

Audit of the Law Enforcement Assistance Funds

September 30, 2026



OPA Report No.
26-04

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Results in Brief

The Office of the Public Auditor (OPA) conducted an audit of the Law Enforcement Assistance Fund (LEAF) for the fiscal years 2018 through 2024. The objective of this audit was to determine compliance with 1 CMC § 2541 (LEAF Act), which requires 50 percent of any and all funds derived or received from local or federal asset forfeitures to be deposited into each of the LEAF accounts, the Division of Customs and Biosecurity (DCB) and the Department of Public Safety (DPS), and to determine whether DCB, DPS, and the Secretary of Finance (SOF) are compliant with the reporting requirements.

To achieve the audit objective, OPA conducted interviews with key personnel and performed process walkthroughs and observations to gain an understanding of the LEAF process. In addition, OPA examined relevant supporting documentation, including the general ledger and bank statements, and performed testing of deposits. OPA also requested reports submitted to the Governor and the presiding officers of the Legislature.

Based on the results of our testing, the allocation of asset forfeiture funds and reporting requirements of the LEAF Act were not met. In addition, OPA noted that the law, as implemented, may suggest inequitable distribution of asset forfeiture funds between DPS, DCB, and other law enforcement agencies.

OPA recommends that:

- DOF establish and implement policies and procedures to ensure that 50 percent of all funds derived or received from local or federal asset forfeitures are properly allocated and recorded in the DCB and DPS LEAF accounts;
- Supporting documents are properly filed and maintained;
- SOF, DCB, and DPS develop and implement policies and procedures to ensure compliance with the reporting requirements of the LEAF Act; and
- DCB and DPS communicate their concerns to the Legislature and request a review of the forfeiture allocation formula established by the LEAF Act to ensure equitable distribution of forfeiture funds among participating law enforcement agencies.

Introduction

Objective

The objective of the audit was to determine whether 50 percent of any and all funds derived or received from local or federal asset forfeitures are deposited into each of the LEAF accounts, and whether DCB, DPS, and the SOF are compliant with the reporting requirements of 1 CMC § 2541.

Please see [APPENDIX I](#) for the scope and methodology of our audit.

Background

An audit survey found that accounts for DCB and DPS were established separately as required by the LEAF Act. The LEAF Act, codified in 1 CMC § 2541, mandates OPA to conduct periodic audits of the Law Enforcement Assistance Fund. The LEAF Act requires the SOF to establish the Division of Customs and Biosecurity Law Enforcement and Assistance Fund and the Department of Public Safety Law Enforcement and Assistance Fund. The LEAF Act requires that 50 percent of any funds derived or received from local or federal asset forfeitures shall be deposited into each of the two accounts. The funds are meant to supplement the budgets of law enforcement activities and do not require legislative appropriation. Furthermore, the LEAF Act requires DCB and DPS to provide a comprehensive report on the use of funds to the presiding officers of the legislature within 30 days after the fiscal year end. In addition, the SOF is required to submit an annual report to the Governor and the presiding officers of the legislature, outlining all obligations and disbursements related to the LEAF accounts.

Findings

Asset Forfeiture Funds Were Not Properly Allocated as Required by the LEAF Act

The LEAF Act requires that 50 percent of all funds derived or received from any local or federal asset forfeitures shall be deposited into each of the DCB and DPS LEAF accounts. Our testing of revenues recorded in the LEAF accounts indicated that funds received from cash forfeitures were not allocated and recorded in accordance with the requirements of the LEAF Act. Specifically, the forfeiture funds received by DCB and DPS were recorded at 100% of the total amount received, contrary to the requirements set forth in the LEAF Act.

DPS:

For the period between fiscal year 2018 and fiscal year 2024, DPS recorded cash forfeitures of \$73,045. The entire amount represents federal cash forfeitures that were recorded at 100% of the amount received. Additional federal cash forfeitures of \$2,241 (deposited on August 09, 2018, and August 10, 2018, in the amounts of \$390 and \$1,850, respectively) identified on the bank statement were not recorded in the DPS LEAF account.

DCB:

Cash forfeitures totaling \$108,680 was recorded in the DCB LEAF account between fiscal year 2018 and fiscal year 2024. Of the total amount, \$37,279 represents federal cash forfeitures recorded at 100% of the total amount received. The supporting documents for cash forfeitures totaling \$67,799 were not made available; therefore, OPA was unable to determine the nature and validity of the transactions. In addition, a federal cash forfeiture of \$3,602 recorded in the general ledger (GL) could not be located on the bank statement.

GL Date	Description	Amount
03/20/2018	JE 309738	\$ (2,193)
07/17/2018	JE 312684	5,915
09/07/2018	JE 314144	45,000
09/19/2019	CR 323365	19,077
Total:		\$ 67,799

Based on the results of OPA's testing, cash forfeitures received by DPS and DCB were not allocated at 50 percent to each of the LEAF accounts upon receipt and thus were not in compliance with 1 CMC § 2541. Furthermore, DOF lacks policies and procedures to ensure compliance with the law.

OPA recommends:

- DOF establish and implement policies and procedures to ensure that 50 percent of all funds derived or received from local or federal asset forfeitures are properly allocated and recorded in the DCB and DPS LEAF accounts.
- Supporting documents be properly filed and maintained.

Reporting Requirements Were Not Met

The LEAF Act requires DCB and DPS to provide a full accounting of the use of all forfeiture funds to the presiding officers of the legislature within 30 days of the end of each fiscal year. The law also requires the SOF to file an annual report with the Governor and the presiding officers of the legislature, setting forth all obligations and disbursements related to these two funds. Based on interviews conducted with key personnel from DCB, DPS, and SOF, each respective agency has not adhered to the reporting requirements of the LEAF Act. Ensuring compliance with reporting requirements is crucial to maintaining transparency and accountability in the management of asset forfeiture funds.

OPA recommends:

SOF, DCB, and DPS develop and implement policies and procedures to ensure compliance with the reporting requirements of the LEAF Act.

Observation

Inequitable Distribution of Asset Forfeiture Funds

The existing distribution provisions under the LEAF Act require that 50 percent of all funds derived or received from federal and local asset forfeitures must be deposited to each of the DCB and DPS LEAF accounts. However, DCB and DPS have raised concerns about the allocation formula, as it does not explicitly account for each agency's level of involvement or contribution. This oversight may lead to an inequitable distribution of funds, particularly if one agency is more actively engaged than the other. Further, this may create a perception of unfairness and discourage collaboration among other law enforcement agencies.

OPA recommends:

DCB and DPS communicate their concerns to the Legislature and request a review of the forfeiture allocation formula established by the LEAF Act to ensure equitable distribution of forfeiture funds among participating law enforcement agencies.

Conclusion and Recommendations

Establishing internal policies and procedures with effective monitoring and oversight procedures of the LEAF accounts and reporting requirements is vital for ensuring that DCB, DPS, and DOF maintain compliance with the LEAF Act and management of asset forfeiture funds.

Recommendation Summary

We recommend that:

- DOF establish and implement policies and procedures to ensure that 50 percent of all funds derived or received from local or federal asset forfeitures are properly allocated and recorded in the DCB and DPS LEAF accounts;
- Supporting documents be properly filed and maintained;
- SOF, DCB, and DPS develop and implement policies and procedures to ensure compliance with the reporting requirements of the LEAF Act; and
- DCB and DPS communicate their concerns to the Legislature and request a review of the forfeiture allocation formula established by the LEAF Act to ensure equitable distribution of forfeiture funds among participating law enforcement agencies.

Summary of Responses

Please see [APPENDIX 3](#) for OPA's response and [APPENDIX 4](#) for DCB, DPS, and DOF's detailed response.

Appendix 1. Scope and Methodology

The scope of our audit covered fiscal years 2018 through 2024.

OPA performed the following audit procedures:

1. Gained an understanding of the LEAF Act of 1997, codified in 1 CMC § 2541.
2. Obtained and reviewed the general ledgers for DCB and DPS' LEAF account and bank statements
3. Requested copies of annual reports from the Secretary of Finance, DCB, and DPS.
4. Conducted interviews with key personnel, walkthroughs of processes, and observations.
5. Performed testing procedures.
6. Prepared work papers and summarized audit results.
7. Summarized findings and recommendations.
8. Prepared and issued the draft audit report to the auditees for comments.
9. Finalized and published the audit report.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix 2. Prior Audit Coverage

There are no prior audits of the LEAF accounts.

Appendix 3. OPA Response

Auditor's Response to Agency's Comments:

OPA Findings and Observations		OPA's Response
1.	Asset forfeiture funds were not properly allocated as required by the LEAF Act.	OPA acknowledges the DOF-SOF and DPS' response to the findings and observations. OPA will conduct follow-up procedures semi-annually to determine if corrective actions were taken to address this recommendation.
2.	Reporting requirements were not met.	See OPA's response above.
3.	Inequitable distribution of asset forfeiture funds.	See OPA's response above.

Appendix 4: Agency Response

	<i>Commonwealth of the Northern Mariana Islands</i> Department of Finance Office of the Secretary	
P O BOX 5234 CHR SAIPAN MP 96950	TEL (670) 664-1100	INFO@DOF.GOV.MP
FINANCE.DOF.GOV.MP		

September 11, 2026

SFL2026-711

Ms. Dora I. Deleon Guerrero, CPA
Office of the Public Auditor
Bldg #1220 Route 312, Capitol Hill
Saipan, MP 96950

Re: Response to OPA-2026-43 LEAF Fund Account (Asset Forfeiture)

Dear Ms. Deleon Guerero:

I am writing in response to the finding issued by the Office of the Public Auditor (OPA) concerning the Department of Finance's administration of the asset forfeiture funds pursuant to 1 CMC § 2541, Law Enforcement Assistance Funds.

We respectfully acknowledge the finding and appreciate the opportunity to address the concerns raised. The Department of Finance is committed to ensuring that the administration and use of asset forfeiture funds comply with the requirements of 1 CMC § 2541 and applicable CNMI laws and regulations.

In response to the finding, the Department of Finance has taken, and will continue to take, the following corrective measures:

1. **Establishment of Separate Accounts.** We have established an account structure that will automatically allocate the asset forfeiture funds equally, with 50% designated for the Department of Public Safety (DPS) and 50% designated for the Customs & Biosecurity (CBS), in accordance with the applicable requirements.
2. **Annual Reporting Requirements.** The Department of Finance will adhere to the reporting requirements set forth in 1 CMC § 2541, which require the Secretary of Finance to submit an annual report to the Governor and the presiding officers of the Legislature setting forth all obligations and disbursements relating to the asset forfeiture funds.
3. **Standard Operating Procedure.** The Department of Finance has drafted a standard operating procedure to ensure compliance with 1 CMC § 2541 and to establish consistent procedures for the filing, maintenance, and retention of supporting documentation relating to asset forfeiture funds.

These corrective measures are intended to strengthen internal controls, improve accountability and transparency, and ensure that the Department of Finance maintains proper documentation and reporting procedures for the asset forfeiture funds.



The Department of Finance remains committed to maintaining appropriate financial controls, complying with applicable CNMI laws and regulations, and addressing the deficiencies identified through the review process.

Thank you for your consideration and attention to this matter. Please do not hesitate to contact us should you require any additional information or documentation regarding the corrective measures described above.

Respectfully,



Natalia M. Sablan

Acting Secretary of Finance



David Apatang
Governor

Dennis C. Mendiola
Lieutenant Governor

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
DEPARTMENT OF PUBLIC SAFETY

2794 Tekken St. Susupe | Jose M. Sablan Building
P.O. Box 500791 Saipan, MP 96950
Telephone: (670) 664-9000 / 9001, Front Desk



Anthony I. Macaranas
Commissioner

September 16, 2026

Dora I. Deleon Guerrero
Temporary Public Auditor
Office of the Public Auditor
1220 Route 312 Capitol Hill
Saipan, MP 96950

Dear Ms. Deleon Guerrero:

This letter is written in response to the Office of the Public Auditor's (OPA) audit of the Law Enforcement Assistance Fund Accounts (LEAF). The following are the responses to OPA's findings and recommendations for the department:

1. *Recommendation: The DOF establish and implement policies and procedures to ensure 50 percent of all funds derived or received from local or federal asset forfeitures are properly allocated to the DCB and DPS Leaf Accounts.*

Response: The Department of Public Safety (DPS) will work collaboratively with the Department of Finance (DOF) to ensure compliance with 1 CMC § 2541.

2. *Recommendation: Supporting documents are properly filed and maintained.*

Response: The DPS Division of Administration and General Support will ensure that supporting documents related to local and federal asset forfeitures are properly filed and maintained.

3. *Recommendation: The SOF, DPS, and DOF establish and implement policies and procedures to ensure compliance with reporting requirements of the LEAF Act.*

Response: DPS will work with DOF to draft and implement policies that ensure compliance with the LEAF Act's reporting requirements.

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4. *Recommendation: DCB and DPS communicate their concerns to the Legislature and request a review of the forfeiture allocated formula established under the LEAF Act to ensure equitable distribution of forfeiture funds among participating law enforcement agencies.*

Response: DPS will meet with the affected agencies to discuss the forfeiture allocation formula established by the LEAF Act and its potential impact on participating agencies. If the concerns raised indicate that amendments to the allocated formula are needed, DPS will consider presenting these concerns to the Legislature and requesting a review of the forfeiture formula set forth by the LEAF Act.

Thank you for all your hard work. Should you have any questions or require additional information, please do not hesitate to call me at 670-664-9022 or Director Kay Inos at 670-588-0182.



ANTHONY I. MACARANAS
Commissioner of Public Safety

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Appendix 5: Status of Recommendations

No.	Recommendation	Status
1.	DOF establish and implement policies and procedures to ensure that 50 percent of all funds derived or received from local or federal asset forfeitures are properly allocated and recorded in the DCB and DPS LEAF accounts.	Unresolved
2.	Supporting documents be properly filed and maintained.	Unresolved
3.	SOF, DCB, and DPS develop and implement policies and procedures to ensure compliance with the reporting requirements of the LEAF Act.	Unresolved
4.	DCB and DPS communicate their concerns to the Legislature and request a review of the forfeiture allocation formula established by the LEAF Act to ensure equitable distribution of forfeiture funds among participating law enforcement agencies.	Unresolved



Audit of the Law Enforcement Assistance Funds
Report No. 26-04, September 30, 2026

CONSTITUTIONAL MANDATE

Article III, Section 12 of the CNMI Constitution and the Commonwealth Auditing Act (1 CMC, Sections 2301 and 7812 *et seq.* of the Commonwealth Code) established the Office of the Public Auditor as an independent agency of the Commonwealth Government to audit the receipt, possession, and disbursement of public funds and to perform such other duties as required by law.

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- Contact the OPA Investigators at 322-3937/8
- Or visit our office at 1220 Route 312, Capitol Hill, Saipan