



**AUDIT OF THE
IOWA DEPARTMENT OF TRANSPORTATION
MOTOR VEHICLE DIVISION
OFFICE OF MOTOR VEHICLE ENFORCEMENT'S
EQUITABLE SHARING PROGRAM ACTIVITIES
ANKENY, IOWA**

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

Audit Report GR-50-13-003
October 2012

**AUDIT OF THE
IOWA DEPARTMENT OF TRANSPORTATION
MOTOR VEHICLE DIVISION
OFFICE OF MOTOR VEHICLE ENFORCEMENT'S
EQUITABLE SHARING PROGRAM ACTIVITIES
ANKENY, IOWA**

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Audit Division, has completed an audit of the use of DOJ equitable sharing revenues by the Iowa Department of Transportation, Motor Vehicle Division, Office of Motor Vehicle Enforcement (Iowa MVE). Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations.¹ During the period of July 1, 2009, through January 31, 2012, the Iowa MVE received DOJ equitable sharing revenues totaling \$1,928,379 to support law enforcement operations.²

The objectives of the audit were to assess whether equitably shared cash and property received by the Iowa MVE were accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines. We found that the Iowa MVE complied with equitable sharing guidelines with respect to accurately reporting activity to DOJ and permissible uses of equitable sharing funds. However, we found weaknesses in the methods used by the Iowa MVE to account for DOJ equitable sharing funds and the timeliness of one of its required reports. We also found the Iowa MVE did not comply with certain Office of Management and Budget (OMB) reporting requirements. Specifically, we found:

- The Iowa MVE did not separately account for DOJ equitable sharing receipts, expenditures, and interest income earned on DOJ equitable sharing funds received during FY 2012.

¹ The DOJ asset forfeiture program has three primary goals: (1) to punish and deter criminal activity by depriving criminals of property used or acquired through illegal activities; (2) to enhance cooperation among foreign, federal, state, and local law enforcement agencies through equitable sharing of assets recovered through this program; and, as a by-product, (3) to produce revenues to enhance forfeitures and strengthen law enforcement.

² The Iowa MVE fiscal year begins on July 1 and ends on June 30.

- A weakness in the accounting procedures used by the Iowa MVE to track DOJ equitable sharing funds causing the Iowa MVE to be unaware that an invoice credit had not been received for an extended period of time.
- The Iowa MVE did not submit the FY2010 Equitable Sharing Agreement and Annual Certification Report within the deadline established by the 2009 Equitable Sharing Guide.
- That the Iowa MVE did not report DOJ equitable sharing fund expenditures on its Schedule of Expenditures of Federal Awards for FYs 2010 or 2011. As a result, the Iowa MVE's equitable sharing funds were not included in its single audit examinations for those periods.

Our report contains four recommendations that address the weaknesses we identified. Our findings are discussed in detail in the Findings and Recommendations section of the report. The audit objectives, scope, and methodology are included in Appendix I.

TABLE OF CONTENTS

INTRODUCTION	1
Background	1
OIG Audit Approach.....	2
FINDINGS AND RECOMMENDATIONS	4
Accounting for Equitably Shared Resources	4
Compliance with Audit Requirements	6
Equitable Sharing Agreement and Annual Certification Report	7
Monitoring Applications for Transfer of Federally Forfeited Property	7
Use of Equitably Shared Resources	8
Views of Responsible Officials	10
Recommendations	10
APPENDIX I - OBJECTIVES, SCOPE, AND METHODOLOGY	11
APPENDIX II - AUDITEE RESPONSE	13
APPENDIX III - OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO RESOLVE THE REPORT	15

INTRODUCTION

The U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Audit Division, has completed an audit of the use of DOJ equitable sharing revenues by the Iowa Department of Transportation, Motor Vehicle Division, Office of Motor Vehicle Enforcement (Iowa MVE). The audit covered the Iowa MVE's fiscal years (FY) 2010 and 2011 and through January 31 of FY 2012.³ During that period, the Iowa MVE received DOJ equitable sharing revenues totaling \$1,928,379 to support law enforcement operations. The objectives of the audit were to assess whether equitably shared cash and property received by the requesting agency were accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines.

Background

The primary mission of the DOJ Asset Forfeiture Program is to employ asset forfeiture powers in a manner that enhances public safety and security. This is accomplished by removing the proceeds of crime and other assets relied upon by criminals and their associates to perpetuate their criminal activity against our society. Asset forfeiture has the power to disrupt or dismantle criminal organizations that would continue to function if only specific individuals were convicted and incarcerated.

Another purpose of the DOJ Asset Forfeiture Program is to deter crime by depriving criminals of the profit and proceeds from illegal activities, as well as to enhance cooperation among federal, state, and local law enforcement agencies by sharing federal forfeiture proceeds through the DOJ equitable sharing program. State and local law enforcement agencies may receive equitable sharing revenues by participating directly with DOJ agencies in joint investigations leading to the seizure or forfeiture of property. The amount shared with the state and local law enforcement agencies in joint investigations is based on the degree of the agencies' direct participation in the case. The U.S. Department of the Treasury (Treasury) administers a similar equitable sharing program. Our audit was limited to equitable sharing revenues received through the DOJ equitable sharing program.

Although several DOJ agencies are involved in various aspects of the seizure, forfeiture, and disposition of equitable sharing revenues, the DOJ Criminal Division, Asset Forfeiture and Money Laundering Section (AFMLS), is responsible for issuing policy statements, implementing

³ The Iowa MVE fiscal year begins on July 1 and ends on June 30.

governing legislation, and monitoring the use of DOJ equitable sharing funds. Generally, the use of equitable sharing revenues by state and local recipient agencies is limited to law enforcement purposes. However, under certain circumstances, up to 15 percent of equitable sharing revenues may be used for the costs associated with drug abuse treatment, drug and crime prevention education, housing and job skills programs, or other nonprofit community-based programs or activities. This provision requires that all expenditures be made by the law enforcement agency and does not allow for the transfer of cash.

The Iowa MVE is located in Ankeny, Iowa, which is a northern suburb of the state capital, Des Moines.⁴ The Iowa MVE's law enforcement budgets were \$12.49 million in FY 2010, \$12.99 million in FY 2011, and \$12.80 million in FY 2012.

OIG Audit Approach

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

To conduct the audit, we tested the Iowa MVE's compliance with the following five aspects of the DOJ equitable sharing program:

- **Accounting for equitably shared resources** to determine whether standard accounting procedures were used to track equitable sharing assets.
- **Compliance with audit requirements** to ensure the accuracy, consistency, and uniformity of audited equitable sharing data.
- **Monitoring of Applications for Transfer of Federally Forfeited Property** to ensure adequate controls were established.
- **Annual Equitable Sharing Agreements and Certification Reports** to determine if these documents were complete and accurate.

⁴ The Iowa Department of Transportation main headquarters is located in Ames, Iowa, and the Iowa MVE is located in Ankeny, Iowa. The audit team visited both locations.

- **Use of equitably shared resources** to determine if equitable sharing funds were spent for permissible uses.

See Appendix I for more information on our objectives, scope, and methodology.

FINDINGS AND RECOMMENDATIONS

We found that the Iowa MVE complied with equitable sharing guidelines with respect to permissible uses of DOJ equitable sharing funds. However, we found that the Iowa MVE did not separately account for DOJ equitable sharing funds as required, and we identified a weakness in the accounting procedures used to account for DOJ equitable sharing funds causing the Iowa MVE to be unaware that an invoice credit had not been received for an extended period of time. We also found that the Iowa Department of Transportation did not report DOJ equitable sharing expenditures on its Schedule of Expenditures of Federal Awards. Further, we found that the Iowa MVE did not file one of its required reports in a timely manner.

Accounting for Equitably Shared Resources

The 2009 Equitable Sharing Guide requires that all participating state and local law enforcement agencies implement standard accounting procedures to track equitably shared monies and property. Additionally, DOJ equitable sharing funds must be accounted for separately from any other funds.

To determine whether the Iowa MVE's accounting procedures adequately tracked equitably shared monies and property and separately accounted for DOJ equitable sharing funds, we compared AFMLS equitable sharing distribution reports to Iowa MVE accounting records, and we considered the results of our work performed as reported in the Use of Equitably Shared Resources section of this report.

We reviewed the AFMLS report of DOJ equitable sharing distributions and determined the Iowa MVE received four distributions of equitable sharing funds, totaling \$1,928,379, during the period of July 1, 2009, through January 31, 2012. During this period, the Iowa MVE did not receive any equitably shared tangible property.

**TABLE 1: DOJ EQUITABLE SHARING DISTRIBUTIONS
TO THE IOWA MVE
July 1, 2009, through January 31, 2012**

Fiscal Year	Distributions	Amount
2010	2	\$331,672
2011	1	2,987
2012	1	1,593,720
TOTAL	4	\$1,928,379

Source: AFMLS

To determine if the Iowa MVE properly accounted for DOJ equitable sharing fund receipts, we reviewed and reconciled the Iowa MVE's accounting records to DOJ reports of equitable sharing funds distributed.

Through our review of Iowa MVE official accounting records, we determined that the Iowa MVE was not separately accounting for DOJ equitable sharing receipts and expenditures as required by the 2009 Equitable Sharing Guide. Specifically, we found receipts for other than DOJ equitable sharing funds recorded in the official accounting record of DOJ equitable sharing funds. Iowa MVE officials advised us the receipts were Department of the Treasury equitable sharing fund receipts and deposits of seized assets that the Iowa MVE subsequently transferred to the federal agencies responsible for the seizure. Iowa MVE officials advised us the accounting system included a single fund code for all federal forfeiture funds.

We advised Iowa MVE officials that their accounting practices related to DOJ equitable sharing funds were not in compliance with the 2009 Equitable Sharing Guide requirement to account separately for DOJ equitable sharing funds. Iowa MVE officials informed us they would work with the Iowa Department of Transportation Office of Finance to establish a separate fund code for DOJ and other equitable sharing funds.

We tested all four receipts, totaling \$1,928,379, to ensure the funds were properly deposited and recorded in a timely manner. As shown in Table 2, the receipts were properly deposited in a timely manner.

**TABLE 2: IOWA MVE EQUITABLE SHARING RECEIPTS REVIEWED
July 1, 2009, through January 31, 2012**

DOJ Detail Distribution Report		Iowa MVE Accounting Records	
Transaction Date	Disbursement Amount	Deposit Amount	Deposit Date
08/27/2009	\$328,044	\$328,044	08/27/2009
10/19/2009	3,628	3,628	10/19/2009
04/26/2011	2,987	2,987	04/26/2011
07/25/2011	1,593,720	1,593,720	07/25/2011
TOTAL	\$1,928,379	\$1,928,379	

Source: Iowa MVE and AFMLS

Through our transaction testing (reported in the Use of Equitably Shared Resources section of this report), we identified an invoice credit for \$7,500 that the Iowa MVE had not received. Based on our interviews with Iowa MVE officials, they were not aware that they had not received this credit. Iowa MVE officials followed up with the vendor and subsequently received the credit. In our judgment, this oversight demonstrates a weakness in the accounting procedures used by the Iowa MVE to track DOJ equitable sharing funds, and we recommend that the Iowa MVE strengthen its accounting procedures to ensure that it accurately accounts for all DOJ equitable sharing funds.

Compliance with Audit Requirements

The 2009 Equitable Sharing Guide requires the Iowa MVE to comply with audit requirements of the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133). OMB Circular A-133 requires non-federal entities to prepare a Schedule of Expenditures of Federal Awards for the period covered by the auditee's financial statements.

To determine if the Iowa MVE accurately reported DOJ equitable sharing fund expenditures, we reviewed the Iowa MVE's accounting records and the Schedule of Expenditures of Federal Awards included in the Iowa MVE's Single Audit Report for the years ended June 30, 2009, and June 30, 2010. We found that the Iowa MVE did not report DOJ equitable sharing fund expenditures on the Schedule of Expenditures of Federal Awards as required by OMB Circular A-133.

We advised the Iowa Department of Transportation accountant responsible for preparing the Schedule of Expenditures of Federal Awards of the requirement to report DOJ equitable sharing expenditures on the Schedule of Expenditures of Federal Awards. The accountant advised us the Iowa Department of Transportation was not aware that equitable sharing funds are subject to OMB Circular A-133. The accountant reported that all future DOJ equitable sharing fund expenditures would be included on the Schedule of Expenditures of Federal Awards and included in the single audit.

Equitable Sharing Agreement and Annual Certification Report

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

We tested compliance with the Equitable Sharing Agreement and Annual Certification Report requirements to determine if the required forms for FYs 2010 and 2011 were accurate and complete. We determined that the forms for FYs 2010 and 2011 accurately reflected the MVE's equitable sharing receipts and expenditures and the appropriate officials had signed the forms. However, we found that the Iowa MVE did not submit the FY 2010 form within 60 days after the end of the MVE's fiscal year, as required by the 2009 Equitable Sharing Guide.

Monitoring Applications for Transfer of Federally Forfeited Property

The 2009 Equitable Sharing Guide states that all participating agencies should maintain a log of all sharing requests that consecutively numbers the requests and includes the seizure type, seizure amount, share amount requested, amount received, and date received for each request. The 2009 Equitable Sharing Guide requires that the log be updated when an

E-Share notification is received.⁵ To determine whether the MVE was in compliance with these requirements, we interviewed the Iowa MVE Chief regarding the procedures for monitoring equitable sharing requests and receipts and reconciled the Iowa MVE accounting records to the DOJ Detail Distribution Report.

The MVE Chief advised us they do not keep a log of the Applications for Transfer of Federally Forfeited Property (DAG-71).⁶ Further, the Chief was unable to provide us a copy of the most recent E-Share notification. However, the MVE Chief does maintain a file of all DAG 71s and notifications by the Iowa Department of Transportation, Office of Finance regarding receipts of equitable sharing funds. Due to the limited number of DAG 71s submitted during the review period (four), in our judgment, the files maintained by the Iowa MVE satisfy the 2009 Equitable Sharing Guide requirement to maintain a log of equitable sharing requests. However, we advised the Iowa MVE Chief of the requirement to maintain a log of equitable sharing requests and to update the log upon receipt of an E-Share notification. The Chief said that the Iowa MVE would develop and maintain a log of equitable sharing requests as required by the 2009 Equitable Sharing Guide.

Use of Equitably Shared Resources

Generally, the 2009 Equitable Sharing Guide requires that equitable sharing funds received by state and local agencies be used for law enforcement purposes. However, under certain circumstances, up to 15 percent of equitable sharing revenues may be used for the costs associated with nonprofit community-based programs or activities, such as drug abuse treatment, drug and crime prevention education, and housing and job skills programs. Law enforcement agencies can transfer cash to another law enforcement agency.

Use of Equitably Shared Funds

The MVE expended DOJ equitable sharing funds totaling funds totaling \$45,142 in FY 2010, \$98,869 in FY 2011, and \$524,515 in FY 2012 through January 31, 2012. We judgmentally selected and tested 10 transactions, totaling \$569,566 or 85 percent of the total received, to determine if the

⁵ E-Share is the United States Marshals Service program used to make equitable sharing payments to federal, state, and local law enforcement agencies through electronic funds transfer. An e-mail payment notification is sent to the participating agency within 5 business days after the funds are deposited in the recipient's bank account.

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

expenditures of DOJ equitable sharing funds were allowable and supported by adequate documentation. We determined that \$155,237 of the sampled transactions were for the purchase of equipment and supplies, \$14,328 were training and travel expenditures, and one transaction was a transfer of \$400,000 to the State of Iowa Law Enforcement Academy. Based on our review of supporting documentation provided by MVE, we determined that its DOJ equitable sharing fund expenditure transactions were supported by adequate documentation and were used for law enforcement purposes.

We judgmentally selected approximately 10 percent of the equipment and supplies purchased to verify the purchases were being used for an allowable purpose and in the possession of the employee to whom they were assigned. To determine the permissible use and possession of the sampled equipment and supplies, we identified the MVE law enforcement personnel to whom the purchased equipment and supplies were assigned and requested the employees confirm their possession of the equipment or supplies assigned to them.

We received 37 letters in response to 37 requests for confirmation of possession of equipment and supplies sent, which is a 100 percent response rate. Each of the 37 responses received confirmed the employees' possession of the equipment and supplies assigned to them. In our judgment, this confirmation rate demonstrates that equipment and supplies purchased with DOJ equitable sharing funds were in the possession of the employees to whom they were assigned. Further, there was no indication the equipment was being used for other than allowable law enforcement purposes.

Use of Equitably Shared Property

The 2009 Equitable Sharing Guide requires that any forfeited tangible property transferred to a state or local agency for official use must be used for law enforcement purposes only. Further, vehicles and other tangible property transferred for official law enforcement use must be used accordingly for at least 2 years. However, if the property becomes unsuitable for such stated purposes before the end of the 2-year period, it may be sold with approval from AFMLS and the proceeds deposited in the agency's DOJ equitable sharing revenue account. During FYs 2010, 2011, and through January 31, 2012, the Iowa MVE did not receive any forfeited tangible property.

Supplanting

The 2009 Equitable Sharing Guide also requires that shared resources be used to increase or supplement the resources of the recipient agency and prohibits the use of shared resources to replace or supplant the appropriated resources of the recipient. To test whether equitable sharing funds were used to supplement rather than supplant local funding, we reviewed the Iowa MVE's local budgets for FYs 2009 through 2012 and sampled FY 2011 and FY 2012 expenditures.

Through our review of the Iowa MVE's budget documents, we found that Iowa MVE's total budgeted appropriations decreased by \$191,000 from FY 2011 to FY 2012. However, through our review of the Iowa Department of Transportation's budget documents and interview with the Department of Transportation Budget Analyst, we determined the decrease was the result of statewide budget reductions. Further, our testing of sampled expenditure transactions did not reveal any evidence of supplanting. Therefore, we concluded DOJ equitable sharing funds were not used to supplant Iowa MVE's budget.

Views of Responsible Officials

We discussed the results of our review with Iowa MVE officials throughout the audit and at a formal exit conference. Their input on specific issues has been included in the appropriate sections of the report.

Recommendations

We recommend that the Assistant Attorney General, Criminal Division:

1. Ensure that the Iowa MVE separately accounts for DOJ equitable sharing funds in its official accounting records.
2. Ensure that the Iowa MVE strengthens its accounting procedures to ensure that it accurately accounts for DOJ equitable sharing funds.
3. Ensure that the Iowa MVE submits all required Equitable Sharing Agreement and Annual Certification Reports in a timely manner.
4. Ensure that the Iowa MVE accurately reports DOJ equitable sharing program expenditures on its Schedule of Expenditures of Federal Awards.

OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of the audit were to assess whether equitably shared cash and property received by the requesting agency were accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines. We tested compliance with what we considered to be the most important conditions of the DOJ equitable sharing program. We reviewed laws, regulations, and guidelines governing the accounting for and use of DOJ equitable sharing receipts, including the Guide to Equitable Sharing for State and Local Law Enforcement Agencies, dated April 2009. Unless otherwise stated in our report, the criteria we audit against are contained in these documents.

Scope and Methodology

Our audit concentrated on, but was not limited to, equitable sharing funds received by the Iowa MVE from July 1, 2009, through January 31, 2012. During this period, the Iowa MVE received \$1,928,379 and expended \$668,526 in DOJ equitable sharing funds. We tested all four DOJ equitable sharing receipts and judgmentally selected a sample of 10 expenditure transactions, totaling \$569,566, for testing. Judgmental sampling design was applied to obtain broad exposure to numerous facets of the disbursements reviewed, such as dollar amounts and cost categories. This non-statistical sample design does not allow projection of the test results to all disbursements.

We performed audit work at the Iowa MVE office located in Ankeny, Iowa and at the Iowa Department of Transportation Office of Finance, located in Ames, Iowa. We interviewed Iowa MVE and Department of Transportation, Office of Finance officials and examined records of federal asset forfeiture revenues and expenditures of DOJ equitable sharing revenues received by the Iowa MVE.

We relied on computer-generated data contained in the DOJ Consolidated Asset Tracking System for determining equitably shared revenues and property awarded to the Iowa MVE during the audit period

We did not establish the reliability of the data contained in the Consolidated Asset Tracking System as a whole. However, when the data used is viewed in context with other available evidence, we believe the opinions, conclusions, and recommendations included in this report are valid.

In planning and performing our audit, we considered internal controls established and used by the Iowa MVE over DOJ equitable sharing receipts to accomplish our audit objectives. We did not assess the reliability of the Iowa MVE financial management system or internal controls of that system or otherwise assess internal controls and compliance with laws and regulations for the state of Iowa as a whole.

Our audit included an evaluation of the State of Iowa's FY 2009 and 2010 Single Audits. The Single Audit Reports were prepared under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor's report, which disclosed no control weaknesses or significant noncompliance issues related specifically to the Iowa MVE.

In addition to the Single Audit, we also examined the audits conducted by the Iowa Auditor of State, who is responsible for auditing Iowa counties, cities, school districts and other governmental subdivisions and providing guidelines to CPA firms performing such audits. We reviewed the Iowa Auditor of State audit reports related to the Iowa MVE for the period of FY 2004 through FY 2010 and determined that none of the findings directly affected the Equitable Sharing Program.

AUDITEE RESPONSE



Iowa Department of Transportation

Office of Motor Vehicle Enforcement
6310 SE Convenience Blvd., Ankeny, IA 50021

Voice: 515-237-3219
FAX: 515-237-3387

September 13, 2012

Carol S. Taraszka
Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
Chicago Regional Audit Office
500 West Madison Street, Suite 1121
Chicago, IL 60661-2590

Dear Ms. Taraszka:

Thank you for your letter dated September 6, 2012 requesting a response to the Draft Audit Report for inclusion in the Final Audit Report.

Listed below are the actions taken:

1. The Iowa MVE did not separately account for DOJ equitable sharing receipts, expenditures, and interest income earned on DOJ equitable sharing fund received during FY2012.

Response: MVE was unaware of the need to create two separate accounts—one for DOJ and one for Treasury. MVE has resolved the issue at hand by creating separate accounts and distributing correct deposits/interests for each respective account (see Attachments 1, 2 and 3).

2. Ensure that the Iowa MVE strengthens its accounting procedures to ensure that it accurately accounts for DOJ equitable sharing funds.

Response: Equipment was ordered and was not relayed to person responsible for tracking DOJ funds. In the future, notification will be sent of any requests to Chief Lorenzen and Janet Lawrence. Upon approval, log will be kept of any requests and tracked.

Carol S. Taraszka
Page 2
September 13, 2012

3. Ensure that the Iowa MVE submits all required Equitable Sharing Agreement and Annual Certification Reports in a timely manner.

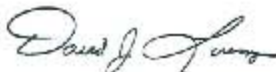
Response: The 2010 Equitable Sharing Agreement and Certification was submitted in a timely manner. Instead of checking "Existing Participant", "Amended Form" was selected. The Affidavit was signed and dated August 30, 2010 (see Attachment 4).

The incorrect month was submitted, wrong entries were typed, and additional interest was received after the form was submitted, which required a new "Amended Form" be submitted on September 27, 2010 (see Attachment 5).

4. Ensure that the Iowa MVE accurately reports DOJ equitable sharing program expenditures on its Schedule of Expenditures of Federal Awards.

Response: The DOT Office of Finance will report the DOJ equitable sharing program expenditures on the Schedule of Expenditures of Federal Awards for fiscal year ending June 30, 2012.

Sincerely,



Chief David J. Lorenzen
Office of Motor Vehicle Enforcement

DJL:jdl

cc: Jennifer Shasky Calvery, Chief – USDOJ/Criminal Division
Tim Virtue, Deputy Chief – USDOJ/Criminal Division
Denise Turcotte, Audit Liaison, CRM – USDOJ
Louise M. Duhamel, Ph.D., Acting Assistant Director, Audit Liaison Group – USDOJ
Dominic Gagliardi, USDOJ
Steve Betzner, Program Analyst - USDOJ
Mark Lowe, Director – Iowa DOT/Motor Vehicle Division
Ronald Juelfs, Director – Iowa DOT/Office of Finance
Cheryl Williams, Iowa DOT/Office of Finance

**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO RESOLVE THE REPORT**

The OIG provided a draft of this audit report to the Criminal Division and the Iowa MVE. The Iowa MVE's response letter is incorporated in Appendix II of this final report. The Iowa MVE's response included several attachments that we did not include in this report due to their length.

The audit recommendations are unresolved because the Criminal Division declined to provide comments on the draft report. The following provides the OIG analysis of the Iowa MVE's response and a summary of actions necessary to resolve each report recommendation.

Recommendation Number:

1. **Unresolved.** The Iowa MVE concurred with our recommendation to separately account for DOJ equitable sharing funds in its official accounting records. The Iowa MVE stated that it was unaware of the need to create separate accounts for DOJ and Department of the Treasury funds, but that it has resolved the issue by creating separate accounts and distributing correct deposits and interest for each account. The Iowa MVE also provided documentation of these actions.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action planned to address the recommendation.

2. **Unresolved.** The Iowa MVE concurred with our recommendation to strengthen its accounting procedures to ensure that it accurately accounts for DOJ equitable sharing funds. The Iowa MVE stated that equipment was ordered and was not relayed to the person responsible for tracking DOJ funds. The Iowa MVE further stated that in the future, notification of any requests will be sent to appropriate officials and, upon approval, a log will be kept of any requests.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action planned to address the recommendation.

3. **Unresolved.** The Iowa MVE concurred with our recommendation to submit all required Equitable Sharing Agreement and Annual Certification Reports in a timely manner. The Iowa MVE stated that while the 2010 Report was submitted in a timely manner on August 20, 2010, an incorrect box was checked. The Iowa MVE also provided a copy of this report. The Iowa MVE also provided a copy of the amended and corrected report it submitted on September 27, 2010.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action planned to address the recommendation.

4. **Unresolved.** The Iowa MVE concurred with our recommendation to accurately report DOJ equitable sharing program expenditures on its Schedule of Expenditures of Federal Awards. The Iowa MVE stated that it will report DOJ equitable sharing expenditures on the Schedule of Expenditures of Federal Awards for the fiscal year ending June 30, 2012.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action planned to address the recommendation.