



Office of the Inspector General
U.S. Department of Justice



AUDIT OF THE TAYLOR POLICE DEPARTMENT'S EQUITABLE SHARING PROGRAM ACTIVITIES TAYLOR, MICHIGAN

**AUDIT OF THE
TAYLOR POLICE DEPARTMENT'S
EQUITABLE SHARING PROGRAM ACTIVITIES
TAYLOR, MICHIGAN**

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ), Office of the Inspector General, Audit Division, has completed an audit of the use of DOJ equitable sharing revenues by the Taylor, Michigan, Police Department (Taylor PD). Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations. During the period of July 1, 2011, through June 30, 2013, the Taylor PD received \$800,009 in DOJ equitable sharing revenues to support law enforcement operations.¹ During the same period, the Taylor PD expended \$2,181,385 in equitable sharing funds.²

The objective of the audit was to assess whether equitably shared cash and property received by the Taylor PD was accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines. We found that the Taylor PD did not fully comply with equitable sharing guidelines with respect to accounting for equitable sharing receipts. Specifically, we found:

- The Taylor PD did not maintain a log of its equitable sharing request forms and therefore did not reconcile its requests to its receipts as required. However, the Taylor PD has taken corrective action and in January 2015 provided documentation that it has begun to maintain the required log of its equitable sharing request forms.
- The Taylor PD does not perform a periodic inventory of its assets, including those purchased with equitable sharing funds.

Our report contains two recommendations to address the weaknesses we identified. Our findings are discussed in detail in the Findings and Recommendations section of the report. The audit objective, scope, and methodology are included in Appendix 1.

¹ The Taylor PD's fiscal year begins on July 1 and ends on June 30.

² The Taylor PD began the audit period with an equitable sharing balance of \$2,018,392. At the end of the audit period, the balance was \$637,016.

**AUDIT OF THE
TAYLOR POLICE DEPARTMENT'S
EQUITABLE SHARING PROGRAM ACTIVITIES
TAYLOR, MICHIGAN**

TABLE OF CONTENTS

INTRODUCTION	1
DOJ Equitable Sharing Program	1
Taylor Police Department	2
OIG Audit Approach	2
FINDINGS AND RECOMMENDATIONS.....	4
Accounting for Equitably Shared Resources	4
Compliance with Audit Requirements.....	4
Equitable Sharing Agreement and Annual Certification Reports	5
Monitoring Applications for Transfer of Federally Forfeited Property	6
Use of Equitably Shared Funds	6
Views of Responsible Officials	9
Recommendations.....	10
APPENDIX 1: OBJECTIVE, SCOPE, AND METHODOLOGY.....	11
APPENDIX 2: AUDITEE RESPONSE	13
APPENDIX 3: U.S. DEPARTMENT OF JUSTICE RESPONSE	14
APPENDIX 4: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT.....	16

INTRODUCTION

The U.S. Department of Justice (DOJ), Office of the Inspector General, Audit Division, has completed an audit of the use of DOJ equitable sharing receipts by the Taylor, Michigan, Police Department (Taylor PD). The audit covered the Taylor PD's fiscal years (FY) 2012 and 2013.³ During that period, the Taylor PD received DOJ equitable sharing revenues totaling \$800,009 to support law enforcement operations. During the same period, the Taylor PD spent \$2,181,385 in equitable sharing funds.⁴

The objective of the audit was to assess whether equitably shared cash and property received by the requesting agency was accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines.

DOJ Equitable Sharing Program

Because asset forfeiture deprives criminals of the profits and proceeds derived from their illegal activities, it is considered by DOJ to be one of the most powerful tools available to law enforcement agencies. A key element of DOJ's asset forfeiture initiative is the equitable sharing program where the Department and its components share a portion of federally forfeited cash, property, and proceeds with state and local law enforcement agencies.⁵

State and local law enforcement agencies receive equitable sharing funds by participating jointly with DOJ agencies on investigations that lead to the seizure and forfeiture of property or by requesting a DOJ agency adopt the seizure and proceed with federal forfeiture. Once an investigation is completed and 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 degree of a state or local agency's direct participation in an investigation determines the amount or percentage of funds shared with the agency.

Three DOJ components work together to administer the equitable sharing program: (1) the U.S. Marshals Service (USMS), (2) the Justice Management Division, and (3) the Criminal Division's Asset Forfeiture and Money Laundering Section (AFMLS). These three components are responsible for issuing policy statements, implementing governing legislation, and monitoring the use of DOJ equitable sharing funds. The USMS is responsible for transferring asset forfeiture funds from DOJ to the receiving state or local agency. The Justice Management

³ Taylor's fiscal year begins on July 1 and ends on June 30. Therefore, our review period was July 1, 2011, through June 30, 2013.

⁴ The Taylor PD began the audit period with an equitable sharing balance of \$2,018,392. At the end of the audit period, the balance was \$637,016.

⁵ Federal asset forfeiture programs are also administered by the U.S. Department of the Treasury and the U.S. Department of Homeland Security

Division manages the Consolidated Asset Tracking System, a database used to track federally seized assets throughout the forfeiture life-cycle. Finally, AFMLS tracks membership of state and local participants, updates the equitable sharing program rules and policies, and monitors the allocation and use of equitable sharing funds.

Before requesting a share of the seized assets, a state or local law enforcement agency must first become a member of the DOJ equitable sharing program. To participate in the program, agencies sign and submit an equitable sharing agreement and certification form to the Department. The agreement must be renewed annually and in it officials of participating agencies certify that they will use equitable sharing funds for law enforcement purposes.

Taylor Police Department

Taylor, Michigan, is in the downriver area of metropolitan Detroit, just east of the Detroit Metropolitan Airport. It is located in Wayne County, Michigan. According to the 2010 census, the city's population was 63,131, making it the 17th most populous city in the state of Michigan. The Taylor PD had a budget of \$11,089,600 in FY 2013, along with 66 Sworn Officers, 22 Public Service Officers, and 1 Civilian Officer.

The city of Taylor Finance Department administers and coordinates financial services, such as purchasing, for the Taylor PD. The Taylor PD submits all expenditure requests to the city of Taylor Finance Department for approval. Both the Chief of Police and the Mayor of Taylor sign the Equitable Sharing Agreement and Certification Reports.

OIG Audit Approach

We tested compliance with what we considered the most important conditions of the DOJ equitable sharing program. Unless otherwise stated, we applied the Guide to Equitable Sharing for State and Local Law Enforcement Agencies, dated April 2009 (Equitable Sharing Guide) as our primary criteria. The Equitable Sharing Guide establishes reporting and audit requirements, defines the permissible uses of equitably shared resources, and identifies the accounting procedures and requirements for tracking equitably shared monies and tangible property.

To conduct the audit, we tested the Taylor PD's compliance with the following aspects of the DOJ equitable sharing program:

- **Accounting for equitably shared resources** to determine whether standard accounting procedures were used to track equitable sharing assets.
- **Compliance with audit requirements** to ensure the accuracy, consistency, and uniformity of audited equitable sharing data.

- **Equitable Sharing Agreement and Annual Certification Reports** to determine if these documents were complete and accurate.
- **Monitoring of Applications for Transfer of Federally Forfeited Property** to ensure adequate controls were established.
- **Use of equitably shared funds** to determine if equitable sharing funds were spent for permissible uses.

See Appendix 1 for more information on our objective, scope, and methodology.

FINDINGS AND RECOMMENDATIONS

We found that the Taylor PD does not perform periodic inventories of its assets, including those assets purchased with equitable sharing funds. Also, as a result of our review for indications of supplanting, we believe that it would be prudent for the Taylor PD to be reminded of the equitable sharing program's non-supplanting requirements.

Accounting for Equitably Shared Resources

The Equitable Sharing Guide requires that all participating state and local law enforcement agencies implement standard accounting procedures to track equitably shared revenues and property. Additionally, DOJ equitable sharing funds must be accounted for separately from any other funds. We reviewed equitable sharing receipts to determine if the funds were properly accounted for and deposited, and we reconciled the agency's accounting records to DOJ records of equitable sharing funds provided to the agency.

We determined that during FYs 2012 and 2013, the Taylor PD received DOJ equitable sharing revenues totaling \$800,009 to support law enforcement operations. We reviewed all receipts of equitably shared revenues, and we found that the Taylor PD accurately accounted for its deposits of all equitably shared revenues received during these fiscal years.

According to the Equitable Sharing Guide, agencies receiving equitable sharing funds are required to maintain separate accounting records for DOJ equitable sharing funds. We found that the Taylor PD properly accounted for DOJ equitable sharing funds separately from all other funds.

Compliance with Audit Requirements

The Equitable Sharing Guide requires the Taylor PD to comply with audit requirements of the Single Audit Act Amendments of 1996 and Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133). OMB Circular A-133 requires non-federal entities to prepare a Schedule of Expenditures of Federal Awards for the period covered by the auditee's financial statements. The Schedule of Expenditures of Federal Awards is included within the entity's Single Audit Report.

To determine if the Taylor PD accurately reported DOJ equitable sharing fund expenditures on its Schedule of Expenditures of Federal Awards, we reviewed the Taylor PD's accounting records and the city of Taylor Single Audit Reports for the fiscal years ended 2012 and 2013. We found that the city of Taylor did report its DOJ equitable sharing fund expenditures on its Schedule of Expenditures of Federal Awards for FYs 2012 and 2013.

The city of Taylor's FY 2012 and FY 2013 Single Audit Reports each contained a Federal Program Audit Finding related to the Taylor PD's Equitable Sharing Program. According to the FY 2012 finding, the Taylor PD does not perform periodic reviews of assets purchased with equitable sharing funds and does not maintain an accurate listing of assets purchased with equitable sharing funds. We identified this same condition during our audit, and it is discussed further in the Use of Equitably Shared Funds section of the report.

Additionally, the FY 2013 audit found that the city of Taylor did not maintain a log of its equitable sharing request forms as required under the Equitable Sharing Guide. We identified this same condition during our audit, and it is discussed further in the Monitoring Applications for Transfer of Federally Forfeited Property section of the report.

Equitable Sharing Agreement and Annual Certification Reports

AFMLS requires that any state or local law enforcement agency that receives forfeited cash, property, or proceeds because of a federal forfeiture submit an Equitable Sharing Agreement and Annual Certification Report. The submission of this form is a prerequisite to the approval of any equitable sharing request, and noncompliance may result in the denial of the agency's sharing request. The Equitable Sharing Agreement and Annual Certification Report must be submitted every year within 60 days after the end of the agency's fiscal year regardless of whether funds were received or maintained during the fiscal year. The head of the law enforcement agency and a designated official of the local governing body must sign it. By signing the form, the signatories agree to be bound by the statutes and guidelines that regulate the equitable sharing program and certify that the law enforcement agency will comply with these guidelines and statutes.

As part of our audit, we reviewed the methods by which the Taylor PD prepares its Equitable Sharing Agreement and Annual Certification Reports. According to a Taylor PD official, the Taylor PD completes the Equitable Sharing Agreement and Certification form with assistance from the city of Taylor Budget and Finance Department. Specifically, the Taylor PD Administrative Assistant receives assistance from the city of Taylor Budget and Finance Department in determining what expenditures were made from the DOJ equitable sharing fund. The Administrative Assistant uses this information to complete the form and then submits it to the Chief of Police, who reviews it, signs it, and then submits it to the Mayor for final review and signature.

We tested compliance with the certification report requirements to determine if the required Certification Reports for FYs 2012 and 2013 were submitted timely, accurately completed, and were signed by the appropriate officials. To assess the accuracy of the Certification Reports, we reconciled the total receipts and expenditures recorded in the Taylor PD general ledger and other documents used by Taylor PD personnel to prepare the form, and we determined that the Taylor PD Certification Reports for FYs 2012 and 2013 were accurate and signed by the appropriate officials. We also determined that the FY 2013 Certification Report was

submitted on time. However the FY 2012 Certification Report was submitted 55 days late. According to the Taylor PD, the Certification Form was filed late because of corrections that needed to be made to the report.

Monitoring Applications for Transfer of Federally Forfeited Property

According to the Equitable Sharing Guide, the agency that submits the Form DAG-71, Application for Transfer of Federally Forfeited Property (DAG-71), should maintain a log and copies of all DAG-71s.⁶ A consecutive numbering system should be used for control purposes, and the log should contain the date and the amount received.

During our fieldwork, we found that the Taylor PD did not maintain copies of its DAG-71s and did not maintain a centralized log to reconcile its equitable sharing requests with its receipts. The Chief of Police stated that each officer that is part of a task force submits the DAG-71 to the Chief of Police for signature when a seizure involving that officer takes place. The Chief of Police signs the form and makes a copy for the Budget and Finance Department. The Police Chief then gives the DAG-71 back to the task force officer, and the officers each keep track of the DAG-71s they submit. The Chief of Police also stated that the Taylor PD does not receive e-share notifications.⁷ The Chief of Police said that she believes that someone in the Finance and Budget Department receives the notifications, but she does not know if the Finance and Budget Department reconciles its e-share notifications to its bank statements.

As noted previously in the report, the lack of a log was noted in the FY 2013 Single Audit. During the formal exit conference, we discussed this issue with city of Taylor and Taylor PD officials. Subsequent to the exit conference, in January 2015 we were provided a copy of a centralized log created by the Taylor PD to reconcile its equitable sharing requests with its receipts. We reviewed the provided documentation and determined that it complies with equitable sharing guidelines.

Use of Equitably Shared Funds

The Equitable Sharing Guide requires that the use of equitable sharing funds received by state and local agencies be limited to law enforcement purposes. However, under certain circumstances, up to 15 percent of the total equitable sharing revenues the agency received in the last 2 fiscal years may be used for the costs associated with nonprofit community-based programs or activities, such as drug abuse treatment, drug and crime prevention education, and housing and job skills programs. Law enforcement agencies can also transfer cash to another law enforcement agency.

⁶ The DAG-71 is the DOJ form submitted by a state or local agency to the federal seizing agency to request a share of seized assets.

⁷ E-share notification is the process of electronic payment from the United States Marshals Service. Participation in the process is mandatory.

According to its Certification Reports, the Taylor PD expended a total of \$2,181,385 in FYs 2012 and 2013 combined. We judgmentally selected and tested 17 transactions totaling \$2,172,417, as shown in Table 1.⁸

Table 1
Expenditure Testing^a

Fiscal Year	2012	2013	Total
Equitable Sharing Expenditures	\$1,200,575	\$980,809	\$2,181,385
Amount of Expenditures Reviewed	\$1,192,708	\$979,709	\$2,172,417
Number of Transactions Tested	9	8	17

^a Differences in table totals are due to rounding.

Source: OIG analysis of Taylor PD accounting records

Included in the 17 transactions we tested were 2 transactions for FY 2012 and 2 transactions for FY 2013, which were transfers to the general ledger from the Equitable Sharing Fund. The transfers were in the amount of \$800,000 and \$384,000 in FY 2012 and \$800,000 and \$150,000 in FY 2013.

We found that each of the four transfer transactions were made to cover overtime expenses for the Taylor PD. Although overtime is an allowable expense, because of the amount, use, and timing of the transactions, we further tested a sample of the overtime expenditures to ensure the overtime expenses were proper. We obtained the ledger for all overtime worked by the Taylor PD during the audit review period, and we selected six overtime transactions to test to ensure they were allowable, supported, and approved. We concluded that all six transactions tested were allowable and contained the proper support and approval.

We also included in our transaction testing all 13 equipment items the Taylor PD purchased with DOJ equitable sharing funds during our review period, which included police vehicle equipment and video security systems. We found that all 13 purchased items were properly supported with documentation, and we physically verified 12 of the 13 equipment items. However, we found that the Taylor PD could not locate one item, a police car bench transistor tester (valued at \$141). Additionally, we found that another item purchased with DOJ equitable sharing funds, a video security system that cost \$20,540, did not contain the required property inventory tag. According to city of Taylor policies, the inventory tag is required for all Taylor PD equipment that has a value of \$5,000 or more.

⁸ Details on our sampling methodology can be found in Appendix 1.

Furthermore, as previously mentioned, according to the 2012 and 2013 Single Audit reports of the city of Taylor, the city of Taylor PD does not maintain a fixed asset listing that is updated for additions and deletions annually, nor does it perform periodic reviews of this listing.

According to its policy, the city of Taylor considers fixed assets to be any property that is valued at \$5,000 or more. Of the 12 equipment items we tested, 2 reached this threshold. When we asked Taylor PD officials for documentation that a periodic review of its inventory was conducted, we were provided with the city of Taylor's policy that all purchased items over \$5,000 must be included on its inventory. We were also told by a Taylor PD official that the Taylor PD has not conducted a review of its inventory in the recent past. We believe that the city of Taylor (of which the Taylor PD is a part) should be following its own policy and conducting periodic reviews of its inventory.

When we conducted our formal exit conference, a city of Taylor official told us that he thought that the Taylor PD had, in fact, conducted a review of its fixed assets, as required by city of Taylor policy. Subsequent to our exit conference, in January 2015 we were provided with a listing of the Taylor PD's fixed assets along with a series of e-mails that the official stated showed that the Taylor PD conducted a review of its fixed assets in September 2014. We reviewed all of the information provided, but we do not believe that either contain sufficient evidence that the Taylor PD conducted a review of its fixed assets. Therefore, we recommend that that Taylor PD conduct and provide evidence that it has conducted such a review.

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. To test whether equitable sharing funds were used to supplement rather than supplant local funding, we interviewed local officials and reviewed the agency's budgets from FY 2009 through FY 2013. As shown in Table 2, we found that from FY 2009 through FY 2013, the Taylor PD's budget decreased in each fiscal year for an overall decrease of 18 percent during the period under review. During our audit, city of Taylor officials told us that the city of Taylor has been under a state of Michigan-mandated Deficit Elimination Plan since 2012, which requires the city of Taylor to reduce its overall budget. Our review of the city of Taylor's budget showed that it decreased by 32 percent between FYs 2009 and 2013. Based on our analysis, this indicates that the Taylor PD bore less of a burden, in terms of percentage budgetary decrease, than the entire city did.

During that same period, the Taylor PD spent equitable sharing funds for law enforcement expenses. As shown in Table 2, the Taylor PD spent \$3,642,432 in equitable sharing funds from FY 2009 through FY 2013. When we compared the Taylor PD's budgetary reduction to the amount it spent in equitable sharing funds during the same period, we found that overall the Taylor PD spent \$1,225,632 more in equitable sharing funds during the review period than it cut from its

budget. Based on our analyses, we did not identify any indications that the city of Taylor used DOJ equitable sharing funds to supplant the Taylor PD's budget.

While we did not identify supplanting when we conducted our analysis of the entire period under review, we did notice that the Taylor PD's budget reduced during each subsequent year of our review period. Additionally, when we spoke with city of Taylor officials, we were told that the city government does consider the amount of equitable sharing funds available when preparing the Taylor PD budget. Thus, we are concerned that conditions in the future could lead to the possibility that supplanting could occur. As noted in the Equitable Sharing Guide, equitable sharing funds should be used to supplement and not supplant local funding. We recommend the Criminal Division remind the Taylor PD of the non-supplanting requirement specified in the Equitable Sharing Guide.

Table 2

**Taylor PD and City of Taylor Budgets
and Equitable Sharing Funds Expended
FY 2009 to FY 2013^a**

Description	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Total Budget Reduction FYs 2009-2013
City of Taylor Budget	\$59,725,280	\$59,204,083	\$59,011,858	\$44,349,434	\$40,632,181	(\$19,093,099)
Taylor PD Budget	\$13,506,400	\$13,276,355	\$12,548,813	\$12,297,378	\$11,089,600	(\$2,416,800)
						Total Equitable Sharing Funds Expended FYs 2009-2013
Equitable Sharing Funds Expended	\$804,718	\$174,508	\$481,821	\$1,200,575	\$980,809	\$3,642,432

^a Differences in table totals are due to rounding.

Source: OIG analysis of city of Taylor budget documents

Views of Responsible Officials

We discussed the results of our review with Taylor PD and city of Taylor Budget and Finance Department officials throughout the audit and at a formal exit conference. Their input on specific issues has been included in the appropriate sections of the report.

Recommendations

We recommend that the Criminal Division:

1. Require the Taylor PD to follow the city of Taylor's policy and conduct an inventory of its accountable property.
2. Remind the Taylor PD of the non-supplanting requirement specified in the Equitable Sharing Guide.

OBJECTIVE, 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.

The objective of this audit was to assess whether equitably shared cash and property received by the requesting agency were accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines. We tested compliance with the 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:

- Guide to Equitable Sharing for State and Local Law Enforcement Agencies, dated April 2009; and
- OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, revised June 2003.

Unless otherwise stated in our report, the criteria we audited against are contained in these documents.

Scope and Methodology

Our audit concentrated on, but was not limited to, equitable sharing receipts received by the Taylor PD from July 1, 2011, through June 30, 2013. During that period, the Taylor PD received a total of \$800,009. For the same period Taylor PD had Equitable Sharing expenditures of \$2,181,385. We performed audit work mainly at the city of Taylor Police Department located in Taylor, Michigan. We interviewed Taylor PD and city of Taylor Budget and Finance Department officials and examined their records of federal asset forfeiture revenues and expenditures of DOJ equitable sharing funds.

We judgmentally selected 17 transactions from FY 2012 to FY 2013 totaling \$2,172,417. The 17 sampled transactions were the highest-dollar transactions for FY 2012 and FY 2013. Out of the 17 transactions selected, 4 transactions (2 from FY 2012 and 2 from FY 2013) were further tested because of the extremely high dollar amount of the transactions and because the transactions reflected money transferred from the Equitable Sharing fund to the general ledger to cover overtime expenses for the Taylor PD. We reviewed six payroll transactions from within these transfers for overtime. These six overtime transactions reviewed in detail totaled \$2,007 in overtime pay.

Because of findings in the Single Audit for FY 2012 and FY 2013 related to the periodic inventory review of assets purchased with equitable sharing funds, we reviewed all 13 equipment items the Taylor PD purchased with DOJ equitable sharing funds during our review period, which included police vehicle equipment, and video security systems.

We relied on computer-generated data contained in the DOJ Consolidated Asset Tracking System (CATS) for determining equitably shared revenues and property awarded to the Taylor PD during the audit period. We did not establish the reliability of the data contained in CATS as a whole. However, when the data used is viewed in context with other available evidence, we believe the opinions, conclusions, and recommendations included in this report are valid.

In planning and performing our audit, we considered internal controls established and used by the Taylor PD and the city of Taylor Budget and Finance Department over DOJ equitable sharing receipts. We did not assess the reliability of the Taylor PD financial management system or internal controls of that system or otherwise assess internal controls and compliance with laws and regulations for the city of Taylor government as a whole.

Our audit included an evaluation of the city of Taylor Single Audit Reports for FYs 2012 and 2013. The Single Audit Reports were prepared under the provisions of OMB Circular A-133.

AUDITEE RESPONSE



**TAYLOR POLICE
DEPARTMENT**

MARY SCLABASSI
CHIEF OF POLICE

23515 GODDARD ROAD
TAYLOR, MICHIGAN 48180

Main: 734-287-6611
Fax: 734-374-1340

Taylor_PD@ci.taylor.mi.us
www.cityoftaylor.com/police
www.facebook.com

Carol S. Taraszka,
Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
Chicago Regional Audit Office
500 West Madison Street Suite 1121
Chicago, Illinois 60661

February 2, 2015

Dear Ms. Taraszka:

This letter is in response to the Department of Justice audit of the Taylor Police Department Equitable Sharing Program Activities of the fiscal years 2012 and 2013. The Taylor Police Department (TPD) acknowledges and concurs with the Office of Inspector General's audit recommendations and has taken steps to ensure that these exceptions are not repeated.

Please find the following action plans to the auditor's two (2) recommendations as outlined on Page 10 of the audit report.

DOJ Recommendation #1: *"Require the Taylor PD to follow the city of Taylor's policy and conduct an inventory of its accountable property."*

The TPD will document assets obtained via the Equitable Sharing Program on an annual basis in conjunction with the City's financial audit. This will allow the department to be in compliance with the City's asset inventory policy.

DOJ Recommendation #2: *"Remind the Taylor PD of the non-supplanting requirement specified in the Equitable Sharing Guide."*

Both the TPD and the City of Taylor officials acknowledge and will act in accordance with the non-supplanting requirement in the Equitable Sharing Guide.

Thank you and your staff for the attention and professionalism shown to your department in this audit process. Please contact me with any questions you may have at 734-374-1531.

Respectfully submitted,

Mary ScLabassi
Chief of Police
msclabassi@ci.taylor.mi.us

cc: Rick Sollars, Mayor
Amanda Banas, Director of Executive Affairs
Jason Couture, Director of Budget and Finance

HONOR . . . INTEGRITY . . . SERVICE . . .

U.S. DEPARTMENT OF JUSTICE RESPONSE



U.S. Department of Justice

Washington, D.C. 20530

FEB 23 2015

MEMORANDUM

TO: Carol S Taraszka
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General (OIG)

FROM: Jennifer Bickford *for Ben E. Ben*
Acting Assistant Deputy Chief
Asset Forfeiture and Money
Laundering Section

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

In a memorandum to Assistant Attorney General Leslie R. Caldwell dated January 26, 2015, your office provided a draft audit report for the Taylor Police Department (TPD), which included actions necessary for closure of the audit report findings. The following is a list of the recommendations pertaining to the draft audit report of TPD's equitable sharing program activity:

Recommendations:

- 1. Require the Taylor PD to follow the city of Taylor's policy and conduct an inventory of its accountable property.**

AFMLS concurs with recommendation one in the draft audit report. Upon issuance of the final audit report AFMLS will work with the agency to implement corrective action and ensure that the Taylor Police Department complies with the City's inventory tracking guidelines.

- 2. Remind the Taylor PD of the non-supplanting requirement specified in the Equitable Sharing Guide.**

AFMLS concurs with recommendation two in the draft audit report. On February 12, 2015, AFMLS spoke with Chief Scabassi, Agency Head, and discussed the supplantation policy in the *Guide*. Chief Scabassi communicated her full understanding of the policy and added that she plans to attend an upcoming AFMLS training. AFMLS proposes for this recommendation to be considered resolved in the final audit report.

cc: Denise Turcotte, Audit Liaison
U.S. Department of Justice
Criminal Division

Richard P. Theis, Assistant Director
Audit Liaison Group
Internal Revenue and Evaluation Office
Justice Management Division

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 U.S. Department of Justice Asset Forfeiture and Money Laundering Section (AFMLS) and the Taylor Police Department (Taylor PD). The Taylor PD's response letter is incorporated in Appendix 2 of this final report, and AFMLS's response is incorporated in Appendix 3 of this final report.

The following provides the OIG analysis of the responses and a summary of actions necessary to close the report.

Recommendations:

1. Require the Taylor PD to follow the city of Taylor's policy and conduct an inventory of its accountable property.

Resolved. Both the Taylor PD and AFMLS concurred with our recommendation. In its response to our recommendation, the Taylor PD stated that it would comply with the City's asset inventory policy and document assets obtained with Equitable Sharing funds in conjunction with the City's financial audit.

In its response, AFMLS stated that it concurred with our recommendation and will work with the Taylor PD to ensure that it complies with the city of Taylor's inventory tracking guidelines.

This recommendation can be closed when we receive evidence that the Taylor PD has conducted an inventory of its accountable property.

2. Remind the Taylor PD of the non-supplanting requirement specified in the Equitable Sharing Guide.

Resolved. Both the Taylor PD and AFMLS concurred with our recommendation. In its response to our recommendation, the Taylor PD stated that it will act in accordance with the non-supplanting requirement outlined in the Equitable Sharing Guide.

In its response, AFMLS stated that it concurs with our recommendation and that it discussed with the city of Taylor Chief of Police the supplantation policy in the Guide. AFMLS also stated that the Chief of Police communicated her full understanding of the policy and that she plans to attend an upcoming AFMLS training.

This recommendation can be closed when we receive details of the discussion between AFMLS and Taylor PD officials (e.g., participants, date, and time) and evidence that the Chief of Police has attended the AFMLS training.

The Department of Justice Office of the Inspector General (DOJ OIG) is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in the Department of Justice, and to promote economy and efficiency in the Department's operations. Information may be reported to the DOJ OIG's hotline at www.justice.gov/oig/hotline or (800) 869-4499.



Office of the Inspector General
U.S. Department of Justice
www.justice.gov/oig