



Memorandum

Memorandum No: 24-157

Date: November 4, 2024

To: Honorable Mayor, Vice Mayor, and Commissioners

From: Susan Grant, Acting City Manager *Susan Grant*

Re: U.S. Department of Justice, Office of the Inspector General Audit of the Fort Lauderdale Police Department Asset Forfeiture Program and Equitable Sharing Program

Over this last year, the Fort Lauderdale Police Department has undergone a formal audit of their participation in the Department of Justice and Department of the Treasury Asset Forfeiture Programs. This audit reviewed all aspects of their operation and tested a variety of audit requirements required by the federal government.

It was an extensive audit given the history of their program and the problems which had been identified in the past. As a result of their efforts, safeguards have been established to avoid the issues that plagued them. Over the past six years, they have worked closely with the Department of Justice to minimize risks to the program.

It is my pleasure to report to you the success of their efforts. For the first time in the Police Department's history, they have delivered an audit with no findings. There is a recommendation that they work with the Money Laundering and Asset Recovery Section to craft into writing the procedures they practice, on an ongoing basis, that assures the integrity of the program as it is currently operated. I commend the Police Department and especially the Finance Office for this accomplishment.

Attached please find a copy of the report and letters from both agencies acknowledging their efforts and officially closing the audit.

For additional information, please contact William Schultz, Fort Lauderdale Police Chief at Wschultz@fortlauderdale.gov.

Attachments: U.S. Department of Justice Letters
Equitable Sharing Program Audit Report

c: Anthony G. Fajardo, Assistant City Manager
Laura Reece, Acting Assistant City Manager
Ben Rogers, Acting Assistant City Manager
Christopher Cooper, Acting Assistant City Manager
D'Wayne M. Spence, Deputy City Attorney
David R. Soloman, City Clerk
Patrick Reilly, City Auditor
Department Directors
CMO Managers



U.S. Department of Justice

Criminal Division

Money Laundering and Asset Recovery Section

Washington, D.C. 20530

October 17, 2024

William Schultz, Chief
Fort Lauderdale Police Department
1300 West Broward
Fort Lauderdale, FL 33312

Dear Chief Schultz,

This letter is to inform the Fort Lauderdale Police Department (FLPD) that the Department of Justice's (DOJ) Office of the Inspector General (OIG) Audit Report Number 24-102, pertaining to FLPD's DOJ Equitable Sharing Program fund activities is officially closed as of October 16, 2024. As such, no further action is required by FLPD with respect to the above referenced audit report.

Thank you for your cooperation and assistance in closing this report. If you have any questions, please contact Anne Insley, Equitable Sharing Program Coordinator, by email at anne.insley@usdoj.gov or by phone at (202) 746-9079 for further information.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Bickford".

Jennifer Bickford, Chief
Program Management and Training Unit
Money Laundering and Asset
Recovery Section

cc: Kenneth Campbell, Business Operations Manager
Fort Lauderdale Police Department



DEPARTMENT OF JUSTICE | OFFICE OF THE INSPECTOR GENERAL

September 9, 2024

Memorandum For: Nicoie M. Argentieri
Principal Deputy Assistant Attorney General
Criminal Division

A handwritten signature in blue ink that reads "B. Allen Wood".

Digitally signed by B. Allen Wood
Date: 2024.09.09 07:52:17 -0400

From: B. Allen Wood
Regional Audit Manager
Atlanta Regional Audit Office

Subject: Audit of the Fort Lauderdale Police Department's Equitable Sharing Program
Activities, Fort Lauderdale, Florida.
Report Number 24-102

Attached is the subject final audit report. The overall report is resolved, and the status of individual recommendations appears in Appendix 4 of the report. We previously furnished copies of the draft report and requested written comments on the recommendations. Your comments are appended and were considered in finalizing the report.

In accordance with Office of Management and Budget Circular A-50, Revised, and Department of Justice Order 2900.6A, titled "Audit Follow-up and Resolution Policy," audit reports can be closed only after adequate documentation has been submitted showing that all agreed-upon actions have been completed. Therefore, please provide us, within 180 days, your response concerning specific actions completed or alternative corrective actions proposed on the recommendations.

On Tuesday, September 10, 2024, we intend to release the report publicly. If you have any questions, please contact me at 404-331-3399.

Attachment

cc: Dr. Kenneth Campbell
Business Operations Manager
Fort Lauderdale Police Department

Margaret A. Moeser
Chief
Money Laundering & Asset Recovery Section
Criminal Division

Matthew Colon
Deputy Chief
Program Management and Training Unit
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Assistant Director
Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division



Audit of the Fort Lauderdale Police Department's
Equitable Sharing Program Activities,
Fort Lauderdale, Florida

★ ★ ★

AUDIT DIVISION

24-102

SEPTEMBER 2024



EXECUTIVE SUMMARY

Audit of the Fort Lauderdale Police Department's Equitable Sharing Program Activities, Fort Lauderdale, Florida

Objective

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

Results in Brief

As a result of our audit, we concluded that the Fort Lauderdale PD properly spent and accounted for equitable sharing funds. Also, this audit did not identify significant concerns regarding Fort Lauderdale PD's purchases of equipment. However, we found the Fort Lauderdale PD did not have documented procedures for completing and submitting Equitable Sharing Agreement and Certification (ESAC) reports.

Recommendations

Our report includes one recommendation to assist the DOJ Criminal Division (Criminal Division), which oversees the DOJ Equitable Sharing Program.

We requested a response to our draft audit report from the Criminal Division and the Fort Lauderdale 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 Fort Lauderdale PD's fiscal years (FY) 2022 and 2023. The Fort Lauderdale PD began the audit period with a balance of \$2,842,872. During the period of October 1, 2021, through September 30, 2023, the Fort Lauderdale PD received \$1,814,083 and spent \$2,144,195 in DOJ equitable sharing funds, primarily on equipment.

Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations. We found that Fort Lauderdale PD generally complied with the equitable sharing guidelines. However, we found the Fort Lauderdale PD did not document its local procedures for completing the ESAC report as required.

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Introduction

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of DOJ equitable sharing funds received by the Fort Lauderdale Police Department (Fort Lauderdale PD) in Fort Lauderdale, Florida. The objective of the audit was to assess whether the cash and property received by the Fort Lauderdale PD through the DOJ Equitable Sharing Program were accounted for properly and used for permissible purposes as defined by applicable regulations and guidelines. The audit covered October 1, 2021, through September 30, 2023.¹ The Fort Lauderdale PD began the audit period with a balance of \$2,842,872. During that period, the Fort Lauderdale PD received \$1,814,083 in DOJ equitable sharing revenues and spent \$2,144,195 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 (Equitable Sharing Guide), issued in July 2018, states that the Asset Forfeiture Program is 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 DOJ 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 DOJ 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 (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 DOJ 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

¹ The Fort Lauderdale PD's fiscal year begins October 1 and ends September 30.

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 equitable sharing revenues received through the DOJ Equitable Sharing Program.

degree of a state or local 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 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 Equitable Sharing Guide outlines categories of permissible and impermissible uses for DOJ equitable sharing funds and property. We used the Equitable Sharing Guide as our reference point for testing Fort Lauderdale PD's fiscal year 2022 and 2023 expenses. An updated guide was released in March of 2024; however, no expenses after March 2024 were included in our review.

Fort Lauderdale Police Department

The Fort Lauderdale PD is located in Fort Lauderdale, Florida. Established in 1911, the Fort Lauderdale PD serves a population of approximately 186,000 residents. As of January 2024, the Fort Lauderdale PD had a workforce of 567 sworn officers and 195 civilian employees.

OIG Audit Approach

We tested the Fort Lauderdale 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 Fort Lauderdale PD'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 permissible 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 DOJ Equitable Sharing Program are required to submit an ESAC report, on an annual basis, within 2 months after the end of an agency's fiscal year. This must be accomplished regardless of whether DOJ equitable sharing funds were received or maintained that 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 DOJ Equitable Sharing Program.

The Fort Lauderdale PD Finance Division is responsible for completing the certification report, which is then reviewed by the Business Manager and then the Police Chief before submission. The city of Fort Lauderdale's Finance Division receives the funds through deposits into a bank account controlled by the city of Fort Lauderdale. The Fort Lauderdale PD requests funds from that account for its equitable sharing expenditures.

Completeness and Timeliness of ESAC Reports

We tested the Fort Lauderdale PD's compliance with ESAC reporting requirements to determine if its reports were complete and submitted in a timely manner. We obtained the Fort Lauderdale PD's ESAC reports submitted for FYs 2022 and 2023 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.

Accuracy of ESAC Reports

To verify the accuracy of the annual ESAC reports, we compared the receipts listed on the Fort Lauderdale PD's two most recent ESAC reports to the total amounts listed as disbursed on DOJ's eShare report for the same time period.³ Our analysis showed that the Fort Lauderdale PD's most recent ESAC reports indicated receipts of \$1,123,626 and \$690,457 for FYs 2022 and 2023, respectively, which matched the receipts listed on the eShare report.

In addition, to verify the total expenditures listed on the Fort Lauderdale PD's two most recent ESAC reports, we compared expenditures listed on the ESAC reports to the Fort Lauderdale PD's accounting records for each period. Our analysis showed that the total expenditures reported in the Fort Lauderdale PD's two most recent ESAC reports were \$875,633 and \$1,268,561 in FYs 2022 and 2023, respectively, which matched the expenditures stated in the Fort Lauderdale PD's accounting records.

In addition, we reviewed the section of the ESAC report 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. To do so, we asked the Fort Lauderdale PD for documentation

³ The eShare portal enables a participating agency to view the status of its equitable sharing requests and distributions made by the DOJ.

reflecting expenditures by category. Using this documentation, we computed the total expenditures by category for each fiscal year and compared the results to the amounts reflected on the ESAC reports. We found that the category totals reflected on the ESAC reports matched the expenditure category totals as provided by the auditee.

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 documentation provided by the Fort Lauderdale PD, we found that the interest income reported on the FY 2022 and FY 2023 ESAC reports was accurate.

At the time of our audit, the Fort Lauderdale PD did not have documented local procedures for completing and submitting ESAC reports as required by the Equitable Sharing Guide. The Fort Lauderdale PD Financial Administrator and Business Manager follow unwritten local procedures to complete and submit accurate and timely ESAC reports. We consider it to be a good practice to document those procedures so that, in the absence of the Financial Administrator and Business Manager, other Fort Lauderdale PD staff could follow the documented local procedures to ensure the Fort Lauderdale PD continues to submit accurate and timely ESAC reports. We recommend that the Criminal Division ensures that the Fort Lauderdale PD document its existing unwritten local procedures for completing accurate and timely 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 DOJ Equitable Sharing Program use the eShare portal to obtain information regarding equitable sharing requests and distributions made by DOJ and for reconciling deposits to the agency's equitable sharing account.

The city of Fort Lauderdale established a separate revenue account and accounting code for its DOJ Equitable Sharing Program proceeds. In addition, the city of Fort Lauderdale deposited any interest income earned on DOJ equitable sharing funds in the same revenue account and under the accounting code established solely for the shared funds. The Fort Lauderdale PD used the eShare portal to track its requests and distributions while allowing reconciliation of its deposits to city of Fort Lauderdale and Fort Lauderdale PD financial records.

We determined that the Fort Lauderdale PD received DOJ equitable sharing revenues totaling \$1,814,083 to support law enforcement operations during FYs 2022 and 2023. The city of Fort Lauderdale receives the equitable sharing funds from MLARS as deposits into a bank account that includes all equitable sharing funds received from DOJ, the United States Department of Treasury, and the state of Florida.⁴ The city of Fort Lauderdale records the receipts into its general ledger and identifies each funding source by its own

⁴ The Florida Contraband Act authorizes the seizure of property used in violation for civil forfeiture. The Fort Lauderdale PD is eligible to receive those state proceeds.

individual accounting code. The Fort Lauderdale PD then submits requests to the city of Fort Lauderdale to make available those funds to reimburse equitable sharing related expenditures.

We reviewed a judgmental sample of receipts of DOJ equitable sharing revenues for the Fort Lauderdale PD's two most recently completed fiscal years to determine if the funds were properly deposited and accounted for. From the \$1,814,083 in total revenue from FYs 2022 and 2023, we selected and reviewed 20 equitable sharing receipts, totaling \$800,043, which accounted for over 44 percent. To ensure that these funds were properly deposited and made available to the Fort Lauderdale PD in a timely manner, we reconciled the equitable sharing receipts to equitable sharing financial records from the city of Fort Lauderdale's accounting system. We found that the 20 receipts matched and were accurately recorded and accounted for in the financial records. We detail our testing results in Table 1 below.

Table 1

Fort Lauderdale Police Department Sampled Equitable Sharing Receipts

Sample Count	Deposit Date	Amount	Date Funds Made Available to Fort Lauderdale PD	Amount	Number of Days Between Receipt and Fort Lauderdale PD Availability of Funds
FY 2022					
1	1/26/2022	\$35,479	1/27/2022	\$35,479	1
2	1/26/2022	\$46,584	1/27/2022	\$46,584	1
3	3/29/2022	\$562	3/31/2022	\$562	2
4	3/29/2022	\$84,236	3/31/2022	\$84,236	2
5	4/27/2022	\$7,848	4/29/2022	\$7,848	2
6	6/10/2022	\$107,505	6/20/2022	\$107,505	10
7	6/10/2022	\$576	6/24/2022	\$576	14
8	9/14/2022	\$1,299	9/15/2022	\$1,299	1
9	9/23/2022	\$134,511	10/4/2022	\$134,511	11
10	9/26/2022	\$28,666	10/10/2022	\$28,666	14
Sub Total:		\$447,266		\$447,266	
FY 2023					
11	11/17/2022	\$31,587	1/11/2023	\$31,587	55
12	12/15/2022	\$8,512	1/11/2023	\$8,512	27
13	3/08/2023	\$19,305	5/16/2023	\$19,305	69
14	4/14/2023	\$179,614	5/16/2023	\$179,614	32
15	5/15/2023	\$47,493	6/14/2023	\$47,493	30
16	8/25/2023	\$1,570	10/4/2023	\$1,570	40
17	8/25/2023	\$14,820	10/4/2023	\$14,820	40
18	8/25/2023	\$4,929	11/9/2023	\$4,929	76
19	8/25/2023	\$37,768	11/9/2023	\$37,768	76
20	9/27/2023	\$7,179	10/20/2023	\$7,179	23
Sub Total:		\$352,777		\$352,777	
Total:		\$800,043		\$800,043	

Source: FY 2022 and 2023 Fort Lauderdale PD Equitable Sharing Receipts



As described earlier in this report, the city of Fort Lauderdale records all equitable sharing funds in its accounting system. Fort Lauderdale PD must then request DOJ equitable sharing funds from the city of Fort Lauderdale to pay equitable sharing expenditures. The Fort Lauderdale PD Business Manager told us the city is in the middle of a changeover to a new Electronic Reporting System. The implementation of this system provided many delays in posting and required the Fort Lauderdale PD to account for the monies separately to assure that nothing went missing. It also resulted in an increased amount of time for funds to become available in FYs 2022 and 2023.

Equitable Sharing Resources

The Equitable Sharing Guide requires that DOJ 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. Table 2 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 DOJ Equitable Sharing Program for a period of at least 5 years.

Table 2

Summary of Permissible and Impermissible Uses of Equitable Sharing Funds

			
<p>Permissible Uses</p> <ul style="list-style-type: none"> • Matching Grants • Contracts for services • Law enforcement equipment • Law enforcement travel and per diem • Law enforcement awards and memorials • Law enforcement training and education • Support for community-based organizations • Joint law enforcement/public safety operations • Law enforcement operations and investigations • Law enforcement, public safety, and detention facilities • Drug, gang, and other prevention or awareness programs 		<p>Impermissible Uses</p> <ul style="list-style-type: none"> • Loans • Supplanting • Costs related to lawsuits • Extravagant or wasteful expenditures and entertainment • Money laundering operations • Purchase of food and beverages • Creation of endowments or scholarships • Personal or political use of shared assets • Transfers to other law enforcement agencies (MLARS may consider a waiver in limited circumstances.) • Cash on hand, secondary accounts, and stored value cards • Purchase of items for other law enforcement agencies • Uses contrary to state or local laws • Use of forfeited property by non-law enforcement personnel • With some exceptions, salaries and benefits of sworn or non-sworn law enforcement personnel 	

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

Use of Equitable Sharing Funds

According to its accounting records, the Fort Lauderdale PD expended DOJ equitable sharing funds totaling \$875,633 in FY 2022, and \$1,268,561 in FY 2023, for a total of \$2,144,195.⁵ We tested 18 transactions totaling \$2,144,195, or 100 percent of the total funds expended, to determine if the expenditures of DOJ equitable sharing funds were permissible and supported by adequate documentation. We determined that the Fort Lauderdale PD spent equitable sharing funds on law enforcement-related equipment and associated installation services, which included purchases of firearms and vehicle equipment such as light

⁵ Differences in the total amount is due to rounding.

bars and push bumpers. Additionally, within the 18 transactions, we verified 43 property items from equipment purchased with DOJ equitable sharing funds and confirmed the items were included in the Fort Lauderdale PD's inventory. Based upon our review of the supporting documentation provided by the Fort Lauderdale PD, we determined that its DOJ equitable sharing fund expenditures were supported by adequate documentation and were used for appropriate purposes as outlined in the Equitable Sharing Guide.

The Fort Lauderdale PD performed annual inventories and maintained a manual perpetual inventory that it updated when equipment was added, disposed of, or reassigned. The Fort Lauderdale PD's Business Manager told us that the city of Fort Lauderdale plans to implement an upgraded computer system. This upgraded computer system will allow the Fort Lauderdale PD to integrate its manual inventory system with the city of Fort Lauderdale's global inventory, allowing Fort Lauderdale PD staff to electronically update its inventory eliminating the need for the manual system. We believe this will ensure items purchased with DOJ equitable sharing funds can be accurately and timely recorded for tracking and disposition purposes.

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 DOJ 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 Fort Lauderdale and the budgets for the Fort Lauderdale PD for FYs 2020 through 2024.

We determined that the Fort Lauderdale PD's budget had increased by an average of 4.6 percent per year during this time. We then reviewed the city of Fort Lauderdale's budgets for the same period and determined that it had also increased. In addition, DOJ equitable sharing funds made up less than 1 percent of the Fort Lauderdale PD's budget.

There was not a decrease in the city of Fort Lauderdale's budget in any year we reviewed that would be offset by the Fort Lauderdale PD's budget. There also was not a decrease in the Fort Lauderdale PD's budget to coincide with a proportional increase in equitable sharing revenue. Further, during our review of equitable sharing expenditure transactions discussed previously in this report, we 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 city of Fort Lauderdale used DOJ equitable sharing funds to supplant its own or the Fort Lauderdale PD'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 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 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.

We determined that the Fort Lauderdale PD, which is included in the city of Fort Lauderdale's Single Audit, met the Single Audit Act reporting requirement.

To determine if the city of Fort Lauderdale and the Fort Lauderdale PD accurately reported DOJ equitable sharing fund expenditures on its Schedule of Expenditures of Federal Awards, we reviewed the Fort Lauderdale PD's accounting records and the city of Fort Lauderdale's Single Audit Reports for the fiscal year ended 2022. The 2023 Single Audit was not due at the time of our fieldwork. We found that the city of Fort Lauderdale and the Fort Lauderdale PD accurately reported DOJ equitable sharing fund expenditures on the Schedule of Expenditures of Federal Awards for fiscal year 2022, as required by the Uniform Guidance.

The city of Fort Lauderdale 's Single Audit Reports for FY 2022 did not contain any findings related to equitable sharing funds.

Conclusion and Recommendations

We audited the Fort Lauderdale PD's compliance with what we considered to be the most important conditions of the DOJ Equitable Sharing Program to assess whether the Fort Lauderdale PD accounted for DOJ equitable sharing funds properly and used such revenues for permissible purposes. Overall, we found that the Fort Lauderdale PD adequately accounted for its DOJ equitable sharing funds and used those funds for permissible uses identified in the Equitable Sharing Guide. However, we found that the Fort Lauderdale PD did not have documented local procedures for completing and submitting ESAC reports. We provide one recommendation to the Criminal Division to address this deficiency.

We recommend that the Criminal Division:

1. Ensure that Fort Lauderdale PD document its existing unwritten local procedures for completing accurate and timely ESAC reports.

APPENDIX 1: Objective, Scope, and Methodology

Objective

The objective of the audit was to assess whether the Fort Lauderdale Police Department (Fort Lauderdale PD) accounted for DOJ equitable sharing funds and property properly and used such revenues for permissible 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, 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, DOJ equitable sharing receipts and property received by the Fort Lauderdale PD between October 1, 2021, and September 30, 2023. Our audit was limited to DOJ 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, 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 Fort Lauderdale PD's headquarters located in Fort Lauderdale, Florida. We interviewed Fort Lauderdale PD 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 Fort Lauderdale PD 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 Fort Lauderdale PD's compliance with three essential DOJ 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 Fort Lauderdale PD. However, we did not assess the reliability of the Fort Lauderdale PD's or the city of Fort Lauderdale'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 Fort Lauderdale PD received DOJ equitable sharing funds totaling \$1,123,626 and \$690,457 for FYs 2022 and 2023. In the same period, the Fort Lauderdale PD made 18 expenditures totaling \$2,144,195. We tested the 18 transactions to determine if the expenditures of DOJ equitable sharing funds were permissible and supported by adequate documentation. Additionally, within the

18 transactions we also verified a judgmental sample of 43 property items from equipment purchased with DOJ equitable sharing funds. This non-statistical sample design does not allow projection of the test results for all items.

Our audit included an evaluation of the Fort Lauderdale PD and city of Fort Lauderdale's most recent annual audit. The results of this audit were reported in the Single Audit Report that accompanied the Fort Lauderdale PD and city of Fort Lauderdale's basic financial statements for the year ended September 30, 2022. 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 non-compliance issues.

We discussed the results of our review with officials from the Fort Lauderdale PD 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 Fort Lauderdale PD to provide assurance on its internal control structure as a whole. Fort Lauderdale 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 Fort Lauderdale PD's internal control structure as a whole, we offer this statement solely for the information and use of the Fort Lauderdale PD and the DOJ Criminal Division.⁶

The internal control deficiency we found is 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 objective of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

⁶ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

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

August 16, 2024

MEMORANDUM

TO: B. Allen Wood, Regional Audit Manager
Atlanta Regional Audit Office
Office of Inspector General

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

SUBJECT: DRAFT AUDIT REPORT for the Fort Lauderdale Police Department's Equitable Sharing Program Activities

In a memorandum dated August 8, 2024, your office provided a draft audit report for the Fort Lauderdale Police Department (FPD), which included actions necessary for closure of the audit report finding. The Money Laundering and Asset Recovery Section (MLARS) concurs with the finding and recommendations in the draft audit report.

Upon receipt of the final audit report, MLARS will work with FPD to correct the identified finding.

cc: Louise Duhamel, 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 Fort Lauderdale Police Department's Response to the Draft Audit Report



CITY OF
FORT LAUDERDALE



August 20, 2024

B. Allen Wood
Regional Audit Manager
Atlanta Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
75 Ted Turner Drive, SW
Atlanta, GA 30303

Dear Mr. Wood,

The Fort Lauderdale Police Department is in receipt of the draft Audit Report on its participation in the MLARS program. After carefully reading and analyzing the document's findings and recommendations, the department is in agreement with the conclusions reached within the report. The department now recognizes the need to have written procedures in place addressing the methodology in preparing and filing the Equitable Sharing Agreement and Certification on a yearly basis.

In response to this finding, please find attached to this letter the department's written procedures on producing the annual report to MLARS. This puts in place a written procedure that mirrors what was physically done in each year over the last eight reporting cycles. Thank you for your staff's thorough review of our program. We appreciate the time and effort put into this review and the importance of your findings.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth Campbell".

Dr. Kenneth Campbell
Business Operations Manager
Fort Lauderdale Police Department

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 and the Fort Lauderdale Police Department (Fort Lauderdale PD). The Criminal Division's response is incorporated in Appendix 2 and the Fort Lauderdale PD's response is incorporated in Appendix 3 of this final report. In response to our draft audit report, the Criminal Division concurred with our recommendation, and as a result, the status of the audit report is resolved. The Fort Lauderdale PD agreed with the recommendation. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation for the Criminal Division:

- 1. Ensure that Fort Lauderdale PD document its existing unwritten local procedures for completing accurate and timely Equitable Sharing Agreement and Certification (ESAC) reports.**

Resolved. The Criminal Division concurred with our recommendation. The Criminal Division stated in its response that it will work with the Fort Lauderdale PD to correct the identified finding. As a result, this recommendation is resolved.

The Fort Lauderdale PD stated that it was in agreement with our recommendation and stated in its response that it has put in place written procedures that mirror its practice used in producing annual ESAC reports. Along with its response, the Fort Lauderdale PD provided documentation of its written procedures.

This recommendation can be closed when we receive confirmation that the Fort Lauderdale PD has implemented written procedures that ensure accurate and timely ESAC reports, and that the Criminal Division concurs with said developed and implemented policies and procedures.