



Audit of the Broward Sheriff's Office
Equitable Sharing Program Activities,
Broward County, Florida



AUDIT DIVISION

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Introduction

The Department of Justice (DOJ) Office of the Inspector General completed an audit of the equitable sharing funds received by the Broward Sheriff's Office (BSO) located in Broward County, Florida. The Comprehensive Crime Control Act of 1984 authorized the implementation of the DOJ Asset Forfeiture Program (Asset Forfeiture Program). A key element of the Asset Forfeiture Program is the Equitable Sharing Program, which allows any state, local, or tribal law enforcement agency that directly participated in an investigation or prosecution resulting in a federal forfeiture to request a portion of the net proceeds of the forfeiture.¹ Generally, the degree of a state or local agency's direct participation in an investigation determines the equitable share allocated to that agency.

Objective

The objective of the audit was to assess whether the proceeds received by BSO through the Equitable Sharing Program were accounted for properly and used for permissible purposes, as defined by applicable regulations and guidelines. The audit covered October 1, 2022, through September 30, 2024.²

Broward Sheriff's Office

BSO is located in Broward County, Florida. Established in 1915, BSO serves a population of over 1.8 million Broward County residents. As of FY 2023, BSO had a workforce of over 5,400 sworn and support personnel.

Audit Results

This audit covered BSO's Equitable Sharing Program activities in fiscal years (FYs) 2023 and 2024. BSO began the audit period with a balance of \$4,654,862. During the period of FY 2023 through FY 2024, BSO received \$2,355,059 and spent \$1,765,226 in equitable sharing funds, primarily on equipment, facilities, and overtime as a participant in the DOJ Equitable Sharing Program. We found that BSO generally complied with equitable sharing guidelines for accounting and reporting equitable sharing funds. As a result, our report does not include any recommendations.

¹ The U.S. Department of the Treasury also administers a federal asset forfeiture program. This audit was limited to equitable sharing revenues received through the DOJ Equitable Sharing Program.

² BSO's fiscal year begins October 1 and ends September 30.

Use of Equitable Sharing Funds

To request a share of seized assets, a law enforcement agency must be a member of the Equitable Sharing Program. Agencies become members of the program by signing and submitting an annual Equitable Sharing Agreement and Certification (ESAC) report to the Money Laundering, Narcotics and Forfeiture Section (MNF). 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 (Equitable Sharing Program Guide) outlines categories of permissible and impermissible uses for equitable sharing funds and expenditures.

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 MNF. 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, MNF tracks membership of state, local, and tribal participants, updates the Equitable Sharing Program rules and policies, and monitors the allocation and use of equitably shared funds.

Of the \$1,765,226 expended in FYs 2023 and FY 2024, we judgmentally selected and then tested a total of 43 transactions, totaling \$657,608, or 37 percent of the total funds expended, to determine if the expenditures of DOJ equitable sharing funds were permissible and supported by adequate documentation.

More specifically, we sampled \$128,155 spent on facilities, \$385,282 spent on equipment, and \$144,171 spent on overtime for FYs 2023 and 2024. Based upon our review of the supporting documentation provided by BSO, we determined that DOJ equitable sharing fund expenditures were supported by adequate documentation and were used for appropriate purposes as outlined in the Equitable Sharing Guide.

In addition, we verified that BSO maintained an active registration in SAM.gov and that BSO had verified that each of the vendors it used for qualified purchases were registered in SAM.gov and were not suspended or debarred.

Equitable Sharing Program Compliance Status

Law enforcement agencies who participate in the Equitable Sharing Program are required to submit an annual ESAC report in the eShare portal.³ This report includes the agency's annual affidavit, demonstrating that the agency agrees to be bound by and comply with the statutes and guidelines that regulate the Equitable Sharing Program, as well as details of the agency's receipts and expenditures of equitably shared funds, on an annual basis.

The annual ESAC report must be submitted 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 and will be unable to receive funds. Existing funds may be retained in the asset forfeiture fund until the agency returns to a state of compliance or it is determined that the agency is ineligible to receive the funds.

We reviewed the ESACs for FYs 2023 and 2024, and found those were complete and accurate, and submitted on time.

Accounting for Equitable Sharing Resources

The Equitable Sharing Guide requires that law enforcement agencies implement standard accounting procedures and internal controls to track equitable sharing funds and items purchased with shared funds. This includes establishing a separate revenue account or accounting code for DOJ Equitable Sharing Program proceeds. In addition, agencies must deposit all interest income earned on equitable sharing funds in the same revenue account or under the accounting code established solely for the shared funds.

As noted above, law enforcement agencies participating in the Equitable Sharing Program are required to use the DOJ's eShare Portal and may utilize it to obtain information about equitable sharing requests and distributions to reconcile deposits to the agency's equitable sharing account. BSO and the Broward County Accounting Division both use the eShare Portal and access the system to obtain information of approved equitable

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

sharing requests and payments issued by DOJ to BSO. The Broward County Accounting Division deposits all equitable sharing receipts into a DOJ designated account.

Broward County uses an electronic financial system to record cash receipts and uses designated accounting codes to track equitable sharing activity in its general ledger. General ledger and eShare reports are used in the financial management of the program, including quarterly reconciliations of expenditures. BSO finance and accounting staff make all requests for equitable sharing eligible expenditures through the Broward County Accounting/Finance Division.

Overall, we determined that BSO received 74 DOJ equitable sharing payments totaling \$2,355,059 to support law enforcement operations during FYs 2023 and 2024. We compared total receipts to the amounts reported on FYs 2023 and 2024 ESACs. We found that BSO accurately reported all equitably shared revenues received during these fiscal years.

In addition, we were able to reconcile the cash receipts recorded in BSO's general ledger with the equitable sharing payments in the eShare report. We selected a sample of 10 of the highest-valued receipts from FYs 2023 and 2024 to ensure that these monies were properly deposited and recorded by BSO. The total amount of the equitable sharing receipts sample was \$1,780,716. These 10 receipts account for over 75 percent of the total receipts for the period we reviewed. Based on our testing, we determined that BSO recorded asset forfeiture receipts accurately in their accounting records.

In addition, the Guide requires tracking of all items purchased with equitable sharing funds for participating agencies. It specifically notes that all items with serial numbers must be tracked, regardless of jurisdiction value thresholds for inventory tracking.

To determine whether BSO was maintaining adequate inventory records and using property for permissible purposes according to the Equitable Sharing Program Guide, we identified the 10 highest-valued accountable property items purchased with equitable sharing funds and compared them to the law enforcement agency's inventory records. We found BSO was maintaining adequate inventory records and using property for permissible purposes according to the Equitable Sharing Program Guide.

Supplanting

The Equitable Sharing Program Guide requires that equitably shared funds 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 local officials and reviewed the total budgets for Broward County and the operational budgets for BSO for FYs 2022 through 2024.

We determined that the Broward County budget had increased, by an average of 6 percent, during this time. We then reviewed BSO's operational budgets for the same period and determined that they had also increased. In addition, equitable sharing funds made up 1 percent of BSO's operational budget.

There did not appear to be a significant decrease in the Broward County's budget that was offset by BSO's operational budget. There also did not appear to be a significant decrease in BSO's operational budget that coincided with a proportional increase in equitable sharing revenue. Based on our review of budget documents and transaction testing, we did not identify indications that BSO used DOJ equitable sharing funds to supplant its budget.

Compliance with Audit Requirements

The Equitable Sharing Guide requires that state, local, and tribal 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 federal funds above the established single audit threshold must have a "single audit" performed annually covering all federal funds expended that year.⁴ 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

⁴ The single audit expenditure threshold for the fiscal years we audited was \$750,000; for fiscal years beginning on or after October 1, 2024, the expenditure threshold increased to \$1 million.

9 months after the end of the fiscal year covered by the audit.

To determine if BSO accurately reported DOJ equitable sharing fund expenditures on its Schedule of Expenditures of Federal Awards, we reviewed BSO's accounting records and Broward County's Single Audit Reports for FYs 2023 and 2024. We found that Broward County accurately reported DOJ equitable sharing fund expenditures on the Schedule of Expenditures of Federal Awards, for both fiscal years, as required by the Uniform Guidance. Broward County's Single Audit Reports for FYs 2023 and 2024 did not contain any findings related to federal funds.

APPENDIX 1: Scope and Methodology

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, equitable sharing receipts and property received by the Broward Sheriff's Office (BSO) between October 1, 2022, and Sept 30, 2024. Our audit was limited to 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 to assess whether it accounted for equitable sharing funds properly and used such revenues for permissible purposes. 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 and 2024. Unless otherwise stated in our report, the criteria we audited against are contained in these documents.

We performed on-site audit work at the BSO located in Broward County, Florida. We interviewed BSO 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 awarded to the BSO during the audit period. We did not establish the reliability of the data contained in eShare; 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 BSO's compliance with three essential 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 BSO. However, we did not assess the reliability of the BSO's

or Broward County's financial management system, or the extent to which the financial management system and BSO generally complied with internal controls, laws, and regulations overall.

In the scope of this audit, the BSO had 74 cash receipts totaling \$2,355,059. In the same period, the BSO had expenditures totaling \$1,765,225. We judgmentally selected and tested a sample of 10 receipts totaling \$1,780,716, as well as 43 expenditures totaling \$657,608. A judgmental sampling design was applied to capture several aspects of the disbursements reviewed, such as dollar amounts. This non-statistical sample design does not allow projection of the test results to all disbursements.

Our audit also included an evaluation of Broward County's most recent annual audit. The results of this audit were reported in the Single Audit Report, which accompanied Broward County's basic financial statements for the year ended September 30, 2024, and was prepared pursuant to 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 at a formal exit conference and throughout the audit. As appropriate, their input has been included in the relevant sections of the report. BSO elected not to provide a written response to our audit.

Internal Controls

In this audit, we performed testing of internal controls within the context of our audit objective. We did not evaluate the internal controls of the BSO to provide assurance on its internal control structure as a whole. BSO 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 BSO's internal control structure as a whole, we offer this statement solely for the information and use of the BSO and the DOJ Criminal Division.⁵

Prior to and during our on-site visit, we obtained a sufficient understanding of BSO's information systems and internal controls, necessary to assess the audit risk level and plan the audit within our audit objectives. We also assessed its internal controls related to overtime, facilities

⁵ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

and equipment expenditures. Overall, we determined that BSO's internal control risk was low due to the agency only using equitable sharing funds for permissible expenses that were tracked as required.

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.