



**AUDIT OF OFFICE OF COMMUNITY ORIENTED
POLICING SERVICES GRANTS AWARDED TO THE
CROW TRIBE OF INDIANS
CROW AGENCY, MONTANA**

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

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March 2012

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EXECUTIVE SUMMARY

The Office of the Inspector General, Audit Division, has completed an audit of Office of Community Oriented Policing Services (COPS) grants awarded to the Crow Tribe of Indians (Tribe) of Montana. The audit included four grants: (1) COPS Tribal Court Pilot Program (TCPP) Grant No. 2005-HE-WX-0005 in the amount of \$441,000, (2) COPS Tribal Resources Grant Program (TRGP) Grant No. 2007-HE-WX-0039 in the amount of \$398,901, (3) COPS Methamphetamine Initiative (Meth) Grant No. 2007-CK-WX-0313 in the amount of \$399,157, and (4) COPS Hiring Recovery Program (CHRP) Grant No. 2009-RK-WX-0520 in the amount of \$146,474. The Tribe was awarded a total of \$1,385,532 to implement the grant programs, as shown in Exhibit 1.

**EXHIBIT 1
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES
GRANTS AWARDED TO THE CROW TRIBE OF INDIANS**

GRANT AWARD	COPS PROGRAM	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2005-HE-WX-0005	TCPP	09/01/05	08/31/08	\$ 441,000
2007-HE-WX-0039	TRGP	08/01/07	08/31/10	398,901
2007-CK-WX-0313	Meth	09/01/07	08/31/11	399,157
2009-RK-WX-0520	CHRP	07/01/09	06/30/12	146,474
Total:				\$1,385,532

Source: COPS

The purpose of the TCPP grant was to further develop the justice system. Budgeted items included partial funding for three court positions, goods and services to assist personnel, and 100 hours of evaluation services. The purpose of the TRGP grant was to increase the visibility of Tribal police in the community and increase vehicle patrols on the reservation. Budgeted items included equipment, uniforms, and vehicles for tribal police officers. The purpose of the Meth grant was to address partnership development, prevention, training, and intelligence gathering. Budgeted items included fully funding a Meth Project Coordinator, equipment and supplies for police work and for recording and storing data related to meth usage,

community events, overtime for officers participating in meth related work, meth training, and a program evaluation. The purpose of the CHRP grant was to create jobs and increase community policing capacity. Budgeted items included fully funding one entry-level sworn officer for three years.

The COPS Office was established as a result of the Violent Crime Control and Law Enforcement Act of 1994 to assist law enforcement agencies in enhancing public safety through the implementation of community policing strategies in jurisdictions of all sizes across the country. Community policing focuses on proactive collaborative efforts to prevent and respond to crime, social disorder, and fear of crime. COPS provides funding to state, local, and tribal law enforcement agencies to hire and train community policing professionals, acquire and deploy cutting edge crime-fighting technologies, and develop and test innovative policing strategies.

The TCPP and the TRGP are part of a series of programs created to meet the needs of law enforcement in Native American communities. COPS Meth funding supports enforcement, training, and prevention activities nationwide but is concentrated in areas with the greatest need for assistance in combating methamphetamine production, distribution, and use. The CHRP is funded through the American Recovery and Reinvestment Act (Recovery Act) of 2009, P.L.111-5. It provides funding directly to law enforcement agencies to support new hires, rehires, and/or retained career law enforcement officers in an effort to create and preserve jobs, and to increase their community policing capacity and crime prevention efforts.¹

The Crow Tribe of Indians, originally called the Apsáalooke, has approximately 11,000 members, 7,900 of whom reside on the Crow Indian Reservation (Reservation). The Reservation is located in south central Montana and encompasses approximately 2.3 million acres. The Crow Indian Reservation was established by treaty in 1851.

Two components of the Tribe were most impacted by the grants: the Judicial Branch and the Police Department. The Tribe repealed its 1948 Constitution, replacing it with the Crow Constitution and By-Laws of 2001. The purpose of the new Constitution was to provide separation of powers and to establish an independent Tribal Court.

¹ Officers retained are those officers who were, at the time of the application, scheduled to be laid off on a future date as a result of state, local, or tribal budget cuts."

The Bureau of Indian Affairs (BIA) Police Department, Crow Agency Office, has jurisdiction over Indians on the reservation. The current police force consists of Federal Police Officers paid under the BIA Law Enforcement Services and Tribal Officers paid under the Tribe's General Fund.

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, including personnel and indirect costs, (4) budget management and control, (5) matching, (6) property management, (7) program income, (8) financial status and progress reports, (9) grant requirements, (10) program performance and accomplishments, and (11) monitoring of subgrantees and contractors. In addition to the objectives above, for CHRP Grant No. 2009-RK-WX-0520, we also reviewed performance in the following areas: (1) application statistics, (2) officer type funded and entry-level salary provisions, (3) supplanting, (4) retention plan, and (5) community policing plan. We determined that matching, program income, and monitoring of subgrantees were not applicable to these grants.

We examined the Tribe's accounting records, financial and progress reports, and operating policies and procedures and found:

- receiving procedures were not adequate as there were not sufficient controls to ensure that the items and services billed matched those received;
- \$186,287 in unallowable contract expenditures for Grant No. 2005-HE-WX-0005 that were not included in the approved grant budget;
- \$1,589 in unsupported equipment and supplies expenditures for Grant No. 2007-HE-WX-0039;
- \$252,478 in unallowable equipment and supplies expenditures for Grant No. 2007-HE-WX-0039, which included eight vehicles not used for purposes specified in the grant;
- \$6,499 in unsupported expenditures for Grant

No. 2007-CK-WX-0313;

- \$1,369 in unallowable travel and training costs for Grant No. 2005-HE-WX-0005 incurred by persons not authorized to receive training under the grants;
- \$12,424 in unallowable travel and training costs for Grant No. 2007-HE-WX-0039 incurred by persons not authorized to receive training under the grants;
- \$1,095 in unsupported travel and training costs for Grant No. 2007-HE-WX-0039;
- \$3,784 in unallowable travel and training costs for Grant No. 2007-CK-WX-0313 incurred by persons not authorized to receive training under the grants;
- the Tribe transferred budget funds among direct cost categories in excess of 10 percent of the total award amount for Grant No. 2005-HE-WX-0005;
- \$21,506 in unallowable salaries and fringe benefits expenditures for Grant No. 2005-HE-WX-0005 for an unapproved court position;
- \$6,125 in excess expenditures for Grant No. 2007-CK-WX-0313 for duplicate payroll charges caused by an internal control weakness in the accounting system;
- \$4,288 in unallowable fringe benefit expenditures for Grant No. 2005-HE-WX-0005 for charges not identified in the approved budget;
- equipment purchased with Grant Nos. 2007-HE-WX-0039 and 2007-CK-WX-0313 was not adequately monitored or identifiable as federally funded;
- \$10,316 in unverifiable accountable property for Grant No. 2007-CK-WX-0313 for 2 thermal cameras;
- for Grant No. 2005-HE-WX-0005, Tribe officials did not seek or obtain approval from COPS prior to a sole source procurement in contracted legal services for \$128,537;

- for Grant No. 2007-HE-WX-0039, the Tribe's use of grant resources did not significantly contribute to the development of tribal law enforcement infrastructure or support community policing;
- for Grant No. 2009-RK-WX-0520, the Tribe reported data in the CHRP application that was inaccurate or not possible to replicate in seven instances;
- \$25,593 in excess payroll expenditures for Grant No. 2009-RK-WX-0520 that exceeded entry-level salary and fringe benefit levels; and
- for Grant No. 2009-RK-WX-0520, the Tribe did not fully enact the community policing plan outlined in the completed 2009 CHRP grant application.

These items are discussed in detail in the Findings and Recommendations and Supplemental Review of 2009 COPS Hiring Recovery Program sections of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

TABLE OF CONTENTS

INTRODUCTION.....	1
Background.....	2
Our Audit Approach.....	4
FINDINGS AND RECOMMENDATIONS	6
Internal Control Environment	6
<i>Single Audit</i>	<i>6</i>
<i>Financial Management System.....</i>	<i>7</i>
Drawdowns	8
Transaction Testing.....	9
<i>Allowability of Travel and Training Expenditures.....</i>	<i>11</i>
Budget Management and Control	12
Headcount and Payroll.....	14
<i>Unallowable Position.....</i>	<i>14</i>
<i>Duplicate Payroll Charges</i>	<i>15</i>
<i>Unallowable and Excessive Fringe Benefits.....</i>	<i>15</i>
Accountable Property	15
Indirect Costs.....	16
Reports	17
<i>Financial Status Reports</i>	<i>17</i>
<i>Categorical Assistance Progress Reports</i>	<i>20</i>
<i>Recovery Act Reporting</i>	<i>22</i>
Compliance with Grant Requirements	22
Program Performance and Accomplishments	24
<i>Grant No. 2007-HE-WX-0039</i>	<i>25</i>
<i>Grant No. 2007-CK-WX-0313</i>	<i>26</i>
<i>Grant No. 2009-RK-WX-0520</i>	<i>27</i>
Monitoring Contractors	28
Recommendations	29
SUPPLEMENTAL REVIEW OF 2009 COPS HIRING RECOVERY PROGRAM (CHRP)	32
Application Statistics.....	32
Officer Type Funded and Entry-Level Salary Provisions	33

Supplanting	35
Retention Plan.....	37
Community Policing Plan.....	37
Recommendations for the Supplemental Review	38
APPENDIX I - OBJECTIVES, SCOPE, AND METHODOLOGY	39
APPENDIX II - SCHEDULE OF DOLLAR-RELATED FINDINGS....	41
APPENDIX III - QUESTIONED TRANSACTION DETAILS	42
APPENDIX IV - CROW TRIBE OF INDIANS' RESPONSE TO THE DRAFT REPORT.....	45
APPENDIX V - OIG COMMENTS ON THE CROW TRIBE'S RESPONSE TO THE DRAFT REPORT.....	50
APPENDIX VI - COPS RESPONSE TO THE DRAFT REPORT.	53
APPENDIX VII - OIG ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT	62

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participating in meth related work, meth training, and a program evaluation. The purpose of the CHRP grant was to create jobs and increase community policing capacity. Budgeted items included fully funding one entry-level sworn officer for three years.

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to assess risks and review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, including personnel and indirect costs, (4) budget management and control, (5) matching, (6) property management, (7) program income, (8) financial status and progress reports, (9) grant requirements, (10) program performance and accomplishments, and (11) monitoring of subgrantees and contractors. In addition to the objectives above, for CHRP Grant No. 2009-RK-WX-0520, we also reviewed performance in the following areas: (1) application statistics, (2) officer type funded and entry-level salary provisions, (3) supplanting, (4) retention plan, and (5) community policing plan. We determined that matching, program income, and monitoring of subgrantees were not applicable to these grants.

Background

The COPS Office was established as a result of the Violent Crime Control and Law Enforcement Act of 1994 to assist law enforcement agencies in enhancing public safety through the implementation of community policing strategies in jurisdictions of all sizes across the country. Community policing focuses on proactive collaborative efforts to prevent and respond to crime, social disorder, and fear of crime. COPS provides funding to state, local, and tribal law enforcement agencies to hire and train community policing professionals, acquire and deploy cutting edge crime-fighting technologies, and develop and test innovative policing strategies.

The TCPP and the TRGP are part of a series of programs created to meet the needs of law enforcement in Native American communities. In 2005, COPS appropriated just under \$1 million for the Tribal Court Program. The program partnered with the Bureau of Justice Assistance (BJA) Tribal Court Assistance Program (TCAP) to serve as a replacement funding source for TCAP grants and, as a

result, the purpose of the 2005 TCPP was identical to the purpose of the TCAP. The TCAP is one of the U.S. Department of Justice's primary initiatives for providing court-related support to tribal justice systems. The program provides federally recognized American Indian communities with resources to develop, implement, enhance, and continue the operation of tribal judicial systems. The TRGP provides funding directly to Federally Recognized Tribal jurisdictions with established law enforcement agencies. TRGP was designed to expand the implementation of community policing and meet the most serious needs of law enforcement in tribal communities through a broadened comprehensive program.

From 1998 to 2007, COPS invested more than \$448 million nationwide to combat the spread of methamphetamine. COPS Meth funding supports enforcement, training, and prevention activities nationwide, but is concentrated in areas with the greatest need for assistance in combating methamphetamine production, distribution, and use. COPS also works directly with local law enforcement agencies to craft innovative strategies, track and evaluate their implementation, and disseminate results to other jurisdictions confronting similar challenges.

The CHRP is funded through the American Recovery and Reinvestment Act (Recovery Act) of 2009, P.L.111-5. It provides funding directly to law enforcement agencies to support newly-hired, rehired, and/or retained career law enforcement officers in an effort to create and preserve jobs, and to increase their community policing capacity and crime prevention efforts.² Up to \$1 billion in grant funding was appropriated for this initiative through the Recovery Act. On July 28, 2009, COPS announced its selection of 1,046 law enforcement agencies as recipients of the \$1 billion CHRP funding to hire, rehire, and retain 4,699 officers. CHRP grants provide 100 percent funding for approved entry-level salaries and fringe benefits for full-time officers for 36 months. At the conclusion of federal funding, grantees must retain the sworn officer positions for a minimum of 12 months.

The Crow Tribe of Indians, originally called the Apsáalooke, has approximately 11,000 members, 7,900 of whom reside on the Crow Indian Reservation. The Reservation is located in south central

² Officers retained are those officers who were, at the time of the application, scheduled to be laid off on a future date as a result of state, local, or tribal budget cuts.

Montana and encompasses approximately 2.3 million acres. The centralized business community for tribal members is the unincorporated town of Crow Agency, which is the site of the Crow Tribe Administration's facilities. Two components of the Tribe were most impacted by the grants: the Judicial Branch and the Police Department.

The Crow Indian Reservation was established by treaty in 1851. The Tribe repealed its 1948 Constitution, replacing it with the Crow Constitution and By-Laws of 2001, which established three branches of government: the Executive, Legislative, and Judicial branches. The purpose of the new Constitution was to provide separation of powers and to establish an independent Tribal Court. The separate and distinct judicial branch is specifically governed by the Crow Tribal Law and Order Code.

The Bureau of Indian Affairs (BIA) Police Department, Crow Agency Office, has jurisdiction over Indians on the reservation. The current police force consists of federal police officers paid under the BIA Law Enforcement Services and tribal officers paid under the tribe's general fund. Both the tribal and federal police officers are supervised by the BIA Chief of Police. Inside the Crow Reservation there are over 153 miles of state roads, 650 miles of BIA roads, 255 miles of earth roads, 70 miles of gravel roads, and 155 miles of unimproved roads that need to be patrolled.

Our Audit Approach

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the *COPS Grant Owner's Manuals* and the grant award documents. We tested the Tribe's:

- **Internal control environment** to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grants;
- **Grant drawdowns** to determine whether grant drawdowns were adequately supported and if the Tribe was managing grant receipts in accordance with federal requirements;

- **Grant expenditures** to determine the accuracy and allowability of costs charged to the grants;
- **Budget management and control** to determine the overall acceptability of budgeted costs by identifying any budget deviations between the amounts authorized in the budget and the actual costs incurred for each budget category;
- **Accountable property** to determine whether the Tribe had effective procedures for managing and safeguarding assets acquired with grant funding;
- **Financial Status Reports and Program Progress Reports** to determine if the required reports were submitted on time and accurately reflect grant activity;
- **Grant objectives and accomplishments** to determine if the Tribe met or is capable of meeting the grants' objectives;
- **Monitoring contractors** to determine if the Tribe evaluated the contractors' processes and procedures for administering the contracts; and
- **CHRP grant application statistics** to determine the completeness and accuracy of grantee information submitted in the CHRP application.

These items are discussed in detail in the Findings and Recommendations and Supplemental Review of 2009 COPS Hiring Recovery Program sections of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

FINDINGS AND RECOMMENDATIONS

We found that the Tribe had inadequate receiving procedures. We also found the Tribe had questioned expenditures that were not allowable, not properly charged to the grant, not properly supported, or not properly classified. We identified transfers in direct cost categories in excess of 10 percent of the approved budget. Additionally, there were excess expenditures resulting from duplication. Equipment was not always properly monitored, identified as federally funded, used for the purposes specified by the grant, or verifiable. We found the Tribe did not obtain approval for sole source procurement. Further, the grants' performance and accomplishments were limited in scope. Finally, we found the Tribe failed to adequately monitor a contractor. As a result, we identified questioned costs totaling \$533,353 and 7 management improvements.

Internal Control Environment

We reviewed the Tribe's financial management system, policies and procedures, and Single Audit Reports to assess the Tribe's risk of non-compliance to laws, regulations, guidelines, and terms and conditions of the grants. We also interviewed management, key personnel, and individuals not employed by the Tribe with knowledge of the grant programs, and observed accounting activities to further assess risk.

Single Audit

According to Office of Management and Budget (OMB) Circular A-133, an entity expending more than \$500,000 in federal funds in a year is required to perform a Single Audit annually, with the report due no later than nine months after the end of the fiscal year. In fiscal year (FY) 2010, the Tribe's Single Audit Report indicated that \$26,125,388 in federal funds were expended by the Tribe, which required performance of a Single Audit. The Tribe's fiscal year runs from October 1 through September 30. Therefore, the Single Audit Report for the Tribe is due by June 30 of the following year.

We received the Tribe's Single Audit Reports for FYs 2009 and 2010. The 2009 Single Audit was completed and signed by the independent auditor on June 24, 2010. However, the FY 2009 SF-SAC

Data Collections Form for Reporting on Audits was not received until September 10, 2010, more than two months late. The FY 2010 Single Audit Report was submitted timely on June 29, 2011.

The FY 2010 Single Audit Report indicated two findings related to financial statements, which addressed decentralized cash collections and loan testing in the Tribal Credit Department, and one finding related to federal programs, which addressed failure to perform background checks for employees at the Crow Nation Wellness Center. We determined that none of the findings were crosscutting to federal awards within our scope.

Financial Management System

We reviewed the Tribe's financial management system and interviewed Tribe officials. We found that procurement and payment procedures required multiple levels of approval and the payroll system ensured timely and accurate records and payment. Additionally, according to Tribe officials, grant administration procedures required both the grant program director and a designated "in charge" accountant to monitor compliance with grant terms and conditions.

However, we identified three significant lapses in the Tribe's internal controls related to procurement, receiving, and recordkeeping, which impact the administration of the grants. First, the Tribe's accountants indicated they checked the grant budget prior to authorizing a purchase. However, we identified an instance where the budget used by the Tribe's accountants did not match the budget approved by the COPS Office. This resulted in authorized purchases that were not allowable under the grant. Second, receiving procedures were not adequate, as there were not sufficient controls to ensure that the items and services billed matched those received. We found that there were no written policies and procedures for receiving and there was no central receiving or formal documentation to confirm receipt. Third, we identified an issue with the reclassification of payroll entries. "In charge" accountants had access to the entire accounting system, including the ability to correct the fund codes for overtime expenditures. We identified one instance where a lump sum adjusting entry—an entry that was intended to reclassify multiple transactions using one entry—was used to move overtime expenditures into the grant fund, which resulted in a reclassification of some overtime funds that were already charged to the grant. This led to the grant being double charged for some overtime hours. The ability to reclassify transactions without confirming which fund paid for the original

transaction led to double overtime charges for Grant No. 2007-CK-WX-0313.

Drawdowns

The four grants in the scope of our audit had drawdown activity. Tribe officials stated drawdowns were requested on a reimbursement basis for paid expenditures and the requests were usually quarterly. We reviewed grant accounting records and compared expenditures to actual drawdowns. For Grant Nos. 2007-HE-WX-0039 and 2007-CK-WX-0313 we found drawdowns did not exceed expenditures by any material amount. For Grant No. 2005-HE-WX-0005, we found two quarters had cumulative drawdowns that exceeded cumulative expenditures by \$141 and \$1,470. According to Tribe officials the errors were the result of expenditures being allocated to the grant and then reassigned to another fund at a later date. In each instance the error was corrected in the following quarter. We determined this was only a minor issue that was quickly corrected. However, for Grant No. 2009-RK-WX-0520 we identified an excess drawdown that was not immediately corrected. Specifically, the drawdown on February 1, 2011, exceeded grant expenditures for the period by \$5,692. This resulted in cumulative drawdowns exceeding cumulative expenditures by \$4,228. The difference was not corrected in the following quarter, meaning as of the start of our fieldwork the grant drawdown exceeded grant expenditures by \$4,228, as shown in Exhibit 2.

EXHIBIT 2
COMPARISON OF DRAWDOWNS TO ACCOUNTING RECORDS
FOR GRANT NO. 2009-RK-WX-0520³

DATE OF DRAWDOWN PER OJP	AMOUNT DRAWN PER OJP	GRANT EXPENDITURES PER ACCOUNTING RECORDS FOR DRAWDOWN PERIOD	DIFFERENCE BETWEEN DRAWDOWNS AND EXPENDITURES	CUMULATIVE DIFFERENCE BETWEEN DRAWDOWNS AND EXPENDITURES ⁴
06/25/2010	\$ 9,902	\$11,432	\$1,531	\$ 1,530
09/22/2010	9,115	9,049	(66)	1,464
02/01/2011	15,977	10,284	5,692	(4,228)
04/08/2011	1,604	1,604	0	(4,228)

Source: COPS and Crow Tribe of Indians

According to Tribe officials the excess drawdown was due to incorrectly allocating overtime salaries to the grant. The error was not identified until after the drawdown request for the following quarter was submitted. Tribe officials stated that the charges had since been reversed. At the time of our audit, the subsequent drawdown had not been submitted; as a result, we could not confirm if the excess drawdowns had been corrected.

Transaction Testing

We reviewed the general ledger account for each grant and identified a total of 186 direct cost transactions charged to the four grants audited.

For Grant No. 2005-HE-WX-0005, we selected 30 of the 54 direct cost transactions (56 percent) for review. During our review, we identified 27 contract expenditures, which were unallowable under the grant. The approved grant budget included \$208,000 in personnel costs. The intended hires included a Tribal Prosecutor, a Tribal Defender, and a Director for the Peacemaker Program. Instead of hiring the three court personnel, the Tribe contracted with Montana

³ Throughout this report, differences in the total amounts are due to rounding.

⁴ Negative amounts indicate that drawdowns exceeded expenditures. The cumulative difference between drawdowns and expenditures does not match the difference between drawdowns and expenditures for the drawdown period because there were minor differences (less than \$1) between drawdowns and expenditures in prior periods (not shown) that account for the difference.

Legal Services Association (MLSA) and Elk River Law Offices to perform legal services. According to Tribe officials, the Tribe contracted for legal services rather than hiring the positions approved under the grant because it was difficult for the tribe to bring lawyers in house. Since contract costs for legal services were not included in the grant budget, these contract services were unallowable under the grant. As a result, we question the contract expenditures for legal services amounting to \$128,537 paid to Elk River Law Offices and \$57,750 to Montana Legal Services as unallowable.

In addition, the MLSA invoices in our sample did not include any details regarding hours worked or tasks performed. This information was not sought by the Tribe prior to payment, meaning receipt of service was not verified. The issue is discussed in detail in the *Monitoring Contractors* section of this report.

For Grant No. 2007-HE-WX-0039, we selected 37 of the 65 direct cost transactions (57 percent) for review. We found that two transactions were improperly classified as "Vehicle Costs" that should have been classified as "Training" and "Uniforms/Safety Gear." We also identified three transactions totaling \$1,589 that were not supported by an invoice or other documentation indicating that the expense was incurred. As a result we question the \$1,589 as unsupported.

For Grant No. 2007-HE-WX-0039, we also identified 12 transactions totaling \$254,066 for equipment and supplies that were used to support the Fish and Game or Natural Resource Departments, rather than the Tribal Police. The grant terms and conditions stipulate that equipment, technology, and vehicles purchased with this grant may only be used for law enforcement activities that exclusively benefit the grantee and the population it serves. As discussed in the *Program Performance and Accomplishments* section of this report, we determined the Fish and Game Department does not meet the requirements to be classified as a law enforcement entity. Additionally, per the grant application the Tribe specifically applied for funding for the Tribal Police to increase its capabilities and visibility within the community. As a result, we consider the expenditures used in support of the Fish and Game and Natural Resource Departments totaling \$254,066 to be unallowable. However, this amount includes the three unsupported transactions totaling \$1,589 discussed in the paragraph above. As a result, we are questioning the remaining transactions totaling \$252,478 as unallowable.

For Grant No. 2007-CK-WX-0313, we selected 30 of the 67 transactions (45 percent) for review. We identified one transaction totaling \$6,499 that was not supported by an invoice or other documentation indicating that an expense was incurred. As a result we question the \$6,499 as unsupported. We also identified a second unsupported transaction in our sample. However, the questioned costs associated with that transaction are included in the *Allowability of Travel and Training Expenditures* section of this report.

Allowability of Travel and Training Expenditures

For Grant Nos. 2005-HE-WX-0005, 2007-HE-WX-0039, and 2007-CK-WX-0313, we reviewed allowability for all travel and training expenditures, including transactions that were not included in our sample. There were no travel and training expenditures for Grant No. 2009-RK-WX-0520.

For Grant No. 2005-HE-WX-0005, we identified travel and training expenditures for an employee of Elk River Law Offices totaling \$1,369. In the *Transaction Testing* section of this report, we determined that the contracted services provided by Elk River Law Office were not approved or allowable expenditures. Therefore, related costs, including training and travel expenditures incurred by the contractor were also not allowable under the grant. As a result, we question the travel and training expenditures related to the contractor totaling \$1,369 as unallowable.

For Grant No. 2007-HE-WX-0039, per the grant terms and conditions, training funds may only be used for law enforcement activities that exclusively benefit the grantee agency and the population it serves. According to the grant application, tribal police officers supervised by the Chief of Police were the intended recipients of the grant resources. Based on our review, we found that training costs totaling \$12,424 were charged to the grant for personnel that were not tribal police officers, including persons working for the Fish and Game Department. As a result, we are questioning the travel costs associated with personnel that were not tribal police officers totaling \$12,424 as unallowable. In addition, we identified a \$1,095 credit card reclassification entry for travel that did not include sufficient supporting information identifying the traveler's name, the date the travel occurred, or the purpose of the travel. As a result, we are questioning the \$1,095 as unsupported.

For Grant No. 2007-CK-WX-0313, per the *Grant Owner's Manual*, the COPS Meth Initiative will fund grant-related travel costs for the grantee agency to attend training specified in the application. Per the grant application, sworn officers and the Meth Coordinator should complete 20 hours of training per year in meth related subjects. Therefore, only law enforcement officers and the Meth Coordinators were allowed to incur travel and training expenditures under the grant. Based on our review, we found that travel and training costs totaling \$3,784 were charged to the grant for non-law enforcement personnel and persons other than the Meth Coordinator. As a result, we are questioning the travel and training costs for non-law enforcement personnel totaling \$3,784 as unallowable.

In total, we identified \$1,095 in unsupported and \$17,577 in unallowable travel and training costs charged to Grant Nos. 2005-HE-WX-0005, 2007-HE-WX-0039, and 2007-CK-WX-0313.

Appendix III contains a detailed list of questioned costs identified during transaction testing.

Budget Management and Control

For Grant No. 2005-HE-WX-0005, the tribe was awarded funds totaling \$441,000. However, as of August 31, 2008, the grant end date, the Tribe had only expended \$275,628 of the funds. As a result, the remaining funds totaling \$165,372 were de-obligated. For Grant No. 2007-HE-WX-0039 all funds awarded totaling \$398,901 were expended. At the time of our audit, Grant Nos. 2007-CK-WX-0313 and 2009-RK-WX-0520 had not yet expired and had \$18,035 and \$67,716 in remaining funds respectively.

According to 28 C.F.R. 66.30, for state and local governments prior approval of the awarding agency is required if cumulative transfers among direct cost categories exceed or are expected to exceed 10 percent of the current total approved budget, whenever the awarding agency's share exceeds \$100,000. The 10-Percent Rule was applicable for all four COPS grants awarded to the Tribe that were included in our audit. We determined the Tribe did not transfer funds among direct cost categories in excess of 10 percent for Grant Nos. 2007-HE-WX-0039, 2007-CK-WX-0313, and 2009-RK-WX-0520. However, for Grant No. 2005-HE-WX-0005, we determined the Tribe transferred funds among direct cost categories in excess of 10 percent, as shown in Exhibit 3.

EXHIBIT 3
GRANT NO. 2005-HE-WX-0005
BUDGET MANAGEMENT AND CONTROL

BUDGET CATEGORY	GRANT BUDGET	ACTUAL EXPENDITURES	AMOUNT OVER BUDGET
Personnel	\$208,000	\$ 59,697	
Fringe Benefits	-	6,457	\$ 6,457
Travel/Training	80,000	3,755	
Equipment	5,100	-	
Supplies	12,000	120	
Contractors	20,000	186,287	166,287
Other	6,000	-	
TOTAL DIRECT COSTS	\$331,100	\$256,316	\$172,744

Source: OJP, COPS, and Crow Tribe of Indians

The approved budget for Grant No. 2005-HE-WX-0005 included contractor costs of \$20,000; however, the contract costs approved in the budget were specifically to fund an evaluation of the Tribe's grant program. As stated previously, instead of hiring three court personnel approved for the grant, the Tribe contracted with Montana Legal Services Association (MLSA) and Elk River Law Offices to perform legal services. As a result, the Tribe's contract expenditures charged to the grant totaled \$186,287, which exceeded the amount budgeted for contractor costs by \$166,287. There was no evidence or prior written approval that the Tribe requested to transfer the approved personnel costs to the budgeted amount for contract costs. We also found that although Fringe Benefits were not listed as an approved budget category, the Tribe charged fringe benefits totaling \$6,457 to the grant. In total, the Tribe exceeded the approved budget by \$172,744. As a result, we identified total unapproved transfers between budget categories totaling \$128,644 that were in excess of 10 percent of the award. However, we are not questioning the \$128,644 in unapproved transfers among budget categories in excess of 10 percent of the total award as we have previously questioned the \$186,287 in contract expenditures in the Transaction Testing section and the \$6,457 in unallowable fringe benefits in the Headcount and Payroll section of this report.

Issues related to budget management were, at least in part, compounded by a lapse in internal controls. The Tribe's accountants indicated they checked the grant budget prior to authorizing a purchase. However, the 2005-HE-WX-0005 budget the accountants referenced did not match the budget approved by the COPS Office.

This resulted in authorizing purchases that were not approved expenditures.

Headcount and Payroll

Three of the four grants included in our audit included personnel expenditures. The budget for Grant No. 2005-HE-WX-0005 included \$208,000 to hire three new employees and pay 50 percent of the salaries for the new hires for 2 years. The Tribe was responsible for paying the remaining 50 percent of salaries for the three new employees. The three new employees included under the grant were: (1) Tribal Prosecutor, (2) Tribal Defender and (3) Director of the Peacemaker Program. The budget for Grant No. 2007-CK-WX-0313 included \$107,640 for 2.5 years of salary and fringe benefits for a Program Director and \$56,000 for overtime for sworn officers. Payroll records indicated that the Director position was filled and the sworn officers received overtime payments. The budget for Grant No. 2009-RK-WX-0520 included \$146,474 for 3 years of salary and fringe benefits for one sworn officer. A detailed review of this position is included in the Officer Type Funded and Entry-Level Salary Provisions section of this report.

Unallowable Position

For Grant No. 2005-HE-WX-0005, the Tribal Prosecutor was the only position filled. However, the Tribal Prosecutor only worked for the Tribe for approximately 6 months, after which the vacant position was never filled. A Tribal Defender and a Program Director for the Peacemaker Program were never hired. Tribe officials stated that it was difficult to find lawyers to bring in-house and other priorities prevented the Peacemaker Program from being fully developed. The actual in-house positions paid using grant funds included the Tribal Prosecutor, a Staff Attorney that performed some prosecution duties, and a Court Administrator. The Court Administrator position was not included in the grant budget, and there was no evidence that the Tribe requested or received approval from COPS to modify the positions approved in the grant award. Unapproved expenditures for the Court Administrator position charged to the grant included \$19,337 in wages and \$2,169 in fringe benefits. As a result, we question salaries and fringe benefits totaling \$21,506 paid to the Court Administrator as unallowable.

Duplicate Payroll Charges

We identified \$6,125 in duplicate payroll charges paid under Grant No. 2007-CK-WX-0313. The duplication exposed a lapse in internal controls that allowed accounting personnel to make a lump sum journal entry that moved salary expenses to the grant fund, some of which had previously been charged directly to the grant. As a result, we question \$6,125 in excess salaries and fringe benefits as unallowable.

Unallowable and Excessive Fringe Benefits

For Grant No. 2005-HE-WX-0005, fringe benefits were not included in the approved budget.⁵ However, the Tribe charged \$6,457 in fringe benefits for the three employees paid under the grant. This amount included \$2,169 in fringe benefits paid for the Court Administrator position that was questioned previously in the Unallowable Positions section of this report. As a result, we question the remaining fringe benefits totaling \$4,288 as unallowable.

We also identified \$702 in excess Fringe Benefits charged to Grant No. 2009-RK-WX-0520. The excess was the result of Worker's Compensation being added to the fringe benefits for the police officer funded. Worker's Compensation was not identified as an allowable benefit in the Financial Funding Memo. These costs are included as unallowable costs in the Officer Type Funded and Entry-Level Salary Provisions of the Supplemental Review section of this report.

Accountable Property

OMB Circular A-133 requires grantees to implement controls to ensure property purchased with federal funds is properly accounted for and safeguarded against loss from unauthorized use or disposition. As noted in the Financial Management System section of this report, the Tribe had no written policies and procedures for receiving, and there was no central receiving or formal documentation to confirm receipt. We reviewed all accountable property, which the Tribe identified as property with value over \$5,000.

According to the Tribe's Financial Management System Policies and Procedures, asset acquisitions, transfers, dispositions and

⁵ According to the grant application, the tribe intended to pay fringe benefits as a local match, although matching costs were not identified in the approved budget.

depreciation will be entered in a Fixed Assets Spreadsheet. Of the twenty accountable property items funded by the grants included in our audit, only six were included in the Fixed Asset Spreadsheet. The Tribe's policy was to also use the spreadsheet to show which items were federally funded. Therefore, only six of the twenty items were identified as federally funded. It appears the other 14 accountable property items funded by the grants included in our audit were not entered into the fixed asset inventory list due to the lack of proper receiving procedures.

Grant No. 2007-HE-WX-0039 included accountable property consisting of ten vehicles. Eight of these vehicles were not used as specified in the grant. In the grant application, the vehicles were to be used to expand the Tribal Police capabilities and to make the tribal officer more visible. The vehicles were used by the Fish and Game Department rather than the Tribal Police during the entire grant period and subsequent to the end of the grant. Since the vehicles were not used as specified in the grant, we question the costs of these eight vehicles. Additionally, we found one of the eight vehicles was not in the Tribe's possession. Rather, the vehicle was located on a Tribal member's property and was not in working condition. The questioned costs totaling \$237,384 for these eight unallowable vehicles are included in the *Transaction Testing* section of this report.

For grant 2007-CK-WX-0313, we attempted to verify all accountable property; however, two thermal cameras were not shown in the inventory provided and not shown as federally funded. Although the Crow Tribe allowed us to look at two thermal cameras that they believed were funded by the grant, we could not verify that these were the items purchased under the grant. As a result, we question the costs of these unverifiable items totaling \$10,316 as unsupported.

Indirect Costs

One of the four grants in the scope of our audit included indirect costs as part of the approved grant budget. The award for Grant No. 2005-HE-WX-0005 included \$109,900 in indirect costs. The approved indirect cost rate was 33 percent, which equals approved indirect costs of \$109,900 divided by approved direct costs of \$331,100. The Tribe charged a total of \$19,312 in indirect costs to the grant, which was \$90,588 less than budgeted. This was the result of two factors: (1) when the grant expired, the Tribe had only expended \$256,315 in direct costs; and (2) we calculated the actual indirect cost rate by dividing actual indirect costs by actual direct costs resulting in

a rate of 7.5 percent, which was well below the approved rate. Since the Tribe only charged the actual indirect cost rate to the grant, we are not taking exception to the excess indirect cost rate that was approved in the grant award.

Reports

We reviewed the periodic financial status reports (FSRs) and the Categorical Assistance Progress Reports, and found the FSRs were generally timely and accurate overall, but included a number of discrepancies when broken down by period.⁶ The progress reports were timely with the exception of one missing report and one late report, and the submitted reports appeared accurate. We also reviewed the Recovery Act reports, which were required to be filed for Grant No. 2009-RK-WX-0520. The reports were both timely and appeared accurate.

Financial Status Reports

Prior to October 1, 2009, FSRs were due within 45 days of the end of each quarter. After October 1, 2009, all FSRs are due within 30 days of the end of each quarter. We reviewed all of the FSRs submitted during the award period and found they were generally timely. For Grant No. 2005-HE-WX-0005, we determined 13 of the 14 FSRs submitted were on time; for Grant No. 2007-HE-WX-0039, we determined 12 of the 13 FSRs submitted were on time; for Grant No. 2007-CK-WX-0313, we determined 14 of 15 of the FSRs submitted at the time of our audit were on time; and for Grant No. 2009-RK-WX-0520, we determined all seven of the FSRs submitted at the time of our audit were on time. The late reports for Grant Nos. 2005-HE-WX-0005, 2007-HE-WX-0039, and 2007-CK-WX-0313 are shown in Exhibit 4.

⁶ Effective October 1, 2009, COPS switched from use of SF-269 Financial Status Reports (FSRs) to SF-425 Federal Financial Reports (FFRs). For consistency, we use the term "FSR" throughout this report when discussing any quarterly financial reports.

**EXHIBIT 4
FINANCIAL STATUS REPORT HISTORY**

REPORT PERIOD FROM – TO DATES	FSR DUE DATE	DATE SUBMITTED	DAYS LATE
Grant No. 2005-HE-WX-0005			
10/01/08 – 12/31/08	11/29/08 ⁷	01/28/09	60
Grant No. 2007-HE-WX-0039			
10/01/07 – 12/31/07	02/14/08	03/24/08	39
Grant No. 2007-CK-WX-0313			
10/01/07 – 12/31/07	02/14/08	2/21/08	7

Source: COPS

For Grant No. 2005-HE-WX-0005, the original award end date was August 31, 2008. According to the letter notifying the Tribe that the grant was expired, within 90 days following the award end date the Tribe was required to submit the final FSR, meaning it was due on November 29, 2008. The Tribe submitted two FSRs marked as the 'Final Report.' The first of the two reports was submitted on October 24, 2008, which covered the third quarter of 2008, a date range that includes the August 31, 2008, end date. This submission met the 90-day requirement. The second of the two reports was submitted on January 28, 2009, 60 days after the Final Report due date. This report covered the fourth quarter of 2008, reported \$0.70 in federal share of outlays, which was noted as a closeout adjustment. As a result, it appears the Tribe did not submit the final report late; rather, the Tribe submitted the results of a minor adjusting entry in a format identical to the final report 60 days after all information was required to be submitted.

For Grant No. 2007-HE-WX-0039, there was no communication between the COPS Office and the Tribe regarding the report that was seven days late. For Grant No. 2007-CK-WX-0313, the COPS office sent a delinquency notice to the Tribe on February 29, 2008, indicating the FSR must be submitted within seven days of the date of the notice. The Tribe did not provide a verbal response, but subsequently submitted the report 24 days later. For both Grant Nos. 2007-HE-WX-0039 and 2007-CK-WX-0313, the next 11 and 13 reports respectively were submitted timely, which demonstrates that any issue resulting in late submissions was resolved prior to our audit.

⁷ The grant expired on August 31, 2008. The previous submission on October 24, 2008 should have served as the final FSR for this grant.

We also reviewed all of the submitted FSRs for accuracy and found while the cumulative expenditures per the accounting records matched the cumulative expenditures per the FSRs, there were a number of periodic differences between the accounting records and the FSRs. Each grant within our scope contained instances where the FSR either understated or overstated period expenditures, as shown in Exhibit 5.

**EXHIBIT 5
FINANCIAL STATUS REPORT ACCURACY**

FSR No.	FSR REPORT PERIOD END DATE	PERIODIC EXPENDITURES PER FSR	PERIODIC EXPENDITURES PER ACCOUNTING RECORDS	CUMULATIVE FSR EXPENDITURES	CUMULATIVE ACCOUNTING RECORD	DIFFERENCE BETWEEN PERIODIC FSR & ACCOUNTING RECORDS
2005-HE-WX-0005						
14	12/31/08	\$1	\$1,650	\$275,628	\$277,278	\$(1,649)
ADJ	09/30/09	0	(1,650)	275,628	275,628	1,650
2007-HE-WX-0039						
10	12/31/09	\$5,752	\$6,201	\$361,447	\$361,896	\$(449)
11	03/31/10	11,851	16,906	373,298	378,802	(5,055)
12	06/30/10	11,717	11,717	385,015	390,519	0
13	09/30/10	13,886	8,382	398,901	398,901	5,504
2007-CK-WX-0313						
3	03/31/08	\$20,075	\$21,293	\$24,139	\$25,357	\$(1,218)
4	06/30/08	111,404	110,186	135,543	135,543	1,218
2009-RK-WX-0520						
6	12/31/10	\$10,932	\$5,561	\$65,961	\$60,589	\$5,371
7	03/31/11	4,170	3,709	70,130	64,298	461
8	06/30/11	5,421	11,253	75,551	75,551	(5,832)

Source: COPS and Crow Tribe of Indians

Tribe officials attributed differences to reversing entries, which resulted from removing expenditures that were not allowable. For Grant No. 2005-HE-WX-0005, the Tribe charged \$1,650 for contracted legal services on October 15, 2008, 45 days after the grant expired, which resulted in cumulative expenditures per the accounting record exceeding the final cumulative FSR figure for over 11 months. On September 30, 2009, an adjusting entry reversed the transaction and included a notation stating that the transaction was incorrectly posted to a closed fund and moved to the General Fund. For Grant No. 2009-RK-WX-0520, according to Tribe officials, the periodic differences were due to incorrectly allocating overtime salaries to the grant, the same problem identified in the Drawdowns section of the report. The charges were reversed, and the correction was reflected in the FSR with a report period end date of June 30, 2011.

Categorical Assistance Progress Reports

According to 28 C.F.R. Part 66, grantees shall submit annual performance reports, unless the granting agency requires semi-annual reports. Annual reports are due 90 days after the grant year and semi-annual reports are due 30 days after the quarter. However, there were instances when COPS notified the Tribe that annual progress reports were due 30 days after the end of the previous calendar year. We used the general C.F.R. guideline, unless COPS provided an alternative deadline for our analysis of progress report timeliness.

We determined Tribe accounting personnel collected information from the grant managers to prepare progress reports. Tribe accounting personnel then completed the progress reports electronically using the COPS online submission form. Some progress reports were submitted by grant, while other reports were submitted by year. For example, quarterly progress reports for Grant No. 2009-RK-WX-0520 were standalone in all but one instance, while the progress reports for calendar years (CY) 2008, and 2009 included Grant Nos. 2007-HE-WX-0039 and 2007-CK-WX-0313 in a single document.

Generally, we found progress reports were submitted timely. However, we identified two exceptions, as shown in Exhibit 6.

**EXHIBIT 6
PROGRAM PROGRESS REPORT HISTORY**

RPT No.	REPORT PERIOD FROM – To DATES	DUE DATE	DATE SUBMITTED	DAYS LATE
2005-HE-WX-0005				
1	09/01/05-08/31/06	12/12/06	Never submitted	
2	1/1/07 to 12/31/07	4/01/08	5/14/08	43
2007-HE-WX-0039				
1	01/01/07-12/31/07	04/01/08	05/14/08	43
2	01/01/08-12/31/08	04/01/09	01/29/09	0
3	01/01/09-12/31/09	01/30/10	01/05/10	0
4	01/01/10-08/31/10	09/30/10	09/22/10	0
2007-CK-WX-0313				
1	01/01/07-12/31/07	04/01/08	05/14/08	43
2	01/01/08-12/31/08	04/01/09	01/29/09	0
3	01/01/09-12/31/09	01/30/10	01/05/10	0
4	01/01/10-12/31/10	01/30/11	01/11/11	0
2009-RK-WX-0520				
All Progress Reports within our scope were submitted timely.				

Source: COPS

COPS sent a letter to the grantee dated November 7, 2006, requesting a report for the period September 2005 to August 2006, which was due on December 12, 2006. We did not see any evidence that the Tribe completed or submitted the report. The progress report for CY 2007 included performance information for Grant Nos. 2005-HEWX-0005, 2007-HE-WX-0039 and 2007-CK-WX-0313 and was due on April 1, 2008.⁸ The Tribe submitted the report on May 14, 2008, 43 days late. Every subsequent report, both annually and quarterly, for the grants within our scope was submitted on time, which demonstrates that any issue resulting in late submissions was resolved.

We evaluated statistical data for progress reports across all years reported and determined that progress reports were completed in a survey format through yes/no responses and 1-10 rating scales. The final progress report for Grant No. 2007-HE-WX-0039 included a 'check all that apply' section regarding community partnerships developed or enhanced as a result of the project. The progress reports submitted in 2011 for Grant No. 2009-RK-WX-0520 included space for a narrative explanation regarding how COPS funding had

⁸ The CY 2007 Progress Report included a request for information regarding Grant No. 2005-HE-WX-0005. However, this request does not replace the missing report for period September 2005 to August 2006.

enhanced community policing. We determined reports for the two most recent years contained all required performance data for Grant No. 2007-HE-WX-0039, 2007-CK-WX-0313, and 2009-RK-WX-0520. We also did not see any indication that the information contained within these reports was inaccurate.

Recovery Act Reporting

For Grant No. 2009-RK-WX-0520, the grantee was also required to report on use of Recovery Act funds provided through this award. In accordance with Section 1512(c) of the Recovery Act, the recipient agrees that not later than 10 days after the end of each calendar quarter, each recipient that received Recovery Act funds from a federal agency shall submit a report to that agency that contains:

- (1) the amount of recovery funds received that were expended or obligated to projects or activities, and
- (2) an estimate of the number of jobs created and the number of jobs retained by the project or activity.

Tribe accounting personnel were responsible for compiling and submitting Recovery Act reports electronically through the RecoveryAct.gov website. The Tribe had submitted seven consecutive quarterly reports at the time of our audit. The Recovery Act website posts a quarterly list of Recovery Act grant recipients that were late reporters. We reviewed a sample of two of these reports since the start of the grant. The grant did not appear on either list. Therefore, it appears the Crow Tribe submitted timely reports. Cumulative expenditures of \$70,130 reported in the quarter ending on March 31, 2011, was the same figure reported in the period's FSR. Actual expenditures were \$64,298, meaning the Tribe over reported expenditures by \$5,832. Again, this was the result of incorrectly allocating overtime salaries to the grant, and the charges were reversed. We were able to confirm the correction shown on the subsequent FSR. The reports indicate that one new job was created and retained, which corresponds with the Tribe's payroll records.

Compliance with Grant Requirements

We reviewed grant requirements, which included the special conditions attached to each grant award and the applicable COPS Grant Owner's Manual for each grant. For Grant No. 2005-HE-WX-0005, there was no Grant Owner's Manual, meaning

we referenced the applicable program requirements, laws, orders, regulations, or circulars identified in the special conditions. We determined there was one key grant requirement applicable to all four grants: grant funds are to supplement, not supplant, currently committed funds.

The following criterion applied to Grant Nos. 2005-HE-WX-0005, 2007-HE-WX-0039, and 2009-RK-WX-0520: personnel and equipment funded under the grant may only be involved in activities or perform services that exclusively benefit the grantee agency and the population it serves. Both Grant Nos. 2007-HE-WX-0039 and 2009-RK-WX-0520 include an additional provision for enhancing community policing.

The following criterion applied to Grant Nos. 2005-HE-WX-0005, 2007-HE-WX-0039, and 2007-CK-WX-0313: sole source procurements in excess of \$100,000 must be approved by COPS prior to procurement.

Additionally, for grant 2009-RK-WX-0520, the grant award included three conditions, two of which were specific to Recovery Act funds: (1) the grantee must retain all CHRP officer positions for a minimum of 12 months at the conclusion of the grant; (2) the grantee agrees to comply with extensive accountability and transparency requirements specific to Recovery Act funds; and (3) the grantee agrees to track Recovery Act funds separately from all other funds.

We identified a number of instances where the Tribe did not comply with the conditions outlined above. For Grant No. 2005-HE-WX-0005, we determined that the Tribe did not submit a sole source justification to COPS for approval prior to a sole source procurement in contracted legal services for \$128,537. The decision to use sole source procurement was supported by the Tribe's Financial Management System Policy and Procedure manual, which stated that supplies or services may be procured on a noncompetitive basis when obtaining professional contracts that require specific expertise in which the stability and reliability of the provider is of great importance, such as attorneys. However, the Tribe still had an obligation to notify COPS prior to obligating the funds.

For Grant No. 2007-HE-WX-0039, we determined there was an instance when grant funded expenditures did not exclusively benefit the grantee agency and the community policing plan was not enhanced, as outlined in Program Performance and Accomplishment section. Accordingly, we question the related equipment and supplies

expenditures in the amount of \$254,066, as detailed in the Transaction Testing section of this report. For Grant No. 2007-CK-WX-0313, it appears the Tribe was compliant with the two provisions specific to the grant.

For Grant No. 2009-RK-WX-0520, the Supplemental Review section of the report includes an analysis of potential supplanting, the Tribe's community policing plan, and the Tribe's retention plan. Accountability and transparency requirements are reviewed in the Reports section above. Regarding the requirement to track Recovery Act funding separately, a fund accounting system allowed the Tribe to track grant-specific, Recovery Act expenditures independently of other funds.

Program Performance and Accomplishments

The goals and objectives for each grant and the degree to which each grant met those goals and objectives are detailed below. According to award documentation, we determined Grant No. 2007-CK-WX-0313 generally met the program goals, while the other three grants presented issues that potentially limited grant performance and accomplishments.

Grant No. 2005-HE-WX-0005

Grant No. 2005-HE-WX-0005, in the amount of \$441,000, was funded by the TCPP, which provided federally recognized American Indian communities with resources to develop, implement, enhance, and continue the operation of tribal judicial systems. Tribe officials indicated that prior to the initiation of the grant, judicial staff with professional qualifications were limited and judicial services were deficient. The Tribe's goal for this grant was to assist in developing a stable, effective, balanced, professional, integrated court and justice system which incorporates tribal culture and traditions. Specifically, the grant funds were to be used to establish the Office of the Tribal Prosecutor, including hiring a Prosecutor; establish the Office of the Tribal Defender, including hiring a Defender; and establish the Peacemaker Program, including hiring a Program Director. The grant was also intended to fund training opportunities for four employees, including the three intended grant-funded personnel and a Peacemaker Judge, office equipment and supplies, and grant evaluation services. The grant start date was September 1, 2005, and the grant end date was August 31, 2008.

We found that the intended hires were either not made or were not retained. A Tribal Prosecutor was hired. However, the position was maintained for just over six months. A Tribal Defender and a Program Director for the Peacemaker Program were never hired. Tribe officials stated that it was difficult to find lawyers to bring in house and other priorities prevented the Peacemaker Program from being fully developed. Training should have served to improve the delivery of program services. However, so little of the training budget was expended – only \$3,755 of the \$80,000 budgeted – that the value of the training was severely limited. The Tribe never conducted the program evaluations. Some of the expenditures were for services not identified in the goals, primarily the contracted legal services totaling \$186,287 outlined in the Budget Management and Control section of this report. The grant ended prior to expending all of the funds and \$165,372 was deobligated. Tribe officials indicated that the decision not to extend the grant resulted from the inability to secure the positions funded under the grant.

While the funds were not properly allocated in accordance with the approved budget and only a portion of the available funds were expended, there appears to have been some improvements to the court system. Tribe officials stated professional capacity has improved. Tribe officials also believed there was an elevated commitment to both prosecution and defense services, as well as elevated knowledge gained by Tribal court judges. Tribe officials went on to say that the program allowed for more fair and equitable services for the Tribal members.

Grant No. 2007-HE-WX-0039

Grant No. 2007-HE-WX-0039, in the amount of \$398,901, was funded by the TRGP, which was designed to expand the implementation of community policing and meet the most serious needs of law enforcement in tribal communities. The Tribe's goals for this grant were to make the Tribal police more visible in the community and to increase vehicle patrols on the reservation. This included the purchase of uniforms and standard issue equipment for the Tribe's police officers, patrol cars that included writing to reflect the Tribe's police force, and computer equipment for police reports. Specifically, the budget included vehicles equipped with radios, top lights, emblems, and sirens; uniforms and various handheld devices for police work; computer workstations; and methamphetamine and other training. The grant start date was August 1, 2007, and the

grant end date was August 31, 2010, after two extensions totaling 13 months.

According to the terms and conditions attached to 2007 TRGP grant, the funding under this project was for the payment of approved costs for the continued development of tribal law enforcement infrastructure to support community policing. We found that many of the items and services purchased with grant funds were issued to the Tribe's Fish and Game Department. For example, 8 of the 10 vehicles were used exclusively by Fish and Game. Other expenditures, such as supplies for the vehicles, uniforms, and computers, and training were also used to support the Tribe's Fish and Game Department. According to Tribe officials, the allocation of grant resources resulted from the former Tribe Chairman's effort to develop a Big Horn County Law Enforcement Agency, which would include the Crow Tribe Police and Fish and Game Departments, Bureau of Indian Affairs (BIA) officers, and the Big Horn County Sheriff's Department. The Tribe began to allow the Fish and Game Department to accumulate law enforcement expenditures, in order to help bring the Police and Fish and Game Department closer together. Tribe officials also stated that the BIA provided vehicles for the police officers, so the Tribe opted to provide vehicles to Fish and Game.

In addition, Tribe officials stated that after months of preliminary planning a letter of intent related to the Big Horn County Law Enforcement Agency was submitted to the BIA in July 2008. Due to personnel changes and other problems, the Tribe withdrew the proposal in February 2009. At the time of our audit, Tribe officials indicated that the Fish and Game Department generally enforces Fish and Wildlife Code, but can be temporarily deputized to assist in law enforcement during natural disasters, missing person calls, and big community events, like Native Days. Despite the Fish and Game officers' potential role in future law enforcement and their temporary law enforcement capacity, it does not appear their use of grant resources significantly contributed to the development of tribal law enforcement infrastructure or supported community policing.

Grant No. 2007-CK-WX-0313

Grant No. 2007-CK-WX-0313, in the amount of \$399,157, was funded by the Meth Initiative, which supported enforcement, training, and prevention activities, and was concentrated in areas with the greatest need for assistance in combating methamphetamine production, distribution, and use. The Crow Tribal Meth Project was

intended to address partnership development, prevention, training, and some intelligence gathering. This included a Memorandum of Understanding (MOU) of federal, state, tribal, and local agencies to assist and work collaboratively for the fight against meth. The budget included wages and fringe benefits for the Meth Project Coordinator; equipment and supplies related to police work and related to a central location for recording and storing data on meth crimes and usage; evaluation of the project; community events (school, special events, community meetings); overtime for officers participating in community events, as well as responding to meth related calls; and training for sworn officers and the project coordinator. The grant start date was September 1, 2007, and the grant end date was August 31, 2011, after three extensions totaling 24 months. We did not see evidence of either an MOU or a central location for recording and storing meth data. However, it is our opinion that the Tribe successfully implemented the remaining goals of this program.

Grant No. 2009-RK-WX-0520

Grant No. 2009-RK-WX-0520, in the amount of \$146,474, was funded by the CHRP, which provided funding directly to law enforcement agencies to support newly hired, rehired, and/or retained career law enforcement officers in an effort to create and preserve jobs, and to increase their community policing capacity and crime prevention efforts. For details regarding community policing, see the Community Policing Plan in the supplemental section of this report. The Tribe's goal for this grant was to hire one new sworn officer. The grant start date was July 1, 2009, and the end date was June 30, 2012. The Tribe outlined salary and fringe benefits to be paid to one new officer over three years. Tribe officials stated that the Tribe obtained one additional officer. This corresponds with the Tribe's accounting records, which identify two officers paid using grant funds – the original hire and the original hire's replacement.

According to the *2009 CHRP Grant Owner's Manual*, Grant funds reflecting allowable project costs must be obligated before the end of the grant period. We identified just over 21 months of expenditures as of July 11, 2011, that can be applied to the 3-year funding period. The grant was scheduled to end on June 30, 2012, 12 months from the beginning of our fieldwork. If there was no gap in subsequent expenditures, there would be a total of 33 months of activity on that date. This was less than the 36 months allotted, which means grant expenditures cannot be exhausted prior to the end date. This was the result of a 77-day gap between the resignation of the first employee

hired through the grant and the hiring of the replacement officer. We determined the grantee's program was not on track to accomplish goals and objectives, based on the grant end date. An extension will be required, in order to meet the obligation requirement.

Monitoring Contractors

According to 28 C.F.R Part 66.36, grantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts. We reviewed the administration of contracts on a per contract basis. The Tribe had a total of three contracts within the scope of our audit. Grant No. 2005-HE-WX-0005 included two legal services contracts. Elk River Law Offices (Elk River) provided prosecution services. The firm specializes in Indian law, including extensive litigation experience in Tribal courts. Montana Legal Services Association (MLSA) provided defender services. The firm specializes in providing legal assistance to low-income people. Grant No. 2007-CK-WX-0313 included one evaluation contract. The contractor was an individual providing an evaluation of the grant, which was also known as the Crow Tribe Civilian Meth Project. We determined the Elk River and the evaluation contracts were properly monitored, while the MLSA contract was not properly monitored.

Elk River was contracted to represent the Tribe in court and was to receive compensation at designated hourly rates. The Tribe monitored the firm's performance by having the Tribe's legal counsel review invoices and, if necessary, identify questioned items prior to payment. The invoices included an itemized list of time and tasks performed. The listed items appeared to provide sufficient detail regarding work performed. We determined the review process ensured that the contract was adequately monitored. Although we found that the Tribe adequately monitored the Elk River contract, as discussed in the Transaction Testing section of this report, contracted legal services were not authorized under the grant. As a result, we previously questioned the entire \$128,537 paid to the contractor.

The individual evaluator was contracted to provide an analysis of the Crow Civilian Meth Project and was to receive an hourly rate for an estimated 260 hours of service. According to the contract, the Tribe only agreed to pay the consultant the amount listed in the contract if services rendered were satisfactory, meaning the final product matched the project description. An invoice outlining hours worked in conjunction with the final deliverable – the completed project

evaluation – is a sufficient method for the Tribe to assess the evaluator’s compliance with the contract.

MLSA was contracted to provide a minimum of 120 hours per month in direct case services or community and legal education and was to receive compensation at a designated monthly rate. The contract indicated that an itemization of the hours spent on this contract could be provided upon the request of the Tribe. However, expense records indicate that accounting authorized payment of the monthly rate without performing two important steps: (1) requesting an itemized list of time and task, and (2) reviewing the time and task with judicial personnel. This means the 120 hour monthly minimum outlined in the contract was never confirmed. There did not appear to be adequate communication between the Court and the Accounting Department.

During the course of our audit, the Tribe’s accountants provided us with a list of the work MLSA performed during the grant period, including work performed by the lawyer billed under this grant. While this document demonstrates that the hours billed were likely representative of work performed, the document was created on August 31, 2011. This documentation was not requested at the time of payment, meaning the contractor was still not appropriately monitored. However, the accountants also provided a new tracking mechanism for the MLSA contract to correct the issue of insufficient monitoring. The form tracks dates of service, office hours, number of clients served, and the number of court appearances. This should assist the accounting department in verifying that billed services match actual services provided, prior to payment. We determined this sufficiently addresses the finding. Although we found that the Tribe sufficiently addressed it’s monitoring of the MLSA contract, as discussed in the Transaction Testing section of this report, contracted legal services were not authorized under the grant. As a result, we previously questioned the entire \$57,750 paid to the contractor.

Recommendations

We recommend that the COPS Office:

1. Ensure that the Crow Tribe of Indians implements controls to ensure items and services billed matched those received.

2. Remedy the \$186,287 in questioned costs related to unallowable expenditures paid to contractors under Grant No. 2005-HE-WX-0005.
3. Remedy the \$1,589 in questioned costs related to unsupported expenditures for Grant No. 2007-HE-WX-0039.
4. Remedy the \$252,478 in questioned costs related to unallowable expenditures for Grant No. 2007-HE-WX-0039 for purchases not used for the purposes specified in the grant.
5. Remedy the \$6,499 in questioned costs related to unsupported expenditures for Grant No. 2007-HE-WX-0313.
6. Remedy the \$1,369 in questioned costs related to unallowable expenditures for Grant No. 2005-HE-WX-0005 for travel and training costs incurred by persons not authorized to receive training under the grant.
7. Remedy the \$12,424 in questioned costs related to unallowable expenditures for Grant No. 2007-HE-WX-0039 for travel and training costs incurred by persons not authorized to receive training under the grant.
8. Remedy the \$3,784 in questioned costs related to unallowable expenditures for Grant No. 2007-CK-WX-0313 for travel and training costs incurred by persons not authorized to receive training under the grant.
9. Remedy the \$1,095 in questioned costs related to unsupported travel and training expenditures for Grant No. 2007-HE-WX-0039.
10. Ensure that the Crow Tribe of Indians receives approval from COPS prior to transferring grant funds between direct cost budget categories in excess of 10 percent of the total award.
11. Remedy the \$21,506 in questioned costs related to unallowable expenditures for Grant No. 2005-HE-WX-0005 for salary and fringe benefits for the unapproved court administrator position.
12. Remedy the \$6,125 in questioned costs for duplication payroll charges made under Grant No. 2007-CK-WX-0313.

13. Remedy the \$4,288 in questioned costs for unallowable expenditures for fringe benefits charges not included as an approved budget category under Grant No. 2005-HE-WX-0005.
14. Ensure the Crow Tribe of Indians develops and implements policies and procedures to accurately monitor grant-funded equipment by tagging and identifying equipment purchased with grant funds.
15. Remedy the \$10,316 in questioned costs related to unverifiable accountable property, including 2 thermal imagers, for Grant No. 2007-CK-WX-0313.
16. Ensure that the Crow Tribe of Indians develops and implements policies and procedures to obtain prior approval from COPS for any sole source expenditures.
17. Ensure that the Tribe develops and implements policies and procedures to communicate with COPS prior to initiating grant activity that significantly deviates from the goals and objectives outlined in the grant application or applicable modifications.

**SUPPLEMENTAL REVIEW OF 2009 COPS HIRING
RECOVERY PROGRAM (CHRP)
Grant No. 2009-RK-WX-0520**

We found that the Tribe reported data in the CHRP application that was inaccurate or not possible to replicate in seven instances. We also found that the officer type funded under the grant did not successfully meet the new hire provision as required under CHRP, and the payroll expenditures funded by the grant exceeded entry-level salary and fringe benefit levels also required under CHRP by \$25,593. Further, we found the Tribe did not fully enact the community policing plan outlined in the completed 2009 CHRP grant application, as there was no evidence that Tribal police officers were participating in community meetings.

Application Statistics

The CHRP grants were awarded to recipients based on a mathematical formula that took into consideration fiscal and economic conditions, rates of crime, and community policing activities. Internal audit work revealed that COPS did not effectively ensure that grantee applicant data was accurate or reliable. As a result, applicants that inflated data COPS used to score and rate applications could have received grant funds erroneously. The purpose of this section is to ensure the data in the grantee's application were supported by verifiable and accurate information. According to the grant application, the signatures of the Law Enforcement Executive/Program Official and Government Executive/Financial Official, and any applicable program partners on the Certification of Review and Representation of Compliance with Requirements attests to the accuracy of the information submitted with the application.

During our analysis of CHRP application statistics, we identified seven data exceptions that were significant. Three of the seven data exceptions were related to financial figures. This included understating the law enforcement budget, understating the Tribe's operating budget, and providing the wrong data for the General Fund balance. Three of the seven data exceptions were related to the percentage of law enforcement lay-offs, furloughs, and other reductions. The Tribe was not able to replicate the data, in order for us to verify its accuracy. One of the seven data exceptions was related to the number of crime incidents in calendar year 2008. The

figures reported in the application and the figures we reviewed did not match in five of the seven incident categories. Cumulatively, the Tribe reported 15 more crime incidents in the grant application than we were able to verify.

The Tribe employee responsible for completing the 2009 CHRP application did not work for the Tribe at the time of our audit. Consequently, we were unable to determine what data was used and how it was used in submitting the application. Tribe officials identified the most likely sources of data used to complete the application, in order to conduct the analysis. However, the absence of the employee who completed the application made it difficult for us to determine the cause of the data exceptions when they were encountered. For the three data exceptions related to financial figures, it appears there was not a sufficient review of the CHRP application instructions. For the remaining four data exceptions, we did not see any evidence of documents outlining the methodology used to generate the figures, copies of the source data, or other pertinent records. The absence of a paper trail increases the likelihood that the reported data cannot be replicated or verified.

Officer Type Funded and Entry-Level Salary Provisions

According to the *2009 CHRP Grant Owner's Manual*, funds may only be used to pay for law enforcement officers hired, rehired and/or retained on or after the award start date. The Tribe requested funding for one new hire. The grant fund began covering personnel expenses for one officer at the start of the grant. However, payroll documentation indicates that the grant funded officer was not a new hire. Tribe personnel explained and payroll records confirmed that although they were paying an existing employee with grant funds, the Tribe made an additional hire and paid that officer using the General Fund. This means the Tribe backfilled a General Fund vacancy, in order to meet the new hire requirement. However, this decision presented an issue when the new hire resigned just over five months after the hire date. Tribe officials stated that the vacated General Fund position was not filled after the officer's resignation due to economic hardship. We determined the Tribe's inability to continue to fund a new hire means that the Tribe was not successful in meeting this requirement.

According to the *2009 CHRP Grant Owner's Manual*, grant funding must be limited to paying the agency's entry-level salary and fringe benefits; any costs higher than entry-level must be paid by the

agency with local funds. The Tribe's 2009 entry-level salary was \$12 per hour and the 2009 entry-level fringe benefit rate was 11.88 percent. According to payroll records, two employees were paid using grant funds, including the employee originally paid under the grant, Employee 1, and the employee's replacement, Employee 2. Both Employee 1 and Employee 2 had average salaries that exceeded the starting salary for the Tribe. The pay rates were \$17.85 per hour and \$17 per hour respectively. Employee 1's average fringe benefit rate of 11.14 percent was lower than the starting benefit rate. However, Employee 2's average fringe benefit rate of 18.12 percent exceeded the starting benefit rate, as shown in Exhibit 7.

EXHIBIT 7
ENTRY-LEVEL PAYROLL EXPENDITURES VERSUS ACTUAL
PAYROLL EXPENDITURES FOR GRANT NO. 2009-RK-WX-0520

EMPLOYEE	PAYROLL TRANSACTIONS DATE RANGE	AVG. PAY RATE PER HOUR	AVG. FRINGE BENEFIT RATE
Entry-Level		\$12.00	11.88%
1	July 2009 to Jan 2011	17.85	11.14%
2	Mar 2011 to July 2011	17.00	18.12%

Source: Crow Tribe of Indians

At the start of the grant, the Tribe's decision to transfer an existing employee to the grant likely resulted in Employee 1's pay rate exceeding entry-level. While the replacement hire was a new hire, Employee 2 had previous law enforcement experience with the Tribe, which likely resulted in the Employee 2's pay rate exceeding entry-level. Tribe officials stated that Employee 2's fringe benefit rate was high because it included workers' compensation.

As of July 27, 2011, salary and fringe benefit expenditures charged to the grant totaled \$78,758. We recalculated both employee's salaries and fringe benefits based on the entry-level salary and fringe benefit rates. Allowable expenditures for both employees totaled \$53,165. We subtracted the allowable expenditures from expenditures charged to the grant to calculate \$25,593 in questioned costs, due to excess salary and fringe benefit expenditures being charged to the grant, as shown in Exhibit 8.

**EXHIBIT 8
ALLOWABLE PAYROLL EXPENDITURES
FOR GRANT NO. 2009-RK-WX-0520**

EMPLOYEE	PAYROLL TRANSACTIONS DATE RANGE	TOTAL PAYROLL EXPENDITURES	ENTRY-LEVEL PAYROLL EXPENDITURES (ALLOWABLE)	PAYROLL EXPENDITURES IN EXCESS OF ENTRY-LEVEL (UNALLOWABLE)
1	July 2009 to Jan 2011	\$62,695	\$42,425	\$20,270
2	Mar 2011 to July 2011	16,064	10,740	5,323
TOTAL		\$78,758	\$53,165	\$25,593

Source: Crow Tribe of Indians

Supplanting

CHRP funds should supplement, not supplant, already committed funds. According to the *2009 CHRP Grant Owner's Manual*, under CHRP, the nonsupplanting requirement means that a grant recipient receiving CHRP grant funds to hire a new officer position must hire the additional position on or after the official grant award start date, above its current budgeted (funded) level of sworn officer positions. In addition, the grantee must take active and timely steps pursuant to its standard procedures to fully fund law enforcement costs already budgeted as well as fill all locally-funded vacancies resulting from attrition during the life of the grant.

Employee 1 was paid using grant funds beginning on July 15, 2009, which was 14 days after the grant start date. Employee 1 was not a new hire. According to the payroll notes, the employee was hired by the Fish and Game Department on March 8, 2006, and transferred to the Tribal Police Department on July 30, 2008, 11 months prior to the award start date. The employee was paid through the General Fund until July 1, 2009, when salary and fringe benefits were transferred to the CHRP fund.⁹ According to Tribe officials, the Tribe advertised the new position and deemed Employee 1 the most qualified. Employee 1 was transferred to the grant program and a new hire, Employee 3, backfilled the General Fund position. According to payroll notes, Employee 3 was hired by the

⁹ The payroll notes indicate that Employee 1 was transferred to the CHRP fund account on August 9, 2009. However, retroactive journal entries began July 15, 2009, for the first salary payment for hours worked beginning July 1, 2009, the start date of the grant.

Tribe's Police on August 22, 2009, and was paid the Tribe's entry-level salary, \$12 per hour. Employee 3 resigned on February 2, 2010. Tribe officials stated that there was no replacement hire for the vacant General Fund position. Employee 1 resigned 11 months later on January 5, 2011. Employee 2 entered service as a grant funded employee on March 10, 2011, and was still employed at the time of our fieldwork.

Based on the information above, we determined if supplanting occurred and what, if any, expenditures charged to the grant were not allowable. We determined backfilling the General Fund position with a new hire allowed the Tribe to meet the nonsupplanting requirement during Employee 3's period of employment because a new position was created after the award start date above the budgeted level of sworn officer positions. This is based on our determination that the grant funded payroll start date for Employee 1 and the General Fund payroll start date for Employee 3 were reasonably close together.

Employee 1 continued to be paid with grant funds from February 2, 2010, to January 5, 2011, despite the General Fund vacancy created by Employee 3's resignation. Employee 2, Employee 1's replacement, was then hired to fill the grant funded position, despite the continued vacancy of the position paid through the General Fund. This violates the nonsupplanting requirement because the grantee must take active and timely steps to fully fund law enforcement costs already budgeted as well as fill all locally funded vacancies resulting from attrition during the life of the grant.

According to the 'Letter of Guidance – Nonsupplanting Requirements' distributed by the COPS Office, while the nonsupplanting requirement prohibits a grantee from reducing its sworn officer budget just to take advantage of the CHRP grant, a grantee may continue to implement its CHRP grant following a reduction in its locally-funded sworn force if the grantee is able to demonstrate through documentation that the reduction occurred for reasons unrelated to the receipt of CHRP funding and would have occurred in the absence of the grant award. To demonstrate compliance with the nonsupplanting requirement, the Police Department must maintain documentation contemporaneous with the reduction-in-force addressing, as applicable, its local fiscal situation, personnel actions, and/or reorganization plans and document that its actions were unrelated to the receipt of COPS funding.

We determined that the Tribe was able to demonstrate economic hardship using documentation addressing revenue shortfalls in FY 2010 and management correspondence related to hiring freezes, lay-offs, and work hour reductions for the entire Tribe dated February and March 2010. We determined the documentation dates were contemporaneous with or sufficiently close to Employee 3's resignation. The proximity of these dates likely demonstrates why the Tribe was not able to fill the General Fund vacancy. We determined that continuing to pay Employee 1 and subsequently hiring Employee 2, despite the vacancy in the General Fund position was compliant with the nonsupplanting requirement, because the Tribe was able to demonstrate extenuating economic circumstances that led to reductions in its locally funded sworn force that were unrelated to receipt of CHRP funding.

Retention Plan

The grantee must retain all CHRP officer positions for a minimum of 12 months at the conclusion of the grant. The Tribe indicated that it planned to retain the additional sworn officer under this grant for a minimum of 12 months using General Funds as the funding source. Tribe officials indicated that funds were set aside to meet grant requirements at the beginning of the fiscal year. We determined that evidence of a similar requirement being met in a previous fiscal year provides sufficient assurance that the CHRP funded position will be included in a future budget. We also determined that evidence of the grant funded position already being replaced, as well as the Tribe's hiring policies, provided sufficient assurances that the Tribe will fill the vacancy should one arise during the retention period.

Community Policing Plan

The COPS Office defines community policing as a philosophy that promotes organizational strategies, which support the systematic use of partnerships and problem-solving techniques, to proactively address the immediate conditions that give rise to public safety issues such as crime, social disorder, and fear of crime. According to the *2009 CHRP Grant Owner's Manual*, CHRP grants must be used to initiate or enhance community policing activities. All newly hired, additional or rehired officers (or an equal number of redeployed veteran officers) funded under CHRP must engage in community policing activities.

The Tribe did not fully enact the community policing plan. Specifically, Tribal Police officers are not participating in community

meetings, an intention outlined the completed 2009 CHRP grant application. The staff responsible for overseeing the grant and the supervisor responsible for overseeing the Tribe's police officers did not appear to be aware of the community policing activity requirement that accompanied 2009 CHRP funding. The absence of community meetings may have resulted in the police not being fully informed regarding community needs because the community did not have a proper forum to communicate needs.

Recommendations for the Supplemental Review

We recommend that the COPS Office:

18. Ensure that the Crow Tribe of Indians documents all procedures related to compiling and verifying data submitted in applications for COPS funding.
19. Remedy the \$25,593 in questioned costs as a result of unallowable personnel expenditures, including salary and fringe benefits that exceeded entry-level.
20. Ensure that the Crow Tribe of Indians develops and implements a plan to carry out the stated community policing plan.

OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants, and to determine program performance and accomplishments. The objective of our audit was to assess risks and review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, including personnel and indirect costs, (4) budget management and control, (5) matching, (6) property management, (7) program income, (8) financial status and progress reports, (9) grant requirements, (10) program performance and accomplishments, and (11) monitoring of subgrantees and contractors. In addition to the objectives above, for CHRP Grant No. 2009-RK-WX-0520 we also reviewed performance in the following areas: (1) application statistics, (2) officer type funded and entry-level salary provisions, (3) supplanting, (4) retention plan, and (5) community policing plan. We determined that matching, program income, and monitoring of subgrantees were not applicable to these grants.

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. Our audit concentrated on, but was not limited to, the award of Office of Community Oriented Policing Services (COPS) grants on September 1, 2005, through July 11, 2011. This was an audit of COPS Tribal Court Pilot Program Grant No. 2005-HE-WX-0005, COPS Tribal Resources Grant Program Grant No. 2007-HE-WX-0039, COPS Methamphetamine Initiative Grant No. 2007-CK-WX-0313, and COPS Hiring Recovery Program Grant No. 2009-RK-WX-0520, awarded to the Crow Tribe of Indians (Tribe). The Tribe received a total of \$1,385,532 in COPS grant awards and had a total of \$1,119,902 in drawdowns through July 11, 2011.

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the *COPS Grant Owner's Manuals* and the grant award documents.

In conducting our audit, we performed sample testing in five areas, which were drawdowns, grant expenditures, personnel, indirect costs, and property management. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts or expenditure category. We identified samples of 42 drawdowns, 97 grant expenditures, 9 grant funded employees, 9 indirect cost transactions, and 21 items of accountable equipment. This non-statistical sample design does not allow projection of the test results to the universes from which the samples were selected.

In addition, we reviewed the timeliness and accuracy of FSRs and Progress Reports, evaluated performance to grant objectives evaluated the grantee's monitoring of the contractor, and determined the completeness and accuracy of grantee information submitted in the CHRP application; however, we did not test the reliability of the financial management system as a whole.

APPENDIX II

SCHEDULE OF DOLLAR-RELATED FINDINGS

Description	Amount	Page
Unallowable Costs		
2005-HE-WX-0005:		
Unallowable contract costs	\$186,287	10
Unallowable travel/training costs	1,369	11
Unallowable payroll costs for an unapproved position	21,506	15
Unallowable fringe benefits	4,288	15
Total Questioned Costs for 2005-HE-WX-0005	\$213,450	
2007-HE-WX-0039		
Unsupported equipment and supplies costs	\$1,589	10
Unallowable equipment and supplies costs	252,478	11
Unallowable travel/training costs	12,424	11
Unsupported travel/training costs	1,095	12
Total Questioned Costs for 2007-HE-WX-0039	\$267,586	
2007-CK-WX-0313		
Unsupported expenditures	\$6,499	11
Unallowable travel/training costs	3,784	12
Duplicate payroll charges	6,125	15
Unverifiable accountable property	10,316	17
Total Questioned Costs for 2007-CK-WX-0313	\$26,724	
2009-RK-WX-0520		
Unallowable excess salary	\$25,593	37
Total Questioned Costs for 2009-RK-WX-0520	\$25,593	
Total Questioned Costs¹⁰	\$533,353	

¹⁰ Questioned costs are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

APPENDIX III

QUESTIONED TRANSACTION DETAILS¹¹

Transaction Date	ID Number	Transaction Description	Reason	Amount Questioned
Grant No. 2005-HE-WX-0005				
1/1/2006 - 12/11/2007	ELK1011	Prosecution Services	Unallowable	\$128,537
1/1/2006 - 7/17/2008	MON1250	Legal Services	Unallowable	57,750
<i>Unallowable Contract Costs Subtotal</i>				\$186,287
2/21/2007	ROH2025	Travel Authorization	Unallowable	\$414 ¹²
2/23/2007	ACT2025	Air Fare (for Training)	Unallowable	470 ¹³
3/2/2007	NAT1012	Training Registration Fee (for 1 of 3 employees)	Unallowable	485 ¹⁴
<i>Unallowable Travel/Training Subtotal</i>				\$1,369
Total for Grant No. 2005-HE-WX-0005				\$187,656
Grant No. 2007-HE-WX-0039				
4/30/2008	BIL1890	Brackets for Fire Extinguishers	Unsupported and Unallowable	\$ 490
6/14/2010	CRE1120	Patch and Conservation Ranger Badge	Unsupported and Unallowable	650
11/20/2009	BAL1000	Badges	Unsupported and Unallowable	449
<i>Unsupported Equipment and Supplies Subtotal</i>				\$ 1,589
12/21/2007	YEL3035	8 Vehicles	Unallowable	\$237,384
1/11/2008	AUT1020	Fish and Game Vehicle Logos	Unallowable	1,422
2/25/2008	RFC1000	Top Lights, Sirens and Radios	Unallowable	3,400

¹¹ Table includes details for only questioned costs identified in the Transaction Testing section of the report.

¹² Amount excludes \$141 from original transaction due to a travel reconciliation entry.

¹³ Amount questioned is a third of the total transaction as one of three attendees was unallowable.

¹⁴ Amount questioned is a third of the total transaction as one of three attendees was unallowable.

Transaction Date	ID Number	Transaction Description	Reason	Amount Questioned
2/12/2009	BAL1000	Fish and Game Department Uniforms	Unallowable	3,325
2/10/2010	MON2023	Criminal Justice Network Services for Fish and Game Department	Unallowable	3,756
6/14/2010	MON1530	Vehicle Costs (for Training)	Unallowable	800
8/31/2010	DEL1020	Dell Computer	Unallowable	1,299
4/17/2008	CYC1000	Gooseneck Hitch Installation	Unallowable	546
4/17/2008	CYC1000	Gooseneck Hitch Installation	Unallowable	546
<i>Unallowable Equipment and Supplies Subtotal</i>				<i>\$252,478</i>
3/26/2010	TOB1010	Travel authorization to attend training	Unallowable	\$ 298
10/23/2009	COY2027	Travel authorization to attend training	Unallowable	790
4/1/2010	GRI2050	Travel authorization to attend training	Unallowable	1,784
1/19/2010	MON1530	Tuition for basic law enforcement training (reclass entry)	Unallowable	1,200
4/16/2010	MON1530	Tuition for basic law enforcement training	Unallowable	2,400
4/1/2010	PEA1090	Travel authorization to attend training	Unallowable	1,784
10/23/2009	STO1115	Travel authorization to attend training	Unallowable	1,311
3/26/2010	BIG1034	Travel authorization to attend training	Unallowable	298
12/9/2009-7/29/2010	WHI1021	Travel authorizations and travel reconciliation	Unallowable	2,263
3/26/2010	WIL9030	Travel authorization to attend training	Unallowable	298
<i>Unallowable Travel and Training Subtotal</i>				<i>\$ 12,424</i>
1/1/2010	Not provided	To reclass Credit Card Charges	Unsupported	\$ 1,095
<i>Unsupported Travel and Training Subtotal</i>				<i>1,095</i>
Total for Grant No. 2007-HE-WX-0039				\$267,586

Transaction Date	ID Number	Transaction Description	Reason	Amount Questioned
Grant No. 2007-CK-WX-0313				
4/29/2008	4IM1000	Polyclean Bottles	Unsupported	\$ 6,499
<i>Unsupported Equipment and Supplies Subtotal</i>				<i>\$ 6,499</i>
2/29/2008 - 6/20/2008	EAS1019	Travel authorizations and Attend conference	Unallowable	\$ 1,344 ¹⁵
3/21/2008 - 9/24/2008	FIR2023	On-line CC payment for travel (including reclass entry on 9/24/2008)	Unallowable	1,645
5/14/2010	BIG1034	Travel authorization to attend training	Unallowable	636
4/28/2008	MSU2021	Registration for 1 of the 4 employees registered	Unallowable	159
<i>Unallowable Travel and Training Subtotal</i>				<i>\$ 3,784</i>
Total for Grant No. 2007-CK-WX-0313				\$ 16,782

¹⁵ Amount excludes \$107 from original transaction due to a travel reconciliation entry.

CROW TRIBE OF INDIANS' RESPONSE TO THE DRAFT REPORT



CROW TRIBAL Executive Branch

Bacheeitchche Avenue P.O. Box 159
Crow Agency, MT 59022
Phone: (406) 638-3843 Fax: (406)638-3886

Cedric Black Eagle, Chairman
Calvin Jefferson Jr., Vice Chairman
Scott Russell, Secretary
Darrin Old Coyote, Vice Secretary

February 7, 2012

Sean B. Haynes
Assistant Regional Audit Manager
U.S. Department of Justice
Office of Inspector General
Denver Regional Audit Office
1120 Lincoln Street, Suite 1500
Denver, CO 80203

Dear Sean,

This letter is in response to the Department of Justice Audit conducted on the grants awarded to the Crow Tribe by the Office of Community Oriented Policing Services (COPS). The audit was conducted on the following grand awards; 2005-HE-WX-0005, 2007-HE-WX-0039, 2007-CK-WX-0313 and 2009-RK-WX-0520. The awarded funds total \$1,385,532. The department of justice identified questioned costs totaling \$533,353. There were a total of 20 findings and corresponding recommendations. After reviewing the report, the Crow Tribe agrees with the policies and procedures that were recommended, but does not agree with all of the remedies of questioned costs. Below we identify the steps we need to take to take to avoid these findings from recurring:

1. Establish adequate receiving procedures and confirm staff is trained in performing their duties, as required. Establish a central receiving department. Develop and implement policies and procedures that identify and track property purchases with a value over \$5,000, as well as, tracking any other accountable property.
2. Establish the proper procedures to ensure that all budget modifications are submitted and approved before any change or expenditure of funds is taken. Ensure there is a full understanding of the type of categories budgeted and what the budget modification rules are. Ensure there is adequate communication and approval with the agencies if grant activity significantly deviates from the goals and objectives outlined in the grant applications.

3. Establish and maintain adequate retention policies and procedures. Ensure documents from prior years are kept and filed in a manner that is easily retrievable.
4. Establish procedures that require all transactions to have adequate documentation, which fully substantiate and justify the purchase.
5. Establish policies and procedures that ensure grant terms and conditions are fully reviewed and understood prior to utilizing the funds. Specifically, review all larger transactions to make sure the grant objective is being met before incurred.
6. Establish and implement policies regarding sole source expenditures. Ensure prior approval from grantor agencies before expenditures are incurred.
7. Establish policies and procedures that verify the accuracy of the grant applications. Establish due diligence in compiling and verifying data submitted.

In regards to the remedy of questioned costs, the Crow Tribe is asking for leniency in assessing any repayment. With regards to all of the findings, the Crow Tribe believed it was making a good faith effort to properly administer the grants and meet the objectives. With the 2005-HE-WX-0005 award, the Tribe did complete the objectives of the grant by implementing a public defender and prosecutor for the Crow Nation. The grant allowed us to implement this initial service and the Crow Tribe is continuing the services today. These are being paid for by the General Funds of the Crow Tribe. At the time of the award, the Tribe sought out the resources to complete the objectives of the grant. The best choice for the Tribe was to hire contracted services to complete the objectives. The Tribe overlooked the proper procedures to modify the budget and procuring the services correctly, but our intent was to meet the objectives. Additionally, the court administrator acted as the director and this was merely a need for a title change, not a budget modification. We are currently in contact with Lynnette Chambliss, grant specialist COPS, to complete a retro-active budget modification for this grant. If this is approved, this will cover all questioned costs of \$213,450 for this award.

In regards to award 2007-HE-WX-0039, the Crow tribe believed it was allowable to utilize the vehicles for the Fish & Game department. There was not any malicious intent to deceive DOJ or to improperly utilize those funds. The belief was the Fish & Game had certain authority to help enforce law and order on the reservation. They were enforcing the fish and game laws, as well as, helping the police authority with search and rescue operations and a presence in the community. They were serving the grantee agency and its population. Please review the attached document titled, Grant #2007-HE-WX-0039, with regards to Title 12 of the Crow Law and Order Code regarding the Fish and Game department. This document outlines the basis for the Tribe's decision in regards to this grant.

The Crow Tribe admits more due diligence was needed to understand the grant terms and conditions. The Crow Tribe is taking the necessary steps to ensure a complete understanding of current and future grants. In regards to the DOJ grants, we are attending trainings and are in the process of making the recommended changes from the Audit report.

Again, the Crow Tribe is seeking leniency in regards to repayment of the questioned costs. The Crow Tribe has experienced a serious downturn in General Fund revenues. Our main source of General Fund revenues is expected to be reduced by half in the current and next fiscal year. This source of revenue is from the Coal industry. It has been hampered due to the economy and an unforeseen explosion at the main power plant, which purchases our coal. We are requesting any type of remedy other than financial at this time. If the Tribe does have to make a financial repayment, it will have to reduce services from the General Funds. This could affect the current General Fund budgets for prosecution, public defenders, police department assistance and fish & game. This will only hurt the community we are trying so hard to serve. If financial remedy cannot be avoided, we are requesting the ability to make installment payments over the next five years. We are trying very hard to be good stewards of our awards, but we recognize that we still have many improvements to make.

Please let us know what else we can do to improve our organization. We are committed to maintaining a good standing with all Federal agencies. Please call us with any further questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kristin Johnson CPA'.

Kristin Johnson, CPA
Crow Tribe Comptroller

Grant No. 2007-HE-WX-0039

The Crow Tribe Fish and Game Department has authority to enforce Title 12 of the Crow Law and Order Code, Fish and Game. Title 12 at § 12-11-101(2) requires that Conservation Officers and Bison Pasture Rangers meet the following criteria: (a) never convicted of a felony, a crime of domestic violence, or a misdemeanor crime involving moral turpitude; (b) high school diploma or GED; (c) never dishonorably discharged from the U.S. Armed Services; (d) pass a drug screening test; (e) certifiable with a handgun and re-certifiable on a bi-annual basis; (f) must be 21 years of age or older; (g) familiarity with the Crow Tribal Fish and Game Code; (h) must complete basic police academy training within a year of employment; (i) possess a valid state drivers' license. In addition to these mandatory criteria, veterans' preference is applied. As Crow Tribal employees, these officers all undergo background screening, including a full criminal background check prior to employment.

It is clear that the Crow Tribe Fish and Game officers are charged with law enforcement responsibility. They are responsible for ensuring compliance with Crow Tribal Fish and Game Code, which is a comprehensive set of regulations of many significant activities on a rural reservation such as the Crow Indian Reservation, including but not limited to hunting and recreational pursuits. Crow Tribe Fish and Game Officers conduct patrols, investigate reports of infractions of Crow Tribal Law, and write reports documenting alleged or observed violations of Crow Tribal Law.

In the actual practice of this enforcement responsibility, the officers regularly encounter numerous other infractions of Tribal and federal laws which require them to deal immediately with violations of numerous other provisions of the Crow Law and Order Code beyond the scope of Title 12 and, in practice, to detain individuals until BIA law enforcement is available to respond, to preserve evidence, and to write reports that entail subject matter outside the scope of Title 12. Crow Tribe Fish and Game Officers are thus regularly confronted with situations which require them to take immediate and decisive action to protect individuals and Crow Tribal or private property.

The MOU in place between the Crow Tribe and BIA Law Enforcement recognizes that Fish and Game officers will frequently be "deputized" to serve as full law enforcement officers. These events are regularly occurring as well as unpredictable, including both regularly held tribal celebrations and community events, as well as natural disasters. The training and certification required for Fish and Game Officers underscores their significant role in upholding public safety and law and order on the Crow Indian Reservation frequently and at multiple times throughout the year, rather than merely in isolated incidents. The ongoing shortage of BIA Law Enforcement personnel and uniformed patrol officers on the Crow Indian Reservation is well established. The plain and simple fact is that the Crow Tribe Fish and Game Officers have supplemented the police force on a regular basis for many years and are seen by the Crow Reservation community as a police presence. Officers wear uniforms, display badges, and carry arms. They detain offenders, and also make arrests regularly under BIA Law Enforcement

supervision. They have contributed significantly to the development of tribal law enforcement infrastructure, and have provided strong support to community policing efforts.

**OFFICE OF THE INSPECTOR GENERAL COMMENTS
ON THE CROW TRIBE'S RESPONSE TO THE DRAFT REPORT**

The Office of the Inspector General (OIG), Audit Division has identified an issue in the Crow Tribe's response to our draft report (Appendix IV) relating to Grant No. 2007-HE-WX-0039 that we believe should be specifically addressed. As a result, we are providing the following comments on the Crow Tribe's response to the draft report.

The Crow Tribe's response on page 46 of this report states:

In regards to award 2007-HE-WX-0039, the Crow tribe believed it was allowed to utilize the vehicles for the Fish & Game Department.

The Crow Tribe's statement is not supported by the goals and objectives the tribe outlined in the grant application for Grant No. 2007-HE-WX-0039. In the application, the Crow Tribe specifically identified Tribal police officers under BIA supervision as the intended recipients of items purchased with grant funds. This included a plan to purchase police cars for Tribal Officers that were supervised by the BIA Chief of Police. We believe the specificity of the language excludes all departments, including the Fish and Game Department, from utilizing grant funded purchases, with the exception of the Police Department.

The Crow Tribe provides additional remarks regarding the role of the Fish and Game Department in law enforcement. The Crow Tribe's response on page 46 of this report states:

The belief was the Fish & Game had certain authority to help enforce law and order on the reservation. They were enforcing the fish and game laws, as well as, helping the police authority with search and rescue operations and a presence in the community. They were serving the grantee agency and its population.

The grant terms and conditions state that equipment, technology, and vehicles purchased with this grant may *only be used for law enforcement activities* that exclusively benefit the grantee and the population it serves. The Fish and Game Department's use of the grant funded purchases does not comply with the grant criteria.

The Crow Tribe highlighted the department's primary responsibilities as part of the response. The Crow Tribe's response on page 48 of this report states:

The Crow Tribe Fish and Game Department has authority to enforce Title 12 of the Crow Law and Order Code, Fish and Game . . .

They are responsible for ensuring compliance with Crow Tribal Fish and Game Code, which is a comprehensive set of regulations of many significant activities on a rural reservation...including but not limited to hunting and recreational pursuits.

According to Crow Law and Order Code, Title 12 "shall govern activities including but not limited to hunting, fishing, trapping, gathering, and recreation." Tribal Conservation Officers are charged with enforcing "the rules, regulations and ordinances promulgated relating to hunting and fishing, trapping and all other regulations which relate to...the intent of this code." However, this does not meet the criteria of a law enforcement agency. During the course of our fieldwork, Crow Tribe officials supported this assertion by stating that the Fish and Game officers only had civil authority and could not make arrests. Consequently, we believe the department was providing services outside of law enforcement. This means grant funded equipment, technology, and vehicles used by Fish and Game officers in the course of their regular duties were used for non-law enforcement activities, which violated the stated grant criteria.

In addition, the Crow Tribe's response on page 48 of this report states:

In the actual practice of this enforcement responsibility, the officers regularly encounter...infractions of Tribal and federal law which require them to deal immediately with violations . . . beyond the scope of Title 12. . .

The MOU in place between the Crow Tribe and BIA Law Enforcement recognizes that Fish and Game officers will frequently be "deputized" to serve as full law enforcement officers...Crow Tribe Fish and Game Officers have supplemented the police force on a regular basis for many years and are seen by the Crow Reservation community as a police presence. They detain offenders, and also make arrests regularly under BIA Law Enforcement supervision. They have contributed significantly to the development of tribal law enforcement infrastructure, and have provided strong support to community policing efforts.

According to the terms and conditions attached to 2007 TRGP grant, the funding under this project was for the continued development of tribal law enforcement infrastructure to support community policing. The Tribe asserts that the Fish and Game Department fulfilled this requirement by dealing "with violations beyond the scope of Title 12," frequently deputizing officers to serve in a full law enforcement capacity, and making arrests under BIA supervision. However, each of these activities requires Fish and Game officers to perform actions outside of the scope of the normal duties outlined in Title 12. In addition, as stated previously, the Fish and Game Department authority does not meet the criteria of a law enforcement agency. Therefore, the use of grant funds by Fish and Game officers in the course of their regular duties were used for non-law enforcement activities, which violated the stated grant criteria.

COPS RESPONSE TO THE DRAFT REPORT



U.S. DEPARTMENT OF JUSTICE
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES
Grant Operations Directorate/Audit Liaison Division
145 N Street, N.E., Washington, DC 20530

COPS

Via Electronic and U.S. Mail

To: David M. Sheeren
Regional Audit Manager
Office of the Inspector General
Denver Regional Audit Office

From: Donald J. Lango
Management Analyst/Audit Liaison
COPS Audit Liaison Division

Date: January 31, 2012

Subject: Response to Draft Audit Report for the Crow Tribe of Indians in Crow Agency, Montana

This memorandum is in response to your December 21, 2011, draft audit report for the Crow Tribe of Indians (Crow Tribe) in Crow Agency, Montana. For ease of review, each audit recommendation is stated in bold and underlined, followed by COPS' response to the recommendation.

Recommendation 1: Ensure that the Crow Tribe of Indians implements controls to ensure items and services billed matched those received.

The COPS Office concurs with the recommendation that Crow Tribe should implement controls to ensure items and services billed match those received.

Discussion and Planned Action:

We will ensure that the grantee implements controls, including the development of written policies and procedures for receiving goods and services, to ensure that items and services for which Crow tribe is billed match what it actually has received.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 1.

Recommendation 2: Remedy the \$186,287 in questioned costs related to unallowable expenditures paid to contractors under Grant No. 2005-HE-WX-0005.

The COPS Office agrees that grantees cannot expend funds on unallowable expenditures.

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING



Discussion and Planned Action:

In order to remedy the \$186,287 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 2.

Recommendation 3: Remedy the \$1,589 in questioned costs related to unsupported expenditures for Grant No. 2007-HE-WX-0039.

The COPS Office concurs that grantees must provide supporting documents for all purchases from grant funds.

Discussion and Planned Action:

In order to remedy the \$1,589 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 3.

Recommendation 4: Remedy the \$252,478 in questioned costs related to unallowable expenditures for Grant No. 2007-HE-WX-0039 for purchases not used for the purposes specified in the grant.

The COPS Office agrees that grantees cannot expend funds on unallowable expenditures.

Discussion and Planned Action:

In order to remedy the \$252,478 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 4.

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING
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Recommendation 5: Remedy the \$6,499 in questioned costs related to unsupported expenditures for Grant No. 2007-HE-WX-0313.

The COPS Office concurs that grantees must provide supporting documents for all purchases from grant funds.

Discussion and Planned Action:

In order to remedy the \$6,499 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 5.

Recommendation 6: Remedy the \$1,369 in questioned costs related to unallowable expenditures for Grant No. 2005-HE-WX-0005 for travel and training costs incurred by persons not authorized to receive training under the grant.

The COPS Office agrees that grantees cannot expend funds on unallowable expenditures.

Discussion and Planned Action:

In order to remedy the \$1,369 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 6.

Recommendation 7: Remedy the \$12,424 in questioned costs related to unallowable expenditures for Grant No. 2007-HE-WX-0039 for travel and training costs incurred by persons not authorized to receive training under the grant.

The COPS Office agrees that grantees cannot expend funds on unallowable expenditures.

Discussion and Planned Action:

In order to remedy the \$12,424 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 7.

Recommendation 8: Remedy the \$3,784 in questioned costs related to unallowable expenditures for Grant No. 2007-CK-WX-0313 for travel and training costs incurred by persons not authorized to receive training under the grant.

The COPS Office agrees that grantees cannot expend funds on unallowable expenditures.

Discussion and Planned Action:

In order to remedy the \$3,784 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 8.

Recommendation 9: Remedy the \$1,095 in questioned costs related to unsupported travel and training expenditures for Grant No. 2007-HE-WX-0039.

The COPS Office concurs that grantees must provide supporting documents for all purchases from grant funds.

Discussion and Planned Action:

In order to remedy the \$1,095 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 9.

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING

Recommendation 10: Ensure that the Crow Tribe of Indians receives approval from COPS prior to transferring grant funds between direct cost budget categories in excess of 10 percent of the total award.

The COPS Office concurs with this recommendation that Crow Tribe receives approval from COPS prior to transferring grant funds between direct cost budget categories in excess of 10 percent of the total award.

Discussion and Planned Action:

We will ensure that the grantee develops and implements procedures to obtain approval from COPS prior to transferring grant funds between direct cost budget categories.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 10.

Recommendation 11: Remedy the \$21,506 in questioned costs related to unallowable expenditures for Grant No. 2005-HE-WX-0005 for salary and fringe benefits for the unapproved court administrator position.

The COPS Office agrees that grantees cannot expend funds on unallowable expenditures.

Discussion and Planned Action:

In order to remedy the \$21,506 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 11.

Recommendation 12: Remedy the \$6,125 in questioned costs for duplication payroll charges made under Grant No. 2007-CK-WX-0313.

The COPS Office agrees that grantees cannot expend funds on duplicative expenditures.

Discussion and Planned Action:

In order to remedy the \$6,125 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING



with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 12.

Recommendation 13: Remedy the \$4,288 in questioned costs for unallowable expenditures for fringe benefits charges not included as an approved budget category.

The COPS Office agrees that grantees cannot expend funds on unallowable expenditures.

Discussion and Planned Action:

In order to remedy the \$4,288 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 13.

Recommendation 14: Ensure the Crow Tribe of Indians develops and implements policies and procedures to accurately monitor grant-funded equipment by tagging and identifying equipment purchased with grant funds.

The COPS Office concurs with the recommendation that Crow Tribe develops and implements policies and procedures to accurately monitor grant-funded equipment.

Discussion and Planned Action:

We will ensure that the grantee develops and implements policies and procedures to accurately monitor grant-funded equipment.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 14.

Recommendation 15: Remedy the \$10,316 in questioned costs related to unverifiable accountable property, including 2 thermal imagers, for Grant No. 2007-CK-WX-0313.

The COPS Office concurs that grantees must ensure that accountable property is tracked and inventoried.

Discussion and Planned Action:

In order to remedy the \$10,316 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 15.

Recommendation 16: Ensure that the Crow Tribe of Indians develops and implements policies and procedures to obtain prior approval from COPS for any sole source expenditures.

The COPS Office concurs with the recommendation that Crow Tribe develops and implements policies and procedures to obtain prior approval from COPS for any sole source expenditures.

Discussion and Planned Action:

We will ensure that the grantee develops and implements these policies and procedures.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 16.

Recommendation 17: Ensure that the Tribe develops and implements policies and procedures to communicate with COPS prior to initiating grant activity that significantly deviates from the goals and objectives outlined in the grant application or applicable modifications.

The COPS Office concurs with the recommendation that Crow Tribe develops and implements policies and procedures to communicate with COPS prior to initiating grant activity that significantly deviates from the goals and objectives.

Discussion and Planned Action:

We will ensure that the grantee develops and implements these policies and procedures.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 17.

Recommendation 18: Ensure that the Crow Tribe of Indians documents all procedures related to compiling and verifying data submitted in applications for COPS funding.

The COPS Office concurs with the recommendation that Crow Tribe documents all procedures related to compiling and verifying data submitted in applications for COPS funding.

Discussion and Planned Action:

We will ensure that the grantee develops and implements these policies and procedures.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 18.

Recommendation 19: Remedy the \$25,593 in questioned costs as a result of unallowable personnel expenditures, including salary and fringe benefits that exceeded entry-level.

Discussion and Planned Action:

In order to remedy the \$25,593 in questioned costs, the COPS Office has determined that additional information and clarification is required before we can make a final decision as to how to proceed. Therefore, COPS will work with Crow Tribe to obtain additional information. Once a decision is made on how we plan to remedy this recommendation, the COPS Office will provide your office with our plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 19.

Recommendation 20: Ensure that the Crow Tribe of Indians develops and implements a plan to carry out the stated community policing plan.

Discussion and Planned Action:

The COPS Office concurs with the recommendation that Crow Tribe develops and implements a plan to carry out the stated community policing plan.

Request:

Based on the discussion and planned action, COPS requests resolution of Recommendation 20.

COPS would like to thank you for the opportunity to review and respond to the draft audit report. If you have any questions, please contact me at 202-616-9215, or you may email at donald.lango@usdoj.gov.

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING
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David M. Sheeren, Regional Audit Manager
January 31, 2012
Page 9

cc: provided electronically

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Grant File: 2005HEWX0005 2007HEWX0039 2007CKWX0313 2009RKWX0520
Audit File

ORI: M7000ZZ

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING
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**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE THE REPORT**

The OIG provided a draft report of this audit to the Office of Community Oriented Policing Services (COPS). The response to the draft report from COPS is incorporated to Appendix VI of this report. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation Number:

- 1. Resolved.** COPS concurred with our recommendation to ensure that the Crow Tribe of Indians (Tribe) implements controls to ensure items and services billed matches those received. COPS stated in its response that it plans to ensure that the grantee implements controls, including development of written policies and procedures for receiving goods and services, to ensure that the items and services which Crow Tribe is billed match what it received.

This recommendation can be closed when we review documented procedures that ensure items and services billed match those received.

- 2. Resolved.** COPS concurred with our recommendation to remedy the \$186,287 in questioned costs related to unallowable expenditures paid to contractors under Grant No. 2005-HE-WX-0005. COPS stated that it agrees with the recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

- 3. Resolved.** COPS concurred with our recommendation to remedy the \$1,589 in questioned costs related to unsupported expenditures for Grant No. 2007-HE-WX-0039. In its response, COPS stated that it agrees with the recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

4. **Resolved.** COPS concurred with our recommendation to remedy the \$252,478 in questioned costs related to unallowable expenditures for Grant No. 2007-HE-WX-0039 for purchases not used for the purposes specified in the grant. COPS stated that it agrees with the recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

5. **Resolved.** COPS concurred with our recommendation to remedy the \$6,499 in questioned costs related to unsupported expenditures for Grant No. 2007-CK-WX-0313. COPS stated that it agrees with the recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

6. **Resolved.** COPS concurred with our recommendation to remedy the \$1,369 in questioned costs related to unallowable expenditures for Grant No. 2005-HE-WX-0005 for travel and training costs incurred by persons not authorized to receive training under the grant. COPS stated that it agrees with the recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

7. **Resolved.** COPS concurred with our recommendation to remedy the \$12,424 in questioned costs related to unallowable expenditures for Grant No. 2007-HE-WX-0039 for travel and training costs incurred by persons not authorized to receive training under the grant. COPS stated that it agrees with the recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

8. **Resolved.** COPS concurred with our recommendation to remedy the \$3,784 in questioned costs related to unallowable expenditures for Grant No. 2007-CK-WX-0313 for travel and training costs incurred by persons not authorized to receive training under the grant. COPS stated that it agrees with the recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

9. **Resolved.** COPS concurred with our recommendation to remedy the \$1,095 in questioned costs related to unsupported travel and training expenditures for Grant No. 2007-HE-WX-0039. COPS stated that it agrees with the recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

10. **Resolved.** COPS concurred with our recommendation to ensure that the Tribe receives approval from COPS prior to transferring grant funds between direct cost budget categories in excess of 10 percent of the total award. COPS stated that it agrees with the recommendation and will ensure that the Tribe develops and implements procedures to obtain approval prior to transferring grant funds between direct cost budget categories.

This recommendation can be closed when we review documented procedures to obtain approval from COPS prior to transferring grant funds between direct cost budget categories in excess of 10 percent of the total award.

11. **Resolved.** COPS concurred with our recommendation to remedy the \$21,506 in questioned costs related to unallowable expenditures for Grant No. 2005-HE-WX-0005 for salary and fringe benefits for the unapproved court administrator position. COPS stated that it agrees with the recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

- 12. Resolved.** COPS concurred with our recommendation to remedy the \$6,125 in questioned costs for duplicate payroll charges made under the Grant No. 2007-CK-WX-0313. COPS stated that it agrees with the recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

- 13. Resolved.** COPS concurred with our recommendation to remedy the \$4,288 in questioned costs for unallowable expenditures for fringe benefits not included as an approved budget category in Grant No. 2005-HE-WX-0005. COPS stated that it agrees with the recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

- 14. Resolved.** COPS concurred with our recommendation to ensure the Tribe develops and implements policies and procedures to accurately monitor grant-funded equipment by tagging and identifying equipment purchased with grant funds. COPS stated that it agrees with our recommendation and will ensure the Tribe develops and implements policies and procedures to accurately monitor grant-funded equipment.

This recommendation can be closed when we review documented procedures that ensure accurate monitoring of grant-funded equipment.

- 15. Resolved.** COPS concurred with our recommendation to remedy the \$10,316 in questioned costs related to unverifiable accountable property, including 2 thermal imagers, for Grant No. 2007-CK-WX-0313. COPS stated that it agrees with our recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

- 16. Resolved.** COPS concurred with our recommendation to ensure that the Crow Tribe develops and implements policies and procedures to obtain prior approval from COPS for any sole source expenditures. COPS stated that it agrees with our recommendation and will ensure that the Tribe develops and implements these policies and procedures.

This recommendation can be closed when we review documented procedures to obtain approval from COPS prior to any sole source expenditures in excess of \$100,000.

- 17. Resolved.** COPS concurred with our recommendation to ensure that the Crow Tribe implements policies and procedures to communicate with COPS prior to initiating grant activity that significantly deviates from goals and objectives outlined in the grant application or applicable modifications. COPS stated that it agrees with our recommendation and will ensure that the Tribe develops and implement these policies and procedures.

This recommendation can be closed when we review documented procedures that require approval from COPS prior to initiating grant activity that significantly deviates from goals and objective outlined in the grant application.

- 18. Resolved.** COPS concurred with our recommendation to ensure that the Crow Tribe documents all procedures related to compiling and verifying data submitted in applications for COPS funding. COPS stated that it agrees with our recommendation and will ensure that the Tribe documents all procedures related to compiling and verifying data submitted in applications for COPS funding.

This recommendation can be closed when we review documented procedures that require documentation of all procedures relating to compiling and verifying data submitted in applications for COPS funding.

- 19. Resolved.** COPS concurred with our recommendation to remedy the \$25,593 in questioned costs for unallowable expenditures including salary and fringe benefits that exceeded entry-level under Grant No. 2009-RK-WX-0520. COPS stated that it agrees with our recommendation and will request additional information and clarification from the Tribe before it determines a plan to remedy this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

- 20. Resolved.** COPS concurred with our recommendation to ensure that the Crow Tribe develops and implements a plan to carry out the stated community policing plan for Grant No. 2009-RK-WX-0520. COPS stated it that it agrees with our recommendation and will ensure the Tribe develops and implements the stated community policing plan.

This recommendation can be closed when we receive evidence that Tribe is carrying out the stated community policing plan for Grant No. 2009-RK-WX-0520.