



EXECUTIVE SUMMARY

OPA Report No. 03-06 August 2003

Guam Police Department Survey Report on Asset Forfeiture Funds Fiscal Year 2002

A survey of the Guam Police Department's (GPD) Asset Forfeiture Fund (Fund) was initiated in May 2003 by the Office of the Public Auditor (OPA) based on an audit request by the Acting Chief of Police. The survey objectives were to evaluate the feasibility of an audit based on preliminary information gathered during this stage and to address specific questions of the Acting Chief of Police which were:

1. The financial status of the Fund;
2. Whether expenditures of the Fund were appropriately used for law enforcement; and
3. Whether firearms training targets were a prudent purchase of the Fund.

Asset Forfeiture programs strive to debilitate criminal organizations by removing the proceeds of their crimes.¹ GPD participates in the Equitable Sharing Program; the sharing of funds and property by the United States with cooperating state and local law enforcement agencies that assist in securing the forfeiture of criminal assets.

In FY 2002, \$715,000 in Equitable Sharing proceeds were accounted for in the Federal Asset Forfeiture account of the Government of Guam's General Fund. Proceeds of local assets forfeited to GPD are deposited into the Local Asset Forfeiture account. In August 2002, Public Law 26-120 created the Special Assets Forfeiture Fund, separate from the General Fund, to provide additional resources for the exclusive use of GPD.² This law requires the Public Auditor to review the Fund's fiscal year reports.

Notwithstanding PL 26-120, the Special Assets Forfeiture Fund had not been created and the funds had not been separated from the General Fund. The OPA has not been able to conduct its mandated review because FY 2002 financial reports have not been prepared for the Fund up to the date of this report. Other findings include:

- In 1999, GPD purchased 155,000 firearms training targets at a cost of \$90,120, **enough targets to last GPD over 1000 years**. We found the targets stored in an evidence warehouse and spilling out of a 40-foot container in deplorable condition, many of them ruined by the last two major typhoons and no inventory control.
- GPD's Asset Forfeiture ledgers did not reconcile to financial system printouts by as much as \$340,000. These inaccuracies may jeopardize continued participation in the Equitable Sharing Program. Subsequently, the Department of Administration

¹ The U.S. Department of Justice and U.S. Department of the Treasury administer their respective Asset Forfeiture Programs.

² Public Law added Chapter 79 to Part 2, Division 3 of Title 10 to the Guam Code Annotated.

(DOA) established the Fund in June 2003 and assigned a representative to work with GPD to resolve the inconsistencies.

- GPD does not maintain listings of items either forfeited to GPD by the U.S. Department of Justice or purchased with Asset Forfeiture proceeds. Federal Asset Forfeiture Fund Annual reports indicate properties valued at almost \$137,000 had been forfeited to GPD since 1998.
- Checks totaling \$715,000 received by GPD from the Departments of Justice and Treasury for equitable sharing proceeds are not deposited timely with average lapses of 198 days. This creates opportunities for loss or theft of funds.
- Travel authorizations for 19 training conferences totaled \$52,049 and were paid by Federal Asset Forfeiture Funds. 12 trips costing \$30,939 did not have trip reports or training certificates of completion so we were unable to determine if these GPD employees did attend the conferences.
- We saw that the organization and safeguarding of evidence items of ongoing cases was inadequate. There was no inventory of evidence, items were easily accessible and could be compromised.

We were unable to complete our review due to the lack of account reconciliation between GPD and DOA and a lack of Fund financial statements. A further review will be conducted after the Asset Forfeiture Fund has been reconciled with DOA and financial statements have been prepared by GPD.

Our recommendations detailed in the report include the following:

- Reconcile GPD and DOA records and prepare the necessary financial reports as of FY 2002. The Acting Chief of Police should request an extension of report filing as it is almost one year late. Thereafter, the funds should be rolled over to the Special Assets Forfeiture Fund and the former accounts closed.
- Compile an inventory and disposition listing of assets forfeited to GPD and purchased with Asset Forfeiture Funds. Immediate implementation of the Property Control section's inventory control and transfer of evidence to a secure location.
- Use accounting software to manage accounting data and aid in preparation of annual financial reports and inventory of forfeited assets.
- Deposit Equitable Sharing within one to two days of receipt of check.
- All GPD personnel who travel, regardless of the nature of the funding, submit trip reports and certificates of attendance after every trip.
- The Legislature should review its various reporting deadlines for adequacy of time and whether a penalty for failure to submit a report is appropriate.

The Acting Chief of Police, in his response to the draft report, stated that the report has provided a framework for GPD to address the Fund's problems and focus on compliance with statutes.



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