



# Report In Brief

FEBRUARY 8, 2012

## Background

The Asset Forfeiture Fund (AFF) contains proceeds from marine resource violations that are expendable under the guidelines of the Magnuson-Stevens Act section 311 (e)(1). Clifton Gunderson, an independent audit firm, determined the AFF asset balance to be \$13.6 million, with \$7.5 million of unrestricted cash, as of March 31, 2011.

## Why We Did This Review

We addressed concerns over the Asset Forfeiture Fund raised in OIG reports published in January 2010 and July 2010, which revealed several weaknesses in NOAA's management and internal controls over the AFF. We reviewed NOAA's approach to defining and reporting on the AFF. We also examined AFF policies and procedures and controls over AFF collections and disbursements.

Our review sought to determine whether (1) NOAA properly defined assets comprising the AFF, including the completeness and accuracy of funding sources, (2) NOAA appropriately defined allowable uses of fund assets and developed controls over collections and disbursements, and (3) the audit plan of the AFF financial statements, compiled by an independent auditor, was designed to provide reliance on the AFF cash balances as of March 31, 2011, and whether the independent auditor could provide an opinion on the balance.

## NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

### More Action Needed to Improve Controls in Asset Forfeiture Fund

OIG-12-019-I

### WHAT WE FOUND

NOAA lacks controls to assure that all proceeds are received and accurately recorded. Also, NOAA has not accurately recorded or adequately pursued the total amount owed for fines and penalties.

### WHAT WE RECOMMEND

We recommend that the Under Secretary of Commerce for Oceans and Atmosphere require the following:

1. NOAA's Office of Law Enforcement (OLE) and Enforcement Section develop policies and procedures that ensure that payments due to the government are recorded accurately and in a timely manner, and implement a segregation-of-duties matrix identifying compatible and incompatible functions associated with the collection, recording, deposit, and reconciliation of fines, penalties, and forfeitures.
2. OLE train agents and enforcement technicians on collection procedures and policies.
3. Enforcement Section headquarters work with the Enforcement Section Northeast division to improve the timeliness of the division's lockbox submissions.
4. OLE, the Enforcement Section, and NOAA Finance implement a process to ensure that deposit account cases are periodically reviewed and that legally resolved cases are transferred from the deposit account or returned to a respondent in a timely manner.
5. OLE implement procedures to track and reconcile how Enforcement Action Reports are used and issued, including those issued to joint enforcement partners and the U.S. Coast Guard.
6. OLE evaluate the Law Enforcement Accessible Database System (LEADS) internal control weaknesses, develop specific protocol for recording information, and restrict LEADS user access to cases.
7. The Enforcement Section develop policies and procedures to ensure that debts are recorded in the Commerce Business System (CBS) as soon as legally enforceable, which will include independent monitoring for amounts not yet recorded in CBS.
8. The Enforcement Section standardize its case monitoring process and reinforce use of the JustWare system.
9. The Enforcement Section and NOAA Finance develop policies and procedures to consistently pursue collection of fines and penalties in a manner that treats all respondents uniformly and in compliance with the Debt Collection Improvement Act of 1996.