



Audit of the Metropolitan Washington
Airports Authority Police Department's
Equitable Sharing Program Activities,
Dulles, Virginia



AUDIT DIVISION

24-057

MARCH 2024

REDACTED FOR PUBLIC RELEASE

Redactions were made to the full version of this report for privacy reasons. The redactions are contained in Appendix 3, the auditee's response, and are of an individual's contact information.



EXECUTIVE SUMMARY

Audit of the Metropolitan Washington Airports Authority Police Department's Equitable Sharing Programs Activities, Dulles, Virginia

Objective

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) has completed an audit to assess whether the Metropolitan Washington Airports Authority Police Department (MWAA PD) accounted for DOJ equitable sharing funds properly and used such assets for permissible purposes as defined by applicable guidelines.

Results in Brief

We did not identify any concerns regarding the timeliness and accuracy of the MWAA PD's equitable sharing reports in comparison to the eShare reports for fiscal years (FY) 2021 and 2022. We found that the MWAA PD complied with the equitable sharing guidelines for permissible expenditures. However, we determined that the MWAA PD did not always: (1) document its approvals of expenditures properly and (2) report expenditures accurately in the statements in its annual audit reports.

Recommendations

Our report includes two recommendations to assist the DOJ Criminal Division, which oversees the DOJ Equitable Sharing Program. We requested a response to our draft audit report from the Criminal Division and MWAA PD, which can be found in Appendices 2 and 3, respectively. Our analysis of those responses is included in Appendix 4.

Audit Results

This audit covered the MWAA PD's DOJ Equitable Sharing Program activities during FY 2021 and FY 2022. The MWAA PD began the audit period with a balance of \$727,937. During the period of January 1, 2021, through December 31, 2022, the MWAA PD received \$360,069 and spent \$219,180 in equitable sharing funds, primarily on law enforcement equipment and training and education. Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations. We identified the following areas in which the MWAA PD can improve its administration and oversight of equitable sharing funds.

Use of Equitable Sharing Funds

We found that the MWAA PD did not maintain proof of appropriate approvals for \$34,400 of expenditures in FY 2022, which deviates from the Equitable Sharing Guide and MWAA PD internal policy. We confirmed that these expenditures were used for allowable purposes.

Compliance with Audit Requirements

Recipients of federal financial assistance are required to comply with the Single Audit Act of 1984, as amended, and resulting single audit reports are to include a Schedule of Expenditures of Federal Awards (SEFA). We found that the MWAA's Office of Finance inaccurately reported the MWAA PD's DOJ equitable sharing fund expenditures on its SEFAs, overreporting by \$68,453 in FY 2021 and underreporting by \$39,999 in FY 2022. The MWAA's Office of Finance corrected the MWAA PD's internal records.

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Introduction

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of the equitable sharing funds received by the Metropolitan Washington Airports Authority Police Department (MWAA PD) in Dulles, Virginia. The objective of the audit was to assess whether the cash received by the MWAA PD through the Equitable Sharing Program was accounted for properly and used for permissible purposes as defined by applicable regulations and guidelines. The audit covered January 1, 2021, through December 31, 2022.¹ The MWAA PD began the audit period with a balance of \$727,937. During that period, the MWAA PD received \$360,069 and spent \$219,180 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). The Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies describes the Asset Forfeiture Program as a nationwide law enforcement initiative that removes the tools of crime from criminal organizations, deprives wrongdoers of the proceeds of their crimes, recovers property that may be used to compensate victims, and deters crime. A key element of the Asset Forfeiture Program is the Equitable Sharing Program.² The DOJ Equitable Sharing Program allows any state or local law enforcement agency that directly participated in an investigation or prosecution resulting in a federal forfeiture to request a portion of federally forfeited cash, property, and proceeds.

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 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, 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 participating directly with DOJ agencies on investigations that lead to the seizure and forfeiture of property, or by seizing property and requesting one of the DOJ agencies to adopt the seizure and proceed with federal forfeiture. Once the seized assets are forfeited, the assisting state and local law enforcement agencies can request a share of the forfeited assets, or a percentage of the proceeds derived from the sale of forfeited assets. Generally, the degree of a state or local agency's direct participation in an investigation determines the equitable share allocated to that agency.

¹ The MWAA PD's fiscal year begins January 1 and ends December 31.

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

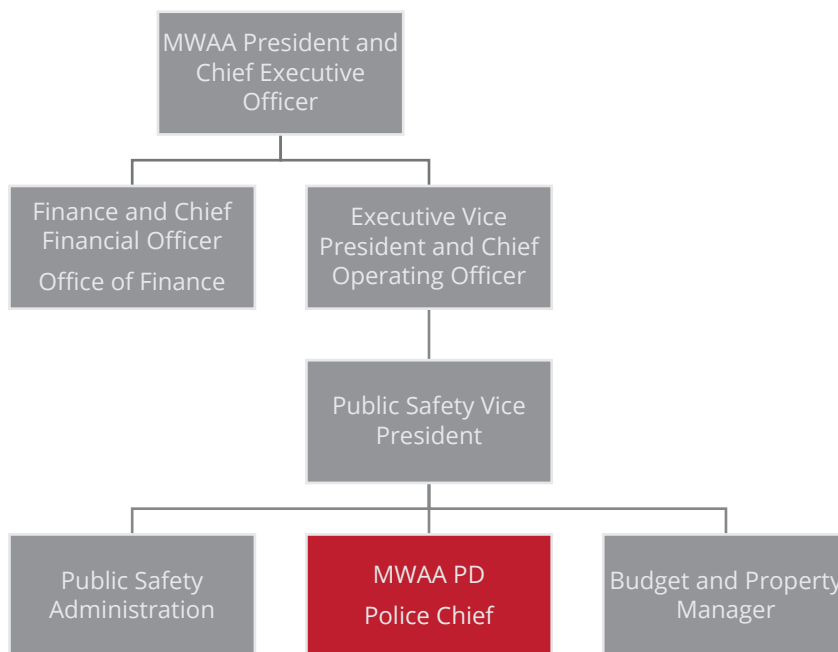
To request a share of seized assets, a state or local law enforcement agency must first become a member of the DOJ Equitable Sharing Program. Agencies become members of the program by signing and submitting an annual Equitable Sharing Agreement and Certification (ESAC) report to MLARS. As part of each 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, issued in July 2018, outlines categories of permissible and impermissible uses for equitable sharing funds and property.

Metropolitan Washington Airports Authority Police Department

Established in 1986 and headquartered in Arlington, Virginia, the MWAA is a public body politic and corporate with a mission to develop, promote, and operate safely Reagan National and Dulles International airports. As shown in Figure 1, the MWAA PD is part of the MWAA’s Office of Public Safety and is headquartered in Dulles, Virginia. The MWAA’s Office of Finance performs accounting functions for the MWAA, including those related to the MWAA PD’s equitable sharing activities.

Figure 1

MWAA Offices That Manage the MWAA PD’s Equitable Sharing Activities



Source: OIG analysis of MWAA records.

The MWAA PD serves a population of over 46 million passengers per year. As of October 2023, the MWAA PD had a workforce of 244 sworn officers and 11 civilian employees. The MWAA PD became a member of the DOJ Equitable Sharing Program in 2006.

OIG Audit Approach

We tested the MWAA PD'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 permissible purposes. Unless otherwise stated, we applied the Equitable Sharing Guide as our primary criteria. The Equitable Sharing Guide provides procedures for submitting sharing requests and discusses the proper use of and accounting for equitable sharing assets. To conduct the audit, we tested the MWAA PD's compliance with the following:

1. **Equitable Sharing Agreement and Certification Reports** to determine if these documents were complete and accurate.
2. **Accounting for equitable sharing resources** to determine whether standard accounting procedures were used to track equitable sharing assets.
3. **Use of equitable sharing resources** to determine if equitable sharing cash and property were used for permissible law enforcement purposes.
4. **Compliance with audit requirements** to ensure the accuracy, consistency, and uniformity of audited equitable sharing data.
5. **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 who participate in the Equitable Sharing Program, regardless of whether equitable sharing funds were received or maintained that year, are required to submit an Equitable Sharing Agreement and Certification (ESAC) report, on an annual basis, 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-compliance status. Additionally, the ESAC report must be signed by the head of the law enforcement agency and a designated official of the local governing body. By signing and submitting the ESAC report, the signatories agree to be bound by and comply with the statutes and guidelines that regulate the Equitable Sharing Program.

Completeness and Timeliness of ESAC Reports

We tested the MWAA PD's compliance with ESAC reporting requirements to determine if its reports were complete and submitted in a timely manner. We determined that the MWAA PD's Police Administrative Coordinator prepares the ESAC reports, the MWAA's Office of Finance reviews the reports for concurrence, and MWAA's Chief of Police along with the Chief Executive Officer ultimately review and certify the reports. We obtained the MWAA PD's ESAC reports submitted for FYs 2021 and 2022 and found that the reports were complete and signed by the appropriate officials on time.

Accuracy of ESAC Reports

To verify the accuracy of the annual ESAC reports, we compared the receipts listed on the MWAA PD's two most recent ESAC reports to the total amounts listed as disbursed on the eShare report for the same period. Our analysis showed that the MWAA PD's most recent ESAC reports indicated receipts of \$75,023 and \$285,046 for FYs 2021 and 2022, respectively, which matched the receipts listed on the eShare report.

To verify the total expenditures listed on the MWAA PD's two most recent ESAC reports, we compared expenditures listed on the ESAC reports to the MWAA PD's accounting records for each period. Our analysis showed that the total expenditures reported in the MWAA PD's two most recent ESAC reports were \$94,416 and \$124,764 in FYs 2021 and 2022, respectively, which matched the expenditures stated in the MWAA's accounting records.³

In addition, we reviewed the ESAC report section that summarizes the shared monies spent by specific category, such as law enforcement operations and investigations, travel and training, and law enforcement equipment, for accuracy. We asked the MWAA PD for documentation reflecting expenditures. Using this documentation, we computed the total expenditures by category for each fiscal year and compared the results to the amounts on the ESAC reports. We found that the category totals on the ESAC reports matched the support that the MWAA PD provided.

³ The combined total of the MWAA PD's expenditures for the period reviewed rounds to \$219,180.

In addition to summarizing the shared monies spent by category on the ESAC reports, entities are required to report the amount of interest income earned during the given reporting period. Based on our review of the supporting documents provided, we found that the MWAA PD reported the correct interest income on the FYs 2021 and 2022 ESAC reports.

Accounting for Equitable Sharing Resources

The Equitable Sharing Guide requires that law enforcement agencies use standard accounting procedures and internal controls to track DOJ Equitable Sharing Program receipts. This includes establishing a separate revenue account or accounting code for DOJ Equitable Sharing Program proceeds. In addition, agencies must deposit any 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

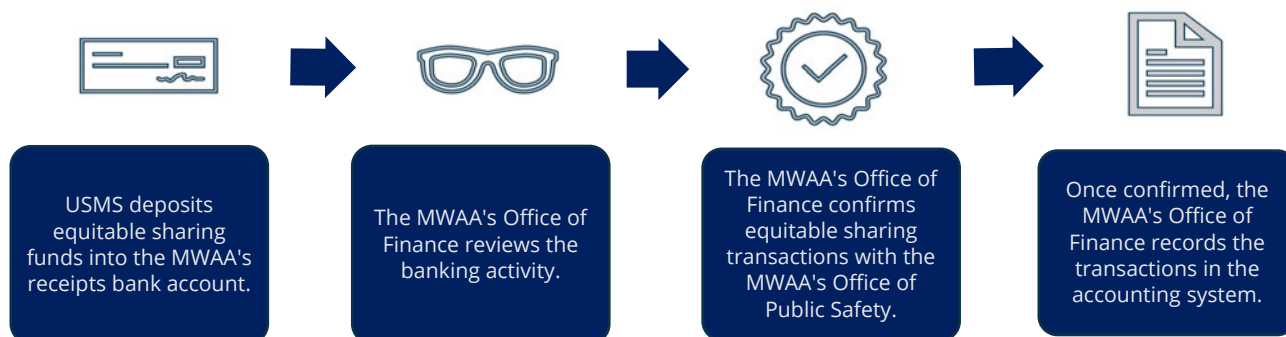
As previously discussed, the MWAA Office of Finance manages the MWAA PD's accounting and processes all receipts and disbursements. Specifically, the MWAA Office of Finance tracked the MWAA PD's equitable sharing receipts from DOJ and interest in a segregated account and tracked the MWAA PD's expenditures in separate expense accounts identified with unique budget codes.

We determined that the MWAA PD received DOJ equitable sharing revenues totaling \$360,069 to support law enforcement operations during FYs 2021 and 2022. We reviewed all receipts of equitably shared revenues to determine if the MWAA Office of Finance properly accounted for and deposited funds for the MWAA PD. We found that the MWAA Office of Finance accurately accounted for all the MWAA PD's equitably shared revenues received during these fiscal years. To assess the handling of receipts, we reviewed the MWAA's policy and interviewed MWAA officials regarding the MWAA's equitable sharing accounting procedures. Figure 2 depicts the MWAA Office of Finance's accounting process for Equitable Sharing Program funds.

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

Figure 2

MWAA Office of Finance's Equitable Sharing Accounting Process



Source: OIG analysis of the MWAA's accounting process.

We also reviewed equitable sharing receipts for the MWAA PD's two most recently completed fiscal years. From January 1, 2021, through December 31, 2021, eShare reported eight equitable sharing receipts, totaling \$75,023, and 66 equitable sharing receipts for January 1, 2022, through December 31, 2022, totaling \$285,046. We reconciled the eShare receipts with the eShare report and found that the receipts matched.

A June 2021 MWAA policy requires the MWAA Office of Finance to reconcile the receipts of shared funds periodically through bank statements and the general ledger. According to an MWAA official, these reconciliations occur monthly. As shown in Table 1, we selected a sample of 10 of the highest-valued receipts from FYs 2021 and 2022 to ensure that these monies were properly deposited and recorded by the MWAA Office of Finance in a timely manner. These 10 receipts account for 44 percent of the total receipts.

Table 1

MWAA PD Sampled Receipts

Sample Count	Date Received in eShare	Amount	Date Recorded in MWAA Records	Amount	Number of Days between receipt and recording of funds
1	06/21/2021	\$26,396	06/29/2021	\$26,396	8
2	09/12/2022	\$25,350	10/03/2022	\$25,350	21
3	09/20/2022	\$21,665	10/06/2022	\$21,665	16
4	09/20/2021	\$20,528	09/29/2021	\$20,528	9
5	09/21/2021	\$13,581	09/29/2021	\$13,581	8
6	09/20/2022	\$12,990	10/03/2022	\$12,990	13
7	09/12/2022	\$11,943	10/03/2022	\$11,943	21
8	09/12/2022	\$8,872	10/03/2022	\$8,872	21
9	09/12/2022	\$8,796	10/03/2022	\$8,796	21
10	09/19/2022	\$8,287	10/03/2022	\$8,287	14
Total		\$158,408		\$158,408	

Source: OIG analysis of the MWAA PD's and eShare records.

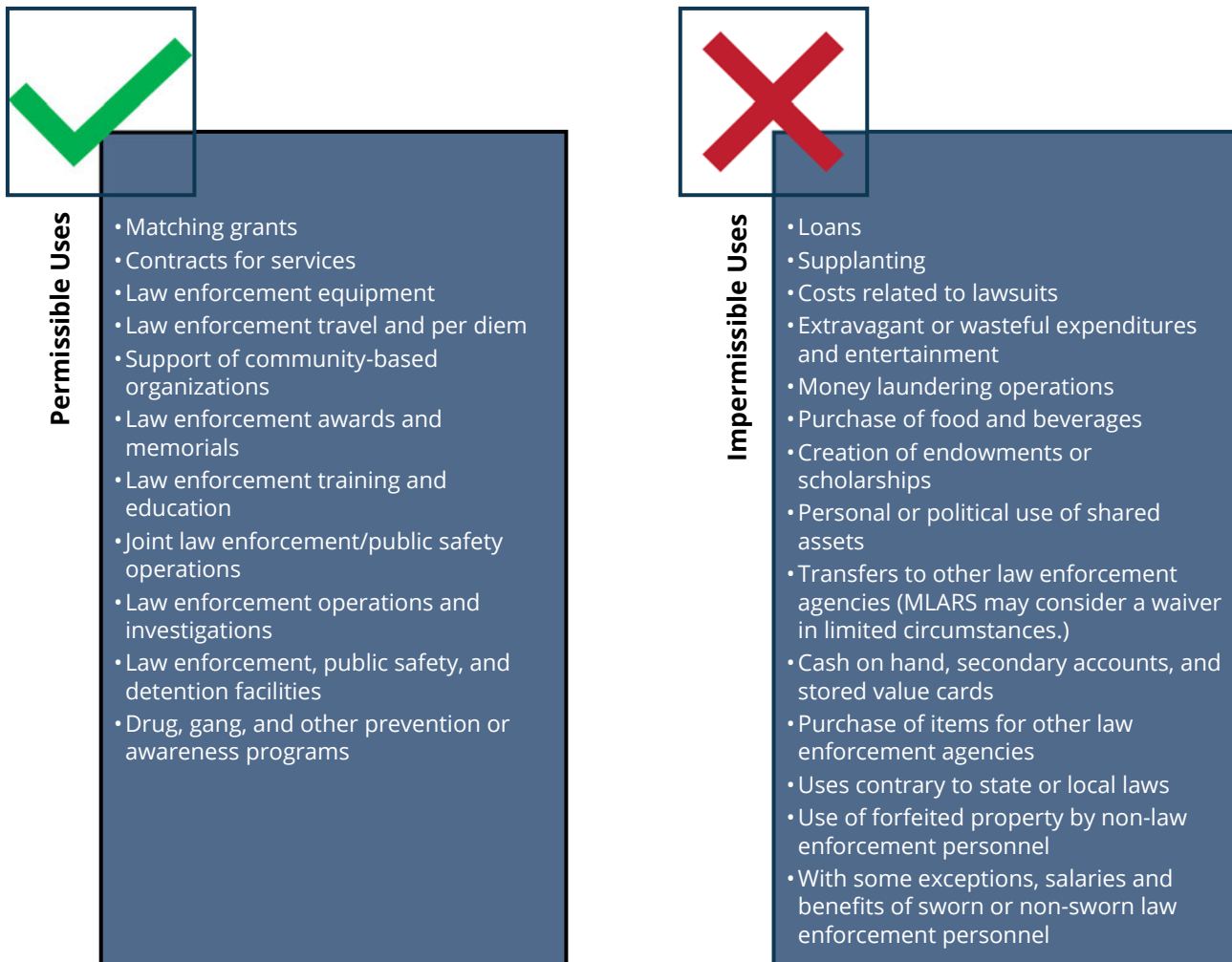
Our testing determined that the MWAA Office of Finance accurately recorded the 10 asset forfeiture receipts in its accounting records for the MWAA PD.

Equitable Sharing Resources

The Equitable Sharing Guide requires that equitable sharing funds or tangible property received by state and local agencies be used for law enforcement purposes that directly supplement the appropriated resources of the recipient law enforcement agency. Figure 3 reflects examples of permissible and impermissible uses under these guidelines. In addition, state and local law enforcement agencies must retain all documents and records pertaining to their participation in the Program for a period of at least 5 years.

Figure 3

Summary of Permissible and Impermissible Uses of Equitable Sharing Funds



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

Use of Equitable Sharing Funds

The MWAA PD accounting records reflected a total of \$219,180 in expenditures from DOJ equitable sharing funds under the categories: (1) law enforcement equipment and (2) training and education, as summarized in Table 2.

Table 2

MWAA PD Use of Equitable Sharing Funds

ESAC Category	Uses	FY 2021	FY 2022	Total^a
Law Enforcement Equipment	Pepper-Spray Balls, Ballistic Shields, Helmets, Crime Scene Evidence Recovery Camera Kits, Holsters for New Weapon System	\$94,416	\$90,764	\$185,180
Training and Education	Video Production and Leadership Training	0	\$34,000	\$34,000
Total		\$94,416	\$124,764	\$219,180

^a Any differences in the amounts are due to rounding.

Source: MWAA PD records.

Based on our review of the supporting documents provided by the MWAA, we determined that MWAA PD used the DOJ equitable sharing funds for appropriate purposes. The MWAA PD properly documented the approval of FY 2021 expenditures as required in the Equitable Sharing Guide and MWAA's internal policy. However, the MWAA PD did not document the approval for \$34,400 of the \$90,764 total equitable sharing funds spent on FY 2022 Law Enforcement Equipment, shown in Table 2, as required in the Equitable Sharing Guide and MWAA's internal policy.

The Equitable Sharing Guide requires the law enforcement agency head, or designee, to authorize all expenditures from the equitable sharing accounts. In addition, the MWAA's internal policy states that upon approval by the Chief Financial Officer or designee, a copy of the authorized memorandum is attached to the accounting system requisition or purchase card transaction, and then printed to retain as support for annual certifications and the sharing agreement.⁵

This lack of documentation may have occurred due to the departure of an MWAA official in addition to challenges posed by the COVID-19 pandemic. Without proper, functioning internal controls to ensure that MWAA PD obtains the required authorizations, and the files contain appropriate authorized documentation, the MWAA PD risks incurring impermissible costs. Therefore, we recommend that the Criminal Division require the MWAA PD to design and implement a process or control to ensure it obtains the required approvals and documents the required authorization of all purchases from the equitable sharing accounts.

Tangible Property

The Equitable Sharing Guide requires that participating law enforcement agencies maintain and follow written policies for inventory control that comply with applicable provisions of 2 C.F.R. § 200, Administrative

⁵ MWAA Policies and Procedures, Uses of Forfeited Assets Shared Funds section, dated June 2021.

Requirements, Costs, Principles, and Audit Requirements for Federal Awards (Uniform Guidance). According to the Uniform Guidance, agencies acquiring tangible property under Federal award must maintain property records that include elements, such as a serial number or identification number; description of the property; the source of funding for the property; who holds title; the acquisition date; cost of the property; the location, use, and condition of the property; and any ultimate disposition date. Agencies must also take a physical inventory of the property and reconcile the results with the property records once every 2 years.

The MWAA's March 2016 Property Management Policy Directive (Property Policy) governs the MWAA PD's management of accountable and non-accountable (locally controlled) property. The Property Policy states that: (1) accountable property is any asset with a value of \$5,000 or more, while locally controlled property is any asset with a cost less than \$5,000, (2) both types of property must be inventoried annually, and (3) the MWAA tracks and enters accountable property in its accounting system; locally controlled property is tracked using spreadsheets.

MWAA officials provided us a list of tangible property purchased with equitable sharing funds that included 17 locally controlled property items. To determine whether the MWAA PD maintained adequate inventory records and used property for permissible purposes, we: (1) identified the 10 highest-valued tangible property items listed in the MWAA PD's records, which included eight pepper-spray ball launchers and two pepper-spray ball filling stations that the MWAA PD purchased in FY 2021 as seen in Figure 4, (2) physically verified the existence of the items, and (3) obtained and reviewed the inventory spreadsheet the MWAA PD used to annually certify that it possessed the property that we physically verified. We determined that the MWAA PD properly tracked and maintained the sampled items purchased with equitable sharing funds.

Figure 4

Equipment Purchased by the MWAA PD Using Equitable Sharing Funds



A pepper-spray ball launcher and pepper-spray ball filling stations procured by the MWAA PD with DOJ Equitable Sharing Program funds.

Source: OIG, October 2023 (Product name blurred in right image).

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 officials and reviewed the total budgets for the MWAA and the operational budgets for the MWAA PD for FYs 2021 through 2022.

We determined that the MWAA budget decreased by an average of 2.5 percent during this time. We then reviewed the MWAA PD operational budgets for the same period and noted slight decreases. In addition, equitable sharing funds made up an average of 0.3 percent of the MWAA PD operational budget, and the agency expended an average of 60 percent of those funds for the years we reviewed.

There did not appear to be a significant decrease in the MWAA budget that was offset by the MWAA PD operational budget, nor did there appear to be a significant decrease in the MWAA PD operational budget that coincided with a proportional increase in equitable sharing revenue. Therefore, we determined that there was a low risk that the MWAA supplanted its budget with equitable sharing funds during the period under review. We tested all equitable sharing expenditure transactions for indications of supplanting and did not find any. Based on our review of budget documents and transaction testing, we did not identify any indication that the MWAA PD used DOJ equitable sharing funds to supplant its own or the MWAA's budget.

Compliance with 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 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 FY covered by the audit.

To determine if the MWAA accurately reported the MWAA PD's DOJ equitable sharing fund expenditures on its SEFA, we reviewed the MWAA's accounting records for the MWAA PD and the MWAA's Single Audit Reports for the FYs ended 2021 and 2022. We found that the MWAA inaccurately reported the MWAA PD's DOJ equitable sharing fund expenditures on the SEFA for both FYs. As shown in Table 3, the expenditures that the MWAA Office of Finance reported for the MWAA PD in the SEFA did not match actual expenditures.

Table 3

Comparison of Reported SEFA Expenditures to Accounting Records

Fiscal Year	Expenditures According to SEFA	Expenditures According to Accounting Records	Difference Between SEFA and Accounting Records
2021	\$162,869	\$94,416	\$68,453
2022	\$84,765	\$124,764	(\$39,999)

Source: The MWAA's Single Audit Reports and accounting records.

Specifically, in FY 2021, the MWAA Office of Finance overstated the MWAA PD's DOJ federal award expenditures by \$68,453. MLARS detected the accounting error and the MWAA Office of Finance reclassified the expenditures in its accounting system to remedy the error prior to the start of this audit. In FY 2022, the MWAA Office of Finance understated the MWAA PD's DOJ federal award expenditures by \$39,999. According to an MWAA official, the MWAA Office of Finance misclassified this amount as a Department of Treasury expenditure instead of a DOJ expenditure. The MWAA Office of Finance reclassified the funding for the expenditure in its accounting system prior to the start of this audit in FY 2023.

The MWAA official attributed the discrepancies to extenuating circumstances related to the COVID-19 pandemic and MWAA Public Safety staff turnover. This official also told us that in 2023, the MWAA Office of Finance implemented procedures to perform additional reviews, reconciliation, and subsequent transfers of the MWAA PD's equitable sharing funds account prior to filing the MWAA's SEFA and MWAA PD's ESAC reporting. The official also stated that the MWAA plans to update its policy in June 2024 to incorporate the reconciliations and reviews. The information on the SEFA serves as the primary basis to determine major programs by the Single Audit's independent auditor. Both the correct expenditure amount and the separate presentation by agency play a significant role in the Single Audit reporting requirement. Therefore, we recommend that the Criminal Division ensure that the MWAA revises its policy to implement reconciliations

and reviews to ensure that it accurately reports DOJ equitable sharing expenditures on the SEFA prior to filing its Single Audit Reports.

The MWAA's Single Audit Reports for FYs 2021 and 2022 did not contain any findings related to the MWAA PD's DOJ Equitable Sharing Program funds.

Conclusion and Recommendations

The MWAA PD prepared and submitted timely, complete, and accurate ESACs covering its FY 2021 and 2022 DOJ equitable sharing activities. While all expenditures were permissible, we determined that the MWAA PD did not document the approvals for \$34,400 of expenditures in FY 2022 in accordance with the Equitable Sharing Guide and its internal policy. Also, the MWAA Office of Finance inaccurately reported the MWAA PD's DOJ equitable sharing fund expenditures on the SEFA, overreporting by \$68,453 in FY 2021 and underreporting by \$39,999 in FY 2022. The MWAA subsequently, corrected its internal records for both fiscal years.

We recommend that the Criminal Division:

1. Require the MWAA PD to design and implement a process or control to ensure it obtains the required approvals and documents the required authorization of all purchases from the equitable sharing accounts.
2. Ensure that the MWAA revises its policy to implement reconciliations and reviews to ensure that it accurately reports DOJ equitable sharing expenditures on the SEFA prior to filing its Single Audit Reports.

APPENDIX 1: Objective, Scope, and Methodology

Objective

The objective of the audit was to assess whether the Metropolitan Washington Airports Authority Police Department (MWAA PD) accounted for equitable sharing funds properly and used such revenues for permissible purposes as 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, 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 equitable sharing receipts received by the MWAA PD between January 1, 2021, and December 31, 2022. Our audit was limited to equitable sharing revenues received through the Department of Justice (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, 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.

We performed audit work at the MWAA PD's headquarters located in Dulles, Virginia. We interviewed MWAA Office of Public Safety and MWAA finance officials, examined records, revenues, and expenditures related to DOJ equitable sharing funds. In addition, we relied on computer-generated data contained in the eShare Portal to identify equitably shared revenues and property awarded to the MWAA PD during the audit period. We did not establish the reliability of the data contained in the eShare Portal 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 MWAA PD's compliance with four essential equitable sharing guidelines: (1) Equitable Sharing Agreement and Certification reports, (2) accounting for equitable sharing receipts, (3) the use of equitable sharing funds, and (4) compliance with audit requirements. In planning and performing our audit, we considered internal controls over DOJ equitable sharing receipts established and used by the MWAA PD. However, we did not assess the reliability of the MWAA PD'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 MWAA PD had 74 cash/proceeds receipts totaling \$360,069. In the same period, the MWAA PD had a total of \$219,180 in expenditures. We judgmentally selected and tested a sample of 10 receipts totaling \$158,408 and tested all MWAA PD expenditures totaling \$219,180. A judgmental sampling design was applied to capture several aspects of the receipts reviewed, such as dollar

amounts. This non-statistical sample design does not allow projection of the test results to all MWAA PD equitable sharing receipts.

Our audit included an evaluation of the MWAA's two most recent annual audits. The results of these audits were reported in the Single Audit Report that accompanied the MWAA's basic financial statements for the fiscal years ending on December 31, 2021, and 2022. The Single Audit Reports were prepared under 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 from the MWAA 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

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 MWAA PD to provide assurance on its internal control structure as a whole. MWAA PD 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 MWAA PD internal control structure as a whole, we offer this statement solely for the information and use of the MWAA PD and the DOJ Criminal Division.

We assessed management's design, implementation, and operational effectiveness of these internal controls and identified deficiencies that we believe could affect the MWAA PD's ability to operate effectively and efficiently, to correctly state financial information, and to ensure compliance with 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 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: The Criminal Division's Response to the Draft Audit Report



U.S. Department of Justice

Criminal Division


Money Laundering and Asset Recovery Section

Washington, D.C. 20530

January 11, 2024

MEMORANDUM

TO: Shenika N. Cox, Regional Audit Manager
Washington Regional Audit Office
Office of Inspector General

FROM: Matthew Colon, Deputy Chief 
Program Management and Training Unit
Money Laundering and Asset
Recovery Section

SUBJECT: DRAFT AUDIT REPORT for the Metropolitan Washington Airports Authority
Police Department's Equitable Sharing Program Activities

In a memorandum dated January 9, 2024, your office provided a draft audit report for the Metropolitan Washington Airports Authority Police Department's (MWAA PD), 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 MWAA PD to correct all identified findings.

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

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

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

APPENDIX 3: The Metropolitan Washington Airports Authority Police Department's Response to the Draft Audit Report

Metropolitan Washington
Airports Authority
1 Aviation Circle
Washington, DC 20001-6000



January 30, 2024

Shenika N. Cox
Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
Washington Regional Audit Office
Jefferson Plaza Suite 900
Washington, DC 20530

Dear Ms. Cox:

The U.S. Department of Justice of the Inspector General (DOJ-OIG) Equitable Sharing Program Activities draft audit report issued January 9, 2024 included 2 areas of improvement. They are addressed in our responses below.

- 1) **Recommendation:** Require the MWAA PD to design and implement a process or control to ensure it obtains the required approvals and documents the required authorization of all purchases from the equitable sharing accounts.

Response: We concur with the finding and recommendation and have already begun designing a workflow process to route transactions for approval and document retention within our Enterprise financial application. We expect to have this process fully implemented by June 30, 2024.

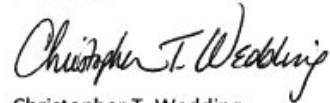
- 2) **Recommendation:** Ensure that the MWAA revises its policy to implement reconciliations and reviews to ensure that it accurately reports DOJ equitable sharing expenditures on the SEFA prior to filing its Single Audit Reports.

Response: We concur with the finding and recommendation. We expect to revise our policy to include the implementation of additional reconciliations and reviews to ensure that we accurately report DOJ equitable sharing expenditures on the SEFA prior to filing our Single Audit Reports each year. We expect to have the revised policy issued by June 30, 2024.



We appreciate the opportunity to respond to the draft report, and as indicated above, have begun taking immediate steps to address the two recommendations mentioned above. If you have any questions or need additional information, please contact me at [REDACTED] or at [REDACTED]@mwaa.com.

Sincerely,



Christopher T. Wedding
Deputy Vice President and Corporate Controller

cc: Andrew Rountree
Bryan Norwood
David Huchler
Charles Turley

APPENDIX 4: 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 (CRM) and the Metropolitan Washington Airports Authority Police Department (MWAA PD). CRM's response is incorporated in Appendix 2 and the MWAA PD's response is incorporated in Appendix 3 of this final report. In response to our draft audit report, CRM concurred with our recommendations, and as a result, the status of the audit report is resolved. The MWAA PD concurred with both 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. Require the MWAA PD to design and implement a process or control to ensure it obtains the required approvals and documents the required authorization of all purchases from the equitable sharing accounts.**

Resolved. CRM concurred with our recommendation and stated that it will work with the MWAA PD to correct all identified findings.

The MWAA concurred with our recommendation and stated that it expects to implement a workflow process to route transactions for approval and document retention within its financial application by June 30, 2024.

This recommendation can be closed when we receive evidence that the MWAA PD designed and implemented a process or control to ensure it obtains the required approvals and documents the authorization of all purchases from the equitable sharing accounts.

- 2. Ensure that the MWAA revises its policy to implement reconciliations and reviews to ensure that it accurately reports DOJ equitable sharing expenditures on the Schedule of Expenditures of Federal Awards (SEFA) prior to filing its Single Audit Reports.**

Resolved. CRM concurred with our recommendation and stated that it will work with the MWAA PD to correct all identified findings.

The MWAA concurred with our recommendation and stated that it expects to revise its policy by June 30, 2024, to include the implementation of additional reconciliations and reviews to ensure it accurately reports DOJ equitable sharing expenditures on the SEFA prior to filing its annual Single Audit Reports.

This recommendation can be closed when we receive documentation that the MWAA revised its policy to implement reconciliations and reviews to ensure that it accurately reports DOJ equitable sharing expenditures on the SEFA prior to filing its Single Audit Reports.