



Review of the  
Assets Forfeiture Fund's  
Accounting of Drug Control Funding  
Fiscal Year 2025



AUDIT DIVISION

26-015

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**FEBRUARY 2026**

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REDACTED FOR PUBLIC RELEASE

*Redactions were made to the full version of this report because it contained information that the Department identified as pre-decisional budget information.*



# EXECUTIVE SUMMARY

## **Review of the Assets Forfeiture Fund's Accounting of Drug Control Funding Fiscal Year 2025**

### **Objective**

Pursuant to 21 U.S.C. § 1704(d), as implemented by the Office of National Drug Control Policy (ONDCP) Circular, National Drug Control Program Agency Compliance Reviews, dated September 9, 2021 (the Circular), the U.S. Department of Justice Assets Forfeiture Fund (AFF) is required to submit to the Director of ONDCP a detailed accounting of all funds expended for National Drug Control Program activities during the previous fiscal year. Additionally, at least every 3 years, the Office of the Inspector General (OIG) is required by the Circular to authenticate and express a conclusion about the reliability of the detailed accounting of funds prior to AFF management's submission to the ONDCP.

### **Results in Brief**

The OIG concluded that it is not aware of any material modifications that should be made to the detailed accounting of drug control funding for the year ended September 30, 2025, in order for it to be in accordance with the Circular.

### **Recommendations**

No recommendations were provided in this report.

### **Audit Results**

The OIG performed an attestation review of the AFF's detailed accounting of all funds expended for National Drug Control Program activities during the year ended September 30, 2025. The detailed accounting includes the Budget Formulation Compliance Report (BFCR), Detailed Accounting Report (DAR), and related assertions by AFF management. The AFF reported approximately \$217.16 million of drug control obligations for fiscal year 2025.

The purpose of the review was to express a conclusion about whether we are aware of any material modifications that should be made to the BFCR, DAR, or related assertions in order for them to be in accordance with the requirements set forth in the Circular. We concluded that we are not aware of any such material modifications. The previous OIG authentication of the AFF's submission to ONDCP was for fiscal year 2023, and the OIG concluded that no material modifications were needed to AFF's submission to the ONDCP (OIG Audit Division Report Number 24-028).

The review was performed in accordance with the attestation standards contained in Government Auditing Standards. The procedures performed in a review vary in nature and timing from and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance of the subject matter in order to express an opinion. Accordingly, we do not express such an opinion.

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## OFFICE OF THE INSPECTOR GENERAL'S INDEPENDENT REVIEW REPORT

Director  
Asset Forfeiture Management Staff

We have reviewed the accompanying Budget Formulation Compliance Report (BFCR) and Detailed Accounting Report (DAR) of the U.S. Department of Justice (DOJ) Assets Forfeiture Fund (AFF) for the fiscal year ended September 30, 2025. AFF management is responsible for the preparation of the BFCR and DAR in accordance with the Office of National Drug Control Policy (ONDCP) Circular, National Drug Control Program Agency Compliance Reviews, dated September 9, 2021 (the Circular). Our responsibility is to express a conclusion on management's assertions based on our review.

Our review was conducted in accordance with standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require us to plan and perform the review to obtain limited assurance about whether any material modifications should be made to the BFCR, DAR, or related assertions in order for them to be in accordance with the Circular. The procedures performed in a review vary in nature and timing from and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether the BFCR, DAR, and related assertions are in accordance with the Circular, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Based on our review, we are not aware of any material modifications that should be made to the BFCR, DAR, or related assertions for the year ended September 30, 2025, in order for them to be in accordance with the requirements set forth in the Circular.

The purpose of this report is to authenticate the BFCR and DAR as required by the Circular based on our review and is not suitable for any other purpose. This report is intended solely for the information and use of DOJ, AFF, and the ONDCP, and is not intended to be, and should not be, used by anyone other than the specified parties.

Kelly A. McFadden, CPA  
Director, Financial Statement Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
Washington, D.C.  
January 27, 2026





**U.S. Department of Justice**

**Justice Management Division**


**Asset Forfeiture Management Staff**

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**U.S. Department of Justice  
Assets Forfeiture Fund  
Budget Formulation  
Compliance Report  
Management's Assertion Statement  
For Fiscal Year Ended September 30, 2025**

On the basis of the Assets Forfeiture Fund (AFF) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *National Drug Control Program Agency Compliance Reviews*, dated September 9, 2021, we assert that the Assets Forfeiture Fund (AFF) system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. The summer drug budget submitted to ONDCP in response to ONDCP Circular, Budget Formulation, Section 9.a.(1) was submitted to ONDCP at the same time as that budget request was submitted to the Department of Justice management in accordance with 21 U.S.C § 1703(c)(1)(A).
2. The funding requests submitted to ONDCP in the Summer Drug Budget Resource Summary Table represents the funding levels in the budget submission made by the Assets Forfeiture Fund (AFF) to the Department without alteration or adjustment by any official at the Department.

  
Peter M. Maxey, Director  
Asset Forfeiture Management Staff

  
Date

*Department of Justice - Asset Forfeiture Program*

Dollars in Millions - TOTAL DRUG RESOURCES

Resource Summary	FY 2025 Enacted	FY 2026 President's Budget	FY 2027 Spring Call
<b>Drug Resources by Decision Unit and Function</b>			
<b>Decision Unit: Assets Forfeiture Fund</b>			
<i>Investigations</i>	\$151.419	\$129.621	
<i>State and local Assistance</i>	\$84.672	\$55.579	
<b>Total, Decision Unit: Assets Forfeiture Fund</b>	<b>\$236.091</b>	<b>\$185.200</b>	
<b>Total Drug Funding</b>	<b>\$236.091</b>	<b>\$185.200</b>	
<b>Drug Resources Personnel Summary</b>			
Total FTEs (direct only)	-	-	
<b>Drug Resources as a Percent of Budget</b>			
Total Agency Budget (in billions)	\$1.8	\$1.7	
Drug Resources Percentage	13.1%	10.9%	



**U.S. Department of Justice**

**Justice Management Division**

**Asset Forfeiture Management Staff**


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*Washington, D.C. 20530*

**Detailed Accounting Report  
Management's Assertion Statement  
For Fiscal Year Ended September 30, 2025**

On the basis of the Assets Forfeiture Fund (AFF) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *National Drug Control Program Agency Compliance Reviews*, dated September 9, 2021, we assert that the AFF system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. The drug control obligations reported by budget decision unit represent the actual obligations derived from the AFF accounting system of record for these Budget Decision Unit.
2. The drug methodology used by the AFF to calculate obligations of budgetary resources by function and budget decision unit is reasonable and accurate in all material respects.
3. The drug methodology disclosed in this statement was the actual drug methodology used to generate the Table of Drug Control Obligations.
4. There were no material weaknesses. There were other findings by independent sources identified which may affect the presentation of drug-related obligations.
5. There were no modifications to the methodology used to report drug control resources.
6. The data presented are associated with obligations against a financial plan that did not require revision for reprogramming or transfers during FY 2025.
7. AFF did not have any ONDCP Fund Control Notices issued in FY 2025.

  
Peter M. Maxey, Director  
Asset forfeiture Management Staff

  
Date

**U.S. Department of Justice**  
**Assets Forfeiture Fund**  
**Detailed Accounting Report**  
**Table of Drug Control Obligations**  
**For Fiscal Year Ended September 30, 2025**  
**(Dollars in Millions)**

	<b>FY 2025 Actual Obligations</b>
<b>Drug Resources by Budget Decision Unit and Function:</b>	
<b>Decision Unit #1: Asset Forfeiture</b>	
Investigations	\$ 137.27
State and Local Assistance	79.89
<b>Total Asset Forfeiture</b>	<b>\$ 217.16</b>
<b>Total Drug Control Obligations</b>	<b>\$ 217.16</b>



**U.S. Department of Justice  
Assets Forfeiture Fund  
Detailed Accounting Submission  
Related Disclosures  
For Fiscal Year Ended September 30, 2025**

Disclosure 1: Drug Methodology

The Assets Forfeiture Fund (AFF) was established to be a repository of the proceeds of forfeiture and to provide funding to cover the costs associated with forfeiture. These costs include but are not limited to; seizing, evaluating, maintaining, protecting, and disposing of an asset. Public Law 102-393, referred to as the 1993 Treasury Appropriations Act, amended title 28 U.S.C. 524 (c) and enacted new authority for the AFF to pay for “overtime, travel, fuel, training, equipment, and other similar costs of state or local law enforcement officers that are incurred in a joint law enforcement operation with a federal law enforcement agency participating in the Fund.” Such cooperative efforts have significant potential to benefit Federal, state, and local law enforcement efforts. The Department of Justice supports state and local assistance through the allocation of Asset Forfeiture Program (AFP) monies, commonly referred to as Joint Law Enforcement Program Operations Expenses. All AFP funded drug investigative monies for the Drug Enforcement Administration (DEA) and Organized Crime Drug Enforcement Task Forces (OCDETF) are allocated in the following program operations expenses: Investigative Costs Leading to Seizure, Awards Based on Forfeiture, Contracts to identify Assets, Special Contract Services, and Case Related Expenses. The funding provided for these program expenses are identified below and aid in the process of perfecting forfeiture.

Joint Law Enforcement Operations – These expenses are for the various costs incurred by state and local law enforcement officers participating in joint law enforcement operations with a federal agency participating in the fund.

Investigative Costs Leading to Seizure – These expenses are for certain investigative techniques that are used for drug related seizures.

Awards Based on Forfeiture – These expenses are for the payment of awards for information or assistance leading to a civil or criminal forfeiture.

Contracts to Identify Assets – These expenses are incurred in the effort of identifying assets by accessing commercial database services. Also included in this section is the procurement of contractor assistance needed to trace the proceeds of crime into assets subject to forfeiture.

Special Contract Services – These expenses are for contract services that support services directly related to the processing, data entry, and accounting for forfeiture cases.

Case Related Expenses – These are expenses incurred in connection with normal forfeiture proceedings. They include fees, advertising costs, court reporting and deposition fees, expert

witness fees, courtroom exhibit costs, travel, and subsistence costs related to a specific proceeding. If the case involves real property, the costs to retain attorneys or other specialists under state real property law are also covered. In addition, the Deputy Attorney General may approve expenses for retention of foreign counsel.

All AFF accounting information is derived from the Unified Financial Management System. Obligations that are derived by this system reconcile with the enacted appropriations and carryover balance.

#### Disclosure 2: Methodology Modifications

There have been no changes to the drug methodology from the previous year. The drug methodology disclosed has been consistently applied from prior years.

#### Disclosure 3: Material Weaknesses or Other Findings

For the FY 2025 Financial Statements Audit, the Assets Forfeiture Fund (AFF)/Seized Asset Deposit Fund (SADF) received an unmodified audit opinion with significant deficiencies arising from the following process areas:

Management did not complete corrective actions and implemented controls to ensure program expenses (Gross Cost) and accruals were properly recorded in the financial system. There were inaccurate and unsupported accruals recorded in interim and year end balances. Specifically, two sampled year end accruals were recorded without sufficient documentation to support the assumptions used to determine the amount of liability. Additionally, AFMS's review control over certain liability related disclosures was not operating effectively to identify a misstatement in the equitable sharing (EQS) amounts to be distributed to federal, state, and local law enforcement agencies disclosed in Note 7, *Forfeited and Seized Property, Net* in the draft financial statements.

The conditions above primarily occurred because management did not identify and respond to risks related to the different methodologies and thresholds in place at participating agencies in the context of the Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF) financial statements. AFMS's monitoring controls lacked the precision to identify the discrepancies. Ineffective controls over the accurate recording of expenses and accruals increases the risk that misstatements occur and are not timely detected and corrected. As a result of these deficiencies, KPMG identified misstatements during the testing of FY 2025.

To mitigate this finding:

- AFMS will work with JMD Finance Staff and Asset Forfeiture Program participating agencies to develop consistent accrual methodologies for AFF transactions and ensure agency finance personnel are trained in proper accrual processing, including accurate reversing entries. AFMS has updated the Financial Guide and made the publication in FY2026.
- AFMS will also expand its expenditure review and data quality review processes to include review of key processes and data elements to minimize the risk of misstatements. AFMS' review of calculation methodologies will continue to ensure that amounts presented in the

financial statements and note disclosures are accurate and consistent with Federal Accounting Standards Advisory Board's, FASAB standards.

- AFMS will implement a centralized Financial Review Team (FRT) beginning in Q2 FY 2026 to provide ongoing risk-based monitoring of expenses, accruals, and internal controls across participating agencies. The FRT will standardize documentation requirements, perform recurring testing, evaluate the design and operating effectiveness of key controls, and coordinate with components to address identified deficiencies in a timely manner. These actions will build upon the informal review activities initiated by the Expenditure Review Team (ERT) in FY 2025.

AFMS did not complete key corrective actions to fully address the previously identified deficiencies in the AFF/SADF's internal controls over accounting for seized property. Asset Forfeiture Program, AFP participating agencies did not consistently define and implement policies, procedures and controls over the existence, accuracy, and valuation of seized digital assets.

Specifically, participating agencies inconsistently interpreted the activity that constituted the date of seizure, revalued assets after initial seizure, and did not identify aged seizures that were not compliant with current period policies and practices including related to valuation and custody. The risk assessment performed by AFMS and other participating agencies did not define all risks related to the timely and accurate entry of seizure information, including uncertainty in establishing the custody date and timeliness of data entry.

To mitigate this finding:

- AFMS will work with AFP participating agencies to clarify the investigative and legal requirements for seizing digital assets and to ensure that seizure dates recorded in CATS align with legal standards and comply with the valuation at seizure requirements outlined in the FASAB Statement of Federal Accounting Standards 3 (SFFAS 3), Accounting for Inventory and Related Property.
- AFMS Legal and Program Support Group will collaborate with participating agencies that seize digital assets to identify the investigative steps and legal actions taken when determining the appropriate seizure date to be recorded in CATS. The seizure date agreed upon with AFP participating agencies will be used for valuation at seizure, as prescribed by SFFAS 3. AFMS has begun defining these investigative steps in a policy memorandum to AFP participating agencies, along with guidance on determining the appropriate seizure date and valuation processes for digital assets, to ensure compliance with FASAB requirements while preserving agencies' ability to implement and enforce the Civil Asset Forfeiture Reform Act of 2000 (CAFRA).
- AFMS will work with participating agencies to refine seizure definitions for virtual currency and to develop new controls that ensure seizure data remains consistent between CATS and participating agencies' case management systems.
- AFMS will also develop new testing methodologies to ensure that aged seized digital asset populations are accurately reflected in CATS with current seizure information, including valuation at seizure.
- AFMS will update the AFF Financial and Administrative Guide to require AFP agencies to enter data in CATS in more timely manner. In addition, CATS has been modified to allow for review of any transactions that are delayed, to determine if the AFF/SADF Financial Statements need to be modified.
- AFMS has developed and implemented a process to monitor for assets with the appearance of late entry into CATS. The system now creates an automated prompt when the user attempts to enter

information that would be considered delayed. The user must identify the reason for the perceived late entry that would require a needed adjustment in Note 7 of the financial statements.

Furthermore, automation is currently being developed to update reporting to make the adjustment in the Asset Forfeiture Financial Statement reports utilized for Note 7, limiting the number of unexplained adjustments.

- AFMS will also adjust the testing methodology and risk assessment to follow assets through the lifecycle from seizure to disposal. This will allow for updates in the system to be corrected as they are made prior to the end of the quarter.

AFMS's control over reviewing its financial statements did not effectively detect and correct an inaccurate value for a seized digital asset presented in *Note 22, Subsequent Events*. The value disclosed in the initial draft financial statements was based on the date the civil complaint was filed rather than the date of initial seizure. Additionally, the value recorded in the property system was based on an inaccurate seizure date.

To mitigate this finding:

- AFMS will work with JMD Finance Staff to ensure calculation methodologies are reviewed to ensure proper calculation of amounts presented in the financial statements and note disclosures.

#### Disclosure 4: Reprogrammings or Transfers

There were no reprogrammings or transfers.