



Audit of the Los Angeles Police
Department's Equitable Sharing Program
Activities, Los Angeles, California



AUDIT DIVISION

26-098

SEPTEMBER 2026



Audit of the Los Angeles Police Department's Equitable Sharing Program Activities, Los Angeles, California

Introduction

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of the equitable sharing funds received by the Los Angeles Police Department (LAPD) in Los Angeles, California.

The Comprehensive Crime Control Act of 1984 authorized the implementation of the DOJ Asset Forfeiture Program (Asset Forfeiture Program). A key element of the Asset Forfeiture Program is the Equitable Sharing Program, which allows any state, local, or tribal law enforcement agency that directly participated in an investigation or prosecution resulting in a federal forfeiture to request a portion of the net proceeds of the forfeiture.¹ Generally, the degree of a state or local agency's direct participation in an investigation determines the equitable share allocated to that agency.

Objective

The objective of the audit was to assess whether the proceeds received by the LAPD through the Equitable Sharing Program were accounted for properly and used for permissible purposes, as defined by applicable regulations and guidelines.

Los Angeles Police Department

The LAPD is located in Los Angeles, California. Established in 1869, the LAPD serves a population of approximately 3.8 million residents. As of August 2026, the LAPD had a workforce of over 8,621 sworn officers and 2,450 civilian employees.

Audit Results

Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of a law enforcement effort. This audit generally covered the LAPD's equitable sharing program activity during fiscal years (FY) 2024 and 2025.² The LAPD began the audit period with a balance of \$9,672,180. During the period of July 2023 through June 2025, the LAPD received \$2,542,927 and spent \$2,345,174 in equitable sharing funds, primarily on law enforcement equipment, training and travel costs, operations and investigations, and law enforcement administrative costs as a participant in the DOJ Equitable Sharing Program.

We found that the LAPD generally complied with the equitable sharing guidelines related to preparing and submitting its annual Equitable Sharing Agreement and Certification (ESAC) reports, recording asset forfeiture receipts, and reporting DOJ equitable sharing funds on its Schedule of Expenditures of Federal Awards. However, we made four recommendations to the DOJ Criminal Division, which oversees the DOJ Equitable Sharing Program, to assist the LAPD to remedy unsupported and unallowable questioned costs, improve its inventory process, and to develop a spending plan for its equitable sharing funds if warranted.

¹ The U.S. Department of the Treasury also administers a federal asset forfeiture program. This audit was limited to equitable sharing revenues received through the DOJ Equitable Sharing Program.

² LAPD's fiscal year begins July 1 and ends June 30. Therefore, our review period consisted of July 1, 2023, through June 30, 2025.

Use of Equitable Sharing Funds

To request a share of seized assets, a law enforcement agency must be a member of the Equitable Sharing Program. Agencies become members of the program by signing and submitting an annual ESAC report to the Money Laundering, Narcotics and Forfeiture Section (MNF). As part of each annual agreement, officials of participating agencies certify that they will use equitable sharing funds for permissible law enforcement purposes. The Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies outlines categories of permissible and impermissible uses for equitable sharing funds and expenditures.

Although several DOJ agencies are involved in various aspects of the seizure, forfeiture, and disposition of equitable sharing revenues, three DOJ components work together to administer the Equitable Sharing Program—the United States Marshals Service (USMS), the Justice Management Division (JMD), and the Criminal Division’s MNF. 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, MNF tracks membership of state, local, and tribal participants, updates the Equitable Sharing Program rules and policies, and monitors the allocation and use of equitably shared funds.

Of the \$2,345,174 that the LAPD expended in FY 2024 and FY 2025, we judgmentally selected 15 transactions totaling \$461,909, or 20 percent of the total funds expended, to determine if the expenditures of DOJ equitable sharing funds were permissible and supported by adequate documentation.³

More specifically, we sampled \$153,251 spent on confidential informant payments and undercover contraband purchases; \$148,529 spent on equipment; \$65,892 spent on vehicle rentals; \$18,358 spent on travel and training; and \$75,879 spent on supplies and other services. Based upon our review of the supporting documentation provided by the LAPD, we identified concerns related to some of the tested expenditures, as described below.

In March 2024, the Equitable Sharing Guide (Guide) was updated to disallow informant payments and flash money or buy money, such as undercover drug or contraband purchases to be made with equitable sharing funds.

However, of the \$153,251 spent on confidential informant payments and undercover contraband purchases in our expenditure sample, we found that \$26,025 was expended after the Guide was updated in March 2024. An LAPD official we spoke to stated that MNF had sent an email notifying LAPD of the policy update. However, according to this official, the charges after the program change were accidentally recorded to the DOJ equitable sharing account. By spending equitable sharing funds on unallowable costs, LAPD was not in compliance with the Guide. Therefore, we recommend that the Criminal Division work with the LAPD to remedy \$26,025 in unallowable expenditures related to informants and undercover contraband purchases.

We also found that out of the \$75,879 spent on supplies and other services in our expenditures sample, the LAPD recorded a lump sum expenditure in the amount of \$73,650 in the DOJ equitable sharing account. An LAPD official stated that the amount was made up of cell phone related costs and other law enforcement equipment purchases made at the end of the fiscal year. While the LAPD was able to provide support for some of the cell phone purchases, it could not provide documentation to support \$48,448 of information technology and equipment related costs. An LAPD official explained that the expenditure consolidated multiple transactions that occurred at year end and it did not maintain documentation to support the line-item expenditures. According to the Guide, the LAPD must maintain records of all revenue and expenditures posted to the account or accounting code, including invoices, receipts or any other documents used or created during the procurement process. By not maintaining a record of the purchases included in the lump sum expenditure, the LAPD incorrectly accounted for equitable sharing funds and was out of compliance with the Guide. Therefore, we recommend that the Criminal Division work with the LAPD to remedy \$48,448 in unsupported expenditures.

In addition, we verified that the LAPD maintained an active registration in SAM.gov and that the LAPD had a process to verify that each of its vendors are registered in [SAM.gov](https://sam.gov) and are not suspended or debarred. Moreover, we selected and verified that a sample of seven of the vendors doing business with the LAPD had an active [SAM.gov](https://sam.gov) registration and were not suspended or debarred.

Equitable Sharing Program Compliance Status

Law enforcement agencies that participate in the Equitable Sharing Program are required to submit an annual ESAC report. This report includes the agency’s annual affidavit,

³ Numerical figures in this report may be rounded.

demonstrating that the agency agrees to be bound by and comply with the statutes and guidelines that regulate the Equitable Sharing Program, as well as summaries of the agency's receipts and expenditures of equitably shared Program funds, on an annual basis.

The annual ESAC report must be submitted within 2 months after the end of an agency's fiscal year. If an ESAC is not accepted before the end of the 2-month filing timeframe, the law enforcement agency will be moved into a non-compliant status, unable to receive funds and existing funds may be retained in the asset forfeiture fund until the agency returns to a state of compliance or it is determined that the agency is ineligible to receive the funds. Based on our review of the LAPD's FY 2024 and 2025 ESACs, we found that the reports were complete, accurate, and submitted on time.

Accounting for Equitable Sharing Resources

The Guide requires that law enforcement agencies implement standard accounting procedures and internal controls to track equitable sharing funds and items purchased with shared funds. This includes establishing a separate revenue account or accounting code for DOJ Equitable Sharing Program proceeds. In addition, agencies must deposit all interest income earned on 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.⁴ Agencies may utilize the eShare Portal to obtain information about equitable sharing requests and distributions in order to reconcile deposits to the agencies' equitable sharing account. The LAPD uses the eShare Portal to obtain information of approved equitable sharing requests and payments issued by DOJ. The LAPD uses an electronic financial system to record deposits and uses designated accounting codes to track equitable sharing activity in its general ledger.

Overall, we determined that the LAPD received 147 equitable sharing payments totaling \$2,542,927 to support law enforcement operations during FYs 2024 and 2025. We compared total receipts to the amounts reported on the FY 2024 and FY 2025 ESACs. We found that the LAPD accurately reported all equitably shared revenues received during these fiscal years.

In addition, we were able to reconcile receipts recorded in LAPD's accounting system with the equitable sharing payments listed in the eShare Portal. We judgmentally selected a sample of 10 of the highest-valued receipts from FYs 2024 and 2025 to ensure that these monies were properly deposited and recorded by the LAPD. The total amount of the equitable sharing receipts sample was \$1,422,095. These 10 receipts account for almost 56 percent of the total receipts for the period we reviewed. Based on our testing, we determined that LAPD recorded asset forfeiture receipts accurately in its accounting records.

The Guide requires that participating agencies inventory and track all items purchased with equitable sharing funds. The Guide also states that all items with serial numbers must be tracked, regardless of jurisdiction value thresholds for inventory tracking.

To determine whether the LAPD was maintaining adequate inventory records and using property for permissible purposes in accordance with the Guide, we attempted to identify property items that were purchased with equitable sharing funds, physically verify their existence, and confirm that they were tracked appropriately in LAPD's inventory records. We found that the LAPD did not maintain a centralized list of all items purchased with DOJ equitable sharing funds. Rather, subunits within the LAPD maintained separate inventory lists that did not account for the funding source. This meant that there was no method for immediately identifying all items purchased with equitable sharing funds.

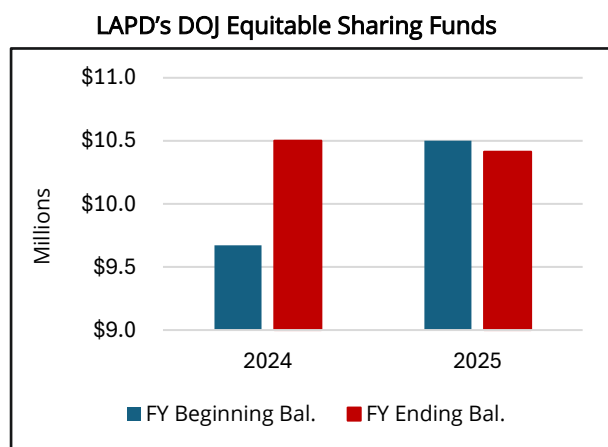
Given the absence of a singular inventory list of items purchased with equitable sharing funds, we selected a judgmental sample of 16 items based on a review of purchase orders (3 police cars and 13 pieces of electronic or communications-related law enforcement equipment). We were able to physically verify the existence of all 16 items, and we noted that these items were used for permissible purposes. However, we found that the Traffic Coordination Division received a piece of law enforcement equipment purchased with equitable sharing funds but did not include that item on its inventory list. In addition, the Supply Section within the Fiscal Group purchased four items with equitable sharing funds but did not track them on its inventory list. The Major Crimes Division that utilized those four items recorded them on its inventory list, but without their assessed values. For the remaining 11 items

⁴ The eShare Portal enables a participating agency to view the status of its equitable sharing requests and distributions made by the DOJ.

selected, they were found on inventory lists with their assessed values.

We found that the LAPD did not have a policy specifically requiring them to inventory and track all items purchased with equitable sharing funds.⁵ The lack of a policy, procedures, or controls increases the risk that items purchased with DOJ equitable sharing funds may not be adequately tracked. Maintaining a list of items purchased with equitable sharing funds with all appropriate information supports fiscal responsibility and complies with equitable sharing guidance. Therefore, we recommend that the Criminal Division ensure that the LAPD establish and implement a policy to adequately track and maintain appropriate inventory records for items purchased with equitable sharing funds as required by the Equitable Sharing Guide.

We also learned that the LAPD established a Supplemental Police Account (SPA) for its DOJ equitable sharing funds. The Chief of Police administered the SPA based on a budget, which is approved annually by the Mayor and City Council. The LAPD annually budgets spending \$1,500,000 from the SPA. The LAPD can expend equitable sharing funds above this threshold to fulfill additional needs of the LAPD related to law enforcement.



Source: LAPD's ESAC reports

We learned that in FY 2026, the LAPD received \$7.5 million in equitable sharing payments, representing a significant

increase in equitable sharing receipts and creating an estimated balance of \$15.6 million in the DOJ equitable sharing account.⁶ An LAPD official stated that it did not have a written spending plan for the funds, but that discussions are held with command staff to determine the purchasing needs within the LAPD. We also found that the LAPD's proposed FY 2027 budget estimated spending an additional \$6.5 million in DOJ equitable sharing funds on technology, but the LAPD could not explain to us exactly what made up the anticipated costs.

The Guide provides that at any time the DOJ may request documents related to equitable sharing or implement additional requirements, such as spending plans. Given the sizeable balance of equitable sharing funds the LAPD is holding, as well as the lack of available information to support its planned additional spending in FY 2027, it is appropriate for the Criminal Division to consider this provision to help ensure that the LAPD makes informed spending decisions and intends to use its equitable sharing funds in a reasonable and necessary manner in accordance with the Guide. Therefore, we recommend that the Criminal Division determine if a spending plan is warranted and, if so, require the LAPD to develop one.

Supplanting

The Guide requires equitably shared funds to 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 and reviewed the total budgets for the City of Los Angeles and the operational budgets for the LAPD for FYs 2023 through 2026.

We determined that the city of Los Angeles' budget had increased, by an average of 6 percent, during this time. We then reviewed LAPD's operational budgets for the same period and determined that it had also increased slightly by 2 percent. In addition, equitable sharing funds made up less than 1 percent of the LAPD's operational budget.

⁵ According to the City of Los Angeles Controller Manual, furniture and equipment are required to be entered into its inventory tracking system to include: (1) items with an acquisition value of \$5,000 or more and a useful life of at least 3 years; (2) all firearms; (3) any item of electric or electronic office and communications equipment; (4) items required to be recorded by grants or donations; and (5) any additional items identified by the department or Controller.

⁶ In 2024, the Equitable Sharing Guide was amended to enact a \$10 million annual distribution cap limit. Therefore, \$10 million represents the maximum amount that the LAPD could receive in one year from DOJ through the Equitable Sharing Program.

Based on our review of budget documents, we did not identify indications that the LAPD used DOJ equitable sharing funds to supplant its budget.

Compliance with Audit Requirements

The Equitable Sharing Guide requires that state, local, and tribal 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 requires that recipients of federal funding above a certain threshold receive an annual audit of their financial statements and federal expenditures. Under the Uniform Guidance, such entities that expend \$1,000,000 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.⁷ The Single Audit Report is required to include a Schedule of Expenditures of Federal Awards 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.

To determine if the LAPD accurately reported DOJ equitable sharing fund expenditures on its Schedule of Expenditures of Federal Awards, we reviewed the LAPD's accounting records and the city of Los Angeles' Single Audit

Reports for FYs 2024 and 2025. We found that the LAPD accurately reported DOJ equitable sharing expenses on the Schedule of Expenditures of Federal Awards for both of the fiscal years, as required by the Uniform Guidance. In addition, the city of Los Angeles' Single Audit Reports for FYs 2024 and 2025 did not contain any findings related to its equitable sharing program activities.

Conclusion and Recommendations

Our report includes four recommendations to assist the DOJ Criminal Division, which oversees the Equitable Sharing Program. We recommend that the Criminal Division:

1. Work with the LAPD to remedy \$26,025 in unallowable expenditures related to informants and undercover contraband purchases.
2. Work with the LAPD to remedy \$48,448 in unsupported expenditures.
3. Ensure that the LAPD establish and implement a policy to adequately track and maintain appropriate inventory records for items purchased with equitable sharing funds as required by the Equitable Sharing Guide.
4. Determine if a spending plan is warranted and, if so, require the LAPD to develop one.

⁷ The single audit expenditure threshold for the fiscal years we audited was \$750,000. For fiscal years beginning on or after October 1, 2024, the expenditure threshold increased to \$1 million.

APPENDIX 1: Scope and Methodology

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.

Our audit generally concentrated on, but was not limited to, equitable sharing receipts and property received by the Los Angeles Police Department (LAPD) between July 1, 2023, and June 30, 2025. 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 to assess whether it accounted for equitable sharing funds properly and used such revenues for permissible purposes. 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, Local, and Tribal Law Enforcement Agencies, issued in July 2018 and 2024. Unless otherwise stated in our report, the criteria we audited against are contained in these documents.

We performed audit work at the LAPD located in Los Angeles, California. We interviewed LAPD 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 LAPD 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 LAPD'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 LAPD. However, we did not assess the reliability of the LAPD'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 LAPD had 147 receipts totaling \$2,542,927. In the same period, the LAPD had expenditures totaling \$2,345,174. We judgmentally selected and tested a sample of 10 receipts totaling \$1,422,095 and a sample of 15 expenditures totaling \$461,909. In addition, we selected a judgmental sample of 16 property items purchased with equitable sharing funds. This sample was selected from purchase orders. A judgmental sampling design was applied to capture several aspects of the inventory, receipts, and disbursements reviewed. This non-statistical sample design does not allow projection of the test results to all receipts or disbursements.

Our audit included an evaluation of the LAPD's most recent annual audit. The results of this audit were reported in the Single Audit Report, which accompanied the LAPD's basic financial statements for the year ended June 30, 2025, and was prepared pursuant to the provisions of the Uniform Guidance. We reviewed the independent auditor's assessment, which disclosed no control weaknesses or significant non-compliance issues.

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

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objective. We did not evaluate the internal controls of the LAPD to provide assurance on its internal control structure as a whole. LAPD 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 LAPD's internal control structure as a whole, we offer this statement solely for the information and use of the LAPD and the DOJ Criminal Division.⁸

In planning and performing our audit, we identified internal control components and underlying internal control principles significant to the audit objective. Specifically, we reviewed the LAPD's written policies and procedures, as well as controls over financial management.

⁸ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

We also assessed its internal controls related to its receipts and expenses.

The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to those internal control

components and underlying principles that we found significant to the objectives of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

APPENDIX 2: Schedule of Dollar-Related Findings

Description	Amount	Page
Questioned Costs:		
Unallowable Contraband Purchase/Paid Informants	26,025	2
Unallowable Costs	<u>\$26,025</u>	
Unsupported Expenditure	\$48,448	2
Unsupported Costs	<u>\$48,448</u>	2
<i>Gross Questioned Costs⁹</i>	<i>\$74,473</i>	
TOTAL DOLLAR-RELATED FINDINGS	<u>\$74,473</u>	

⁹ **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 documentation, or contract ratification, where appropriate.

APPENDIX 3: Criminal Division's Response to the Draft Audit Report



U.S. Department of Justice

Criminal Division

Money Laundering, Narcotics and Forfeiture

Washington, D.C. 20530

September 1, 2026

MEMORANDUM

TO: David J. Gaschke, Regional Audit Manager
San Francisco Regional Audit Office
Office of Inspector General

FROM: Teresa Franklin, Program Manager *TF*
Program Management and Training Unit
Money Laundering, Narcotics and
Forfeiture Section

SUBJECT: DRAFT AUDIT REPORT for the Los Angeles Police Department's Equitable
Sharing Program Activities

In a memorandum dated August 27, 2026, your office provided a draft audit report for the Los Angeles Police Department (LAPD), which included actions necessary for closure of the audit report findings. The Money Laundering, Narcotics and Forfeiture Section (MNF) concurs with all findings and recommendations in the draft audit report.

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

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

Tracey A. Waters
Audit Liaison Group
Internal Revenue and Evaluation Office
Justice Management Division

APPENDIX 4: Los Angeles Police Department's Response to the Draft Audit Report

LOS ANGELES POLICE DEPARTMENT

JIM McDONNELL
Chief of Police



KAREN BASS
Mayor

P. O. Box 30158
Los Angeles, CA 90030
Telephone: (213) 628-5808
TDD: (877) 275-5273
Ref #: 1.3

September 14, 2026

David J. Gaschke, Regional Audit Manager
San Francisco Regional Audit Office
Office of the Inspector General
United States Department of Justice
90 7th Street, Suite 3-100
San Francisco, California 94103

RESPONSE TO DRAFT AUDIT REPORT – AUDIT OF THE LOS ANGELES POLICE DEPARTMENT'S EQUITABLE SHARING PROGRAM ACTIVITIES

Dear Mr. Gaschke,

The Los Angeles Police Department (LAPD or Department) appreciates the opportunity to respond to the Department of Justice (DOJ) Office of the Inspector General's (OIG) draft report concerning the LAPD's participation in the DOJ Equitable Sharing Program.

The LAPD thanks the DOJ OIG for their recognition that the Department generally complied with Equitable Sharing Program requirements during the audit period. The draft report found that LAPD's Fiscal Year (FY) 2024 and FY 2025 Equitable Sharing Agreement and Certification reports were complete, accurate, and submitted timely; equitable sharing receipts were accurately recorded and reported; equitable sharing expenditures were correctly reported on the City of Los Angeles (City) Schedule of Expenditures of Federal Awards; and, the City's Single Audit Reports contained no findings related to equitable sharing activities. The audit also found no indication that the LAPD used equitable sharing funds to supplant its operating budget.

The LAPD provides the following responses to the four recommendations:

RECOMMENDATION NO. 1

OIG Recommendation: Work with the LAPD to remedy \$26,025.00 in unallowable expenditures related to informants and undercover contraband purchases.

LAPD Response: Agree.

The LAPD agrees with the recommendation.

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www.LAPDOnline.org
www.joinLAPD.com

The questioned expenditures occurred shortly after the March 2024 revision to the Equitable Sharing Guide which changed the allowable use of equitable sharing funds for these purposes. The LAPD subsequently identified the issue and corrected its practices so that these expenditures were no longer charged to DOJ equitable sharing funds. The LAPD will work with the DOJ Criminal Division to determine the appropriate method for resolving the \$26,025.00 in questioned costs.

Status: Operational corrective action was completed. Resolution of the questioned costs is pending coordination with the DOJ Criminal Division.

RECOMMENDATION NO. 2

OIG Recommendation: Work with the LAPD to remedy \$48,448.00 in unsupported expenditures.

LAPD Response: While the LAPD disagrees with the characterization of the expenditures as unsupported, the Department agrees that the documentation issue should be resolved.

The LAPD does not agree that the \$48,448.00 represents unsupported expenditures. The questioned amount was associated with a larger purchase funded from multiple City funding sources. The City's budget and appropriation process combined those funding sources in a manner that did not preserve a separate line-item allocation identifying which specific components of the larger purchase were charged to equitable sharing funds. As a result, the LAPD was unable to provide the OIG with the fund-specific line-item documentation in the format requested during the audit.

The LAPD agrees that this documentation issue should be addressed. The Department plans to discuss the matter with the City Administrative Officer to determine whether changes to City budgeting or documentation practices are appropriate when equitable sharing funds are combined with other funding sources. The LAPD will provide any additional support identified through this review and work with the DOJ Criminal Division towards resolution.

Status: Resolution of the questioned costs is pending coordination with the DOJ Criminal Division.

RECOMMENDATION NO. 3

OIG Recommendation: Ensure that the LAPD establish and implement a policy to adequately track and maintain appropriate inventory records for items purchased with equitable sharing funds as required by the Equitable Sharing Guide.

LAPD Response: Agree.

The LAPD agrees that a more consistent Department-wide process for identifying and tracking property purchased with equitable sharing funds would improve accountability and make supporting records more readily available for future review.

The audit physically verified all 16 sampled property items and found that they were being used for permissible purposes. The audit, however, identified inconsistencies in how individual LAPD organizational units maintain inventory records. Specifically, the LAPD did not have a centralized method for identifying all property purchased with equitable sharing funds.

The Department proposes to establish written requirements for identifying and tracking property purchased with equitable sharing funds consistent with the Equitable Sharing Guide, including its requirements concerning serialized property regardless of local inventory value thresholds. The LAPD also plans to establish a consistent method for recording the funding source and other information needed to identify and account for property purchased with equitable sharing funds across organizational units.

Status: Corrective action in development.

RECOMMENDATION NO. 4

OIG Recommendation: Determine if a spending plan is warranted and, if so, require the LAPD to develop one.

LAPD Response: Disagree.

The LAPD respectfully disagrees that an additional spending plan is warranted. The City's annual budget process already provides a planning and appropriation framework for the use of equitable sharing funds. As part of the annual budget process, the LAPD identifies the amount of Asset Forfeiture funding available for appropriation. The City considers those available funds in developing the City budget and allocate funding based on identified funding priorities. The resulting appropriations identify the purposes for which Asset Forfeiture funds are authorized to be spent. In addition, the LAPD develops a more specific annual spending plan for the Supplemental Police Account (SPA), which is funded through a portion of the Asset Forfeiture Fund. That plan identifies the Department's intended uses of the SPA allocation and is subject to the applicable City approval process.

Although the LAPD does not maintain a separate document specifically titled an "Equitable Sharing Spending Plan," equitable sharing funds are already subject to established planning, budgeting, appropriation, and approval processes. The LAPD believes those existing processes fulfill the intended function of a spending plan. Should the DOJ Criminal Division establish additional documentation requirements for equitable sharing funds, the LAPD will work with the DOJ Criminal Division to comply with those requirements.

The LAPD appreciates the professionalism with which OIG conducted the audit and the opportunity to respond to its recommendations. The Department will continue working with the DOJ Criminal Division and OIG to resolve the recommendations and strengthen its administration of equitable sharing funds where warranted.

David J. Gaschke, Regional Audit Manager
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Please contact Trina Unzicker, Commanding Officer and Chief Financial Officer, Fiscal Group, at (213) 628-5808 or N6666@lapd.online, if additional information is required.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jim McDonnell", with a stylized flourish at the end.

JIM McDONNELL
Chief of Police

APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

The Office of the Inspector General (OIG) provided a draft of this audit report to the Criminal Division and the Los Angeles Police Department (LAPD). The Criminal Division's response is incorporated as Appendix 3, and the LAPD's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, the Criminal Division concurred with our recommendations; as a result, the status of the audit report is resolved. The LAPD agreed with two of our recommendations, disagreed with one recommendation, and disagreed with the characterization of another recommendation. However, LAPD provided planned corrective actions to address each of the recommendations. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for the Criminal Division:

- 1. Work with the LAPD to remedy \$26,025 in unallowable expenditures related to informants and undercover contraband purchases.**

Resolved. The Criminal Division concurred with our recommendation and stated that it will work with the LAPD to correct all identified findings.

The LAPD agreed with our recommendation and stated that the questioned expenditures occurred shortly after the March 2024 revision to the Equitable Sharing Guide that changed the allowable use of equitable sharing funds for these purposes. According to its response, the LAPD subsequently identified the issue and corrected its practices so that these expenditures were no longer charged to DOJ equitable sharing funds. The LAPD stated that it will work with the Criminal Division to determine the appropriate method for resolving the \$26,025 in questioned costs.

This recommendation can be closed when we receive evidence that the Criminal Division has remedied \$26,025 in unallowable LAPD expenditures related to informants and undercover contraband purchases.

- 2. Work with the LAPD to remedy \$48,448 in unsupported expenditures.**

Resolved. The Criminal Division concurred with our recommendation and stated that it will work with the LAPD to correct all identified findings.

The LAPD stated that it disagreed with the characterization of the expenditures as unsupported but agreed that the associated documentation issue should be resolved. The LAPD stated that the questioned amount was associated with a larger purchase funded from multiple city funding sources. The city's budget and appropriation process combined those

funding sources in a manner that did not preserve a separate line-item allocation identifying which specific components of the larger purchase were charged to equitable sharing funds. The LAPD stated that it plans to discuss the matter with the City Administrative Officer to determine whether changes to city budgeting or documentation practices are appropriate when equitable sharing funds are combined with other funding sources. The LAPD stated that it will provide any additional support identified through this review to the Criminal Division and work with the Criminal Division toward resolution.

This recommendation can be closed when we receive evidence that the Criminal Division has remedied \$48,448 in unsupported expenditures.

- 3. Ensure that the LAPD establish and implement a policy to adequately track and maintain appropriate inventory records for items purchased with equitable sharing funds as required by the Equitable Sharing Guide.**

Resolved. The Criminal Division concurred with our recommendation and stated that it will work with the LAPD to correct all identified findings.

The LAPD agreed with our recommendation and stated that a more consistent Department-wide process for identifying and tracking property purchased with equitable sharing funds would improve accountability and make supporting records more readily available for future review. The LAPD stated that it will establish written requirements for identifying and tracking property purchased with equitable sharing funds consistent with the Equitable Sharing Guide, including its requirements concerning serialized property regardless of local inventory value thresholds. The LAPD also plans to establish a consistent method for recording the funding source and other information needed to identify and account for property purchased with equitable sharing funds across organizational units.

This recommendation can be closed when we receive evidence that the LAPD has established and implemented a policy to adequately track and maintain appropriate inventory records for items purchased with equitable sharing funds as required by the Equitable Sharing Guide.

- 4. Determine if a spending plan is warranted and, if so, require the LAPD to develop one.**

Resolved. The Criminal Division concurred with our recommendation and stated that it will work with the LAPD to correct all identified findings.

The LAPD disagreed that a spending plan is needed and stated that the city's annual budget process already provides a planning and appropriation framework for the use of equitable sharing funds. The LAPD stated that as part of the annual budget process, the LAPD

identifies the amount of asset forfeiture funding available for appropriation. The city considers those available funds in developing the city budget and allocates funding based on identified funding priorities. In addition, the LAPD stated that it develops a more specific annual spending plan for the Supplemental Police Account, which is funded through a portion of the asset forfeiture fund. According to the LAPD, it believes its existing processes fulfill the intended function of a spending plan. However, as noted in our report, the LAPD did not have a written plan for spending the sizeable amount of asset forfeiture funds received in FY 2026 and could not explain how the funds would be expended.

This recommendation can be closed when we receive evidence that the Criminal Division has determined if a spending plan is warranted and, if so, requires the LAPD to develop one.