

Internal Audit Division
City of Greensboro



May 16, 2011

TO: Rashad Young, City Manager
FROM: Internal Audit Division
SUBJECT: Police Department Federal Forfeiture Review (10 Grants)

The Internal Audit Division has completed our review of the Federal Forfeiture Funds maintained by the Police Department. Attached you will find our review report; the departmental response and our replies to their responses. We feel that our concerns have been sufficiently addressed as we move forward. If you have any questions or need additional information, please let us know. Thanks.

A handwritten signature in black ink, appearing to read "Len Lucas".

Len Lucas
Internal Audit Director

cc: Bob Morgan, Deputy City Manager
Michael Speedling, Assistant City Manager for Public Safety and Human Resources
Ken Miller, Chief of Police
Chris Walker, Assistant Chief of Police for Resource Management



March 22, 2011

TO: Ken Miller, Chief of Police
FROM: Internal Audit Division
SUBJECT: Federal Forfeiture Review for Fiscal Year 2009-2010

The Internal Audit Division has completed a review of Federal Forfeiture expenditures for fiscal year 2009-2010. 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 assets 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 2009-2010 the City received a total of \$307,068.43 from both agencies and spent \$447,000. During the review period, there were nine grants with complete funding from forfeiture funds and one grant that was partially funded with forfeiture funds.

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.

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 joint report must be filed within 60 days of the close of the fiscal year. The Police Department first filed the report electronically on August 24, 2010. However, the Department of Justice (DOJ) sent out an email on September 15, 2010 requesting amendments to the original form due to a discrepancy in federal sharing funds received. The amended report was electronically submitted on September 16, 2010.

Courtney Hemphill, Grant Analyst, Police Fiscal Management, keeps spreadsheets of all payments received from DOJ and the Treasury, money transferred out for new grant accounts, and unspent funds transferred in; those spreadsheets are used for the Certification Report. After matching the Certification Report with Lawson, the report balanced after some adjustments. These included payments not yet recorded in Lawson, returned funds that could not be included in the

Report total per DOJ, and payments that were recorded in Lawson but, not received by the DOJ. Also, payments were duplicated in the beginning balance and funds received line items. At this time, we are working with the Department to get these items corrected.

Ten Grants with Federal Forfeiture Funding

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

- 220-3531-01: Patrol Vehicles- The account is used to purchase Crown Victoria patrol vehicles. The last activity occurred on June 15, 2010. The account is balanced and has \$342,372 in unspent funds as of June 30, 2010. Note: The account has current fiscal year activity, but the remaining funds are to be returned and the account is on hold for close out in December 2011.
- 220-3550-01: Patrol Rifle Program- The account is used for the purchase of patrol rifles. The last activity occurred on April 22, 2010. The account is balanced and has \$2,235.91 in unspent funds. Note: The account has current fiscal year activity, but the remaining funds are to be returned and the account is on hold for close out in December 2011.
- 220-3552-01: State Drug Tax Digital Video/Audio Recording Systems- The account has multiple funding sources, but the federal forfeiture money in this account is used to purchase digital video/audio recording systems for the interview rooms. All federal forfeiture dollars have been spent. The account is on hold for close out in December 2011.
- 220-3555-01: Underwater Recovery- The account is used to purchase equipment and buoyancy control vests for the dive team. The last activity occurred on June 23, 2010. The account is balanced and has \$5,146.32 in unspent funds. Note: The account has current fiscal year activity, but the remaining funds are to be returned and the account is on hold for close out in December 2011.
- 220-3559-01: Tracker Equipment Upgrade- The account is used for the purchase GPS systems. The last activity occurred on May 6, 2009. The account is balanced and has \$1,762.45 in unspent funds. Note: The account has current fiscal year activity.
- 220-3560-01: Tasers- The account is used for the purchase of tasers. The last activity occurred on October 17, 2009. The account is balanced and has \$28,979.01 in unspent funds. Note: The account has current fiscal year activity.
- 220-3564-01: Chemical Munitions- The account is used for the purchase of chemical munitions. The last activity occurred on June 15, 2009. The account is balanced and has \$41,766.25 in unspent funds. Note: The account has current fiscal year activity.
- 220-3582-01: Computer Forensic Lab Upgrade- The account is used for the purchase of equipment, such as portable hard drives and a Universal Forensic Extraction Device (UFED), and software for the computer forensic lab. The last activity occurred on June 30, 2010. The account is balanced and at June 30, 2010 had remaining funds of \$105,650.11. Note: The budget was reduced in the current fiscal year.
- 220-3587-01: Special Team Equipment- The account is used to purchase equipment such as night vision scopes, UFED, and other equipment for the special teams. The last activity occurred on June 30, 2010. The account is balanced and has \$179,149.92 in unspent funds. Note: The account has current fiscal year activity.
- 220-3588-01: Throw Phone, Toughbooks, & GPS trackers- The account is used to purchased toughbooks, phones, and GPS trackers. The last activity occurred on June 30, 2010. The account is balanced and has \$53,578.48 in unspent funds. Note: The account has current fiscal year activity.

Four of the ten accounts will be ready to close by the beginning of fiscal year 2011-2012. Courtney Hemphill, Police reviews 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.

Capital Assets & Inventory

We received a list of capital assets from Christina Smith, Accountant in the Financial & Administrative Services Department. The asset list, as mentioned in the above accounts, includes a ruggedized UFED, a thermal imaging camera, and tactical equipment for the camera.

Records are also kept for the equipment that does not meet the capitalization threshold of \$5,000. During fiscal year 2010, gun cases, armorer's kits, and gun parts were able to be viewed at Logistics. We also received a listing of tasers purchased with Forfeiture Funds. We chose a line-up from each Police substation to visit and tested the tasers of those who were present during the particular line-up. All tasers tested had serial numbers that matched. We were also able to view a buoyancy control vest from a member of the dive team, the mounted night vision scope from a member of TSET, the UFED from Vice Narcotics, and the portable hard drives from Computer Crimes. All additional equipment that was tested was in use and appeared to match the appropriate invoice.

We would like to thank the Police Department for their assistance and cooperation during this review. Please provide a response by April 5, 2011. If there are any questions concerning the details of this review, please call us at 373-2230.


Kimberly Strickland
Internal Auditor


Len Lucas
Internal Audit Director

cc: Bob Morgan, Deputy City Manager
Michael Speedling, Assistant City Manager for Human Resources & Public Safety

Greensboro Police Department
City of Greensboro



May 3, 2011

TO: Kimberly Strickland, Internal Audit
FROM: Chief of Police
SUBJECT: Response to Internal Audit of 2009-2010 Federal Forfeiture
Account Activity.

I have received and reviewed the Internal Audit Divisions examination of the 2009-2010 Federal Forfeiture account activity, as well as 10 grant accounts using the forfeiture funds. I have assigned this report to staff for further review and we do not find any issues listed, therefore we concur with its findings without taking any additional action.



Chief Kenneth C. Miller
Chief of Police
Greensboro Police Department

Cc: Assistant Chief Christopher Walker, Management Bureau



May 11, 2011

TO: Ken Miller, Chief of Police
FROM: Internal Audit Division
SUBJECT: Federal Forfeiture Review for Fiscal Year 2009-2010

The Internal Audit Division has received your response for the Federal Forfeiture Review for Fiscal Year 2009-2010. We find the response sufficient and no further action is required.

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

Kimberly Strickland
Internal Auditor

Len Lucas
Internal Audit Director

cc: Bob Morgan, Deputy City Manager
Michael Speedling, Assistant City Manager for Human Resources & Public Safety
Chris Walker, Assistant Police Chief of Resource Management