



Audit of the West Virginia State Police  
Department's Equitable Sharing Program Activities,  
South Charleston, West Virginia



AUDIT DIVISION

21-023

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**JANUARY 2021**

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REDACTED FOR PUBLIC RELEASE

*The names of commercial products were redacted from Appendix 4 of this report because they did not have relevance for the context of the audit findings.*



# Executive Summary

*Audit of the West Virginia State Police Department's Equitable Sharing Program Activities, South Charleston, West Virginia*

## Objectives

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) has completed an audit to assess whether the West Virginia State Police (WVSP) accounted for DOJ equitable sharing funds properly and used such assets for allowable purposes as defined by applicable guidelines.

## Results in Brief

We did not identify significant concerns regarding the timeliness, completeness, and accuracy of WVSP's equitable sharing reports in comparison to the eShare reports for fiscal year (FY) 2017 through FY 2019. However, the WVSP did not ultimately use equitable sharing funds for only allowable purposes during the scope of the audit. We also determined that WVSP's physical records and vendor-maintained electronic inventory system did not accurately reflect the status of equipment on hand.

Additionally, we identified an internal imprest fund, which is a cash account that the WVSP replenished with funds from the DOJ Equitable Sharing Program and other sources. The Equitable Sharing Guide expressly prohibits cash or secondary accounts, such as imprest funds. We further determined that the WVSP used the imprest fund to reimburse non-uniform clothing and make cash advances, both of which we find impermissible under the Equitable Sharing Guide. We therefore question as unallowable \$111,068 in non-uniform clothing reimbursements and \$240,534 used to finance cash advances.

## Recommendations

Our report includes seven recommendations to assist the Criminal Division in its mission to oversee the DOJ Equitable Sharing Program and includes \$363,152 in total questioned costs. In response to a draft of this report, the Criminal Division agreed with the recommendations and stated it will work with the WVSP to address them. Our analysis of the Criminal Division and WVSP responses can be found at Appendix 5 of this report.

## Audit Results

Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations. This audit covered WVSP equitable sharing activities for its FYs 2017 through 2019, during which the WVSP received \$3,450,197 and reported spending \$1,155,615 in equitable sharing revenues. We identified the following areas in which the WVSP can improve its administration and oversight of equitable sharing funds.

***Conducted Energy Weapons (Tasers)*** - We found that WVSP's physical records and the vendor-developed and maintained electronic inventory system did not accurately account for 600 tasers purchased with equitable sharing funds. Specifically, we either verified or the WVSP otherwise accounted for 187 of the 195 (96 percent) sampled tasers. Of the eight tasers unaccounted for, five should have been in the WVSP equipment vault and three should have been assigned to troopers at field sites. WVSP officials did not provide a reason why it could not account for these tasers. The WVSP appeared to have used equitable sharing funds to procure six tasers for non-participating agencies, which is counter to equitable sharing guidelines.

***Imprest Fund*** - The WVSP established an imprest fund and replenished it in part with equitable sharing funds, which we determined to be an impermissible secondary account under the Equitable Sharing Guide. Secondary accounts do not provide the same oversight and management control as normal appropriated funds. The WVSP also used equitable sharing funds deposited in its imprest fund to finance what we determined to be unallowable expenses: (1) \$111,068 for non-uniform clothing reimbursements and (2) \$240,534 in cash advances.

***Transfers*** - In FY 2019 the WVSP transferred \$556,513 to at least two other West Virginia law enforcement agencies that do not participate in the DOJ Equitable Sharing Program. Working with the Criminal Division, we confirmed that the WVSP had already paid back these transferred funds.

**AUDIT OF THE WEST VIRGINIA STATE POLICE DEPARTMENT'S  
EQUITABLE SHARING PROGRAM ACTIVITIES,  
SOUTH CHARLESTON, WEST VIRGINIA**

**TABLE OF CONTENTS**

INTRODUCTION .....	1
DOJ Equitable Sharing Program .....	1
West Virginia State Police Department.....	2
OIG Audit Approach .....	2
AUDIT RESULTS.....	4
Equitable Sharing Agreement and Certification Reports.....	4
Completeness and Timeliness of ESAC Reports.....	4
Accuracy of ESAC Reports .....	4
Compliance with Single Audit Requirements.....	5
Accounting for Equitable Sharing Resources .....	6
Equitable Sharing Resources .....	7
Use of Equitable Sharing Funds .....	8
Supplanting.....	15
CONCLUSION AND RECOMMENDATIONS.....	17
APPENDIX 1: OBJECTIVE, SCOPE, AND METHODOLOGY .....	18
APPENDIX 2: SCHEDULE OF DOLLAR-RELATED FINDINGS.....	22
APPENDIX 3: DOJ CRIMINAL DIVISION RESPONSE TO THE DRAFT AUDIT REPORT .....	23
APPENDIX 4: WEST VIRGINIA STATE POLICE RESPONSE TO THE DRAFT AUDIT REPORT .....	24
APPENDIX 5: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT .....	26

# AUDIT OF THE WEST VIRGINIA STATE POLICE DEPARTMENT'S EQUITABLE SHARING PROGRAM ACTIVITIES, SOUTH CHARLESTON, WEST VIRGINIA

## INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of the equitable sharing funds received by the West Virginia State Police (WVSP), headquartered in South Charleston, West Virginia. The objective of the audit was to assess whether the WVSP accounted for funds received through the Equitable Sharing Program properly and used it for allowable purposes as defined by applicable regulations and guidelines. The audit covered July 1, 2016, through June 30, 2019.<sup>1</sup> During this 3-year period, the WVSP received \$3,450,197 and reported spending \$1,155,615 in equitable sharing revenues as a participant in the DOJ Equitable Sharing Program.

### DOJ Equitable Sharing Program

The Comprehensive Crime Control Act of 1984 authorized the implementation of the DOJ Asset Forfeiture Program (Asset Forfeiture Program) as a national law enforcement initiative to remove the tools of crime from criminal organizations, deprive wrongdoers of the proceeds of their crimes, recover property that may be used to compensate victims, and deter crime. A key element of the Asset Forfeiture Program is the Equitable Sharing Program, under which any state or local law enforcement agency that directly participated in an investigation or prosecution resulting in a federal forfeiture may claim a portion of the forfeited cash, property, and proceeds.<sup>2</sup>

Three DOJ components administer discrete functions of the Equitable Sharing Program – the U.S. Marshals Service (USMS), the Justice Management Division (JMD), and the Criminal Division's Money Laundering and Asset Recovery Section (MLARS). The USMS is responsible for transferring asset forfeiture funds from 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, MLARS 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.

State and local law enforcement agencies may receive equitable sharing funds by (1) participating directly with DOJ agencies on investigations that lead to the seizure and forfeiture of property or (2) seizing property themselves and requesting that a DOJ

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<sup>1</sup> The WVSP's fiscal year begins July 1 and ends June 30.

<sup>2</sup> The U.S. Department of the Treasury also administers a federal asset forfeiture program, which includes participants from the U.S. Department of Homeland Security components. This audit includes only equitable sharing revenues received through the DOJ Equitable Sharing Program.

component adopt the seizure and proceed with federal forfeiture. After an investigation ends, the assisting state and local law enforcement agencies can request a share of forfeited assets or a percentage of the proceeds derived from the sale of forfeited assets. Generally, the degree of the requesting agency's direct participation in an investigation determines the equitable share allocated to that agency.

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 become members of the program by signing and submitting an Equitable Sharing Agreement and Certification (ESAC) report each year to MLARS. As part of each annual agreement, officials of participating agencies certify that they will use equitable sharing funds for allowable law enforcement purposes. Both the July 2014 Interim Policy Guidance Regarding the Use of Equitable Sharing Funds, and the July 2018 Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies outline categories of allowable and unallowable uses for equitable sharing funds and property.

### **West Virginia State Police Department**

The WVSP is headquartered in South Charleston, West Virginia. Established in 1919, the WVSP serves a population of approximately 1.8 million residents of West Virginia. As of June 2019, the WVSP had a workforce of 628 sworn officers and 383 civilian employees. The WVSP conduct law enforcement operations through multiple divisions, including its Special Operations, Bureau of Criminal Investigation (BCI), Crime Scene Response, Internet Crimes, West Virginia Intelligence Exchange, West Virginia Fusion Center, Crimes Against Children, and a K-9 Unit. The WVSP became a member of the DOJ Equitable Sharing Program in 1995.

### **OIG Audit Approach**

We tested the WVSP's compliance with what we considered to be the most important conditions of the DOJ Equitable Sharing Program to assess whether it accounted for equitable sharing funds properly and used such revenues for allowable purposes. Considering the scope of this review, our primary criteria included the MLARS's 2009 *Guide to Equitable Sharing for State and Local Law Enforcement Agencies*, the July 2014 *Interim Guidance Regarding the Use of Equitable Sharing Funds* (Interim Policy Guidance), the July 2018 *Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies*, and the Office of Management and Budget's *Uniform Administrative Requirements, Costs, Principles, and Audit Requirements for Federal Awards*, as appropriate. To conduct the audit, we tested the WVSP's compliance with the following:

- **Equitable Sharing Agreement and Certification Reports** to determine if these documents were complete and accurate.
- **Accounting for equitable sharing resources** to determine whether standard accounting procedures were used to track equitable sharing assets.

- **Use of equitable sharing resources** to determine if equitable sharing cash and property were used for allowable law enforcement purposes.
- **Compliance with audit requirements** to ensure the accuracy, consistency, and uniformity of audited equitable sharing data.
- **Monitoring of applications for transfer of federally forfeited property** to ensure adequate controls were established.

See Appendix 1 for more information on our objective, scope, and methodology.

## AUDIT RESULTS

### Equitable Sharing Agreement and Certification Reports

Law enforcement agencies that participate in the Equitable Sharing Program must submit an annual Equitable Sharing Agreement and Certification (ESAC) report within 60 days after the end of an agency's fiscal year. Each ESAC report must be signed by the head of the law enforcement agency and a designated official of the local governing body in which both signatories agree to be bound by and comply with the statutes and guidelines that regulate the Equitable Sharing Program.

The WVSP's Comptroller prepares the ESAC report using information from the State of West Virginia's accounting system and eShare.<sup>3</sup> The WVSP Comptroller then forwards the report to the WVSP Superintendent and the Military Affairs and Public Safety Cabinet Secretary to review and approve before submitting the report to MLARS. We tested the WVSP's FY 2017 through 2019 ESAC reports for completeness, timeliness, and accuracy.

#### *Completeness and Timeliness of ESAC Reports*

We tested the WVSP's compliance with ESAC reporting requirements to determine if its reports were complete and submitted in a timely manner. We obtained the WVSP's ESAC reports submitted for FYs 2017 through 2019 and found that the reports were complete and signed by appropriate officials. We also determined that the ESAC reports were submitted within the required timeframe. We make no recommendation regarding the completeness and timeliness of the WVSP's ESAC reports.

#### *Accuracy of ESAC Reports*

To verify the accuracy of the annual ESAC reports, we compared the receipts listed on the WVSP's three most recent ESAC reports to the total amounts listed as disbursed on the eShare report for the same time period. The ESAC reports recorded receipts of \$1,390,682 in FY 2017, \$1,194,869 in FY 2018, and \$864,646 in FY 2019, which matched the receipts listed on the eShare report.

To verify the total expenditures listed on the ESAC reports, we compared expenditures listed on the ESAC reports to the WVSP accounting records for each period. The ESAC reports recorded as expenses \$116,359 in FY 2017, \$128,954 in FY 2018, and \$910,303 in FY 2019, which we confirmed matched the expenditures recorded in the WVSP accounting records.

In addition, we reviewed for accuracy the section of the ESAC report that summarizes how the WVSP spent shared monies by category, such as law enforcement

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<sup>3</sup> A participating agency uses eShare to view the status of pending equitable sharing requests and to generate reports on disbursements. The portal is also used to process electronic payments.

operations and investigations, travel and training, and law enforcement equipment. We confirmed the WVSP expenditure documents matched ESAC report category totals. Although, the expenditure documents matched the ESAC report category totals, as noted in the next section, *Compliance with Single Audit Requirements*, we found that the WVSP tracked as expenditures outlays to other law enforcement agencies, which is not an appropriate use under the Equitable Sharing guidelines.

In addition to summarizing the shared monies spent by category on the ESAC reports, entities must report the amount of interest earned on equitable sharing revenues during the given reporting period. Based on our review of the supporting documents provided by the WVSP, we found that the interest income reported on the FY 2017 through FY 2019 ESAC reports were accurate. We make no recommendation.

### **Compliance with Single Audit Requirements**

The Equitable Sharing Guide requires that state and local law enforcement agencies that receive equitable sharing cash, proceeds, or tangible property comply with the Single Audit Act Amendments of 1996 and 2 C.F.R. §200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Single Audit Act provides for recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. Under the Uniform Guidance, such entities that expend \$750,000 or more in federal funds within the entity's fiscal year must have a "single audit" performed annually covering all federal funds expended that year. The Single Audit Report is required to include a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements. In addition, an entity must submit its Single Audit Report no later than 9 months after the end of the fiscal year covered by the audit.

The WVSP is considered a part of the State of West Virginia (the State) for single audit reporting purposes. We obtained and reviewed the State's Single Audit Reports for FYs 2017 through 2019. We found that the State submitted its Single Audit Reports on time and that the Single Audit Reports for FYs 2017 through 2019 reported no deficiencies or weaknesses related to DOJ equitable sharing funds.

To determine if the State accurately and timely reported the WVSP's DOJ equitable sharing fund receipts and expenditures on its SEFAs, we compared the schedule to the WVSP's FYs 2017 through 2019 ESAC reports. The Single Audit Reports identified minimal issues with the SEFAs for FYs 2017 through 2019, which the WVSP provided additional support to address. However, we found that the State underreported WVSP's expenditures by \$556,513 for FY 2019. A WVSP official told us that WVSP field offices disseminated \$556,513 in equitable sharing funds to external law enforcement agencies that were not DOJ Equitable Sharing Program participants. The 2018 Equitable Sharing Guide prohibits interagency transfers. The WVSP replenished the transferred equitable sharing funds using its special revenue fund. To prevent similar impermissible transfers, we recommend that

the Criminal Division ensure that the WVSP train personnel responsible for overseeing and administering equitable sharing funds and equipment on equitable sharing restrictions.

### **Accounting for Equitable Sharing Resources**

Law enforcement agencies must use standard accounting procedures and internal controls to track DOJ Equitable Sharing Program receipts. This includes establishing a separate revenue account or accounting code through the agency's finance department for DOJ Equitable Sharing Program proceeds. In addition, agencies must deposit any interest derived from equitable sharing funds in the same revenue account or under the accounting code established solely for the shared funds. Further, law enforcement agencies participating in the Equitable Sharing Program are required to use the eShare portal.<sup>4</sup>

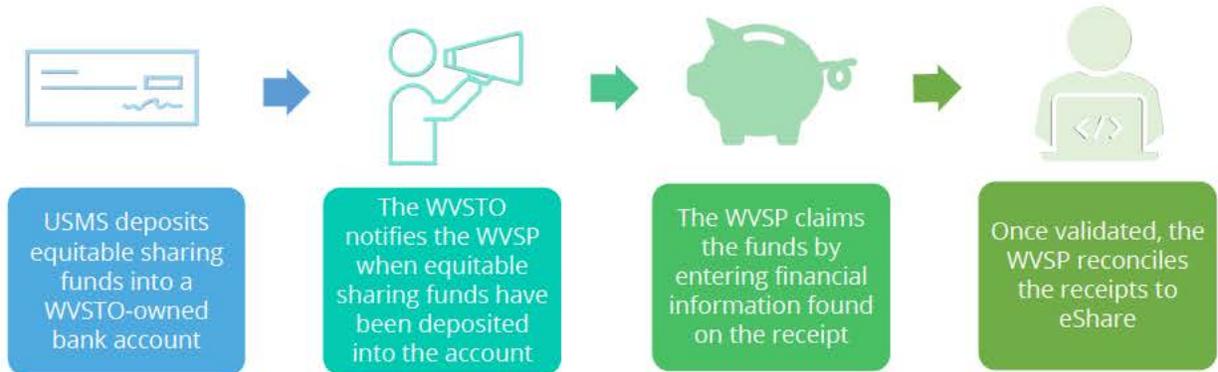
The WVSP received a total of \$3,450,197 in DOJ equitable sharing revenues via 52 eShare receipts during FY 2017 through 2019. We reconciled the 52 eShare receipts with the eShare report. To assess the handling of receipts, we interviewed the WVSP Comptroller and personnel from the West Virginia Department of Administration, and the West Virginia State Treasurer's Office (WVSTO) regarding the WVSP's equitable sharing accounting procedures.<sup>5</sup> Figure 1 depicts the WVSP claims process for Equitable Sharing Program funds.

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<sup>4</sup> The eShare portal enables a participating agency to view the status of its pending equitable sharing requests and run reports on disbursed equitable sharing funds. The portal is also used to process electronic payments.

<sup>5</sup> The WVSTO manages the State's operating fund and processes all state receipts and disbursements. The WVSP captured its equitable sharing activities via funding codes in wvOASIS, which is the State's accounting system. In some cases, the WVSTO may approve outside bank accounts for West Virginia agencies. According to the WVSTO, the agency (e.g., WVSP BCI) controls the account housed at an external financial institution while the WVSTO periodically monitor bank documents and other requested information.

**Figure 1**  
**WVSP Equitable Sharing Funds Claims Process**



Source: OIG Analysis

We also sampled five of the highest-valued receipts during this period to ensure that the WVSP properly deposited and recorded them in a timely manner. With a total value of over \$2.9 million, these five receipts accounted for over 84 percent of the total receipts the WVSP reported receiving. As shown by Table 1, the WVSP recorded in its accounting records the five selected receipts accurately and in a timely manner.

**Table 1**  
**WVSP Sampled Receipts**

eShare Date Received	Amount	WVSP-Recorded Deposit Date	Amount	Days between funds received and recorded deposited
01/24/2017	\$1,297,897	01/24/2017	\$1,297,897	0
06/19/2018	1,087,285	06/19/2018	1,087,285	0
08/21/2018	129,120	08/21/2018	129,120	0
08/21/2018	81,583	08/21/2018	81,583	0
04/12/2019	311,584	04/17/2019	311,584	5 <sup>a</sup>
<b>Totals</b>	<b>\$2,907,469</b>	-	<b>\$2,907,469</b>	-

<sup>a</sup> The WVSP recorded the funds immediately after the State Treasurer’s Office cleared the funds for deposit. No exception noted.

Source: OIG analysis of the WVSP and eShare records.

Our review of the receipt handling process, reconciliation of the 52 eShare receipts with the eShare report, and our testing of the high-dollar receipts confirmed that the WVSP properly tracked DOJ Equitable Sharing Program receipts.

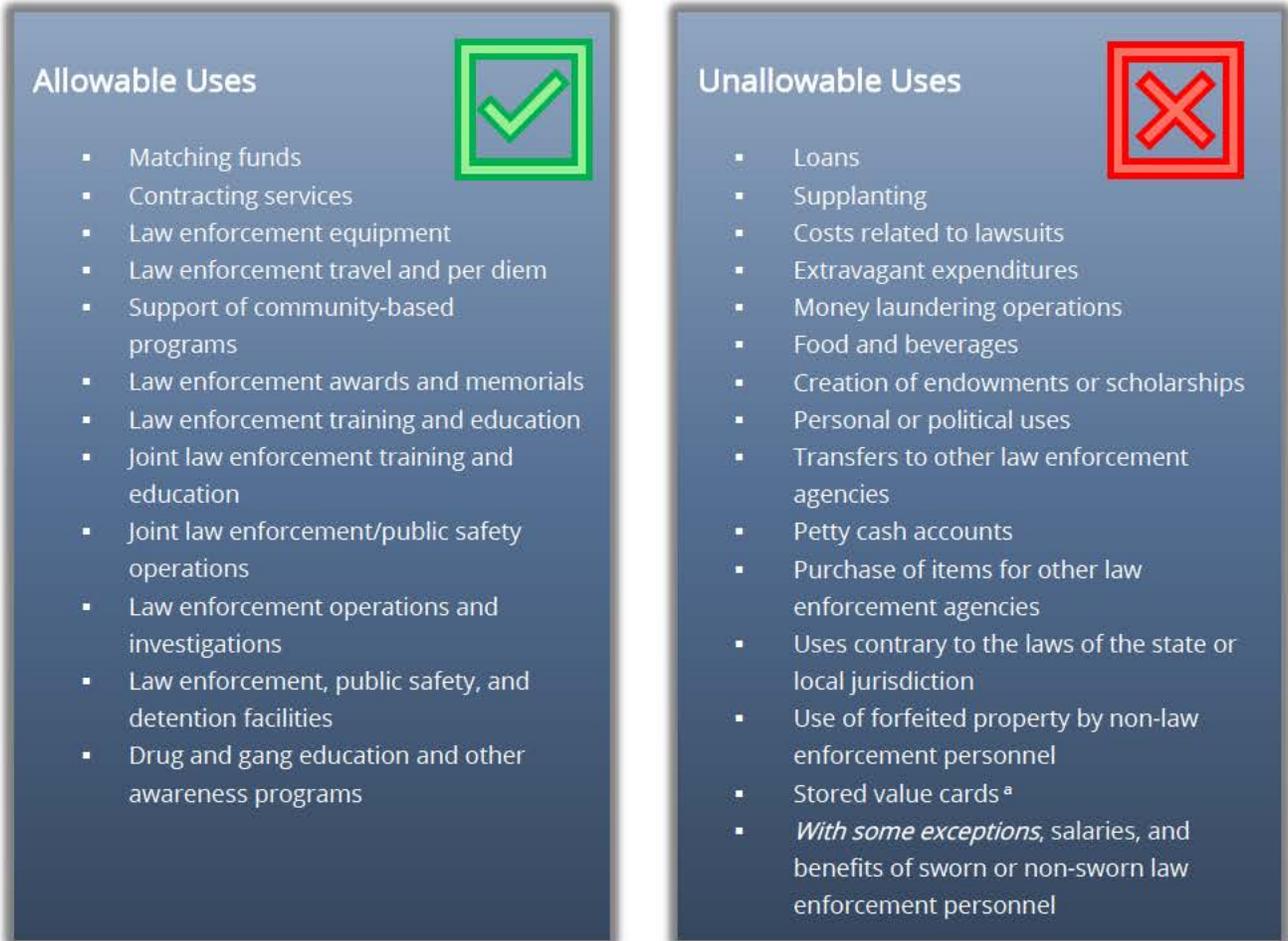
### Equitable Sharing Resources

The Equitable Sharing Guide and 2014 Interim Guidance require that participating agencies use program proceeds for law enforcement purposes that directly supplement

their appropriated resources. Figure 2 presents examples of allowable and unallowable uses under these guidelines.

**Figure 2**

**Summary of Allowable and Unallowable Uses of Equitable Sharing Funds**



<sup>a</sup> Prepaid credit cards may be purchased as a form of payment for firearm buy-back programs.

Source: Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

*Use of Equitable Sharing Funds*

WVSP accounting records recorded a total of \$1,155,615 in expenditures from DOJ equitable sharing funds under the categories: (1) Law Enforcement Operations and Investigations; (2) Transfers to Other Participating Law Enforcement Agencies; and (3) Law Enforcement Equipment, as summarized in Table 2.

**Table 2**  
**WVSP Use of Equitable Sharing Funds**

ESAC Category	Uses	FY 2017	FY 2018	FY 2019	Total
Law Enforcement Operations	Imprest fund for cash advances and reimbursements for non-uniform clothing	\$116,359	\$128,954	\$106,289	\$351,602 <sup>a</sup>
Transfers to Other Participating Law Enforcement Agencies		\$0	\$0	\$556,513	\$556,513
Law Enforcement Equipment	Conducted Energy Weapons (tasers)	\$0	\$0	\$247,500	\$247,500
<b>Totals</b>		<b>\$116,359</b>	<b>\$128,954</b>	<b>\$910,303</b>	<b>\$1,155,615</b>

<sup>a</sup> This amount represents expenses of \$361,827 paid to the imprest fund less deposits totaling \$10,225.

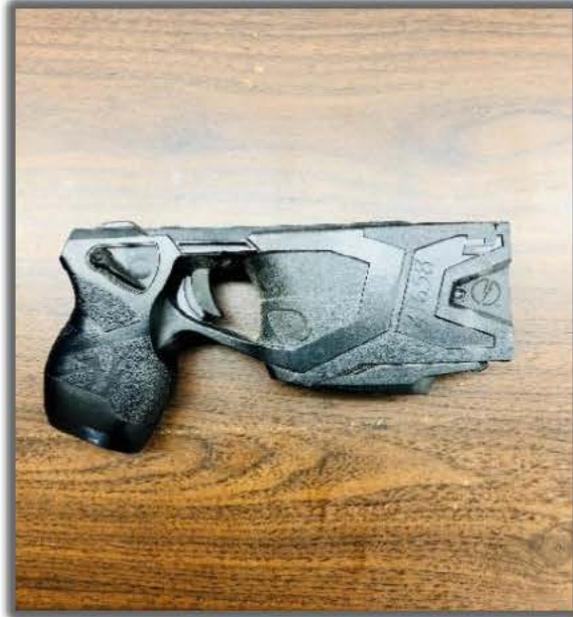
Source: The WVSP ESAC Reports

We tested transactions under each category to ascertain both their allowability under Equitable Sharing Program tenets and the adequacy of associated support. As discussed previously in the *Compliance with Single Audit Requirements* section, expenses included \$556,513 in transfers to external law enforcement agencies. Additionally, the WVSP used equitable sharing funds for costs it categorized as Law Enforcement Operations via in part an imprest fund, which it used as a vehicle for cash advances and to reimburse \$111,068 to troopers in clothing allowance vouchers. The WVSP also spent \$247,500 on law enforcement equipment as part of a larger transaction for conducted energy weapons, or tasers.

## Tasers

In August 2017, the WVSP purchased 600 conducted energy weapons (tasers) paid over 3 annual installments using general revenue and equitable sharing funds, as summarized in Table 3. Under the allocation plan, the WVSP applied \$825 in DOJ equitable sharing funds and \$250 of its general revenue to finance the \$1,075 price of each taser. In total, \$495,000 in equitable sharing funds supported 77 percent of the taser purchase, \$247,500 of which occurred during our audit scope.

We interviewed WVSP procurement personnel, reviewed accounting and inventory records for the taser purchase, and determined that the WVSP adequately supported the purchase in accordance with DOJ Equitable Sharing guidelines.



A taser procured by the WVSP with DOJ Equitable Sharing Program Funds

Source: OIG

**Table 3**

**WVSP Taser Purchase Installments**

Installment Year	Invoice Number	Funding Source	Invoice Amount
FY 2018	SI-1498073	General Revenue	\$150,000
FY 2019	SI-1554550	Equitable Sharing Program	247,500
FY 2020	SI-1613715	Equitable Sharing Program	247,500
Total			\$645,000

Source: The WVSP invoices.

WVSP officials stated that they purchased the tasers so that state troopers could use them as less-lethal alternatives to firearms. We found that each taser had a transcript that preserved a record of all user actions with the device (e.g. safety activation, trigger event duration, etc.).

DOJ Equitable Sharing guidance requires that recipients maintain logs and records for inventory control and procurement. In addition, the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Costs, Principles, and Audit Requirements for Federal Awards* requires recipients to maintain property records to include the serial number, location, use, and condition of equipment purchased with federal funds. An adequate inventory control system helps prevent loss, damage, or theft of the property purchased with federal funds.

To determine whether the WVSP adequately inventoried the tasers, we interviewed personnel responsible for administering and overseeing WVSP's inventory process, analyzed internal policies and procedures, and received a demonstration of WVSP's electronic inventory system. The WVSP used an electronic inventory system designed and maintained by the taser manufacturer, which prevented it from having direct, proactive control of its inventory records. The WVSP itself could not retrieve an inventory listing of tasers without seeking the vendor's assistance. While the WVSP used the inventory system to assign a taser to a specific state trooper, the vendor tracked whether a particular taser was delivered, returned, and available. The vendor also assigned user roles and retained editing privileges to the taser inventory system. We found that the taser inventory listing still included over a dozen tasers that the WVSP had returned to the vendor as malfunctioning. In total, we believe these limitations hindered the WVSP's ability to ensure the accuracy and completeness of its inventory records.

The WVSP assigned tasers to state troopers whose respective duty stations spanned West Virginia. To verify whether the state troopers properly accounted for and safeguarded their assigned tasers, we employed a judgmental sample design to verify a total of 188 tasers listed in the inventory. Of these, 31 devices were assigned to WVSP troopers who were present in South Charleston, West Virginia during fieldwork; 94 were not assigned to WVSP troopers and maintained by the WVSP procurement section; and 63 were assigned to WVSP troopers stationed at 5 other field sites.

We either verified or the WVSP otherwise accounted for 187 of the 195 (96 percent) sampled tasers. Of the eight tasers unaccounted for, five should have been in the WVSP equipment vault and three should have been assigned to troopers at field sites. WVSP officials did not provide a reason why it could not account for these tasers.

In July 2018, the WVSP provided six tasers (along with accessories and associated training support) purchased, in part, with DOJ Equitable Sharing Program funds, to the West Virginia State Capitol Police (WVSCP). The WVSP informed us that several WVSCP officers are retired state troopers, and these troopers requested tasers to use in their current law enforcement capacity. The WVSP established a written Memorandum of Understanding with the WVSCP over these tasers in March 2020, which we note occurred after we first inquired about these tasers. We further noted that there is no definitive date that the WVSCP is scheduled to return the tasers as the MOU only terminates upon the request of either the WVSP or WVSCP. Although the WVSP and the WVSCP both secure the State Capitol and the Governor's residence, we are concerned that past employment relationships rather than proactive safeguards give the appearance that the WVSP is improperly using equitable sharing funds to procure equipment for non-participating agencies, which the Equitable Sharing Guide prohibits because the recipient agency must benefit directly from the sharing. Even though the WVSP provided the WVSCP the same prerequisite training as state troopers, we believe that once the WVSP released the six tasers to the WVSCP, it no longer had custody of the tasers to ensure that the equipment would be used in accordance with equitable sharing guidelines. Such an interagency

transfer of equipment purchased with equitable sharing funds does not comport with Equitable Sharing Program guidelines.

Complete and accurate inventory records demonstrate effective inventory management and control. We recommend that the Criminal Division require that the WVSP: (1) reconciles regularly physical inventory purchased with equitable sharing funds to the vendor-maintained electronic inventory system; (2) remedy \$4,950 in unallowable questioned costs, reflecting the equitable-sharing portion of the price of the six tasers used by the WVSCP and not the WVSP; and (3) remedy \$6,600 in unsupported questioned costs reflecting the equitable-sharing portion of the price of the eight unaccounted-for tasers.

#### Law Enforcement Operations

Since at least April 2010, the WVSP has applied DOJ equitable sharing funds to replenish a standing, \$150,000 imprest fund.<sup>6</sup> We found that the imprest fund stemmed from the results of a December 1999 West Virginia Legislative Audit, which found that WVSP troopers retained cash or cash advances for drug stings or purchases without adequate support information. The audit also noted that, due to the divisional structure of the WVSP, transfers or terminations of those holding such cash balances could occur unbeknownst to those charged with issuing such advances. To address these issues, in 2000, the WVSP requested, the WVSTO approved and the WVSP then opened an external checking account to use as an imprest fund to better control cash transactions.<sup>7</sup>

The WVSP's use of the imprest fund initially replenished cash reserves used by individual troopers for investigative-support expenses, such as drug purchases, batteries, and has generally grown over time. In May 2010, the WVSP began using its imprest fund to reimburse troopers for non-uniform clothing costs (such as plain clothes for undercover operations and suits for court proceedings) and cell phones. According to WVSP accounting records and other available documentation, from FY 2017 to FY 2019, the WVSP

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<sup>6</sup> West Virginia Code R. § 112-3 defines an imprest fund as a cash change fund in a fixed amount maintained at a state agency. The West Virginia Code authorizes the WVSTO to establish imprest funds at the request of such an agency. To obtain an imprest fund, an agency must first formally provide to the WVSTO the imprest fund's purpose, desired balance, and location, as well as the specific agency official who will be responsible for the imprest fund. The agency must also request written approval to change either the imprest fund's: (1) authorized balance or (2) responsible agency official. Since the imprest fund's inception, the WVSP requested and received authorization to increase the balance of its imprest fund and change responsible officials. The WVSP supports this imprest fund in part with DOJ, Treasury, and other state and county-based forfeitures.

<sup>7</sup> While the documents establishing the WVSP's imprest fund did not specify the original source of monies deposited to the account, over time, the authorized balance of the imprest fund account increased from \$75,000 to \$150,000.

applied \$351,602 in equitable sharing funds to replenish its imprest fund for \$111,068 in non-uniform clothing reimbursements and \$240,534 in funds paid as cash advances.<sup>8</sup>

*Imprest Fund as a Secondary Account.* Under the Equitable Sharing Guide, recipients cannot use equitable sharing funds to establish secondary accounts or for any other type of transaction where expenditures are not managed or monitored by the jurisdiction and tracked to ensure permissibility. Instead, the governing body (e.g., State Comptroller) must maintain and administer the equitable sharing funds in the same manner as the agency's appropriated funds. While the WVSTO approved the establishment and expansion of the imprest fund, it did not administer it. The account was maintained by the WVSP and audited by the WVSTO annually. Moreover, the WVSP official on file with the WVSTO as responsible for the imprest fund had been retired for some time at the onset of the audit. The personnel we found responsible for the imprest fund were not aware of that the WVSTO required notice of this change of responsibility and promptly addressed this with the WVSTO.

The Equitable Sharing Guide prohibits using equitable sharing funds as petty cash, cash on hand accounts, or secondary accounts. The WVSP's use of the imprest fund does not comport with the Equitable Sharing Program's prohibition on using funds to replenish secondary accounts. As a revolving fund established outside of WVSTO financial management controls, the imprest fund aligned with what the Equitable Sharing Guide deems an impermissible secondary account. By their very nature, secondary accounts make funds available for use without the normal level of approvals and controls, which the Equitable Sharing Guide states must be avoided. Therefore, we recommend that the Criminal Division work with the WVSP to maintain and expend equitable sharing funds properly without using impermissible secondary accounts.

*Reimbursements for Non-Uniform Clothing.* The Equitable Sharing Guide permits program recipients to use funds to reimburse: (1) expenses in support of investigations and operations that further law enforcement goals or missions and (2) costs associated with the purchase, lease, maintenance, or operation of law enforcement equipment for use by law enforcement personnel that supports law enforcement activities to include uniform purchases. Recipients cannot use equitable sharing funds for any purpose that creates the appearance that shared funds are being used for a political or personal benefit. To confirm whether the expenditures were allowable, we reviewed WVSP accounting records and available imprest fund support, including clothing allowance vouchers and cash advance records.

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<sup>8</sup> The WVSP replenished a total of \$631,033 to its imprest fund during the scope of the audit. In addition to the DOJ Equitable Sharing Program, the WVSP replenished the fund with monies from the West Virginia Department of Health and Human Resources (DHHR), Appalachia High Intensity Drug Trafficking Area (HIDTA), and Motor Vehicle Inspections (MVI). The total supported with DOJ equitable sharing funds included \$361,827 less a deposit of \$10,225.

WVSP officials stated that they reimburse costs of certain non-uniform clothing to troopers as such is required for plain clothes activities (like undercover work) and court appearances. Troopers seeking reimbursement for non-uniform clothing need to submit vouchers for approval that include actual receipts. However, unlike uniforms, troopers may use these clothes for purposes completely unrelated to their work. Thus, in our opinion, the clothing reimbursement creates an appearance that shared funds could be used for personal benefit, which is to be avoided and non-uniform clothing purchases themselves are not allowable per guidance. We therefore question WVSP reimbursements to its imprest fund for non-uniform clothing reimbursements and recommend that the Criminal Division remedy \$111,068 in unallowable questioned costs for non-uniform clothing reimbursements to troopers from its imprest fund.

Reimbursements for Cell Phone Bills. We sampled 20 of 71 BCI state troopers (28 percent) and requested that the WVSP provide cell phone service reimbursement vouchers as well as supporting records for FYs 2017 through 2019. However, despite repeated requests and clarifications, the WVSP provided partial calendar year records (i.e., January 2017 through December 2019). Specifically, the records did not identify any reimbursements between July 2016 and December 2016. We noted that the troopers used cash advances rather than reimbursements per their own guidance in a manner similar to clothing allowance vouchers. Based on the support provided, we determined that 14 of the 20 BCI state troopers regularly received monthly reimbursements ranging from \$50 to \$120 for cell phone service.<sup>9</sup> Further, we were only able to discern that the WVSP incurred and paid at least \$21,624 in cell phone expenses for 14 of the state troopers within the scope of the audit. We are uncertain whether this is the full amount paid using equitable sharing funds due to the WVSP's inability to clearly connect accounting transactions to imprest fund supporting documentation.

Cash Advances. Each WVSP BCI troop office receives a cash advance from the imprest fund. The advance is to allow each troop office to have cash available as needed to conduct investigations, in accordance with WVSTO-approved imprest fund justification documents.<sup>10</sup> The total cash advance on hand is a set amount for each troop office. A WVSP headquarters official draws the cash advance from the imprest fund account and a designated coordinator at each troop office receives and accounts for the cash. In turn, these coordinators provide cash advances to individual troopers, who must submit vouchers post-activity to seek replenishment of any cash advance used.

The WVSP, via its imprest fund, advanced \$240,534 in equitable sharing funds to troop office coordinators. As the WVSP used other funding sources in addition to DOJ equitable sharing funds to support cash advances, to mitigate commingling source funds,

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<sup>9</sup> Two troopers did not submit cell phone vouchers for reimbursement and four troopers were attached to drug task forces, which paid in full all cellular phone bills for these troopers.

<sup>10</sup> The WVSTO's annual audit reported that \$78,000 in cash is normally available at all times to the troop offices.

the WVSP accounting office confirms and tracks the source of replenishment based on the type of activity supported in the voucher. WVSP officials stated that they believe this practice complies with the Equitable Sharing Guide because imprest fund outlays directly support costs associated with law enforcement use.

We take issue with the cash advance process for two reasons. First, the Equitable Sharing Guide states that agencies may not maintain or have direct access to their equitable sharing funds as such funds must be maintained by the governing body (e.g., the West Virginia Comptroller) and administered in the same manner as the agency's appropriated funds. For example, the WVSP reimburses some of its troopers for monthly cell phone service via cash advances. As cash advances, the WVSP does not administer these monthly cell phone costs in a manner similar to other regular WVSP transactions. The process of replenishing the imprest fund and holding equitable sharing funds as cash to cover these costs does not comport with this requirement. Second, the cash advances financed with equitable sharing funds ultimately function analogous to petty cash funds at each troop office. Petty cash accounts are not permissible under the Equitable Sharing Guide. We therefore question WVSP's imprest fund reimbursements for cash advances and recommend that the Criminal Division remedy \$240,534 in unallowable questioned costs for imprest fund replenishments for cash advances.

### *Supplanting*

The Equitable Sharing Guide requires that shared resources be used to increase or supplement the resources of the recipient agency and prohibits the use of shared resources to replace or supplant the appropriated resources of the recipient. In other words, the recipient agency must benefit directly from the equitable sharing funds. To test whether equitable sharing funds were used to supplement rather than supplant local funding, we interviewed local officials, reviewed the total budgets for the State of West Virginia, and the operational budgets for the WVSP for FY 2017 through 2019.

We determined that the State of West Virginia's budget had increased by an average of 0.7 percent during this time. We then reviewed the WVSP operational budgets for the same period and determined that it had increased slightly. In addition, equitable sharing funds made up an average of 2.81 percent of the WVSP operational budget, and the agency expended an average of 10.91 percent of those funds for the years we reviewed.

There did not appear to be a significant decrease in the State of West Virginia's budget that was offset by the WVSP's operational budget. There also did not appear to be a significant decrease in the WVSP's operational budget that coincided with a proportional increase in equitable sharing revenue. Therefore, we determined that there was a low risk that the WVSP was supplanting its budget with equitable sharing funds during our period of review. We selected a judgmental sample of three equitable sharing expenditure transactions to assess whether there were indications of supplanting. Our testing of the sampled expenditure transactions did not reveal any evidence of supplanting. Based on

our review of budget documents and transaction testing, we did not identify any indication that the State of West Virginia used DOJ equitable sharing funds to supplant its own or the WVSP's budget.

## CONCLUSION AND RECOMMENDATIONS

The WVSP prepared and submitted timely, complete, and accurate ESACs covering its FY 2017 through FY 2019 DOJ equitable sharing activities. However, the WVSP did not always spend equitable sharing funds for what we determined to be allowable purposes. While the purchase of 600 tasers was allowable, WVSP inventory records for the tasers did not agree with the electronic inventory system that was maintained by the vendor. More specifically, the inventory did not reflect the current tasers on-hand and the six tasers, which appear to have been loaned to another law enforcement agency, counter to equitable sharing guidelines.

Furthermore, the WVSP used equitable sharing funds to replenish an imprest fund. However, the use of secondary accounts to maintain and expend equitable sharing funds is impermissible. We questioned the \$351,602 of equitable sharing funds used to reimburse the imprest fund, encompassing \$111,068 in impermissible reimbursements to state troopers for non-uniform clothing expenses and \$240,534 in unallowable cash advances.

We recommend that the Criminal Division:

1. Ensure that the WVSP train personnel responsible for overseeing and administering equitable sharing funds and equipment on equitable sharing restrictions.
2. Require that the WVSP reconciles regularly physical inventory purchased with equitable sharing funds to the vendor-maintained electronic inventory system.
3. Remedy \$4,950 in unallowable questioned costs, reflecting the equitable-sharing portion of the price of the six tasers used by the WVSCP and not the WVSP.
4. Remedy \$6,600 in unsupported questioned costs reflecting the equitable-sharing portion of the price of the eight unaccounted-for tasers.
5. Work with the WVSP to maintain and expend equitable sharing funds properly without using impermissible secondary accounts.
6. Remedy \$111,068 in unallowable questioned costs for non-uniform clothing reimbursements to troopers from its imprest fund.
7. Remedy \$240,534 in unallowable questioned costs for imprest fund replenishments for cash advances.

## OBJECTIVE, SCOPE, AND METHODOLOGY

### Objective

The objective of the audit was to assess whether the West Virginia State Police (WVSP) accounted for equitable sharing funds and property properly and used such revenues for allowable purposes defined by applicable guidelines.

### 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 and 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.

Our audit concentrated on, but was not limited to, equitable sharing receipts and property received by the WVSP between July 1, 2016, and June 30, 2019. Our audit was limited to equitable sharing revenues received through the DOJ Equitable Sharing Program. We tested compliance with what we considered to be the most important conditions of the DOJ Equitable Sharing Program. We reviewed laws, regulations, and guidelines governing the accounting for and use of DOJ equitable sharing receipts, including the *Guide to Equitable Sharing for State and Local Law Enforcement Agencies*, issued in 2009, the *Interim Policy Guidance Regarding the Use of Equitable Sharing Funds*, issued July 2014, and *The Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies*, issued in July 2018. Unless, otherwise stated in our report, the criteria we audited against are contained in these documents.

In March 2020, we initiated fieldwork at the WVSP's headquarters in South Charleston, West Virginia. As a result of the COVID-19 pandemic, we performed subsequent audit procedures in a remote manner. We interviewed WVSP, West Virginia Department of Administration, and WVSTO officials and examined records, related revenues, and expenditures of DOJ equitable sharing funds. In addition, we relied on computer-generated data contained in eShare to identify equitably shared revenues and property awarded to the WVSP during the audit period. We did not establish the reliability of the data contained in eShare as a whole. However, when viewed in context with other available evidence, we believe the opinions, conclusions, and recommendations included in this report are valid.

Our audit specifically evaluated the WVSP's compliance with three essential equitable sharing guidelines: (1) Equitable Sharing Agreement and Certification reports,

(2) accounting for equitable sharing receipts, and (3) the use of equitable sharing funds. In planning and performing our audit, we considered internal controls over DOJ equitable sharing receipts established and used by the WVSP. However, we did not assess the overall reliability of the WVSP's financial management system, or the extent to which the financial management system complied with internal controls, laws, and regulations overall.

In the scope of this audit, the WVSP had 52 cash/proceeds receipts totaling \$3,450,197. In the same period, the WVSP had expenditures totaling \$1,155,615. We judgmentally selected and tested a sample of five receipts totaling \$2,907,468 and a sample expenditure of \$247,500. We applied a sampling design, which included random and judgmental selections, to capture numerous aspects of the disbursements reviewed, such as dollar amounts. This non-statistical sample design does not allow projection of the test results to all disbursements.

The aforementioned total expenditures included:

- \$247,500 for tasers,
- \$111,068 for clothing allowance reimbursements,
- \$240,534 for various cash advance activities, and
- \$556,513 for an impermissible transfer of funds.

To determine whether these amounts were accurate, we requested, obtained, and reviewed supporting documents for expenditures, including accounting records, purchasing documents and vouchers. We judgmentally selected and reviewed clothing allowance reimbursement vouchers to determine if WVSP followed its policies and procedures. Additionally, we judgmentally selected cell phone service vouchers throughout the scope of the audit and included troopers from varying reimbursement levels as stratified within the WVSP guidance. We also reviewed WVSP's cash registers and interviewed personnel from the WVSP, the West Virginia Department of Administration, and the WVSTO regarding the administration and oversight of the WVSP's equitable sharing funds.

The WVSP assigned tasers to state troopers whose respective duty stations spanned the state of West Virginia. To verify whether state troopers properly accounted for and safeguarded their assigned tasers, we employed a judgmental sample design to verify a total of 188 tasers listed in the inventory. Of these, 31 devices were assigned to WVSP troopers who were present in South Charleston, West Virginia during fieldwork; 94 were not assigned to WVSP troopers and maintained by the WVSP procurement section; and 63 were assigned to WVSP troopers stationed at 5 other field sites. When we visited the sites, several WV state troopers were absent for operational purposes, so we requested that the WVSP subsequently provide a photo of the taser displaying the serial number.

Our audit included an evaluation of West Virginia's most recent annual Single Audit. The results of this audit were reported in the Single Audit Report that accompanied West Virginia's basic financial statements for the year ended June 30, 2019. The Single Audit

Report was prepared under the provisions of the Uniform Guidance. We reviewed the independent auditor’s assessment, which disclosed no control weaknesses or significant noncompliance issues.

We discussed the results of our review with officials from the WVSP throughout the audit and at a formal exit conference. As appropriate, their input has been included in the relevant sections of the report.

*Internal Controls*

We performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of the WVSP to provide assurance on its internal control structure as a whole. WVSP management is responsible for the establishment and maintenance of internal controls in accordance with the Equitable Sharing Guide and 2 C.F.R. §200.303. Because we do not express an opinion on the WVSP’s overall internal control structure, we offer this statement solely for the information and use of the WVSP and the DOJ Criminal Division. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

In planning and performing our audit, we identified the following internal control components and underlying internal control principles as significant to the audit objective(s):

Internal Control Components & Principles Significant to the Audit Objectives	
<b>Control Environment Principles</b>	
	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.
	Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
	Management should evaluate performance and hold individuals accountable for their internal control responsibilities.
<b>Risk Assessment Principles</b>	
	Management should identify, analyze, and respond to risks related to achieving the defined objectives.
<b>Control Activity Principles</b>	
	Management should design control activities to achieve objectives and respond to risks.
	Management should design the entity’s information system and related control activities to achieve objectives and respond to risks.
	Management should implement control activities through policies.
<b>Information &amp; Communication Principles</b>	
	Management should use quality information to achieve the entity’s objectives.
	Management should externally communicate the necessary quality information to achieve the entity’s objectives.
<b>Monitoring Principles</b>	
	Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
	Management should remediate identified internal control deficiencies on a timely basis.

We assessed the WVSP's implementation of these internal controls and identified deficiencies that we believe could affect the WVSP's ability to ensure compliance with DOJ Equitable Sharing Program laws and regulations. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

## SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs: <sup>1</sup>		
<b><u>Unallowable Costs</u></b>		
Imprest Fund Reimbursements for Non-Uniform Clothing	\$111,068	14
Imprest Fund Replenishments for Cash Advances	<u>\$240,534</u>	15
<b>Total Unallowable Costs</b>	<b>\$351,602</b>	
<b><u>Unsupported Costs</u></b>		
Six unaccounted for tasers (\$825 each)	\$4,950	12
Eight missing tasers (\$825 each)	<u>\$6,600</u>	12
<b>Total Unsupported Costs</b>	<b>\$11,550</b>	
<b>TOTAL QUESTIONED COSTS</b>	<b><u>\$363,152</u></b>	

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<sup>1</sup> Questioned Costs are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documents, or contract ratification, where appropriate.

DOJ CRIMINAL DIVISION RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

Criminal Division

Money Laundering and Asset Recovery Section

Washington, D.C. 20530

November 19, 2020

MEMORANDUM

**TO:** John Manning, Regional Audit Manager  
Washington Regional Audit Office  
Office of the Inspector General

**FROM:** Jennifer Bickford, Deputy Chief  
Program Management and Training Unit  
Money Laundering and Asset  
Recovery Section

JENNIFER BICKFORD  
Digitally signed by  
JENNIFER BICKFORD  
Date: 2020.11.19  
14:01:36 -0500

**SUBJECT:** DRAFT AUDIT REPORT for West Virginia State Police Equitable  
Sharing Program Activities.

In a memorandum dated November 17, 2020, your office provided a draft audit report for West Virginia State Police (WVSP), which included actions necessary for closure of the audit report findings. The Money Laundering and Asset Recovery Section (MLARS) concurs with all findings and recommendations in the draft audit report.

Upon receipt of the final audit report, MLARS will work with WVSP to correct all identified findings.

cc: Jessica Schmaus, Audit Liaison  
U.S. Department of Justice  
Criminal Division

Louise Duhamel  
Acting Assistant Director, Audit Liaison Group  
Internal Revenue and Evaluation Office  
Justice Management Division

Ashley Hines, Audit Liaison  
Audit Liaison Group  
Internal Revenue and Evaluation Office  
Justice Management Division

WEST VIRGINIA STATE POLICE RESPONSE TO THE DRAFT AUDIT REPORT



West Virginia State Police  
725 Jefferson Road  
South Charleston, West Virginia 25309-1698  
Executive Office

Colonel Jan Cahill  
Superintendent  
December 8, 2020

John Manning  
Regional Audit Manager  
Washington Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
Jefferson Plaza  
Washington, DC 20530

Re: Audit of the West Virginia State Police Equitable Sharing Program Activities

Dear Mr. Manning:

The U.S. Department of Justice of the Inspector General (DOJ-OIG) Equitable Sharing Program Activities draft audit report issued November 17, 2020 included seven areas of improvement. They are addressed in the order that they were presented in the report.

- 1) **Recommendation:** Ensure that the WVSP train personnel responsible for overseeing and administering equitable sharing funds and equipment on equitable sharing restrictions.

**Response:** The West Virginia State Police concurs with the recommendation and will update agency policy and procedures to require all employees involved with Equitable Sharing be trained through MYLARS.

- 2) **Recommendation:** Require that the WVSP reconciles regularly physical inventory purchased with equitable sharing funds to the vendor-maintained electronic inventory system.

**Response:** The West Virginia State Police questions this recommendation as this system is already in place. The West Virginia State Police (WVSP) utilized [REDACTED] software to provide a timely report to DOJ Auditor for tasers purchased from DOJ Equitable Sharing Program. WVSP also maintains three other methods of tracking tasers which do not afford a timely reporting system with the requirements asked for by DOJ auditor. WVSP has all tasers entered in WWOASIS, the State of West Virginia's inventory system assigned to WVSP as an agency. WVSP also utilizes a DOS program [REDACTED] to enter the tasers for assignment when individually issued to members. WVSP maintains a paper card file of all tasers and their assignments. WVSP uses paper debit and credit slips for members to sign upon receipt or turn in of all tasers. The [REDACTED] software is required to keep the tasers updated and allows for a total overview of what we have returned for repair and received back if a replacement was deemed necessary. The 8 unaccounted tasers were RMA returns to [REDACTED] verified by emails provided to the auditor.

- 3) **Recommendation:** Remedy \$4,950 in unallowable questioned costs, reflecting the equitable-sharing portion of the price of the six tasers used by the WVSCP and not the WVSP.

*Integrity Fairness Respect Honesty Courage Compassion*

**Response:** The West Virginia State Police concurs with this recommendation and will coordinate with DOJ-OIG to remedy.

- 4) **Recommendation:** Remedy \$6,600 in unsupported questioned costs reflecting the equitable-sharing portion of the price of the eight unaccounted-for tasers.

**Response:** The West Virginia State Police questions this recommendation as explained in our response for recommendation #2.

- 5) **Recommendation:** Work with the WVSP to maintain and expend equitable sharing funds properly without using impermissible secondary accounts.

**Response:** The West Virginia State Police concurs with this recommendation and is in the process of moving the imprest fund through the West Virginia State Treasurer's office to a non-equitable sharing fund.

- 6) **Recommendation:** Remedy \$111,068 in unallowable questioned costs for non-uniform clothing reimbursements to troopers from its imprest fund.

**Response:** The West Virginia State Police concurs with this recommendation and has ceased non-uniform clothing reimbursements to troopers with Equitable Sharing Funds. We will coordinate with DOJ-OIG to remedy the \$111,068.

- 7) **Recommendation:** Remedy \$240,534 in unallowable questioned costs for imprest fund replenishments for cash advances.

**Response:** The West Virginia State Police concurs with this recommendation and will coordinate with DOJ-OIG to remedy.

We appreciate the opportunity to respond to the draft report and are taking immediate steps to be in full compliance with the Equitable Sharing Program requirements. Due to the ongoing health crisis, there were some challenges in providing the information and documentation requested by the Auditors. We appreciate the professional and cooperative way they conducted the audit despite these challenges. If you have any questions or need additional information, please contact Connie Gundy at (304) 746-2203 or Lieutenant Dana Chapman at (304) 812-2517.

Sincerely,



Colonel Jan Cahill  
Superintendent

**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 West Virginia State Police (WVSP). The Criminal Division's response is incorporated in Appendix 3 and the WVSP's response is incorporated in Appendix 4 of this final report. In its response, the Criminal Division concurred with our recommendations, and as a result, the status of this audit report is resolved. The WVSP concurred with five recommendations and questioned the need for two recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

**Recommendations for the Criminal Division:**

- 1. Ensure that the WVSP train personnel responsible for overseeing and administering equitable sharing funds and equipment on equitable sharing restrictions.**

Resolved. The Criminal Division concurred with our recommendation and stated that upon receipt of the final audit report it will work with the WVSP to correct all identified findings.

The WVSP also concurred with the recommendation and stated that it will update agency policies and procedures to require MLARS training for all employees involved with Equitable Sharing.

This recommendation can be closed when the Criminal Division provides evidence that the WVSP is training appropriate personnel on Equitable Sharing Program restrictions.

- 2. Require that the WVSP reconciles regularly physical inventory purchased with equitable sharing funds to the vendor-maintained electronic inventory system.**

Resolved. The Criminal Division concurred with our recommendation and stated that upon receipt of the final audit report it will work with the WVSP to correct all identified findings.

The WVSP questioned this recommendation, stating that it already had an inventory system in place to report tasers purchased with equitable sharing funds. According to the WVSP, it used vendor software as well as three other methods to track tasers, but these methods did not afford a timely reporting consistent with the requirements requested by the audit. The WVSP entered tasers in the wvOASIS system, which is a State of West Virginia inventory system assigned to the WVSP as

an agency. The WVSP stated that in addition to the vendor software and wOASIS, the WVSP maintains and assign tasers through two additional systems: a paper “credit and debit” system and a DOS program. The WVSP also stated that it returned the eight unaccounted for tasers to the vendor and provided evidence to the OIG via email to substantiate the returns. We address this part of WVSP’s response to this recommendation below at recommendation 4.

While the WVSP responded that it has various inventory tracking processes, we found that the methods did not reconcile to each other. In assessing the WVSP’s overall inventory control, the OIG applied the property accountability requirements outlined by the Office of Management and Budget *Uniform Administrative Requirements, Costs, Principles, and Audit Requirements for Federal Awards*, the Equitable Sharing Guide, and the WVSP’s Standard Operating Procedures to assess inventory.

This recommendation can be closed when we receive documentation from the Criminal Division that the WVSP has implemented a process or procedure to reconcile its various inventory records to account for missing and replaced tasers in a timely manner.

**3. Remedy \$4,950 in unallowable questioned costs, reflecting the equitable-sharing portion of the price of the six tasers used by the WVSCP and not the WVSP.**

Resolved. The Criminal Division concurred with our recommendation and stated that upon receipt of the final audit report it will work with the WVSP to correct all identified findings.

The WVSP also concurred with the recommendation and stated it will coordinate with MLARS to remedy the \$4,950 in unallowable costs.

This recommendation can be closed when we receive documentation that the Criminal Division has remedied \$4,950 in questioned costs.

**4. Remedy \$6,600 in unsupported questioned costs reflecting the equitable-sharing portion of the price of the eight unaccounted-for tasers.**

Resolved. The Criminal Division concurred with our recommendation and stated that upon receipt of the final audit report it will work with the WVSP to correct all identified findings.

The WVSP questioned the need for this recommendation, stating that it returned the eight unaccounted for tasers, listed as “RMA” (i.e., Return Merchandise Authorization), to the vendor and that emails confirming such were provided to the OIG.

While the WVSP provided emails regarding the status of these eight tasers as part of the inventory universe we tested, these emails did not provide evidence to confirm that the eight tasers were returned to the vendor and replaced.

This recommendation can be closed when we receive documentation that the Criminal Division has remedied \$6,600 in questioned costs, which can include furnishing documentation that the tasers in question were both returned and replaced.

**5. Work with the WVSP to maintain and expend equitable sharing funds properly without using impermissible secondary accounts.**

Resolved. The Criminal Division concurred with our recommendation and stated that upon receipt of the final audit report it will work with the WVSP to correct all identified findings.

The WVSP also concurred with the recommendation and stated it will work with MLARS as it moves the imprest fund through the West Virginia State Treasurer's Office to a non-Equitable Sharing Fund.

This recommendation can be closed when we receive documentation from the Criminal Division that the WVSP does not use secondary accounts to maintain and expend equitable sharing funds.

**6. Remedy \$111,068 in unallowable questioned costs for non-uniform clothing reimbursements to troopers from its imprest fund.**

Resolved. The Criminal Division concurred with our recommendation and stated that upon receipt of the final audit report it will work with the WVSP to correct all identified findings.

The WVSP also concurred with this recommendation and stated that it has ceased non-uniform clothing reimbursements to troopers with Equitable Sharing funds and will coordinate with MLARS to remedy the \$111,068 in allowable costs.

This recommendation can be closed when the Criminal Division has remedied \$111,068 in questioned costs.

**7. Remedy \$240,534 in unallowable questioned costs for imprest fund replenishments for cash advances.**

Resolved. The Criminal Division concurred with our recommendation and stated that upon receipt of the final audit report it will work with the WVSP to correct all identified findings.

The WVSP also concurred with this recommendation and stated it will coordinate with MLARS to remedy the \$240,534 in unallowable questioned costs for imprest fund replenishments for cash advances.

This recommendation can be closed when the Criminal Division has remedied \$240,534 in questioned costs.