Milwaukee PD. The Milwaukee PD's response letter is incorporated in Appendix II of this final report, and the Criminal Division's response is incorporated in Appendix III of this final report.

The following provides the OIG analysis of the responses and a summary of actions necessary to close the report.

Recommendation Number:

1. **Resolved.** In its response, the Criminal Division's Asset Forfeiture and Money Laundering Section (AFMLS) stated that it concurs with our recommendation to ensure that the city of Milwaukee accurately reports the Milwaukee PD's equitable sharing expenditures on its Schedule of Expenditures of Federal Awards. In its response to the draft report, the Milwaukee PD stated that it has confirmed that the City Comptroller's Office has put procedures into place that will ensure that the Schedule of Expenditures of Federal Awards will be accurately submitted in the future.

This recommendation can be closed when we are provided with evidence of the new procedures that the Milwaukee PD has established to ensure that the city of Milwaukee accurately reports the Milwaukee PD's equitable sharing expenditures on its Schedule of Expenditures of Federal Awards.

2. **Resolved.** In its response, AFMLS stated that it concurs with our recommendation to ensure that the Milwaukee PD submits all required Equitable Sharing Agreement and Annual Certification Reports in a timely manner. In its response to the draft report, the Milwaukee PD stated that it has made changes internally to ensure that all future Equitable Sharing Agreements and Certification Reports will be submitted in a timely fashion.

This recommendation can be closed when we receive evidence that the Milwaukee PD has implemented procedures to ensure that it submits all required Equitable Sharing Agreement and Annual Certification Reports in a timely manner.

3. **Resolved.** In its response, AFMLS stated that it concurs with our recommendation to ensure that the Milwaukee PD submits a corrected 2011 Equitable Sharing Agreement and Annual Certification Report reflecting the correct number of vehicles that were received through the DOJ equitable sharing program. In its response to the draft report, the Milwaukee PD stated that it is preparing a corrected 2011 Equitable Sharing Agreement and Certification Report and will submit it within 30 days.

This recommendation can be closed when we receive evidence that the Milwaukee PD has submitted a corrected 2011 Equitable Sharing Agreement and Annual Certification Report reflecting the correct number of vehicles that were received through the DOJ equitable sharing program.

4. **Resolved.** In its response, AFMLS stated that it concurs with our recommendation to ensure that the Milwaukee PD establishes procedures to ensure that it receives permission from AFMLS before it sells any equitably shared property that has not been maintained for the required 2-year period and that it deposits any proceeds from such a sale to its DOJ equitable sharing fund. In its response to the draft report, the Milwaukee PD stated that it has established procedures to meet this requirement.

This recommendation can be closed when we receive evidence that the Milwaukee PD has established procedures to ensure that it receives permission from AFMLS before it sells any equitably shared property that has not been maintained for the required 2-year period and that it deposits any proceeds from such a sale to its DOJ equitable sharing fund.