



# City of Greensboro

Date: January 16, 2009  
To: Tim Bellamy, Chief of Police  
From: Internal Audit Division  
Subject: Federal Forfeiture Review for FY 2007-2008

The Internal Audit Division has completed a review of Federal Forfeiture expenditures for fiscal year 2007-2008. Federal Forfeiture funds are received from the Departments of the Treasury and Justice when the Police Department participates in either a joint investigation or by adoption when items are seized. The Police Department must complete an Equitable Sharing Agreement and request to share the seized asset within 30 days of the seizure. Shared funds can be used "for only law enforcement purposes and are subject to the laws, rules, regulations, and orders of the state or local jurisdiction governing the use of public funds available for law enforcement purposes." The Equitable Sharing Guidelines of the Departments of Treasury and Justice include a list of pre-approved uses including training, equipment, facilities, drug education and matching funds. Some examples of impermissible uses include salaries for existing officers, use of property by non-law enforcement, food and beverages, and extravagant expenses. The funds "may be retained in a holding account for a reasonable period of time, generally no longer than two years".

In Fiscal Year 2007-2008 the City received a total of \$1,404,727.77 from both agencies and spent \$845,600. During the review period, there were fifteen grants with complete funding from forfeiture funds and one grant that had forfeiture funds as a match.

The objectives of our review were to:

- Ensure that the City is in compliance with the Equitable Sharing Guidelines by completing the annual agreement and certification and that the certification matches general ledger figures.
- Ensure that all expenditures tested were spent in accordance with the Equitable Sharing guidelines of both the Department of the Treasury and the Department of Justice. Determine that accounts have been reviewed for possible closure once projects are completed
- Verify that assets purchased have been maintained in police inventory and if applicable capitalized according to the capital asset guidelines.
- Verify that assets are being used in their original intent and have serial numbers that match the inventory listing.

### **Equitable Sharing Agreement and Certification**

To receive equitably shared funds, federal forfeiture, the City must complete an Equitable Sharing Agreement and Certification within 60 days of the close of the fiscal year. The Certification must include beginning and ending balances, funds received and spent, interest accrued on the funds, and any civil rights cases. The Agreement includes an affidavit to be signed by the agency head and Governing Body Head.

The agreement was first filed within the 60 day timeline by mail on August 8, 2008. However, the department received a letter dated August 7<sup>th</sup> from the Department of Justice with information about the new electronic submission on August 12. The original due date of the form was August 31<sup>st</sup>, but the form was held upon receipt of a letter from the Police Attorney on the pending civil rights cases. The form was submitted electronically and

the signed affidavit was faxed without the civil rights case letter on September 8<sup>th</sup>. The form was then resubmitted on October 6<sup>th</sup> once information on the civil rights case was made available from the Police Attorney.

After reviewing the report to determine if the balances matched general ledger figures, the report did not balance in the amount of \$56,646.78 due to a duplication of interest in the spreadsheet. We met with Sgt. Kevin Moore and Courtney Hemphill, Office of Budget and Planning, and they were able to correct and resubmit the report.

#### **Fifteen Grants with Federal Forfeiture Funding**

During the review period there were fifteen grants funded with forfeiture funds. The accounts are as follows:

- 220-3509-01: Equipment- This account was used to purchase small tools and equipment. The last activity occurred 9/1/07. The account is balanced and was closed on 6/30/08 with \$1,185.54 in unspent funds transferred to the deferred revenue account.
- 220-3517-01: Crime Lab Renovations- This account is used for renovations to the Crime Lab at the Southern Division on Swing Road. The last activity occurred in June 2007. The account is balanced and has \$50,230.25 in unspent funds as of 6/30/08.
- 220-3518-01: Armored Rescue Vehicle- This account was used primarily to purchase a Trailer. The last activity occurred in September 2007. The account is balanced and was closed on 6/30/08 with \$281.66 in unspent funds transferred to the deferred revenue account.
- 220-3519-01: Southern Operations Upgrade- This account has been used primarily for repair and maintenance for the Southern Operations. The last activity occurred in March 2007. The account is balanced and has \$2,341.37 in unspent funds as of 6/30/08.
- 220-3520-01: Computer Forensics- This account was used primarily for training and equipment for the Computer Forensics lab. The last activity occurred in June 2008. The account is balanced and was closed on 6/30/08 with \$94.32 in unspent funds transferred to the deferred revenue account.
- 220-3524-01: Police Radio Encryption- This account is used to purchase encrypted radios. The last activity occurred in April 2008. The account is balanced and has \$1,580.71 in unspent funds as of 6/30/08.
- 220-3528-01: Handgun Replacement- This account is used to purchase replacement Sig Sauer handguns. The last activity occurred in June 2008. The account is balanced and has \$6,456.62 in unspent funds as of 6/30/08. Note: This account has current fiscal year activity.
- 220-3529-01: Narcotics Canine- This account was used to purchase a Training Manager System for the Police Academy and a Narcotics Canine. The last activity occurred in August 2007. The account is balanced and was closed on 6/30/08 with no remaining balance.
- 220-3530-01: Hazardous Devices Vehicle- This account was opened 6/5/07 for the purchase of a Hazardous Devices Vehicle. The item was purchased out of budgeted funds and placed in the wrong account. The error was corrected and the funds were returned to the deferred revenue account in June 2008. It is balanced and was closed on 6/30/08.
- 220-3531-01: Patrol Vehicles- This account is used to purchase Crown Victoria patrol vehicles. The last activity occurred in June 2008. The account is balanced and has \$388,243.28 in unspent funds as of 6/30/08. Note: This account has current fiscal year activity.
- 220-3535-01: Forensic ID Equipment- This account was used for forensic equipment. The primary purchases were a powered light source, fuming chamber, upgrade to video analysis system, and an AFIS identification system. The last activity occurred in February 2008. The account is in balanced and was closed on 6/30/08 with \$34,437.64 in unspent funds transferred to the deferred revenue account.

- 220-3538-01: Non-Lethal Devices- This account is used primarily for the purchase of tasers. The last activity occurred in June 2008. The account is balanced and has \$69,603.35 in unspent funds as of 6/30/08. Note: This account has current fiscal year activity.
- 220-3544-01: Police Consultant Services- This account is used primarily for a Police consultant. The last activity occurred in June 2008. The account is balanced and has \$224.47 in unspent funds as of 6/30/08.
- 220-3545-01: SBI Lab Contribution- This account was used for a contribution to the SBI lab. The SBI requested a contribution based on the number of cases involving the City. The last activity occurred in February 2008. The account is balanced and has no unspent funds as of 6/30/08.
- 220-3550-01: Patrol Rifle Program- This account was established on 6/30/08 for the purchase of patrol rifles. The rifles have been ordered and will be received in FY 2009. The account is balanced and had no activity as of 6/30/08

As of 6/30/08, six of these grants closed leaving nine remaining open. Of those nine, five are preparing to close in FY 2009. Courtney Hemphill and Sgt. Kevin Moore review the open grants yearly to determine if the project is finished and if the money has been spent within the two year guideline. Also, at the end of each fiscal year staff looks back two years to make sure that they have spent at least the same amount of money that they received two years prior.

#### **Federal Forfeiture as matching funds**

The below account has federal forfeiture money as matching funds. The money was used as an allowable twenty-five percent match for a grant from the Governor's Highway Safety Program.

- 220-3595-01: Traffic Enforce Positions- The federal forfeiture money in this account was used a grant match for a traffic safety grant from the Governor's Highway Safety Program. The account is balanced and was closed on 6/30/08 with \$1,930.53 in unspent funds transferred to the deferred revenue account.

#### **Capital Assets & Inventory**

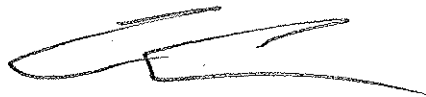
We received a list of capital assets from Christina Smith of the Accounting Department. The asset list, as mentioned in the above accounts, includes a trailer, two computer Forensic Platforms, fourteen police vehicles, two firearms training simulators, a rand powered light source, a CYVAC fuming chamber, a video analysis system, and an AFIS Identification System. All of the capital assets that were checked were in service and had serial numbers which matched the listing.

Logistics keeps records of all inventory items for the Police Department. During fiscal year 2008, there were several encrypted radios, tasers, and handguns that were purchased, but fell below the capitalization threshold. We received a list of these items and randomly selected some to spot check for serial numbers. We chose items from each substation and all those that we checked were in service and had serial numbers which matched the inventory listing.

We would like to thank the Police Department for their courtesy and cooperation during this review. If there are any questions or comments concerning this review, please call us at 373-2230.



Kimberly Strickland  
Internal Auditor



Len Lucas  
Internal Audit Director

cc: Mitchell Johnson, City Manager  
Bob Morgan, Deputy City Manager