

**NARCOTICS INTERDICTION:
Treasury Forfeiture Fund
Reimbursements to Puerto Rico**

OIG-01-095

September 26, 2001



Office of Inspector General

The Department of the Treasury

Contents

Audit Report	3
Results in Brief.....	4
Background.....	5
Findings and Recommendations.....	7
Difference in EOAF and Local Agency Overtime Hours	7
Recommendations	9
EOAF Overtime Reimbursements Made Prior To Local Agency Payments.....	9
Recommendation.....	11
The Puerto Rico Treasury Commingled and Delayed Transfer of EOAF Payments	11
Recommendation.....	12
Non-Permissible Use of Vehicles Purchased With Treasury Forfeiture Fund Assets.....	13
Recommendation.....	14

Appendices

Appendix 1:	Objectives, Scope, and Methodology.....	16
Appendix 2	Summary of Overtime Hours Paid By Local Puerto Rico Agencies Versus EOAF Reimbursements.....	18
Appendix 3:	Underpayment of Hours by LEAs.....	19
Appendix 4:	Management Comments	20
Appendix 5:	Major Contributors to This Report.....	22
Appendix 6:	Report Distribution.....	23

Contents

Abbreviations

EOAF	Executive Office for Asset Forfeiture
FY	Fiscal Year
HACIENDA	Departamento de Hacienda (Puerto Rico Treasury)
LEA	Law Enforcement Agency
NIE	Negociado de Investigaciones Especiales
OCDETF	Organized Crime Drug Enforcement Task Force
OIG	Office of Inspector General
PRPD	Puerto Rico Police Department
TFF	Treasury Forfeiture Fund

*The Department of the Treasury
Office of Inspector General*

September 26, 2001

Mr. Raymond M. Dineen
Director
Executive Office for Asset Forfeiture

The Treasury Forfeiture Fund (TFF) was established in 1992 to replace the U.S. Customs Service Forfeiture Fund, becoming the Department of the Treasury's counterpart to the Department of Justice Assets Forfeiture Fund. All law enforcement organizations within Treasury participate, and also the U. S. Coast Guard, which historically participated in the Customs fund. The TFF reimburses state and local Law Enforcement Agencies (LEAs) for overtime salary expenses associated with their participation in a joint operation Task Force. Additionally, TFF provides equitable sharing payments to these agencies for work done that led to a forfeiture.

A significant benefit of the fund is its contribution to strengthening the overall law enforcement capabilities of fund participants and enhancing cooperation among foreign, federal, state and local LEAs through the equitable sharing of forfeited assets.

We conducted an audit of the above program at your request in a memorandum dated February 18, 2000. The overall objective of this audit was to determine if the TFF reimbursements to the Puerto Rico Treasury were valid, properly controlled, and used in accordance with Executive Office for Asset Forfeiture (EOAF) requirements. We conducted our work from May 2000 through February 2001 at EOAF Headquarters in Washington, DC; Customs Special Agent-In-Charge Office (SAIC); Puerto Rico Police Department (PRPD); Puerto Rico Treasury also known as the Departamento de Hacienda (Hacienda); and the Negociado de Investigaciones Especiales (NIE), all located in San Juan, Puerto Rico. A more detailed description of our objective, scope and methodology is provided as Appendix 1.

Results in Brief

Our review disclosed that the Hacienda, PRPD and NIE had not properly controlled, used and accounted for EOAF reimbursements. Discrepancies found were mostly bookkeeping and procedural. No one discrepancy was material in and of itself. However, the cumulative effect of all the discrepancies needs to be addressed and the necessary corrective actions taken by the LEAs and EOAF.

The Puerto Rico LEAs paid their agents for overtime hours that were different from those reimbursed by EOAF. The LEAs did not pay agents approximately \$4,598 in funds provided by EOAF. Conversely, these agencies also paid for 2,331 hours overtime that were not reimbursed by EOAF. In addition, we documented many instances when local agents were paid from 2 to 20 months after the overtime was worked and requested reimbursements were paid by EOAF.

We identified that EOAF reimbursements made to the LEAs were deposited into a Puerto Rico Treasury general fund suspense account along with other Puerto Rico Treasury receipts, without a way to specifically identify revenue accounts. As a result, EOAF payments were commingled and disbursements by the Puerto Rico Treasury to the local LEAs were delayed. Further, our physical observation of selected items purchased with TFF funds disclosed that four vehicles were used for non-enforcement purposes.

The aforementioned conditions are the result of the LEAs failure to:

- use the certified hours from the Treasury reimbursement document as their source for input into their payroll system,
- comply with signed agreements that dictate timely payments of their agents,
- establish the proper accounting mechanism to track TFF funds, and
- adhere to the permissible use of assets purchased with TFF funds.

We made recommendations to address the problems we identified. These included ensuring that the Puerto Rico LEAs comply with their signed agreements to pay overtime to their agents; make overtime payments in a timely manner; establish the proper accounting mechanism to track TFF funds; and, follow guidelines for the permissible use of assets purchased with TFF funds.

EAAF management agreed to instruct the Puerto Rico LEAs to comply with signed agreements regarding the payment of overtime; establishment of separate accounts to identify and account for TFF funds; and, adhere to the permissible use of policy for assets purchased with equitable shared monies.

We believe that completion of these corrective actions will strengthen the Treasury Forfeiture Fund Reimbursement Program in Puerto Rico. The complete text of EAAF's response is provided in Appendix 3.

Background

On October 6, 1992, Congress enacted legislation establishing the TFF to replace the U.S. Customs Service Forfeiture Fund. The new fund became the Treasury's counterpart to the Department of Justice Assets Forfeiture Fund. All law enforcement organizations within Treasury participate. The U. S. Coast Guard, which historically participated in the Customs fund, is also a fund participant. As of October 1, 1993, the TFF reimburses state and local LEAs for overtime salary expenses associated with their participation in a joint operation Task Force. A more significant benefit of the fund is its contribution to strengthening the overall law enforcement capabilities of fund participants and enhancing cooperation among foreign, federal, state and local LEAs through the equitable sharing of forfeited assets from joint operations.

Money from the TFF may be used to pay reimbursable costs incurred by local, county, and state LEAs when their members participate in joint operations with Treasury LEAs. Reimbursement payments are authorized for overtime salaries, travel, fuel, training, equipment, and other similar costs incurred in a joint law enforcement operation.

The following general guidelines are applicable to this policy.

- The costs to be funded must be costs of a *local, county or state law enforcement officer*. This authority *does not* include costs of federal personnel, private parties, administrative personnel, or other local, county or state officials who are not classified as “law enforcement officers.” It will, however, include permissible costs incurred by local state prosecutors.
- The local, county or state law enforcement officer(s) must be involved in a *joint law enforcement operation* with the federal government. Not all-joint activity is a “joint operation.” A more detailed definition of “joint” operation is presented below. All costs to be funded must be directly related to the joint law enforcement operation.
- The joint law enforcement operation must be with a Treasury law enforcement agency participating in the TFF. At this time, this policy covers joint operations, including Organized Crime Drug Enforcement Task Force (OCDETF) cases, where the Treasury law enforcement agency is the lead or sole federal agency. The Treasury LEAs are:
 - a) Bureau of Alcohol, Tobacco and Firearms;
 - b) Internal Revenue Service, Criminal Investigation Division;
 - c) United States Customs Service; and
 - d) United States Secret Service.
- Payments can only be used for those expenses that are authorized by statute. It is clear that the statute does not authorize payment of regular salaries of local, county, or state officers, whether directly or indirectly.

Payments may be made to the extent they are included in the Treasury law enforcement agency’s Fiscal Year (FY) Plan, and the monies are available within the fund to satisfy the request. As a general rule, the reimbursable payment of overtime costs incurred by local, county or state LEAs participating in a Treasury law enforcement agency investigation shall be limited to \$13,000 per FY, per officer.

EOAF overtime payments and asset sharing distributions made to the Puerto Rico agencies are summarized in the following table:

Table 1. EOAF Payments and Distributions

	FY 1997	FY 1998	FY 1999	TOTAL
Overtime Reimbursements	\$ 39,496	\$213,308	\$304,428	\$ 557,232
Asset Sharing Payments	637,163	348,164	69,385	1,054,712
TOTALS	\$676,659	\$561,472	\$373,813	\$1,611,944

Findings and Recommendations

Finding 1 **Difference in EOAF and Local Agency Overtime Hours**

The Puerto Rico LEAs paid their agents for overtime hours that differed from those hours requested and subsequently reimbursed by the EOAF. The differences occurred primarily because the LEAs did not pay the agents for the same overtime hours that were approved, certified, and later submitted on the Treasury reimbursement document.

EOAF Directive 18 (revised October 1995) states: *“...money from the TFF may be used to pay reimbursable costs incurred by local, county, and state police law enforcement agencies when their members participate in joint operations with Treasury law enforcement agencies. Overtime salaries and other similar costs incurred in a joint law enforcement operation will be authorized for payment.”*

The Agreement Between Treasury LEAs and Local, County and State LEAs for the Reimbursement of Expenses signed by the local agency heads states: *“The Treasury Asset forfeiture fund will reimburse the agency for approved overtime costs and authorized travel and per diem expenses for personnel assigned to the Task Force. The Agency is responsible for paying its employees for their overtime, travel and per diem expenses. To ensure proper and complete utilization of*

overtime and expense allocations, reimbursement claims must be submitted monthly on the Reimbursement Request Form.” Further, the agreement states: “The Agency acknowledges that they remain fully responsible for their obligations as the employer of the officer(s) assigned to the task force and are responsible for the payment of overtime earnings, withholdings, insurance coverage and all other requirements by law, regulation, ordinance or contract regardless of the reimbursable overtime charges incurred.”

We found that the differences in overtime hours paid to the agents by the Puerto Rico local agencies were a routine occurrence. On an operation-by-operation basis, there was no logic as to how many overtime hours were over/underpaid by the local agencies. Sometimes it was more; other times it was less. However, as depicted in the chart in Appendix 2, the EOAF made reimbursements on 5 operations for 345.20 hours that were not paid by the LEAs to their agents. Based on EOAF payment records, the average hourly rate for all operations was \$13.32. Using this average, approximately \$4,598 was misused by Puerto Rico LEAs. These funds could have been put to better use by the EOAF if they were not to be used by the LEAs for overtime. See Appendix 3 for a summary analysis of the 5 operations that involved underpayments.

Also, based on our review of 16 joint law enforcement operations for FY 1997, 1998, and 1999 involving the Hacienda, NIE and PRPD, the net result was that the local agencies overpaid their agents for 2,331 hours of overtime. See Appendix 2 for a summary analysis of the underpayment differences of hours reimbursed by EOAF and those paid by the LEAs. The net overpayment of 2,331 hours by the LEAs is of no negative financial consequence to the TFF.

To maintain consistency and program integrity it is imperative that corrective actions are taken by Puerto Rico LEAs payroll divisions to pay their agents for the same number of hours that are later certified by the supervisor, local law enforcement agency head, and the Treasury agency head. At exit conferences with the local agency heads we suggested and they concurred that their payroll divisions use the hours from the Treasury reimbursement document as their source for input.

Recommendations

1. The Director of the EOAF should instruct the Puerto Rico LEAs to comply with their signed agreements and to pay overtime certified on the Treasury reimbursement document.

Management Comment. EOAF management concurred with our recommendation and will instruct the Puerto Rico agency heads that they must comply with the signed agreements and pay the overtime that is certified on the Treasury reimbursement document.

OIG Comment. The OIG believes the corrective actions taken or planned address the intent of the recommendation.

2. The Director of the EOAF should request that the LEAs either reimburse the TFF for the \$4,598 or make the appropriate payments to the agents.

Management Comment. EOAF management agreed to instruct the LEAs to pay their agents the funds that were reimbursed by the Treasury Forfeiture Fund. However, they do not agree that any action should be taken with regards to the \$4,598.00 since this is an estimate.

OIG Comment. The OIG believes the corrective actions taken or planned address the intent of the recommendation.

Finding 2

EOAF Overtime Reimbursements Made Prior to Local Agency Payments

We found that Puerto Rico local law enforcement agents were being paid from 2 to 20 months after the overtime was worked and the requested reimbursements were submitted by the Puerto Rico local agencies to the EOAF. We reviewed a total of 16 operations and 715 payroll records for FYs 1997, 1998, and 1999. (See Table 2 below).

Table 2. Break Down of Payroll Records by Agency

Law Enforcement Agency	Number of Payroll Records
Departamento de Hacienda	112
NIE	155*
Puerto Rico Police Department	448
Total Payroll Records	715

*As of the end of our fieldwork, February 2001, the NIE had not provided us with 6 of the 155 payroll documents we requested. Further, NIE had not provided an explanation for the six missing payroll documents.

EOAF *Directive 18* states that money from the TFF may be used to pay *reimbursable* costs incurred by local, county, and state police law enforcement agencies when their members participate in joint operations with Treasury law enforcement agencies. Also, each participating local, county, or state law enforcement agency shall submit on agency letterhead *certified as accurate* copies of payroll records, or statements of overtime costs incurred, to support the request for reimbursement to the lead Treasury law enforcement agency for review and authorization for payment. It is also clear that the statute does not authorize the payment of direct salaries of law enforcement agencies.

We reviewed 112 payroll records from the Hacienda. Payments to the respective law enforcement agents were made 2 to 10 months after the overtime was worked. The majority of these payments were made between 3 and 5 months later. Our review of 155 of 161 payroll records from the NIE disclosed that payments to agents were made from 2 to 20 months after the overtime work was performed. The majority of the 155 payments occurred between 4 and 7 months later. In addition, of the 448 PRPD payroll records we reviewed, in 99 instances their agents were paid 2 to 10 months after the overtime was worked. Delays in these payments were evenly spread over the 2 to 10 month period.

We documented that the Hacienda, NIE and PRPD had submitted requests for reimbursements to the EOAF for overtime expenses prior to payments being made to their agents. We interviewed human resource personnel within the three LEAs regarding the late payments. They could not provide us with valid explanations as to why the payroll

records and corresponding payments were untimely processed. The EOAF reimbursements were used inappropriately as the equivalent of a float of funds by the Puerto Rico LEAs.

Recommendation

1. The Director of the EOAF should inform the local LEAs and participating Treasury bureaus that overtime payments are not being made timely. Also, the Director of the EOAF should instruct the LEAs to comply with signed agreements that dictate timely payments.

Management Comment. EOAF management concurred with the OIG recommendation and will instruct Treasury law enforcement agencies to ensure that requests for reimbursements comply with the signed agreements.

OIG Comment. The OIG believes the corrective actions taken or planned address the intent of the recommendation.

Finding 3

The Puerto Rico Treasury Commingled and Delayed Transfer of EOAF Payments

The Hacienda's use of general suspense accounts for the deposit of overtime and asset sharing payments, without a way to specifically identify revenue accounts, has resulted in EOAF payments being commingled with other Puerto Rico government receipts.

The Hacienda deposits EOAF reimbursements for overtime and asset sharing payments into general suspense accounts. This is contrary to Treasury's *Guideline to Equitable Sharing*, dated October 1, 1996, which requires the establishment of a separate revenue account solely for the use of the Treasury sharing proceeds. Additionally, the process to identify the appropriate local law enforcement agency due the payments is neither timely nor efficient. This process has also contributed to delayed disbursements of EOAF receipts.

We found, in one example, 26 asset sharing payments to the PRPD for approximately \$1,054,727 that had been held in the Hacienda's suspense account from 1 to 11 months before it was transferred to the PRPD. The NIE, in another example, was reimbursed overtime

payments of \$121,571 by the EOAF for five joint operations between FY 1997 and FY 1999. As of the end of audit fieldwork in February 2001, the Hacienda had not transferred \$99,282 to the appropriate NIE account. The following table provides a summary of the NIE reimbursements and receipts.

Table 3. NIE Reimbursements and Receipts

Operation Number	Total Overtime Reimbursements	Overtime Reimbursement Receipts Documented by NIE	Overtime Reimbursement Receipts <u>Not</u> Documented by NIE
9465	\$30,000	\$ -0-	\$30,000
8527	38,807	-0-	38,807
9047	30,289	12,510	17,779
8017	17,475	9,779	7,696
7049	5,000	-0-	5,000
TOTALS	\$121,571	\$22,289	\$99,282

The commingling of funds and their delayed transfer by the Puerto Rico Treasury resulted in the inability to track and account for TFF funds, and ultimately their misuse. In our opinion, the Puerto Rico Treasury should establish separate accounts for each local agency for TFF payments. Also, the Hacienda should transfer the TFF payments to the local LEAs immediately upon receipt.

Recommendation

1. The Director of the EOAF should instruct the Hacienda and the local LEAs to establish the proper accounting mechanism to track TFF funds.

Management Comment. EOAF concurred with the OIG finding that Treasury funds should not be commingled with the funds of a local agency. EOAF will instruct the Puerto Rico agencies to establish either a separate bank account or a separate accounting code to identify and account for Treasury equitable sharing monies.

OIG Comment. The OIG believes the corrective actions taken or planned address the intent of the recommendation.

Finding 4**Non-permissible Use of Vehicles Purchased With Treasury Forfeiture Fund Assets**

Generally, purchases of equipment and vehicles with TFF funds were for permissible law enforcement purposes. However, we found that 4 of 20 vehicles in our sample were being used for non-law enforcement purposes.

We physically verified the locations of 114 sample items and determined if items that were purchased were for permissible law enforcement purposes. The judgmental sample of PRPD and Hacienda purchases consisted of TFF assets from FY 1998 and FY 1999. Our sample included 108 PRPD items as follows:

Table 4. PRPD Sample Items

ITEMS	QUANTITY
RADIOS	26
CAMERAS	48
VEHICLES	20
OTHER MISC	14
TOTAL	108

In addition to the items above, we selected a sample of six Hacienda items as follows:

Table 5. Hacienda Sample Items

ITEMS	QUANTITY
RECORDER	1
COMPUTER CASE	1
ECONOMY CASE	1
LUGGAGE CART	1
GYMNASIUM RENTAL *	1
CONFERENCE	1
TOTAL	6

*Note: The gymnasium rental was one contract that included payment for 17 months.

The vast majority of the items were appropriately purchased and used. However, we determined that four vehicles purchased by the PRPD with TFF funds were being used to transport Puerto Rico's governor, ex-governor, superintendent, and ex-superintendent of police. Treasury's *Guideline to Equitable Sharing*, revised October 1, 1996, shared cash or proceeds of forfeited property must be used for law enforcement purposes, and the use of shared funds for political or personal purposes is not permissible.

In our opinion, the transporting of government officials does not qualify as permissible use of TFF assets. The use of TFF assets is intended to strengthen the overall law enforcement capability of fund participants, and any improper use of assets such as these four vehicles only serves to undermine the goals and integrity of the equitable sharing program.

At the exit conference, the Chief of Police for the PRPD agreed to transfer the vehicles for law enforcement use.

Recommendation

1. The Director of the EOAF should remind the PRPD of the non-permissible use of assets purchased with TFF funds as outlined in

the Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local LEAs.

Management Comment. EOAF management agreed with the proposed action by the PRPD chief of police to transfer the use of the vehicles, although EOAF believes that the use of the vehicles is a judgment call. They agree that actions to transfer the vehicles for less questionable law enforcement use will more clearly comply with the Treasury equitable sharing guidelines.

OIG Comment. The OIG believes the corrective actions taken or planned address the intent of the recommendation.

* * * * *

We would like to extend our appreciation to EOAF, Customs, and personnel from the Puerto Rico LEAs for the cooperation and courtesies extended to our staff during the review. If you have any questions, please contact me at 713-706-4611 or the Field Audit Manager, at 305-591-0959. Major contributors to the report are listed in Appendix 5.

George W. Tabb
Regional Inspector General for Audit

Appendix 1 Objectives, Scope, and Methodology

The overall objective of this audit was to determine if TFF reimbursements to the Puerto Rico Treasury, also known as the Departamento de Hacienda, were valid, properly controlled, and used in accordance with statutory requirements. To achieve this objective we determined:

- If there were valid agreements between federal and participating LEAs. Also, whether any other required certifications were on file,
- If the operations for which reimbursements were made qualified as joint operations, and
- If there were reimbursements made to the Hacienda. If so, for how much, when and for what purpose.

We reviewed all related TFF policies and guidelines regarding payments, use of reimbursable funds, and all accounting records for which reimbursements were made to the Puerto Rico Treasury from FY 1997 through FY 1999. The audit fieldwork was conducted at the EOAF Headquarters in Washington, D.C.; Customs SAIC Office, PRPD, Puerto Rico Treasury (Hacienda), Negociado de Investigaciones Especiales (NIE), all located in San Juan, Puerto Rico. All audit steps were coordinated and performed in conjunction with special agents of the Office of Inspector General. Although the audit primarily focused on overtime reimbursements and asset sharing disbursements to Puerto Rico agencies, the audit included:

- interviewing personnel responsible for the requisition, reimbursement, and expenditure of forfeiture funds;
- obtaining, reviewing, documenting policies, procedures, and all related accounting records from initial request through reimbursement and expenditures;
- determining if policies and procedures were adhered to and if funds were used per statutory requirements; and,

Appendix 1
Objectives, Scope, and Methodology

- physically verifying the existence and law enforcement use of purchases made with TFF assets.

The audit fieldwork was performed from May 2000 through February 2001 in accordance with generally accepted government auditing standards.

Appendix 2
 Summary of Overtime Hours Paid By Local Puerto Rico Agencies
 Versus EOAF Reimbursements

	1	2	3
Operation Number	Hours Paid By Agencies	Hours Reimbursed By EOAF	Overpayment / Underpayment(-) By Agencies
Hacienda			
7053	979.75	800.50	179.25
8016	1886.97	1850.20	36.77
9049	8613.80	8218.63	395.17
NIE			
7049	424.55	321.00	103.55
8017	1196.25	1181.00	15.25
8527	3040.10	3042.10	-2.00
9047	2153.96	2141.00	12.96
9465	1985.50	1974.50	11.00
PRPD			
7050	519.00	311.50	207.50
7051	1292.00	726.00	566.00
7052	2085.00	1013.50	1071.50
8019	4133.50	4055.00	78.50
8020	2084.00	2119.50	-35.50
8021	2059.10	2200.00	-140.90
8400	2254.50	2361.50	-107.00
9048	13286.00	13345.80	-59.80
TOTALS	47993.98	45661.73	2331.25

Column 3 = Column 1 minus Column 2

Appendix 3
Underpayment Of Hours By LEAs

The potential funds put to better use for Finding 1, Recommendation 2 relates to the Puerto Rico LEAs paying their agents for overtime hours that were less than the correctly certified hours that were reimbursed by the EOAF. The potential funds put to better use are a one time occurrence involving five operations between fiscal years 1998 and 1999. The differences in hours paid and the related operations are outlined below.

Operation Numbers	1 Hours Paid by LEAS	2 Hours Reimbursed by EOAF	3 Overpayment/ Underpayment (-) by LEAS
NIE 8527	3,040.10	3,042.10	(2.00)
PRPD 8020	2,084.00	2,119.50	(35.50)
8021	2,059.10	2,200.00	(140.90)
8400	2,254.50	2,361.50	(107.00)
9044	13,286.00	13,345.80	(59.80)
Total	22,723.70	23,068.90	(345.20)

Column 3 = Column 1 minus Column 2

Appendix 4
Management Comments



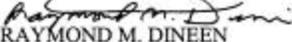
DEPARTMENT OF THE TREASURY
OFFICE OF THE UNDER SECRETARY FOR ENFORCEMENT

EXECUTIVE OFFICE FOR ASSET FORFEITURE
740 15TH ST. N.W. WASHINGTON, D.C. 20220

TELEPHONE: (202) 622-9600
FAX: (202) 622-9610

SEP 18 2001

MEMORANDUM FOR GEORGE W. TABB
REGIONAL INSPECTOR GENERAL FOR AUDIT

FROM: 
RAYMOND M. DINEEN
DIRECTOR

SUBJECT: Response to the Draft Audit Report on Treasury Forfeiture
Fund Reimbursement to Puerto Rico

This responds to your recent memorandum regarding the draft report on the audit of reimbursements and equitable sharing payments to Puerto Rico law enforcement agencies. The Executive Office for Asset Forfeiture (EOAF) agrees with the audit findings that Treasury policies and procedures were not followed by the Hacienda, Puerto Rico Police Department (PRPD), and the Negociado de Investigaciones Especiales (NIE) when reimbursing agents for overtime hours. Additionally, these agencies did not comply with signed agreements and Treasury's guidelines when requesting, controlling, and accounting for overtime reimbursements and equitable sharing payments.

EOAF's position on each of the OIG specific findings and recommendations is enumerated in the following responses.

Finding 1, Recommendation 1: Difference in EOAF and Local Agency Overtime Hours. EOAF concurs with this suggestion and will instruct the Puerto Rico agency heads that they must comply with the signed agreements and pay the overtime that is certified on the Treasury reimbursement document. As to Recommendation 2, the Puerto Rico agencies will also be instructed to pay their agents the funds that were reimbursed by the Treasury Forfeiture Fund. However, we do not agree that a figure of \$4,598 should be cited, since this is an estimate.

Finding 2, Recommendation 1: EOAF Overtime Reimbursements were made prior to Local Agency Payments. EOAF concurs with the OIG recommendation and will instruct Treasury law enforcement agencies to ensure that requests for reimbursements comply with the signed agreements.

Appendix 4 Management Comments

Finding 3, Recommendation 1: The Puerto Rico Treasury Commingled and Delayed Transfer of EOAF Payments. EOAF concurs with the OIG finding that Treasury funds should not be commingled with the funds of a local agency. EOAF will instruct the Puerto Rico agencies to establish either a separate bank account or a separate accounting code to identify and account for Treasury equitable sharing monies.

Finding 4, Recommendation 1: Non-permissible Use of Vehicles Purchased with Treasury Forfeiture Fund Monies. EOAF considers the four vehicles that were purchased with equitably shared monies and used to transport the governor, ex-governor, and the superintendent and ex-superintendent of police as a judgement call when determining the law enforcement purpose. However, since the report indicates that the PRPD Chief of Police agreed to transfer the use of these vehicles, EOAF believes this measure complies with Treasury equitable sharing guidelines.

EOAF will send the Puerto Rico law enforcement agencies a letter instructing them to implement measures to comply with Treasury policies and guidelines for overtime reimbursements and equitable sharing payments. Effective immediately, overtime reimbursements and equitable sharing with the Hacienda, PRPD, and NIE will be suspended until EOAF has received a written corrective action plan.

We appreciate the extensive time and effort that your staff put into the audit and the issuance of the draft report. If you have questions regarding our response, please contact Assistant Directors William Gonzalez or Eric Hampl at (202) 622-9600.

Appendix 5
Major Contributors to this Report

George W. Tabb, Regional Inspector General for Audit (Southern)
Ethel Taylor-Young, Acting Field Audit Manager (Miami)
Ken Coleman, Audit Manager (Houston)
Denny Kallusingh, Auditor-in-Charge
Linda J. Howarton, Auditor
Julia Fleisher, Auditor
Alejandro Hernandez, Auditor

The Department of the Treasury

Office of Strategic Planning and Evaluations
Office of Accounting and Internal Control
Office of Budget

Treasury Executive Office of Asset Forfeiture

Director EAOF
Program Manager EOAF

U. S. Customs Service

Special Agent-in-Charge (SAIC), Puerto Rico
Director, Evaluations Oversight, Office of Planning

Office of Management and Budget

OIG Budget Examiner