

# GAO Highlights

Highlights of [GAO-14-318](#), a report to the Ranking Member, Committee on Homeland Security, House of Representatives

## Why GAO Did This Study

Every year, DHS components seize millions of dollars in assets during investigations and other activities and contribute forfeited proceeds to the Treasury Forfeiture Fund. Treasury manages the fund, which held about \$1.7 billion in assets in fiscal year 2013. DHS components use proceeds primarily to cover forfeiture activity costs, which include sharing proceeds with state and local agencies that participate in DHS investigations through Treasury's equitable sharing program. GAO was asked to review the management of the fund.

This report addresses (1) DHS revenues contributed to and obligations from the fund and (2) the extent to which DHS components have designed controls to help ensure compliance with Treasury's guidance when implementing the equitable sharing program. GAO analyzed financial data from fiscal years 2003 through 2013 on the forfeiture fund; Treasury's equitable sharing guidance; and a sample of 40 DHS equitable sharing packages, selected based on payment amounts and other factors; Sample results are not generalizable but provided information on DHS's compliance with guidance. GAO also interviewed DHS and Treasury officials.

## What GAO Recommends

GAO recommends that Treasury ensure that the basis for DHS equitable sharing determinations is fully documented and develop additional guidance on qualitative factors used to make determinations. Treasury concurred with both recommendations and outlined steps it plans to take to address them.

View [GAO-14-318](#). For more information, contact David C. Maurer at (202) 512-9627 or [maurerd@gao.gov](mailto:maurerd@gao.gov)

March 2014

## DHS ASSET FORFEITURE

### Additional Actions Could Help Strengthen Controls over Equitable Sharing

## What GAO Found

From fiscal years 2003 through 2013, Department of Homeland Security (DHS) components that participate in the Treasury Forfeiture Fund—U.S. Immigration and Customs Enforcement (ICE), the U.S. Secret Service (USSS), U.S. Customs and Border Protection (CBP), and the U.S. Coast Guard (USCG)—contributed approximately \$3.6 billion in revenues to the fund and obligated about \$2.6 billion from the fund for forfeiture-related activities. These obligations included, among other things, approximately \$1.2 billion that DHS components shared with state, local, federal, and foreign law enforcement agencies that participated in forfeiture efforts. Also, during this period, DHS components used about \$348 million from the fund to support various law enforcement activities and projects, such as the construction of Border Patrol facilities along the southwest border.

DHS components have designed controls to help ensure compliance with the Department of the Treasury's (Treasury) equitable sharing guidance, but controls could be enhanced through additional documentation and guidance.

**Documentation:** Treasury's guidance directs components to base equitable sharing determinations on the work hours that all participating agencies contributed to an investigation and then consider qualitative factors regarding agency contributions, such as originating the information that led to the seizure, to adjust percentages. However, 31 of the 40 DHS component equitable sharing packages—which contain sharing determinations and other documents—that GAO reviewed did not include key information, such as component work hours expended on a case and documentation of how qualitative factors were applied to make determinations, to support the basis for final sharing percentages, consistent with federal internal control standards. For example, in 1 package GAO reviewed, two police departments contributed the same number of work hours, but one received a 10 percent larger share than the other, resulting in a difference of about \$48,000 in forfeiture proceeds. However, the package did not clearly document how qualitative factors were applied to adjust the percentages. Fully documenting the basis for DHS equitable sharing determinations could help enhance the transparency of decision making and better position DHS components and Treasury to ensure that equitable sharing decisions are made in compliance with Treasury's guidance.

**Guidance:** Treasury's guidance on qualitative factors includes three examples, but does not include three other factors listed on the equitable sharing application or provide specific information on how to apply factors to adjust sharing percentages. For example, incurring extraordinary expenses is listed as a factor on the application, but is not included as an example in the guidance. Providing guidance on qualitative factors that are listed on the application, including what they entail and how to apply them, could help participating agencies have a better and more consistent understanding of these factors. In addition, headquarters officials from the three DHS components that conduct equitable sharing stated that additional guidance could help ensure a more consistent understanding of these factors among headquarters and field offices. Developing additional guidance on qualitative factors could help better ensure consistency with which these factors are applied across cases.