

OFFICE OF THE SUFFOLK COUNTY COMPTROLLER



Suffolk County Police Department

A Performance Audit of The Department's Forfeiture Funds

**Period Covered:
January 1, 2014 through December 31, 2015**

Report 2015-31

Date Issued: May 21, 2019

John M. Kennedy, Jr.

**SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER**

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LETTER OF TRANSMITTAL

January 11, 2019

Geraldine Hart, Commissioner
Suffolk County Police Department
Police Headquarters Building
30 Yaphank Avenue
Yaphank, NY 11980

Dear Commissioner Hart:

In accordance with the authority vested in the County Comptroller by Article V of the Suffolk County Charter, a performance audit was conducted for the period January 1, 2014 through December 31, 2015, of the Suffolk County Police Department's Federal and State Forfeiture Fund revenue and expenditures. The audit was initiated on December 17, 2015 by Comptroller Kennedy. Police Commissioner Edward Webber was advised that the Comptroller's Office would conduct an audit and there was no need for the Police Department to solicit quotes to retain a CPA firm to audit the Police Department's forfeiture accounts.

The objectives of our audit were as follows:

- To determine if Federal Forfeiture revenue and expenditures reported on the Equitable Sharing Agreement and Certification (ESAC) are properly reported in accordance with applicable guidelines, regulations and instruction.
- To determine if expenditures were properly authorized and approved, and to ensure that purchases were made in accordance with all laws, regulations and guidelines applicable to forfeiture funds.
- To confirm the existence of assets purchased with forfeiture funds and to ensure the Department maintained and disposed of assets according to Federal, State and County rules, regulations and laws.
- To review the Department of Justice (DOJ) and Department of Treasury (TRES) fund balances prepared by the Department as of 12/31/14 and 12/31/15 to determine if they implement the guidelines of the DOJ's Guide to Equitable Sharing for State and Local Law Enforcement Agencies and the TRES's Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies which requires that separate accounts be established for DOJ and TRES funds.

- To review the Department's reconciliations of Federal and State Forfeiture revenue and expenditures reported by the Department to the revenue and expenditures recorded in the County's Integrated Financial Management System (IFMS).
- To verify that the Suffolk County Police Department Fund Balance Schedule properly reported revenues and expenditures of forfeiture funds.

We conducted our 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,

Office of the County Comptroller
Division of Auditing Services

EXECUTIVE SUMMARY

Introduction:

The Suffolk County Comptroller's Office has audited the departmental Federal and State Forfeiture Fund revenue and expenditures of the Suffolk County Police Department (Department) for the period January 1, 2014 through December 31, 2015.

Purpose:

The purpose of our audit of the Department's Federal and State Forfeiture Funds revenue and expenditures was to determine if the Department complied with certain requirements of laws, regulations, guidelines and Suffolk County Standard Operating Procedures (SOPs) applicable to departmental forfeiture funds and to review and test internal controls applicable to those forfeiture funds.

Summary of Significant Findings:

Federal Forfeiture

- The Department is not in compliance with various DOJ and TRES federal guidelines. (pp.10-12)
- The Department failed to report journal voucher adjustment (JVA) ¹ transactions recorded in IFMS on the Department's ESAC from 2003 through 2014. (p.12)
- The Department failed to comply with local laws, rules and regulations of Suffolk County, contrary to the federal guidelines. Federal guidelines state "The state or local participating law enforcement agency must obtain approval for expenditures from the governing body" and "Equitably shared funds (Federal Forfeiture Funds) are subject to the laws, rules, regulations and orders of the state or local jurisdiction". We noted numerous instances in both 2014 and 2015 where the Department failed to comply with local laws, rules and regulations of Suffolk County. (pp.14-15)
- The Department has not reconciled the Federal Forfeiture Fund Balance since 2003, and therefore could not provide us with a Schedule of Fund Balance. (p.16)

1. Journal voucher adjustments (JVA) are used by County Departments to make adjustments to the County's ledgers.

2015 ESAC Reconciliation Audit Adjustment

- An Equitable Sharing Compliance Review performed by the DOJ for fiscal years 2013 to 2014 revealed discrepancies. The DOJ recommended that the Department perform a formal review and reconcile its records and amend all necessary ESAC's. The Department made an adjustment to its 2015 ESAC rather than amending all prior ESAC's for the years 2003 to 2014. (pp.19-21)

State Forfeiture

- The Department failed to comply with county SOP's. (p.21)
- The Department did not maintain a revenue schedule for its State Forfeiture Funds. (p.21)
- State Forfeiture revenue and expenditures could not be reconciled with IFMS. (p.22)
- The Department has not reconciled the State Forfeiture Fund Balance since 2003 and therefore could not provide us with a Schedule of Fund Balance. (p.22)
- The Suffolk County National Bank (HC) State Forfeiture bank account could not be reconciled to IFMS. (p.23)

Summary of Significant Recommendations:

- The Department should comply with all the requirements contained in the Federal Guide to Equitable Sharing for State and Local Law Enforcement Agencies.
- The Department should comply with all requirements contained in all laws, rules, SOP's and regulations of Suffolk County.
- The Department should ensure all JVA transactions recorded in IFMS are reported on the Department's ESAC.
- The Department should ensure all expenditures recorded in IFMS are reported on the Department's ESAC.
- The Department should ensure that fund balances for both the Federal and State Forfeiture Funds are reconciled to IFMS along with all activity for the forfeiture funds at least on an annual basis.

- The Department should ensure all forfeiture fund bank accounts are reconciled to IFMS and to the Department's records on a monthly basis to ensure errors and omission of reported revenue and expenditures are corrected in a timely manner.
- The Department should prepare a revenue and expenditure schedule for its State Forfeiture Funds and reconcile it to IFMS. In addition, it should categorize state expenditures in the same manner as federal expenditures.
- The Department should perform bank reconciliations on a monthly basis.

BACKGROUND

The Suffolk County Police Department (Department) was established in 1960 and is the largest accredited municipal agency in New York State (NYS). John L. Barry Police Headquarters is located at 30 Yaphank Avenue, Yaphank, NY 11980. The Department provides all police services for the Suffolk County Police District, comprised of the five western towns of Babylon, Brookhaven, Huntington, Islip and Smithtown. In addition, the Department provides various services for eight incorporated villages within the five western towns which maintain their own police departments, as well as for the eleven towns and village police departments located in the five eastern towns of the county. The Department's mission is to provide and maintain a safe and peaceful environment in which people can live and work by rendering aid to those in need, providing an environment free from fear, bringing to justice those who violate the law and protecting all persons and property in accordance with legal, moral and ethical standards.

Federal Forfeiture Program

The Department receives forfeiture funds from the DOJ and the TRES. Any state or local law enforcement agency that directly participates in an investigation or prosecution that results in a federal forfeiture may request an equitable share of the net proceeds of the forfeiture. Shared funds (Federal Forfeiture Funds) can only be used to increase or supplement the resources of the receiving state or local law enforcement agency. Shared funds are used by law enforcement agencies for law enforcement purposes only.

On July 30, 2014, the DOJ released an interim policy guidance regarding the use of equitable sharing funds which replaced the existing policies included in the DOJ Guide to Equitable Sharing. On November 1, 2015, the TRES also released an interim policy guidance which superseded and replaced the existing policies in the TRES Guide to Equitable Sharing.

For the years ending December 31, 2014 and December 31, 2015 the Police Department received revenue, including interest, related to the federal forfeiture program in the amount of \$1,187,809 and \$2,683,747, respectively and expended \$822,736 and \$1,375,784, respectively from federal forfeiture funds which was reported on the ESAC. The ESAC is prepared on the cash basis.

	<u>2014</u>	<u>2015</u>
Beginning Equitable Sharing Fund Balance:	\$3,221,990	\$3,587,063
Equitable Sharing Funds Received:	1,187,809	2,683,747
Equitable Sharing Funds Expended:	<u>(822,736)</u>	<u>(1,375,784)</u>
Ending Equitable Sharing Funds Balance:	<u>\$3,587,063</u>	<u>\$4,895,026</u>

During the period January 1, 2014 through December 31, 2015 the Department received 7 vehicles relating to the federal forfeiture program, 5 of the vehicles were placed in service by the Department and 2 vehicles were subsequently auctioned. During the audit period the department used 6 federal forfeiture vehicles for law enforcement purposes and 2 vehicles were decommissioned.

State Forfeiture Program

In addition to Federal Forfeiture, the Department receives State forfeiture funds in accordance with CPLR § 1349. The NYS forfeiture funds flow through the District Attorney's Office.

For the years ending December 31, 2014 and December 31, 2015 the Police Department received revenue, including interest, related to the state forfeiture program in the amount of \$364,257 and \$305,440, respectively and expended \$333,936 and \$345,071, respectively from state forfeiture funds.

During the period January 1, 2014 through December 31, 2015 the Department placed 2 vehicles in service relating to the state forfeiture program, 1 of which was received in 2013. During the audit period the Department used 14 state forfeiture vehicles for law enforcement purposes.

Additionally, the Department receives funds from Suffolk County for DWI seizures. A separate audit report will be issued regarding DWI seizures.

In 2017, the Suffolk County Legislature enacted Resolution No. 141-2017, Adopting Local Law No. 6-2017, A Charter Law to Increase the Transparency of Asset Forfeiture Funds. This resolution restored the Suffolk County Comptroller's authority to audit asset forfeiture accounts biennially to ensure that asset forfeiture funds are being used in an appropriate manner. These audits shall include an examination and verification of all books, records and accounts pertaining to asset forfeiture funds and shall provide a written determination of the regularity, legality and correctness of appropriations and expenditures made with asset forfeiture funds.

SCOPE AND METHODOLOGY

The scope of this audit is the Department's Federal and State Forfeiture Funds during the period January 1, 2014 through December 31, 2015.

We conducted our 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 objectives.

To accomplish our objectives as stated above, we performed the following procedures:

- Reviewed relevant Suffolk County, NYS General Municipal, County and Public Officers Laws, Suffolk County Resolutions and SOP's as well as Federal Guidelines for Equitable Sharing for State and Local Law Enforcement Agencies.
- Conducted interviews of Department personnel as deemed necessary to obtain an understanding of the procedures used to record revenue and expenditures of forfeiture funds.
- Interviewed Department personnel responsible for the duties related to the Department's forfeiture revenue, expenditures, reconciliation, approval and payment processing to obtain an understanding of the processes and internal procedures employed by the Department.
- Interviewed personnel from Audit and Control's Accounting Services who are responsible for processing the Department's forfeiture expenditures.
- Interviewed personnel from the Comptroller's Office Division of Finance and Taxation (Finance and Taxation) who have custody of the Department's forfeiture fund accounts.
- Performed a reconciliation of federal revenue and expenditures reported by the Department on the ESAC to the revenue and expenditures recorded in IFMS.
- Judgmentally selected 2 significant items, any unusual items and a random selection to include a total sample size of 60 disbursements from the federal forfeiture fund for each year for testing to ensure funds were not misappropriated.
- Expanded testing on an audit adjustment associated with the TRES Forfeiture Funds in order to determine the accuracy of the adjustment and to determine if the expenditures were made in accordance with all laws, regulations, SOP's and federal guidelines associated with forfeiture funds.

- Attempted to obtain a Departmental reconciliation of state revenue and expenditures reported by the Department to the revenue and expenditures recorded in IFMS.
- Judgmentally selected 2 significant items, any unusual items and a random selection to include a total sample size of 25 disbursements from the state forfeiture fund for each year for testing to ensure funds were not misappropriated.
- Prepared a schedule of transfers from the Department's forfeiture bank accounts and traced them to the County's Operating Account.
- Performed testing procedures for a random selection of revenue transactions and other deposits processed from January 1, 2014 through December 31, 2015.
- Attempted to obtain bank reconciliations for each forfeiture bank account, which the Department was unable to provide.
- Reviewed departmental pro-forma resolutions filed with the Clerk of the County Legislature to ensure all revenue and interest was accepted, appropriated and available for use.
- Attempted to obtain forfeiture Fund Balances, which the Department was unable to provide.
- Judgmentally selected 17 assets for testing to ensure assets exist, were properly inventoried, maintained and disposed of according to federal, state and county rules, regulations, laws and guidelines.

Unless expressly noted in the report findings, sample selections and related findings should not be projected across the intended populations.

AUDIT FINDINGS

Federal Forfeiture

The Department is not in compliance with various DOJ and TRES federal guidelines. We noted the following:

According to the DOJ Guide to Equitable Sharing "the participating law enforcement agency must not commingle DOJ equitable sharing funds with funds from any other source". Furthermore, the TRES Guide states the Department must "Establish a separate revenue account or accounting code, and further requires that this account or accounting code will be used solely for TRES sharing funds".

- During the audit period the Department commingled DWI Seizure, DOJ and TRES Funds in the same bank account. As of 2016, the Department has separate bank accounts for each of these funds.

The Department is not in compliance with guidelines established by the DOJ and the TRES which state that "shared funds may not be used as advance payment for expenditures being reimbursed or paid by other funds".

- In 2014, there were 7 JVA's totaling \$22,051 where the Department used Federal Forfeiture Funds, then charged back grant reimbursable expenses when grants funds were replenished.
- The Department assigned a Suffolk County issued credit card to its "designated travel agency" for charges associated with conference, meeting and travel expenses and subsequently reimbursed those credit card expenditures with asset forfeiture funds.

The Department is not in compliance with the guidelines established by the TRES stating that "funds may be held in a holding account for a reasonable period of time, generally no longer than 2 years". The Interim policy from 2015 lengthens a reasonable period to 3 years. We noted the following:

- Forfeiture fund cash receipts of \$928,917 submitted to the Suffolk County Budget Office pending approval are waiting to be released through the issuance of a Pro-Forma Resolution. Of the 72 items pending approval 26, or 36.1%, were sent to the Budget Office at least 10 years ago.
- The Department was unable to determine whether forfeiture funds were either from the DOJ or the TRES. If the Department does not identify funds as either DOJ or TRES within 5 to 10 business days, Finance and Taxation transfers the funds into a holding account until the Department can identify the funds. Funds in the amount of \$53,590 remained in a holding account from 2011 until 2015 when the Department identified the funds as DOJ.

- A pro-forma resolution to transfer the interest income from forfeiture funds amounting to \$434,422 and dating back 10 years was not completed until January 2016.

The Department failed to follow the DOJ & TRES Guides to Equitable Sharing with regards to interest income stating that the Department shall "deposit any interest income earned on equitably shared funds in the same revenue account or under the accounting code established solely for the shared funds".

- The Department failed to record interest income correctly in IFMS. Finance and Taxation records all Federal Forfeiture Fund interest income as DOJ because they are unable to determine if interest income is related to the DOJ or TRES. Although, Finance and Taxation original posts interest income for all Federal Forfeiture Funds into IFMS it is ultimately the Department's responsibility to ensure that interest is recorded properly and prepare a JVA to correct, if necessary.
- The Department has reported incorrect amounts of interest income on its ESAC since 2006. Over the 10 year period the Department overstated its interest income by \$244. The Department amended their 2015 ESAC to correct the overstatement.
- The Department failed to report interest income correctly on its 2014 ESAC. Interest income of \$734 was not reported on the Department's ESAC. September's interest income was excluded from the Department's 2014 Forfeiture Interest Allocation Worksheet and therefore excluded from the Department's ESAC understating interest income.

The Department commingled Federal Forfeiture Funds with funds from other sources, contrary to the guidelines issued by both the DOJ and the TRES. Our audit testing revealed the following:

- Of the 60 items tested, in 2014, there were 2 instances (3.33%) where Forfeiture Funds were commingled with other forfeiture accounting codes. In 2015, the Department made an audit adjustment to its ESAC to correct the misreported expenditures.
- Of the 60 items tested, in 2014, there were 4 instances (6.67%) and of the 60 items tested in 2015 there was 1 instance (1.67%) where, the Department used Federal Forfeiture Funds to cover expenses until grant funds could be made available. These grant funds would then be used to reimburse the Federal Forfeiture Funds. The federal guidelines state that no other funds may be included in the Federal Forfeiture account or accounting code. The Federal Interim Policy Guidance issued in 2015, states "Shared funds (Federal Forfeiture Funds) may not be used as advance payment for expenditures being reimbursed or paid by other funds".
- Of the 60 items tested, in 2014, there were 6 instances (10%) and of the 60 items tested in 2015 there was 1 instance (1.67%) where Federal Forfeiture Funds were

commingled with imprest funds², contrary to federal guidelines. The Department paid credit card invoices with their Special Services Fund (an imprest account) and then reimbursed their Special Services Fund with Federal Forfeiture Funds. Federal guidelines state "equitable sharing funds (Federal Forfeiture Funds) may not be used to establish or reimburse petty cash funds."

The Department utilized Federal Forfeiture Funds for non-law enforcement purposes.

- Of the 60 items tested, in 2014, we found 1 instance (1.67%) where the Department paid for services using Federal Forfeiture Funds that were not related to a law enforcement purpose contrary to federal guidelines. The Department included a sports package with the television service for its mobile command bus that cost \$8 a month.

The Department is in violation of the one-year official law enforcement use directive of the Internal Revenue Service (IRS). The IRS directive states "All assets placed into official use must be used for at least one year" prior to disposal.

- Of the 5 seized vehicles that were placed into official law enforcement use, 2 (40%) were used for less than one year. The vehicles were placed into service on 3/4/15 and sold on 11/14/15.

It is important to note that the Department risks exclusion from the equitable sharing program as a result of their non-compliance with DOJ and TRES guidelines.

The Department failed to report JVA transactions recorded in IFMS on the Department's ESAC from 2003 through 2014.

- The Department was required to adjust its 2015 ESAC to account for transactions not reported or misstated on the Department's Statement of Forfeiture Expenditures which is ultimately used to generate the Department's ESAC. The adjustment for TRES was \$147,752. Upon reviewing the JVA it was apparent that the adjustment for TRES was incorrect. The correct adjustment should have been \$141,688. As a result, the Department overstated their 2015 ESAC by \$6,064. No correcting adjustment was made for \$6,064 during the audit period.
- TRES expenditures on the Department's 2014 ESAC were overstated by \$1,776. The Department received a refund for an expenditure and the refund check was entered into IFMS as a cash receipt instead as a credit to expenditures. In 2014, the Department was unable to record cash receipts in the expenditure account, therefore the Department failed to enter the correct amount on their Statement of Forfeiture Expenditures and the 2014 ESAC.

As a result, the Department overstated forfeiture expenditures for 2014.

2. An imprest fund is a cash fund set aside for minor expenses in a department's operations, including the purchase of supplies and non-personal operating expenses. Also called a petty cash fund.

The Department overstated several of their ESAC fund balances due to omission of expenditures.

- The Department is required to file an ESAC annually. However, the Department overstated several ESAC's due to the omission of expenditures of forfeiture funds used to pay for overtime. The Department amended their 2015 ESAC to account for all prior omissions.

Due to the omission of expenditures, the Department submitted incorrect ESAC's to the DOJ and the TRES between 2003 through 2014.

The Department is required to file an ESAC annually however; the Department's transactions were incorrectly classified on the Certification Report, which resulted in the transactions being incorrectly classified on the ESAC. Of the 60 items tested, in 2014, there were 22 instances (36.67%) where transactions were misclassified on the Certification Report. Our audit testing revealed the following:

- Of the 60 items tested, in 2014, there were 18 instances (30%) where meals, lodging and travel expenses were misclassified as Training and Education on the Department's ESAC. These expenditures should be reported as Law Enforcement Travel and Per Diem.
- Of the 60 items tested, in 2014, there were 4 instances (6.67%) where service contracts were misclassified as Law Enforcement Equipment on the Department's ESAC. These expenditures should be reported as Law Enforcement Operations and Investigations.

Due to the misclassification of expenditures, the Department submitted incorrect ESAC's to the DOJ and the TRES in 2014. It should be noted that based on recommendations by the DOJ, the Department has been correctly classifying expenditures since 2015.

The Department failed to comply with local laws, rules and regulations of Suffolk County, contrary to the federal guidelines. Federal guidelines state "The state or local participating law enforcement agency must obtain approval for expenditures from the governing body" and "Equitably shared funds (Federal Forfeiture Funds) are subject to the laws, rules, regulations, and orders of the state or local jurisdiction". We noted numerous instances in both 2014 and 2015 where the Department failed to comply with local laws, rules and regulations of Suffolk County. The Department claims that Federal Forfeiture Funds are not County Funds and therefore they are not subject to County SOP's. The Department's claim is based on a County Attorney's opinion dated March 18, 1999. However, federal guidance has been revised since that date, which supersedes

the County Attorney's opinion, and the Department has not updated their procedures. Our audit testing revealed the following:

- The Department failed to obtain prior Budget Office approval for any employee attending a conference, meeting and/or seminar, as required by SOP A-07 and General Municipal Law 77-b. According to SOP A-07 the Department must submit Executive Form 10 with all back-up documentation; such as brochures, itineraries, etc., to the Budget Office at least two weeks prior to the event.
- Of the 60 items tested, in 2014, 22 pertained to conferences, meetings or seminars. Of the 22 conferences, meetings or seminars, there were 7 (31%) instances where the Department failed to comply with SOP A-07 by sending more than 2 employees to attend conferences, meetings and/or seminars without providing special circumstances for increased attendance or an exception being granted on the employees Executive Form 10.
- Of the 60 items tested, in 2015, 23 pertained to conferences, meetings or seminars. Of the 23 conferences, meetings or seminars, there were 6 (26%) instances where the Department failed to comply with SOP A-07 by sending more than 2 employees to attend conferences, meetings and/or seminars without providing special circumstances for increased attendance or an exception being granted on the employees Executive Form 10.
- Of the 60 items tested, in 2014, 12 pertained to Travel Expense Vouchers. Of those 12 Travel Expense Vouchers there were 6 (50%) instances where the Department failed to comply with SOP A-07 when it did not go through a designated travel agent and reimbursed the employee directly. SOP A-07 requires that "all travel needing hotel accommodations, airline travel, car rental, and AMTRAK shall be arranged through a designated travel agency."
- Of the 60 items tested, in 2015, 13 pertained to Travel Expense Vouchers. Of those 13 Travel Expense Vouchers there were 4 (31%) instances where the Department failed to comply with SOP A-07 when it did not go through a designated travel agent and reimbursed the employee directly. SOP A-07 requires that "all travel needing hotel accommodations, airline travel, car rental, and AMTRAK shall be arranged through a designated travel agency."
- The Department failed to complete Executive Form 29A before issuing any cell phones to their employees, as required by SOP E-04. According to the Department's Grants Analyst and the Sergeant in the Department's Technology Bureau, the Department did not complete Executive Form 29A for any of the cell phones issued.
- The Department failed to follow SOP C-05. All telecommunication services were procured in a manner not compliant with SOP C-05 for Information Processing Services. Telecommunication services include cell phone, mobile data, web database access and television services. SOP C-05 defines cell

phone services and data plans from a wireless network provider as an information processing service. The purchase of information processing services requires that a requisition submitted through IFMS receive approval from both the Budget Office and either the Working or Steering Committee.

- Of the 60 items tested, in 2014, we found 18 instances (30%) and of the 60 items tested, in 2015, we found 16 instances (26.67%) where the Department failed to follow SOP D-02 for telecommunication services. SOP D-02 requires that contractual expenses with a cost exceeding \$1,000 receive Budget Office approval. The Department did not receive Budget Office approval for contractual expenses where cost exceeded \$1,000 over the life of the contract.
- Of the 60 items tested, in 2014, 1 invoice (1.67%) was for 1 rental vehicle, and in 2015, 3 invoices (5%) were for 7 rental vehicles where the Department did not comply with SOP I-12 when it utilized Federal Forfeiture Funds without first initiating a requisition through IFMS and receiving approval from the Suffolk County Budget Office. SOP I-12 specifies that "All equipment requisitions still require Budget Office approval."

As a result of the Department's non-compliance with local laws, rules and regulations of Suffolk County, the Department runs the risk of exclusion from further participation in the equitable sharing program.

An employee was reimbursed for attending a conference, meeting, or seminar without receiving prior approval from the Chief of the Department.

- Of the 60 items tested, in 2015, we found 1 instance (1.67%) where an employee was reimbursed for attending a conference, meeting, or seminar without receiving prior approval from the Chief of the Department. SOP A-07 states that "In no circumstance should an employee attend a conference before the conference form has been approved. There will be no reimbursement for conference attendance forms submitted after the date of the conference for individuals who attended conferences prior to receiving an approved Conference Attendance Form ".

Employee reimbursements were overpaid as a result of the Department reimbursing employees for meals that were provided at the conferences they attended. According to Suffolk County Department of Audit and Control's Guidelines for the Preparation of Employee Travel Expense Vouchers "If a meal is provided as part of a conference or meeting, the employee shall not be entitled to a meal allowance". Our audit testing revealed the following:

- Of the 60 transactions tested, in 2014, 12 pertained to Travel Expense Vouchers. Of those 12 Travel Expense Vouchers there were 3 (25%) instances consisting of 5 Travel Expense Vouchers, where employees claimed meal reimbursement for meals that were included with the conference totaling \$128. Of the 60 transactions tested in 2015, 13 pertained to Travel Expense Vouchers. Of those 13 Travel Expense Vouchers there were 3 (23%) instances where employees

claimed meal reimbursement for meals that were included with the conference totaling \$117.

As a result, the Department overpaid employees \$245 for meals that were included with conferences.

The Department has not reconciled the Federal Forfeiture Fund Balance since 2003, and therefore could not provide us with a Schedule of Fund Balance.

- The Department hired 2 Senior Accountants, 1 in 2002 and another in 2003, however both subsequently left the position. Since then, no one else has held that position or attempted to reconcile the fund balance since 2003. Additionally, the Department hired an outside accounting firm to assist them in generating a valid fund balance schedule, however, the outside accounting firm and the Department have not been able to prepare a fund balance schedule. Prudent business practice dictates that the fund balance be reconciled, at least, on an annual basis to determine if the balance in the account is accurate.

Since the Department did not prepare fund balance schedules and reconcile to IFMS and all activity in the forfeiture funds on an annual basis, they may be unable to detect errors and omissions of reported revenue and expenditures in a timely manner.

The Capital One (NE) Federal Forfeiture bank account did not reconcile with IFMS due to the following:

- The Department did not perform bank reconciliations, as prudent business practices suggest.
- Of the 50 transfers that occurred in 2014 we found 1 transfer (2%) where Finance and Taxation transferred the incorrect amount to the County's general fund. Finance and Taxation transferred \$4,760 for federal expenditures when the correct amount of the transfer should have been \$13,303. No correcting adjustment was made during the audit period.
- Of the 50 transfers that occurred in 2014, we were unable to trace 1 transfer (2%), \$2,814 from the Department's Capital One Federal Forfeiture bank account to the County's Operating Account bank statements.

The Suffolk County National Bank (JW) TRES bank account did not reconcile with IFMS due to the following:

- The Department did not perform bank reconciliations, as prudent business practices suggest.

- A new bank account was opened to segregate DOJ funds from TRES funds. The initial deposit of \$886,769 was transferred from the Capital One Bank (NE) Federal Forfeiture bank account to the Suffolk County National Bank (which became People's United Bank in 2017) to establish a separate bank account for TRES funds. Additional funds will follow once the Department has an accurate fund balance. As a result, we were unable to perform a reconciliation of the information on the bank statements with IFMS and the records of the Department.

Since the Department did not perform bank reconciliations for their forfeiture bank accounts to IFMS and to Departmental records on a monthly basis they may be unable to detect errors and omissions of revenue and expenditures in a timely manner.

The Department's Transportation Section did not have current documentation regarding the method, or date of disposal of forfeited vehicles.

- The Department failed to ensure its' records were accurate and current. The Transportation Section did not have current documentation regarding the method or date of disposal for some forfeited vehicles because they do not always receive paperwork from the Department of Public Works (DPW) or the Purchasing Department regarding the method, or date of disposal of forfeited vehicles. According to SOP F-02 "Fleet Management shall enter date and means of disposal into the Fleet Inventory System".

Although DPW Fleet Management is involved in the transaction, it is ultimately the Department's responsibility to ensure its' records are accurate and current.

The Department overpaid a vendor by \$932.

- On the April 24th to May 23, 2015 invoice, 16 phones and 7 wireless devices that were assigned to employees were found to have no usage. Additionally, 2 plans had unnecessary charges for unused global data usage services. SOP E-04 states "The Telecommunications Unit will be responsible for forwarding to each employee that has cellular telephone service the monthly bill received for that service. The bill will be verified by the employee having cellular service."

If the Department had employees review their respective invoices on a monthly basis they could reduce the risk of overpayment to vendors.

Pro Forma Resolutions have not been completed for all interest revenue tested.

- For the 12 revenue items tested, 2 were for interest revenue. For 1 of the 2 (50%) interest items tested, a Pro Forma Resolution request has not yet been completed for interest in the amount of \$1,081. SOP H-01 requires Pro Forma Resolution to be filed with the Clerk of the County Legislature, to accept and appropriate assets seizure funds [and] interest.

Since the Department did not prepare Pro Forma Resolutions for all interest income, not all interest income was appropriated and made available for payment of expenditures.

2015 ESAC Reconciliation Audit Adjustment

An Equitable Sharing Compliance Review performed by the DOJ for fiscal years 2013 to 2014 revealed discrepancies. The DOJ recommended that the Department perform a formal review and reconcile its records and amend all necessary ESAC's. The Department made a cumulative adjustment to its 2015 ESAC rather than amending all prior ESAC's for the years 2003 to 2014.

The Department failed to record all expenditures associated with the Federal Forfeiture Funds, spanning over a 13 year period. The Department issued an audit adjustment on their 2015 ESAC; 24 of the 30 items (80%) making up the TRES audit adjustment were not recorded on the Schedule of Forfeiture Expenditures, and therefore were not reported on the ESAC. The audit adjustment includes transactions dating back 13 years.

Federal Forfeiture Funds were commingled with funds from other sources, contrary to the guidelines issued by both the DOJ and the TRES. Our audit testing revealed the following:

- Of the 30 items making up the TRES Audit Adjustment:
 - We found 7 transactions (23%) where Federal Forfeiture Funds were used to cover overtime expenses associated with the Department's involvement in different task forces while the Department anticipated reimbursements from the task force. These task force funds would then be used to reimburse the Federal Forfeiture Fund.
 - We found 4 transactions (13%) where the Department used Federal Forfeiture Funds to cover grant expenses until grant funds could be made available. These grant funds would then be used to reimburse the Federal Forfeiture Fund.
 - We found 2 transactions (6.67%) where Federal Forfeiture Funds were commingled with imprest funds, contrary to federal guidelines. The Department paid credit card invoices with their Special Service Fund (an

imprest account) then reimbursed their Special Service Fund with Federal Forfeiture Funds.

The federal guidelines state that no other funds may be included in the Federal Forfeiture account or accounting code.

Of the 30 transactions that encompass the audit adjustment, 6 (20%) were for conferences/meetings and/or seminars. Of those 6, 3 were addressed previously. Of the remaining 3 transactions we found 8 instances in those transactions where the Department failed to comply with local laws, rules and regulations of Suffolk County. Our audit testing revealed the following:

- Of the 30 items making up the TRES Audit Adjustment:
 - We found 2 instances (6.67%) where the Department failed to comply with SOP A-07 and did not go through a travel agent for its travel arrangements, and reimbursed the employee directly for travel expenses. SOP A-07 requires that "[a]ll travel needing hotel accommodations, airline travel, car rental, and AMTRAK shall be arranged through a designated travel agency".
 - We found 3 items for conferences, meetings and/or seminars in which the Department failed to receive prior Budget Office approval for all 3 items (100%) before attending conferences, meetings and/or seminars, as required by SOP A-07 and General Municipal Law 77-b. To receive Budget Office approval, the Department must submit Executive Form 10 with all back-up documentation; such as brochures, itineraries, etc., to the Budget Office at least two weeks prior to the event. Additionally, of those 3 items, we found 1 instance (33%) where the Department failed to comply with SOP A-07 and had more than two members attend a conference, meeting, or seminar without an exception being granted on the employees Executive Form 10. SOP A-07 states no more than two persons from a department will be permitted to attend a conference, meeting and/or seminar without providing special circumstances for increased attendance.
 - We found 2 instances (6.67%) where the Department reimbursed employees for meals provided as part of a conference. According to Suffolk County Department of Audit and Control's Guidelines for the Preparation of Employee Travel Expense Vouchers "If a meal is provided as part of a conference or meeting, the employee shall not be entitled to a meal allowance". The Department overstated meal reimbursements by \$39 on the audit adjustment to the TRES Forfeiture Fund.

As a result of the Department's non-compliance with federal guidelines, the Department runs the risk of exclusion from further participation in the equitable sharing program.

The Department failed to report JVA transactions on their 2015 audit adjustment to the ESAC.

The Department failed to report a JVA that reversed one of the credit transactions, understating the adjustment by \$547, and another that reversed one of the debit transactions, overstating the adjustment by \$2,580. As a result of these errors, TRES Fund expenditures are overstated by \$2,033 (\$2,580 - 547) due to the Department not accounting for the reversing transactions.

The Department erroneously misstated 1 of its JVA transactions making up the 2015 TRES audit adjustment on the 2015 ESAC.

- Of the 30 JVA transactions making up the 2015 TRES audit adjustment, we found 1 JVA (3.33%) where the adjustment states there is a credit to the TRES Forfeiture Fund in the amount of \$342. The JVA Cover Sheet states that the transaction was a debit in the amount of \$2,839. The Department's Grants Analyst stated the \$342 represents the DOJ Forfeiture Funds' portion of the invoice, however she could not provide us any supporting documentation to substantiate the claim. Upon reviewing the Department's adjustment work papers for the ESAC, we also noted in the same transaction that the Department credited the TRES Forfeiture Fund for \$342 and also credited the DOJ Forfeiture Fund for \$342.

As a result of the misstatement on the JVA transaction making up the 2015 TRES audit adjustment the Department submitted an incorrect ESAC to the DOJ and the TRES.

State Forfeiture

The Department failed to comply with County SOP's. Our audit testing revealed the following:

- Of the 25 items tested in 2015, we found 1 instance (4%) where the Department failed to follow SOP D-02 and SOP I-12 requiring Budget Office approval for any contracted item purchase exceeding \$1,000 for contracted items.

Failure to comply with SOP's can result in the misuse of forfeiture funds for unnecessary purchases of equipment or supplies.

The Department did not maintain a revenue schedule for its State Forfeiture Funds.

- The Department receives State Forfeiture revenue from the Suffolk County District Attorney's Office; however they were unable to provide a revenue schedule for the audit period therefore, we relied on the revenue information provided by the District Attorney's Office.

Revenue schedules should be prepared and maintained to ensure the accuracy, validity and reliability of revenue reported. In addition, the preparation of a revenue schedule is a key component for the Department in the performance of bank reconciliations.

State Forfeiture revenue and expenditures could not be reconciled with IFMS.

- The District Attorney's Office (DA) is the original distributor of State Forfeiture Funds, as such, we utilized the DA's "State Forfeiture Schedule of Pro-Forma Resolution Distribution" to perform our reconciliation because the Department did not keep a State Forfeiture revenue schedule; however, we were still unable to reconcile the Department's State Forfeiture Funds revenue for 2014 and 2015.
- The Department did not categorize State Forfeiture expenditures or prepare a spreadsheet for State Penal Law Forfeiture or State Law Enforcement Forfeiture expenditures. Therefore, we were unable to reconcile State Forfeiture expenditures for 2014 and 2015 with IFMS. In addition, the proper categorization of expenditures would enable the Department to determine the amounts expended on each type of expenditure.

Since the Department did not maintain a schedule of revenue or expenditures, there is an increased risk that errors and omissions of revenue or expenditures may go undetected.

The Department has not reconciled the State Forfeiture Fund Balance since 2003 and therefore could not provide us with a Schedule of Fund Balance.

- The Department hired 2 Senior Accountants, 1 in 2002 and another in 2003; however both subsequently left the position. Since then, no one else has held that position or attempted to reconcile the fund balance since 2003. Additionally, the Department hired an outside accounting firm to assist them in generating a valid fund balance schedule, however, the outside accounting firm and the Department has not been able to prepare a fund balance schedule. Prudent business practice dictates that the fund balance be reconciled on an annual basis to determine if the balance in the account is accurate.

Since the Department did not prepare fund balance schedules and reconcile to IFMS as well as all activity for forfeiture funds on an annual basis they may be unable to detect errors and omissions of reported revenue and expenditures in a timely manner.

The Department did not record interest income from State Forfeiture Funds correctly.

- The Department failed to record State Forfeiture interest income correctly in IFMS. Finance and Taxation records all State Forfeiture Fund interest income as State Law Enforcement funds because they are unable to determine if interest income is related to State Law Enforcement Funds or State Penal Law Funds. Although Finance and Taxation originally posts interest income for all State Forfeiture Funds into IFMS, it is ultimately the Department's responsibility to ensure that interest is recorded properly and prepare a JVA to correct, if necessary.

Since the Department did not prepare JVA's to record interest income to the correct fund, State Forfeiture interest income is incorrectly recorded in IFMS.

The Department failed to prepare Pro Forma Resolutions for State Forfeiture interest income.

- No Pro Forma Resolutions were prepared for State Forfeiture interest income. SOP H-01 requires Pro Forma Resolution to be filed with the Clerk of the County Legislature, to accept and appropriate assets seizure funds [and] interest.

Since the Department did not prepare Pro Forma Resolutions for State Forfeiture interest income, State Forfeiture interest income was not appropriated and made available for payment of expenditures.

The Suffolk County National Bank (HC) State Forfeiture bank account could not be reconciled to IFMS due to the following:

- The Department was unable to supply us with a beginning fund balance, did not prepare a revenue or expenditure schedules for State Forfeiture funds, and did not perform bank reconciliations.

Since the Department did not perform bank reconciliations for their forfeiture bank accounts to IFMS and to Departmental records on a monthly basis, they may be unable to detect errors and omissions of revenue and expenditures in a timely manner.

RECOMMENDATIONS

- The Department should comply with all requirements contained in the DOJ Guide to Equitable Sharing for State and Local Law Enforcement Agencies and the TRES Guide to Equitable Sharing for Foreign Countries and Federal, State and Local Law Enforcement Agencies. Federal Forfeiture Funds must be used in accordance with federal guidelines, including obtaining the approval for expenditures from the governing body (County Executive), used for law enforcement purposes only, expending Federal Forfeiture Funds within 3 years of receiving them, and are subject to the laws, rules, regulations, and orders of the state or local jurisdiction or funds could be withheld from the Department.
- The Department should ensure that all JVA transactions recorded in IFMS are reported on the Department's ESAC.
- The Department should ensure all appropriate expenditures recorded in IFMS are reported on the Department's ESAC to avoid overstating the ESAC. Since, the ESAC is prepared on the cash basis of accounting it should be reconciled to IFMS which is recorded using the modified accrual basis of accounting.
- The Department should comply with all the requirements contained in local laws, rules, regulations and SOP's of Suffolk County and IRS Directives in regards to forfeiture funds.
- The Department should ensure that employees are not reimbursed for meal expenses when a meal has been provided as part of a conference, meeting or seminar and should use Audit and Control's Guidelines for the Preparation of Employee Travel Expense Vouchers as a reference.
- The Department should ensure that fund balances, for both the Federal and State Forfeiture Funds, are prepared and reconciled to IFMS along with all activity for forfeiture funds on an annual basis, at a minimum, to detect errors and omissions of reported revenue and expenditures in a timely manner.
- The Department should perform bank reconciliations for both the Federal and State Forfeiture Fund bank accounts to IFMS and to the Department's records on a monthly basis to detect errors and omissions in a timely manner.
- The Department's Transportation Section should request all documentation from Fleet Management and the Purchasing Department for forfeited vehicles regarding the method and date of disposal, to ensure accurate records.
- The Department should review cell phone bills on a monthly basis in order to remove devices with no usage, detect errors in a timely manner and to avoid overpaying the vendor.

- The Department should ensure that Pro Forma Resolutions are filed with the Clerk of the County Legislature, to accept, appropriate and make available for use all forfeiture funds including interest as required by SOP H-01.
- The Department should prepare revenue and expenditure schedules for State Forfeiture Funds to aide in the performance of bank reconciliations and the preparation of the fund balance. Furthermore, the Department should categorize state forfeiture expenditures, similar to federal forfeiture expenditures, to determine how much money the Department is spending on a certain class of expenditure and for consistency and comparability purposes.

APPENDICES

APPENDIX A

Equitable Sharing Agreement and Certification

Suffolk County Police Department
Annual Certification Report
For the Year Ending 12/31/2014

Summary of Equitable Sharing Activity		Justice Funds ¹	Treasury Funds ²
1	Beginning Equitable Sharing Balance <small>(Must match Ending Balance from prior FY)</small>	\$1,483,061.87	\$1,738,927.82
2	Equitable Sharing Funds Received	\$722,163.00	\$456,552.46
3	Equitable Sharing Funds Received from Other Law Enforcement Agencies and Task Force <small>(Complete Table B)</small>		
4	Other Income		
5	Interest Income	\$2,314.65	\$6,778.81
6	Total Equitable Sharing Funds Received	\$2,207,539.52	\$2,202,259.09
7	Equitable Sharing Funds Spent	\$283,619.95	\$539,116.35
8	Ending Equitable Sharing Funds Balance	\$1,923,919.57	\$1,663,142.74

¹ Department of Justice Asset Forfeiture Program participants are FBI, DEA, ATF, USPIS, DCSIS, DSS and FDA

² Department of the Treasury Asset Forfeiture Program participants are IRS, ICE, CBP and USSS

Summary of Shared Funds Spent		Justice Funds	Treasury Funds
a	Law enforcement operations and investigations	\$65.00	\$0.00
b	Training and education	\$86,574.77	\$123,785.87
c	Law enforcement, public safety and detention facilities	\$0.00	\$0.00
d	Law enforcement equipment	\$195,030.18	\$415,330.48
e	Joint Law enforcement/public safety operations	\$0.00	\$0.00
f	Contracting for services	\$1,950.00	\$0.00
g	Law enforcement travel per diem	\$0.00	\$0.00
h	Law enforcement awards and memorials	\$0.00	\$0.00
i	Drug, gang and other education or awareness programs	\$0.00	\$0.00
j	Matching grants <small>(Complete Table C)</small>		
k	Transfers to other participating law enforcement agencies <small>(Complete Table D)</small>		
l	Support of community-based programs <small>(Complete Table E)</small>		
m	Non-categorized expenditures <small>(Complete Table F)</small>		
n	Salaries <small>(Complete Table G)</small>		
	Total	\$283,619.95	\$539,116.35

APPENDIX B

**Equitable Sharing Agreement and Certification
Suffolk County Police Department
Annual Certification Report
For the Year Ending 12/31/2015**

Summary of Equitable Sharing Activity		Justice Funds ¹	Treasury Funds ²
1	Beginning Equitable Sharing Balance <small>(Must match Ending Balance from prior FY)</small>	\$1,923,919.57	\$1,663,142.74
2	Equitable Sharing Funds Received	\$374,032.48	\$2,289,336.40
3	Equitable Sharing Funds Received from Other Law Enforcement Agencies and Task Force <small>(Complete Table B)</small>	\$1,991.59	\$0.00
4	Other Income	\$900.00	\$6,843.77
5	Interest Income	\$2,839.22	\$7,803.83
6	Total Equitable Sharing Funds Received	\$2,303,682.86	\$3,967,126.74
7	Equitable Sharing Funds Spent	\$632,240.61	\$743,542.94
8	Ending Equitable Sharing Funds Balance	\$1,671,442.25	\$3,223,583.80

¹ Department of Justice Asset Forfeiture Program participants are FBI, DEA, ATF, USFIS, DCSIS, DSS and FDA

² Department of the Treasury Asset Forfeiture Program participants are IRS, ICE, CBP and USSS

Summary of Shared Funds Spent		Justice Funds	Treasury Funds
a	Law enforcement operations and investigations	\$6,184.60	\$48,424.84
b	Training and education	\$466.30	\$45,141.87
c	Law enforcement, public safety and detention facilities	\$0.00	\$0.00
d	Law enforcement equipment	\$294,533.35	\$436,591.64
e	Joint Law enforcement/public safety operations	\$0.00	\$0.00
f	Contracting for services	\$20,000.00	\$0.00
g	Law enforcement travel per diem	\$0.00	\$65,632.48
h	Law enforcement awards and memorials	\$200.00	\$0.00
i	Drug, gang and other education or awareness programs	\$0.00	\$0.00
j	Matching grants <small>(Complete Table C)</small>	\$1,853.82	\$0.00
k	Transfers to other participating law enforcement agencies <small>(Complete Table D)</small>	\$0.00	\$0.00
l	Support of community-based programs <small>(Complete Table E)</small>	\$0.00	
m	Non-categorized expenditures <small>(Complete Table F)</small>	\$309,002.54	\$147,752.11
n	Salaries <small>(Complete Table G)</small>	\$0.00	\$0.00
Total		\$632,240.61	\$743,542.94

Table B: Equitable Sharing Funds Received From Other Agencies

Transferring Agency Name	Justice Funds	Treasury Funds
Suffolk County District Attorney - NY0501013A	\$1,991.59	

Table C: Matching Grants

Matching Grant Name	Justice Funds	Treasury Funds
Port Security 2014 Grant (25% Match)	\$1,853.82	

Table D: Transfers to Other Participating Law Enforcement Agencies

Receiving Agency Name	Justice Funds	Treasury Funds
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Table E: Support of Community - based Programs

Recipient	Justice Funds	Treasury Funds
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Table F: Non-categorized expenditures in (a) - (n) Above

Description	Justice Funds	Treasury Funds
Interest Reporting Error-Certification Adjustment (2006 - 2014)	\$244.37	
Reconciliation Audit Adjustment (2003 - 2014)	\$308,758.17	\$147,752.11

Table G: Salaries

Salary Type	Justice Funds	Treasury Funds
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APPENDIX C

GLOSSARY:

<u>Term</u>	<u>Definition</u>
“Budget Office”	County Executive’s Budget Office
“CPLR 1349”	New York Consolidated Laws CVP - Civil Practice Law & Rules Article 13-A - (1310 - 1352) PROCEEDS OF A CRIME – FORFEITURE 1349 - Disposal of property
“DA”	Suffolk County District Attorney’s Office
“Department”	Suffolk County Police Department
“DOJ”	US Department of Justice
“DPW”	Suffolk County Department of Public Works
“ESAC”	Equitable Sharing Agreement and Certification
“Finance and Taxation”	Office of the Suffolk County Comptroller’s Division of Finance and Taxation
“IFMS”	Integrated Financial Management System
“IRS”	Internal Revenue Service
“JVA”	Journal Voucher Adjustment
“NYS”	New York State
“Purchasing Department”	Suffolk County Department of Public Works Purchasing Office
“Shared Funds” or “Equitable Sharing Funds”	Federal Forfeiture Funds
“SOP”	Suffolk County Standard Operating Procedures
“TRES”	US Department of the Treasury



POLICE DEPARTMENT

GERALDINE HART
POLICE COMMISSIONER

Mr. Frank Bayer
Executive Director of Auditing Services
Office of the Suffolk County Comptroller
H. Lee Dennison Building, 9th floor
Hauppauge, NY 11788

February 25, 2019

Dear Mr. Bayer:

Attached please find the Suffolk County Police Department's detailed response to your draft audit of the Department's Forfeiture Funds for the period January 1, 2014 through December 31, 2015. Your audit contained many positive and constructive recommendations which the Department welcomes and accepts. The Department appreciates your continued partnership throughout this process. The Department would also like to point out that in several instances, the Department had already taken corrective actions prior to the commencement of your Audit.

Below are general observations of the Department. A detailed response follows:

- 1) Since 2003 the Department has expended over \$28.8 million in federal and state forfeiture funds. To date, no expenditure has been denied or recouped by the federal or state forfeiture agencies. This is after numerous audits by the Departments of Justice and Treasury and independent accounting firms.
- 2) The Department continues to work with the Budget Office to resolve all outstanding or pending forfeiture revenues that require identification and Pro Forma resolutions. The audit encompassed the 2014 – 2015 and found \$928, 917 pending, many more than 10 years old. To date, that amount has been reduced to \$336,251.



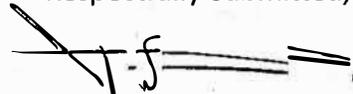
ACCREDITED LAW ENFORCEMENT AGENCY
Visit us online at: www.suffolkpd.org
Crime Stoppers Confidential Tip Hotline: 1-800-220-TIPS
Non-Emergencies Requiring Police Response - Dial: (631) 852-COPS
30 Yaphank Avenue, Yaphank, New York 11980 – (631) 852-6000



- 3) The Department was aware of the federal regulation that mandated separate bank accounts for each of our forfeiture funds. In 2015 and 2016 the Department of Taxation and Finance agreed to open 2 additional bank accounts. The opening of these bank accounts mitigated prior audit findings citing the Department for “commingling of funds”.
- 4) A reconciliation was completed for our 2015 ESAC (Equitable Sharing Agreement & Certification), retroactive to 2003. Such reconciliation was completed prior to this audit and approved by the Departments of Justice and Treasury. The Department made it a priority in 2015 to correct mistakes and omissions to our ESACs.
- 5) While the Department successfully reconciles annually the ESAC to our bank accounts, we acknowledge that our forfeiture fund balance has not been able to be reconciled to IFMS since 2003. To rectify this ongoing issue the Department hired an outside accounting firm with extensive experience auditing forfeiture funds in 2015 to assist in reconciling to IFMS. The firm was unable to do so. The Department hired a part-time accountant in 2018 who continues to work on this task.

The Department appreciates your Office’s assistance and partnership to further improve our accounting procedures. Please feel free to contact me to discuss your Draft Audit Report or the Department’s response.

Respectfully Submitted,



Geraldine Hart

Suffolk County Police Commissioner

GH:mtc
Attachment

Response to Audit Findings

February 25, 2019

In response to your draft report, the Department responds as follows in the same sequence as the Audit Findings:

Federal Forfeiture

According to the DOJ Guide to Equitable Sharing “the participating law enforcement agency must not commingle DOJ equitable sharing funds with funds from any other source”. Furthermore, the TRES Guide states the Department must “Establish a separate revenue account or accounting code, and further requires that this account or accounting code will be used solely for TRES sharing funds”.

As acknowledged in the audit, this problem was corrected in 2016 when the Department of Finance and Taxation agreed to open additional bank accounts. Requests over the years by the Department for additional bank accounts were denied. Since 2016, the Department has had separate bank accounts for each of the funds.

The Department is not in compliance with guidelines established by the DOJ and the TRES which state that “shared funds may not be used as advance payment for expenditures being reimbursed or paid by other funds”.

In 2014, the Department replenished the use of \$22,051 of Federal Forfeiture funds when grant funds became available. The Department, in 2015, discontinued this practice which was allowed under former federal guidelines.

Regarding the use SCPD credit cards for certain conference, meeting and travel expenses, we are awaiting clarification from the DOJ of the propriety of this practice. We do not consider paying a credit card as an advance payment for expenditure being reimbursed or paid by other funds in the same way advancing forfeiture funds for reimbursement by grant money is. Often times such vital conferences and meetings arise on extremely short notice; to attend, the Department has no alternative but to utilize its credit cards for immediate payment.

The Department is not in compliance with the guidelines established by the TRES stating that “funds may be held in a holding account for a reasonable period of time, generally no longer than 2 years”. The Interim policy from 2015 lengthens a reasonable period to 3 years.

The \$928,917 in forfeiture fund cash receipts pending approval by the Budget Office has been reduced to \$336,251 at this time. This has been an ongoing deliberation between the Budget Office and the Department since 2003. Efforts will continue until such reconciliation is complete.

The Department of Finance and Taxation holds and maintains all bank accounts for the Department's forfeiture funds. This issue was resolved in 2016 when the Department began receiving monthly bank statements.

The 10 year/ \$434,422 interest income adjustment was made in 2016 after the Department obtained monthly bank statements.

The Department failed to follow the DOJ & TRES Guides to Equitable Sharing with regards to interest income stating that the Department shall “deposit any interest income earned on equitably shared funds in the same revenue account or under the accounting code established solely for the insured funds”.

As acknowledged in the Draft Audit Report, the \$244 interest income finding, which spanned 10 years, was corrected on the 2015 ESAC.

The \$734 of interest income from 2014 was also part of the same correcting adjustment on the 2015 ESAC.

The Department commingled Federal Forfeiture Funds with funds from other sources, contrary to the guidelines issued by both the DOJ and the TRES.

As acknowledged in the report, 2 of 60 items found in 2014 were corrected by the department on its 2015 ESAC.

The 4 of 60 items in 2014 and 1 of 60 in 2015 were permissible under former federal guidelines. Since 2015 the Department has been in compliance with new federal guidelines established July 30, 2014.

Of the 6 of 60 items in 2014 and 1 of 60 in 2015 such utilization of imprest accounts were allowed under federal guidelines prior to July 30, 2014. Since then, all imprest accounts have been closed.

The Department utilized Federal Forfeiture Funds for non-law enforcement purposes.

In the 1 instance out of 60 tested in 2014 wherein the Department inadvertently paid for a sports package in its television service for the Mobile Command Bus costing \$8.00/month, it was cancelled immediately when it was discovered prior to this audit.

The Department is in violation of the one-year official law enforcement use directive of the Internal Revenue Service (IRS). The IRS directive states “All assets placed into official use must be used for at least one year” prior to disposal.

The two vehicles referenced in the finding were deemed no longer suitable for law enforcement purposes and thus had to be removed from service prior to the one year limitation.

The Department failed to report JVA transactions recorded in IFMS on the Department’s ESAC from 2003 through 2014.

The Department made correcting adjustments for both overstated TRES expenditures in 2014 of \$6064 and \$1776 on its 2016 ESAC.

The Department overstated several of their ESAC fund balances due to omission of expenditures.

As noted in the Draft Audit Report, the Department amended the 2015 ESAC to correct all prior omissions.

The Department is required to file an ESAC annually however; the Departments transactions were incorrectly classified on the Certification Report, which resulted in the transactions being incorrectly classified on the ESAC. Of the 60 items tested, in 2014 there were 22 instances (36.67%) where transactions were misclassified on the Certification Report.

Both findings of misclassified expenses were brought to the Department's attention in the DOJ's Compliance Audit of 2013-2014. As acknowledged in the Audit Report, the Department subsequently reclassified these expenses.

The Department failed to comply with local laws, rules and regulations of Suffolk County, contrary to the federal guidelines. Federal guidelines state "The state or local participating law enforcement agency must obtain approval for expenditures from the governing body" and Equitably Shared Funds (Federal Forfeiture Funds) are subject to the laws, rules, regulations, and orders of the state or local jurisdiction". We noted numerous instances in both 2014 and 2015 where the Department failed to comply with local laws, rules and regulations of Suffolk County. The Department claims that Federal Forfeiture Funds are not County Funds and therefore they are not subject to County SOP's. The Department's claim is based on a County Attorney's opinion dated March 18, 1999. However, federal guidance has been revised since that date, which supersedes the County Attorney's opinion, and the Department has not updated their procedures.

The first three findings relate to the Department following the County Attorney's opinion dated March 18, 1999 (Attachment I).

Beginning in 2016, the Department followed SOP A-07 and utilized Executive Form 10 for attendance at a meeting, conference or seminar.

Regarding the findings that the Department failed to book travel expenses through a designated travel agency, be advised that said agency only books airfare arrangements. Consequently, other travel arrangements must be booked directly by the employee who typically finds less expensive lodging on the internet. Prior to reimbursement, all expenses are audited by the Department's finance section which are subject to maximum allowable amounts set forth by County guidelines.

Regarding the 3 findings related to the issuance of cell phones and telecommunication services attained, the Department is working with the County Executive's office regarding changing the SOPs to reflect current Department demands and telecommunication network guidelines.

The Department acknowledges the findings regarding rental vehicles, 1 invoice in 2014 and 3 in 2015 where SOP I-12 was not followed. Since then, the Department follows SOP I-12 obtaining Budget Office approval.

An employee was reimbursed for attending a conference, meeting, or seminar without receiving prior approval from the Chief of the Department.

In the 1 instance found of 60 tested in 2015 the Department acknowledges this finding. Note that it is Department policy that approval for all conference attendance must be obtained from the Chief of Department to comply with Executive Form 10.

Employee reimbursements were overpaid as a result of the Department reimbursing employees for meals that were provided at the conferences they attended. According to Suffolk County Department of Audit and Control's Guidelines for the Preparation of Employee Travel Expense Vouchers "If a meal is provided as part of a conference or meeting, the employee shall not be entitled to a meal allowance".

Both the \$128 in over payments in 2014 and \$117 in 2015 were repaid to the Department once discovered.

The Department has not reconciled the Federal Forfeiture Fund Balance since 2003 and therefore could not provide us with a Schedule of Fund Balance.

The Department acknowledges this finding. In 2015, the Department hired an independent accounting firm familiar with use of federal forfeiture funds to assist us in reconciling our bank balances to our ESAC to IFMS. They too were unable to perform the reconciliation. The Department continues to seek an accounting position assigned to the forfeiture funds unit to accomplish this reconciliation on an annual basis.

The Capital One (NE) Federal Forfeiture bank account did not reconcile with IFMS.

As stated previously, the Department did not perform bank reconciliations until 2016, when bank statements were obtained from the Department of Finance and Taxation. Reconciliations are now performed on a monthly basis.

Regarding the \$13,303 and \$2,814, (as was stated in the Draft Audit Report finding), such errors were made by the Department of Finance and Taxation. This is only one example of how and why it is nearly impossible to reconcile retroactively with IFMS. Both errors were corrected in 2016. Further, access to copies of bank statements since 2016 enables the Department to readily identify any such errors.

The Suffolk County National Bank (JW) TRES bank account did not reconcile with IFMS.

The Department concurs with the findings. Be advised that since 2016 bank reconciliations are now performed. A new bank account was opened by the Department of Taxation and Finance with this \$886,769 deposit to allow for the segregation of DOJ funds from TRES Funds (to avoid "comingling").

The Department's Transportation Section did not have current documentation regarding the method, or date of disposal of forfeited vehicles.

The Fleet Focus Inventory System was implemented in the spring of 2016 thus providing an updated inventory of vehicles and data regarding the disposition of disposed vehicles.

The Department overpaid a vendor by \$932.

The Department concurs with the finding. Procedures have been put in place in the Department's Technology Bureau to monitor monthly usage of all Department wireless telecommunication devices to verify the necessity for each.

Pro Forma Resolutions have not been completed for all interest revenue tested.

Interest revenue was recalculated by the Department with the use of monthly bank statements which also allowed a Pro Forma Resolution to be processed. This brought the Department's recording of interest income current through 2018.

2015 ESAC Reconciliation Audit Adjustment

An Equitable Sharing Compliance Review performed by the DOJ for fiscal years 2013 to 2014 revealed discrepancies. The DOJ recommended that the Department perform a formal review and reconcile its records and amend all necessary ESAC's. The Department made a cumulative adjustment to its 2015 ESAC rather than amending all prior ESAC's for the years 2003 to 2014.

The Department failed to record all expenditures associated with the Federal Forfeiture Funds, spanning over a 13 year period. The Department issued an audit adjustment on their 2015 ESAC; 24 of the 30 items (80%) making up the TRES audit adjustment were not recorded on the Schedule of Forfeiture Expenditures, and therefor were not reported on the ESAC. The audit adjustment includes transactions dated back 13 years.

Federal Forfeiture Funds were commingled with funds from other sources, contrary to the guidelines issued by both the DOJ and the TRES.

In 2015 the Department, with input and guidance from the DOJ, analyzed each ESAC filed from 2003 thru 2014 to finalize a cumulative reconciliation with our forfeiture bank accounts. The Department undertook this lengthy reconciliation after discovering issues and errors contained in its prior ESACs.

Note that such reconciliation was performed prior to the commencement of this audit.

As such, a \$308,758.17 reconciling adjustment was made on the 2015 ESAC for the DOJ; and a \$147,752.11 adjustment was made to the TRES. **Both one-time adjustments were made with the approval and concurrence of the DOJ and TRES.**

Of the 30 transactions that encompass the audit adjustment, 6 (20%) were for conference/meetings and/or seminars. Of those 6, 3 were addressed previously. Of the remaining 3 transactions we found 8 instances in those transactions where the Department failed to comply with local laws, rules and regulations of Suffolk County.

Such findings have been addressed earlier in the report. Please note the Department's response to similar findings on page 14 of the Draft Audit Report. These relate to the use of the County designated travel agent and the use of Executive Form 10 for conference attendance.

The Department failed to report JVA transactions on their 2015 audit adjustment to the ESAC.

Such finding was corrected on the Department's 2016 ESAC.

The Department erroneously misstated 1 of its JVA transactions making up the 2015 TRES audit adjustment on the 2015 ESAC.

The 1 finding out of 30 JVA transactions in the amount of \$342 relates to the 2004 ESAC which was corrected in the 2015 ESAC reconciliation which occurred prior to this audit.

State Forfeiture

The Department failed to comply with County SOP's.

The Department concurs with the finding wherein 1 item purchased out of 25 of those tested was found not to have Budget Office approval. We continue to monitor such to ensure compliance.

The Department did not maintain a revenue schedule for its State Forfeiture Funds.

The Department concurs with the finding. Since 2016, the Department receives the state distribution schedules from the District Attorney's Office which are compared to monthly bank statements.

State Forfeiture revenue and expenditures could not be reconciled with IFMS.

In 2016 we began working with the DA's staff on state revenues. With the acquisition of monthly bank statements (also in 2016) we are able to more readily monitor and reconcile State revenues.

The Department now categorizes State Forfeiture expenses in the same manner as Federal Forfeiture expenses. The Department provides such categorization to the County Legislature and County Executive on a quarterly basis pursuant to that Local Law 06-2018.

The Department has not reconciled the State Forfeiture Fund Balance since 2003 and therefore could not provide us with a Schedule of Fund Balance.

As stated previously when discussing the reconciliation of the Federal Forfeiture Balance, reconciling the State Forfeiture Fund balance to IFMS continues to be problematic. In 2015, the Department hired an independent accounting firm familiar with use of federal and state forfeiture funds to assist us in reconciling our fund balances. They too were unable to perform the reconciliation. The Department continues to seek an accounting position assigned to the forfeiture funds staff to accomplish this reconciliation on an annual basis.

The Department did not record interest income from Sate Forfeiture Funds correctly.

The Department failed to prepare Pro Forma Resolutions for State Forfeiture interest income.

Regarding the above two findings, the Department is reviewing and preparing such Pro Forma Resolutions to correctly appropriate interest income between the 2 state accounts. Once they are filed it will enable the Department to expend such funds.

The Suffolk County National Bank (HC) State Forfeiture bank account could not be reconciled to IFMS.

Since 2016 the Department uses bank statements and the District Attorney's State Distribution Schedule to reconcile these accounts on a monthly basis.

Audit and Control Response

Federal Forfeiture

Finding 1

According to the DOJ Guide to Equitable Sharing, "the participating law enforcement agency must not commingle DOJ equitable sharing funds with funds from any other source". Furthermore, the TRES Guide states the Department must "Establish a separate revenue account or accounting code, and further requires that this account or accounting code will be used solely for TRES sharing funds".

SCPD Response

As acknowledged in the audit, this problem was corrected in 2016 when the Department of Finance and Taxation agreed to open additional bank accounts. Requests over the years by the Department for additional bank accounts were denied. Since 2016, the Department has had separate bank accounts for each of the funds.

Audit Division Response

Although the Department requested separate bank accounts for Justice and Treasury funds, they were not required at the time of the request. In the interest of keeping bank costs contained, the request for additional accounts was denied. Additionally funds from the DWI forfeiture were commingled in the Federal bank account due to the fact that the Department did not request a DWI bank account until 2015. In 2015, the Justice Department conducted a review of the Department's Justice Forfeiture Funds and recommended that separate bank accounts be maintained, and as a result, the additional accounts were opened in 2015 and 2016.

Finding 2

The Department is not in compliance with guidelines established by the DOJ and the TRES which states that "shared funds may not be used as advance payment for expenditures being reimbursed or paid by other funds".

SCPD Response

In 2014, the Department replenished the use of \$22,051 of Federal Forfeiture funds when grant funds became available. The Department, in 2015, discontinued this practice which was allowed under former federal guidelines.

Audit Division Response

According to the DOJ Equitable Sharing Wire dated 6/5/2013, the DOJ requires "equitable sharing funds to be kept in a separate revenue account not commingled with any other funds". In addition, "DOJ equitably shared funds cannot be pledged, loaned, or used to cover fund deficits".

SCPD Response

Regarding the use SCPD credit cards for certain conference, meeting and travel expenses, we are awaiting clarification from the DOJ of the propriety of this practice. We do not consider paying a credit card as an advance payment for expenditure being reimbursed or paid by other funds in the same way advancing forfeiture funds for reimbursement by grant money is. Often times such vital conferences and meetings arise on extremely short notice; to attend, the Department has no alternative but to utilize its credit cards for immediate payment.

Audit Division Response

While we acknowledge the Departments response, no change to the report is warranted.

Finding 3

The Department is not in compliance with the guidelines established by the TRES stating that "funds may be held in a holding account for a reasonable period of time, generally no longer than 2 years". The Interim policy from 2015 lengthens a reasonable period to 3 years.

SCPD Response

The \$928,917 in forfeiture fund cash receipts pending approval by the Budget Office has been reduced to \$336,251 at this time. This has been an ongoing deliberation between the Budget Office and the Department since 2003. Efforts will continue until such reconciliation is complete.

The Department of Finance and Taxation holds and maintains all bank accounts for the Department's forfeiture funds. This issue was resolved in 2016 when the Department began receiving monthly bank statements.

The 10 year/ \$434,422 interest income adjustment was made in 2016 after the Department obtained monthly bank statements.

Audit Division Response

We are pleased the Department concurs with our audit finding and their continued efforts to reconcile forfeiture fund cash receipts.

The Senior Accountant who was previously in charge of the Police Finance Unit prepared a spreadsheet detailing interest income for the periods of 2013, 2014 and 2015. These amounts should have been transferred to line five of the Equitable Sharing Agreement and Certification report.

Finding 4

The Department failed to follow the DOJ & TRES Guides to Equitable Sharing with regards to interest income stating that the Department shall "deposit any interest income earned on equitably shared funds in the same revenue account or under the accounting code established solely for the shared funds".

SCPD Response

As acknowledged in the Draft Audit Report, the \$244 interest income finding, which spanned 10 years, was corrected on the 2015 ESAC.

The \$734 of interest income from 2014 was also part of the same correcting adjustment on the 2015 ESAC.

Audit Division Response

We are pleased the Department concurs with our finding.

Finding 5

The Department commingled Federal Forfeiture Funds with funds from other sources, contrary to the guidelines issued by both the DOJ and the TRES.

SCPD Response

As acknowledged in the report, 2 of 60 items found in 2014 were corrected by the department on its 2015 ESAC.

The 4 of 60 items in 2014, and 1 of 60 in 2015, were permissible under former federal guidelines. Since 2015, the Department has been in compliance with new federal guidelines established July 30, 2014.

Of the 6 of 60 items in 2014 and 1 of 60 in 2015, such utilization of imprest accounts were allowed under federal guidelines prior to July 30, 2014. Since then, all imprest accounts have been closed.

Audit Division Response

According to the DOJ Equitable Sharing Wire dated 6/5/2013, the DOJ requires equitable sharing funds to be kept in a separate revenue account not commingled with any other funds. In addition, DOJ equitably shared funds cannot be pledged, loaned, or used to cover fund deficits.

The DOJ Equitable Sharing Wire dated 2/1/2013 states "equitable sharing funds may not be used to establish or reimburse petty cash funds". However, we are pleased the Department is now in compliance.

Finding 6

The Department utilized Federal Forfeiture Funds for non-law enforcement purposes.

SCPD Response

In the 1 instance out of 60 tested in 2014 wherein the Department inadvertently paid for a sports package in its television service for the Mobile Command Bus costing \$8.00/month, it was cancelled immediately when it was discovered prior to this audit.

Audit Division Response

We are pleased the Department concurs with our finding.

Finding 7

The Department is in violation of the one-year official law enforcement use directive of the Internal Revenue Service (IRS). The IRS directive states "All assets placed into official use must be used for at least one year" prior to disposal.

SCPD Response

The two vehicles referenced in the finding were deemed no longer suitable for law enforcement purposes and thus had to be removed from service prior to the one year limitation.

Audit Division Response

While we acknowledge the Department's response, no change to the report is warranted.

Finding 8

The Department failed to report JVA transactions recorded in IFMS on the Department's ESAC from 2003 through 2014.

SCPD Response

The Department made correcting adjustments for both overstated TRES expenditures in 2014 of \$6064 and \$1776 on its 2016 ESAC.

Audit Division Response

We are pleased the Department concurs with our finding and made correcting adjustments.

Finding 9

The Department overstated several of their ESAC fund balances due to omission of expenditures.

SCPD Response

As noted in the Draft Audit Report, the Department amended the 2015 ESAC to correct all prior omissions.

Audit Division Response

We are pleased the Department concurs with our finding.

Finding 10

The Department is required to file an ESAC annually however; the Departments transactions were incorrectly classified on the Certification Report, which resulted in the transactions being incorrectly classified on the ESAC. Of the 60 items tested, in 2014 there were 22 instances (36.67%) where transactions were misclassified on the Certification Report.

SCPD Response

Both findings of misclassified expenses were brought to the Department's attention in the DOJ's Compliance Audit of 2013-2014. As acknowledged in the Audit Report, the Department subsequently reclassified these expenses.

Audit Division Finding

We are pleased the Department concurs with our finding.

Finding 11

The Department failed to comply with local laws, rules and regulations of Suffolk County, contrary to the federal guidelines. Federal guidelines state "The state or local participating law enforcement agency must obtain approval for expenditures from the governing body" and "Equitably Shared Funds (Federal Forfeiture Funds) are subject to the laws, rules, regulations, and orders of the state or local jurisdiction". We noted numerous instances in both 2014 and 2015 where the Department failed to comply with local laws, rules and regulations of Suffolk County. The Department claims that Federal Forfeiture Funds are not County Funds and therefore they are not subject to County SOP's. The Department's claim is based on a County Attorney's opinion dated March 18, 1999. However, federal guidance has been revised since that date, which supersedes the County Attorney's opinion, and the Department has not updated their procedures.

SCPD Response

The first three findings relate to the Department following the County Attorney's opinion dated March 18, 1999 (Attachment I).

Beginning in 2016, the Department followed SOP A-07 and utilized Executive Form 10 for attendance at a meeting, conference or seminar.

Regarding the findings that the Department failed to book travel expenses through a designated travel agency, be advised that said agency only books airfare arrangements. Consequently, other travel arrangements must be booked directly by the employee who typically finds less expensive lodging on the internet. Prior to reimbursement, all expenses are audited by the Department's finance section which are subject to maximum allowable amounts set forth by County guidelines.

Audit Division Response

SOP A-07 states, "All travel needing hotel accommodations, airline travel, car rental, and AMTRAK shall be arranged through a designated travel agency." If the procedures of the Police Department are different, the Department should request the SOP be modified.

SCPD Response

Regarding the 3 findings related to the issuance of cell phones and telecommunication services attained, the Department is working with the County Executive's office regarding changing the SOPs to reflect current Department demands and telecommunication network guidelines.

The Department acknowledges the findings regarding rental vehicles, 1 invoice in 2014 and 3 in 2015 where SOP I-12 was not followed. Since then, the Department follows SOP I-12 obtaining Budget Office approval.

Audit Division Response

We are pleased the Department concurs with our finding.

Finding 12

An employee was reimbursed for attending a conference, meeting or seminar without receiving prior approval from the Chief of the Department.

SCPD Response

In the 1 instance found of 60 tested in 2015 the Department acknowledges this finding. Note that it is Department policy that approval for all conference attendance must be obtained from the Chief of Department to comply with Executive Form 10.

Audit Division Response

We are pleased the Department concurs with our finding.

Finding 13

Employee reimbursements were overpaid as a result of the Department reimbursing employees for meals that were provided at the conferences they attended. According to Suffolk County Department of Audit and Control's Guidelines for the Preparation of Employee Travel Expense Vouchers "If a meal is provided as part of a conference or meeting, the employee shall not be entitled to a meal allowance".

SCPD Response

Both the \$128 in over payments in 2014 and \$117 in 2015 were repaid to the Department once discovered.

Audit Division Response

We are pleased the Department concurs with our finding and amounts were repaid.

Finding 14

The Department has not reconciled the Federal Forfeiture Fund Balance since 2003 and therefore could not provide us with a Schedule of Fund Balance.

SCPD Response

The Department acknowledges this finding. In 2015, the Department hired an independent accounting firm familiar with use of federal forfeiture funds to assist us in reconciling our bank balances to our ESAC to IFMS. They too were unable to perform the reconciliation. The Department continues to seek an accounting position assigned to the forfeiture funds unit to accomplish this reconciliation on an annual basis.

Audit Division Response

We are pleased the Department concurred with our finding and is trying to reconcile the forfeiture fund balance.

Finding 15

The Capital One (NE) Federal Forfeiture bank account did not reconcile with IFMS.

SCPD Response

As stated previously, the Department did not perform bank reconciliations until 2016, when bank statements were obtained from the Department of Finance and Taxation. Reconciliations are now performed on a monthly basis.

Regarding the \$13,303 and \$2,814, (as was stated in the Draft Audit Report finding), such errors were made by the Department of Finance and Taxation. This is only one example of how and why it is nearly impossible to reconcile retroactively with IFMS. Both errors were corrected in 2016. Further, access to copies of bank statements since 2016 enables the Department to readily identify a such errors.

Audit Division Response

In early 2016, the Department received bank statements from 2014 and 2015 from the Department of Finance and Taxation, which we utilized during the audit. Since the Department had access to the bank statements in which these transfers occurred they should have identified the errors during routine reconciliations of the Department's internal records to the county's IFMS system. We are pleased the Department has corrected these errors.

Finding 16

The Suffolk County National Bank (JW) TRES bank account did not reconcile with IFMS.

SCPD Response

The Department concurs with the findings. Be advised that since 2016 bank reconciliations are now performed. A new bank account was opened by the Department of Taxation and Finance with this \$886,769 deposit to allow for the segregation of DOJ funds from TRES Funds (to avoid "comingling").

Audit Division Response

We are pleased the Department concurs with our finding.

Finding 17

The Department's Transportation Section did not have current documentation regarding the method or date of disposal of forfeited vehicles.

SCPD Response

The Fleet Focus Inventory System was implemented in the spring of 2016 thus providing an updated inventory of vehicles and data regarding the disposition of disposed vehicles.

Audit Division Response

We are pleased the Department has implemented a new procedure with the Fleet Focus Inventory System.

Finding 18

The Department overpaid a vendor by \$932.

SCPD Response

The Department concurs with the finding. Procedures have been put in place in the Department's Technology Bureau to monitor monthly usage of all Department wireless telecommunication devices to verify the necessity for each.

Audit Division Response

We are pleased the Department concurs with our finding and that procedures have been put in place to monitor monthly usage of all wireless devices.

Finding 19

Pro Forma Resolutions have not been completed for all interest revenue tested.

SCPD Response

Interest revenue was recalculated by the Department with the use of monthly bank statements which also allowed a Pro Forma Resolution to be processed. This brought the Department's recording of interest income current through 2018.

Audit Division Response

We are pleased the Department concurred with our finding and brought the Department's recording of interest income up to date.

2015 ESAC Reconciliation Audit Adjustment

An Equitable Sharing Compliance Review performed by the DOJ for fiscal years 2013 to 2014 revealed discrepancies. The DOJ recommended that the Department perform a formal review and reconcile its records and amend all necessary ESAC's. The Department made a cumulative adjustment to its 2015 ESAC rather than amending all prior ESAC's for the years 2003 to 2014.

The Department failed to record all expenditures associated with the Federal Forfeiture Funds, spanning over a 13 year period. The Department issued an audit adjustment on their 2015 ESAC; 24 of the 30 items (80%) making up the TRES audit adjustment were not recorded on the Schedule of Forfeiture Expenditures, and therefore were not reported on the ESAC. The audit adjustment includes transactions dated back 13 years.

Federal Forfeiture Funds were commingled with funds from other sources, contrary to the guidelines issued by both the DOJ and the TRES.

SCPD Response

In 2015 the Department, with input and guidance from the DOJ, analyzed each ESAC filed from 2003 thru 2014 to finalize a cumulative reconciliation with our forfeiture bank accounts. The Department undertook this lengthy reconciliation after discovering issues and errors contained in its prior ESACs. **Note that such reconciliation was performed prior to the commencement of this audit.** As such, a \$308,758.17

reconciling adjustment was made on the 2015 ESAC for the DOJ; and a \$147,752.11 adjustment was made to the TRES. **Both one-time adjustments were made with the approval and concurrence of the DOJ and TRES.**

Finding 20

Of the 30 transactions that encompass the audit adjustment, 6 (20%) were for conference/meetings and/or seminars. Of those 6, 3 were addressed previously. Of the remaining 3 transactions we found 8 instances in those transactions where the Department failed to comply with local laws, rules and regulations of Suffolk County.

SCPD Response

Such findings have been addressed earlier in the report. Please note the Department's response to similar findings on page 14 of the Draft Audit Report. These relate to the use of the County designated travel agent and the use of Executive Form 10 for conference attendance.

Audit Division Response

SOP A-07 states, "All travel needing hotel accommodations, airline travel, car rental, and AMTRAK shall be arranged through a designated travel agency." If the procedures of the Police Department are different, the Department should request the SOP be modified.

Finding 21

The Department failed to report JVA transactions on their 2015 audit adjustment to the ESAC.

SCPD Response

Such finding was corrected on the Department's 2016 ESAC.

Audit Division Response

We are pleased the Department concurred with our finding and made the appropriate corrections.

Finding 22

The Department erroneously misstated 1 of its JVA transactions making up the 2015 TRES audit adjustment on the 2015 ESAC.

SCPD Response

The 1 finding out of 30 JVA transactions in the amount of \$342 relates to the 2004 ESAC which was corrected in the 2015 ESAC reconciliation which occurred prior to this audit.

Audit Division Response

While we acknowledge the Departments response, no change to the report is warranted. Additionally, the Department should keep this item in mind when reconciling the forfeiture accounts in the future.

State Forfeiture

Finding 23

The Department failed to comply with County SOP's.

SCPD Response

The Department concurs with the finding wherein 1 item purchased out of 25 of those tested was found not to have Budget Office approval. We continue to monitor such to ensure compliance.

Audit Division Response

We are pleased the Department concurs with our finding.

Finding 24

The Department did not maintain a revenue schedule for its State Forfeiture Funds.

SCPD Response

The Department concurs with the finding. Since 2016, the Department receives the state distribution schedules from the District Attorney's Office which are compared to monthly bank statements.

Audit Division Response

We are pleased the Department concurs with our finding.

Finding 25

State Forfeiture revenue and expenditures could not be reconciled with IFMS.

SCPD Response

In 2016 we began working with the DA's staff on state revenues. With the acquisition of monthly bank statements (also in 2016) we are able to more readily monitor and reconcile State revenues.

The Department now categorizes State Forfeiture expenses in the same manner as Federal Forfeiture expenses. The Department provides such categorization to the County Legislature and County Executive on a quarterly basis pursuant to that Local Law 06-2018. (06-2017)

Audit Division Response

We are pleased the Department concurred with our finding and put procedures in place to monitor and reconcile State Forfeiture revenue and categorize State Forfeiture expenses.

Finding 26

The Department has not reconciled the State Forfeiture Fund Balance since 2003 and therefore could not provide us with a Schedule of Fund Balance.

SCPD Response

As stated previously when discussing the reconciliation of the Federal Forfeiture Balance, reconciling the State Forfeiture Fund balance to IFMS continues to be problematic. In 2015, the Department hired an independent accounting firm familiar with use of federal and state forfeiture funds to assist us in reconciling our fund balances. They too were unable to perform the reconciliation. The Department continues to seek an accounting position assigned to the forfeiture funds staff to accomplish this reconciliation on an annual basis.

Audit Division Response

We are pleased the Department concurred with our finding.

Finding 27

The Department did not record interest income from State Forfeiture Funds correctly.

Finding 28

The Department failed to prepare Pro Forma Resolutions for State Forfeiture interest income.

SCPD Response

Regarding the above two findings, the Department is reviewing and preparing such Pro Forma Resolutions to correctly appropriate interest income between the 2 state accounts. Once they are filed it will enable the Department to expend such funds.

Audit Division Response

We are pleased the Department concurred with our finding.

Finding 29

The Suffolk County National Bank (HC) State Forfeiture bank account could not be reconciled to IFMS.

SCPD Response

Since 2016 the Department uses bank statements and the District Attorney's State Distribution Schedule to reconcile these accounts on a monthly basis.

Audit Division Response

We are pleased the Department concurred with our finding and is now reconciling the balances.