



**OFFICE OF JUSTICE PROGRAMS
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANTS
AWARDED TO THE
CITY OF PROVIDENCE POLICE DEPARTMENT
PROVIDENCE, RHODE ISLAND**

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

Audit Report GR-70-10-003
March 2010

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EXECUTIVE SUMMARY

The Department of Justice Office of the Inspector General, Audit Division, has completed an audit of the Edward Byrne Memorial Justice Assistance Grants, numbers 2005-DJ-BX-1439, 2006-DJ-BX-0569, 2007-DJ-BX-1096, and 2008-DJ-BX-0442, awarded by the Department of Justice Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA) to the City of Providence Police Department (Providence) in Providence, Rhode Island. The purpose of the grants was to improve the functioning of Providence's criminal justice system. In addition, we also evaluated Providence's capacity to effectively manage grants provided through the American Reinvestment and Recovery Act of 2009 (Recovery Act). Providence was in the process of receiving these additional funds from OJP and the Office of Community Oriented Policing Services (COPS) at the time of our audit. These funds included three Recovery Act grants including a Byrne grant, number 2009-SB-B9-0441, a congressionally directed grant, number 2009-CK-WX-0638, and a 2009 COPS Hiring Recovery Program grant. The three Recovery Act grants awarded in 2009 totaled \$6,144,946.

The objectives of this audit were to: (1) determine whether reimbursements claimed for costs under the grants received were allowable and supported and, (2) whether Providence had the capacity to adequately manage those grants it received through the Recovery Act. In addition, we evaluated program performance and accomplishments for those grant programs where Providence had expended funds.

For the original grants received, we determined that Providence complied with the grant requirements we tested, and all of the expenditures that we tested were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants.

With regard to the 2009 Recovery Act funding, we believe that if current procedures are followed, it appears that Providence should properly manage and expend the funds.

The results of our audit are discussed in detail in the Findings section of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

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INTRODUCTION

The Department of Justice Office of the Inspector General, Audit Division, has completed an audit of the Edward Byrne Memorial Justice Assistance Grants (JAG) numbers 2005-DJ-BX-1439, 2006-DJ-BX-0569, 2007-DJ-BX-1096, and 2008-DJ-BX-0442 awarded by the Department of Justice, Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA) to the City of Providence Police Department (Providence) in Providence, Rhode Island. Between October 1, 2004, and October 1, 2007, Providence received the four grants totaling \$1,179,037. The main purpose of these grants was to support a broad range of activities to prevent and control crime including the improvement of the functioning of the criminal justice system. In addition to these grants, in 2009, Providence was awarded three American Reinvestment and Recovery Act (Recovery Act) grants, including a Byrne grant for \$1,615,134, a congressionally directed grant for \$1,000,000, and an Office of Community Oriented Policing Services Hiring Recovery Program (CHRP) grant for \$3,529,812. The Recovery Act funding of \$6,144,946 for FY 2009 represented over a five-fold increase in the federal funding over the previous 4 years.

The purpose of this audit was to determine whether reimbursements claimed for costs under the recurring Byrne JAG grants were allowable and supported. We also evaluated program performance and accomplishments for these grants. In addition, our audit was designed to evaluate Providence's ability to effectively manage and control the dramatic influx of federal grant funds in 2009. Our audit covered award activities from October 2004 through October 2009.

As shown in the table below, Providence was awarded a total of \$1,179,037 in Byrne grants through Fiscal Year 2008.

BJA BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT AWARDS TO PROVIDENCE

| AWARD | AWARD START DATE | AWARD END DATE | AWARD AMOUNT |
|-----------------|---------------------|-------------------|---------------------|
| 2005-DJ-BX-1439 | 10/01/04 | 9/30/08 | \$ 413,583 |
| 2006-DJ-BX-0569 | 10/01/05 | 9/30/09 | \$ 259,021 |
| 2007-DJ-BX-1096 | 10/01/06 | 9/30/10 | \$ 388,104 |
| 2008-DJ-BX-0442 | 10/01/07 | 9/30/11 | \$ 118,329 |
| Total | | | \$ 1,179,037 |

Source: OJP Award documentation

As shown in the table below, Providence was awarded a total of \$6,144,946 in Recovery Act funds in 2009.

**AMERICAN REINVESTMENT AND RECOVERY ACT
GRANTS AWARDED IN 2009**

| AWARD | AWARD START DATE | AWARD END DATE | AWARD AMOUNT |
|--------------------------|---------------------|-------------------|---------------------|
| Byrne JAG Grant | 3/01/09 | 2/28/13 | \$ 1,615,134 |
| Congressionally Directed | 3/11/09 | 3/10/12 | \$ 1,000,000 |
| COPS CHRP | 7/01/09 | 6/30/12 | \$ 3,529,812 |
| Total | | | \$ 6,144,946 |

Source: OJP Award documentation

Office of Justice Programs

The Office of Justice Programs (OJP), within the U.S. Department of Justice, provides the primary management and oversight of the grants we audited. Through the programs developed and funded by its bureaus and offices, OJP works to form partnerships among federal, state, and local government officials in an effort to improve criminal justice systems, increase knowledge about crime, assist crime victims, and improve the administration of justice in America.

Bureau of Justice Assistance

The Bureau of Justice Assistance (BJA) is one of five bureaus and four offices with grant making authority within OJP. The BJA provides grants through the Edward Byrne Memorial Justice Assistance Grant (JAG) program. This program allows states and local governments to support a broad range of activities to prevent and control crime and to improve the criminal justice system. In FY 2005 JAG replaced the Byrne Formula and Local Law Enforcement Block Grant programs with a single funding mechanism that was intended to simplify the administration process for grantees. The JAG grants are a combination of state and local formula grants and local competitive grants.

Providence has received a local formula grant from BJA in each of the years we reviewed. These grants were awarded based on a formula considering population and violent crime statistics. Our review concentrated on the local formula grants provided to Providence for FY 2005 to 2008.

City of Providence, Rhode Island Police Department

The City of Providence, the capital of Rhode Island, is located on Narragansett Bay and covers approximately 20 square miles. The Providence Police Department is the second largest in New England with a staff of 481 officers. Providence's population is about 170,000 which is a slight decline from the population of 173,618 in 2000.

The city accounts for about 70 percent of the violent crime in the state. Providence is bound by major roadways and interstate highways that afford easy access into and out of the city. This makes Providence a popular distribution center for drugs, gang violence, and violent crime. The Providence Police Department has three main goals: (1) reduce crime, (2) reduce fear and disorder, and (3) enhance homeland security awareness. According to grant documentation, the police department is committed to neighborhood-based community policing. This community policing includes the use of extended bicycle and foot patrols which are funded through the JAG grants.

According to Providence grant application documents, a major issue for the City of Providence and the state of Rhode Island is the current unemployment rate of 13 percent and resulting economic crisis. This economic crisis has resulted in annual declines of the police department budget for the last two years as a result of declining state and city revenues.

Previous Audit

In 2003, we conducted an audit of the Office of Community Oriented Policing Services (COPS) grants to the Providence Police Department from 1995 through 1998. These grants totaled \$4,692,552 and were intended to hire or redeploy police officers from administrative duties to community policing. Our audit identified deficiencies in the handling of the grant funds and questioned over half of the grant expenditures.

This prior audit was undertaken shortly after the arrival of a new city administration and police chief. The current administration resolved the issues with the previous grants and believes it has taken a proactive approach to grant management.

Audit Approach

We tested compliance with what we considered to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audited against were contained in the *Office of Justice*

Programs Financial Guide (OJP Financial Guide) and the award documents. The OJP Financial Guide serves as a reference manual assisting award recipients in their fiduciary responsibility to safeguard awarded funds and ensure funds are used appropriately. We tested Providence'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.
- **Expenditures** to determine whether costs charged to the grants were allowable and supported.
- **Requests for grant funding** to determine whether the requests for funding reimbursements or advances were adequately supported, and if grant receipts were managed in accordance with federal requirements.
- **Budget management and control** to determine whether Providence adhered to the OJP-approved budget for expenditures of grant funds.
- **Reporting** to determine whether the required Financial Status Reports and progress reports were filed on time and accurately reflected grant activity.
- **Program performance and accomplishments** to determine whether Providence achieved grant objectives and to assess performance and grant accomplishments.
- **Compliance with other grant requirements** to determine whether Providence complied with the terms and conditions specified in the individual grant award documents.

When applicable, we also test for compliance in the areas of program income, matching funds, and monitoring of consultants and contractors. For these grants, we determined that Providence generated no program income and matching funds were not required. The grants awarded in 2009 have budgets for consultants, contractors, and accountable property. While not an issue during previous grants, we examined the internal controls in place to safeguard funds used for these purposes.

FINDINGS

We determined that Providence generally complied with grant requirements in the areas we tested. We found that there were policies and procedures in place to ensure the proper use of grant funding, and all grant-related expenditures we tested were allowable and supported with proper documentation.

Internal Control Environment

We began this audit by developing an understanding of the internal controls the City of Providence and the Providence Police Department employed for the processing and payment of grant funds. Our review was done in order to ensure these controls were consistent with the terms and conditions of the grants we audited and that safeguards were in place to ensure the proper use of the 2009 grant funds awarded. We interviewed grant officials and requested data from the accounting and processing systems to determine whether the controls were designed to properly account for grant funds and if the controls were working as designed.

An important aspect of internal controls is to have policies and procedures in place to ensure that grant funds are properly controlled and result in allowable and supportable payments. We interviewed staff who were directly involved in the control and expenditure of grant funds and determined that appropriate internal controls existed over the grant funds. In addition, we tested actual expenditures to determine if the procedures described were followed and worked as intended. We found that the internal controls were working and appeared to be adequate to safeguard the funds.

Expenditures

Testing

For the FY 2005 to 2008 JAG grants we audited, the majority of funding was expended on overtime payments. This overtime was designed to support Providence's implementation of community policing. From these overtime payments, we selected a random sample of 50 overtime payments per grant to determine if the expenditures were properly made and supported.

In performing this testing, we identified all employees whose overtime was reimbursed with grant funds. We selected random employees with varying pay rates to include patrol officers, detectives, and lieutenants. For

the overtime payments selected, we determined that the expenditures were allowable and supported with proper documentation. This included overtime sheets completed by Providence noting the time, location, and purpose of the overtime and included a supervisor's signature. In addition, we verified that the proper payments were made and charged to the grant.

Accountable Property

For grants prior to 2009, none of the grant funds used by Providence were expended for accountable property. The 2009 grants included budget items for vehicles, bikes, and a horse trailer. In order to ensure that the procedures were in place to properly safeguard the planned expenditures for accountable property, we assessed the procurement process for the property purchased through October 2009. We physically inspected the six vehicles and the horse trailer purchased at the time of our audit. We also reviewed the purchase orders and the approval process for these expenditures. The internal controls and procedures for procurement appeared adequate to safeguard the funds and the property purchased with the funds, and were being executed as intended.

Requests for Grant Funding

The OJP Financial Guide establishes the methods by which the Department of Justice makes payments to grantees. The methods and procedures for payment are designed to minimize the time elapsed between the transfer of funds by the government and the disbursement of funds by the grantee. Grantees may request grant funding on a reimbursable basis or in advance of making actual outlays. However, if grant funding is requested as an advance, the grantee must ensure that cash on hand is kept to a minimum and disbursed immediately or within 10 days.

We determined that, for the FY 2005 through 2008 grants, funds were requested on a reimbursement basis. The procedure used by Providence for the grants established that all overtime would be paid using city funds. The grant-funded reimbursable overtime would be identified and tracked by the Finance Office. At various times throughout the grant period, the overtime would be totaled and a drawdown request made from OJP. The grant funds would then be given to the City as reimbursement for the overtime payments already made.

We compared the requests for funding to the accounting records and determined that for the grants in FY 2005 through 2008, Providence appropriately and accurately requested grant funding on a reimbursement basis.

For some of the 2009 ARRA grants, including the Byrne grant, grantees were allowed to request the complete grant award amount at one time. The only condition was that the money be placed in a dedicated "trust fund". As a result, Providence completely drew down their funds within a month of receiving the award for the Byrne grant. The funds have been placed in a dedicated account, as required. Additionally, at the time of our fieldwork, the city was establishing a dedicated account for all ARRA related funds, including the Byrne grant, to simplify the reporting and accountability required under these grants.

Budget Management and Control

Because the FY 2005 through 2008 grants were considered formula grants, Providence was not required to submit budgets for approval. However, Providence did submit budget information as part of its application and spent nearly all of the grant funds on overtime as outlined in the budget information provided in the grant applications.

For the 2009 ARRA Byrne grant and the congressionally directed grant, budgets were required. During our visit, we found that some budget shifts were being made and Providence officials were aware of the requirement to obtain OJP approval for reprogramming funds. In fact, Providence had already received re-budgeting approval for one of the ARRA grants.

Reports

Financial Status Reports

OJP monitors the financial aspects of grants through Financial Status Reports (FSRs). FSRs provide OJP grant managers current and cumulative information on expenditures and obligations on a quarterly basis and are one way OJP monitors grants. According to the OJP Financial Guide, FSRs should be submitted within 45 days of the end of the most recently passed quarterly reporting period.¹

By comparing the amount of total expenditures reported on the FSRs with expenditure data from the accounting records maintained by Providence, we determined that all FSRs accurately reflected grant related activities.

For the four grants we reviewed, Providence submitted all of the required FSRs. One FSR for the 2006 grant was over a year late and the

¹ For FY 2009 and later grants these reports are now due within 30 days.

failure to file was an oversight. Three other FSRs for the 2008 grant were significantly late. However, we found that the project period for the grant ran from October 2007 through September 2011, while the actual award was made on September 5, 2008. As a result, before Providence had even received the grant award they were already delinquent on three progress reports for this grant.

Progress Reports

According to the JAG program guidelines, grantees are required to submit an Annual Performance Report. The reports include specific information about activities performed using grant funds and the results of those activities. The Performance Reports through FY 2008 grants covered the calendar year January 1 to December 31 and were due by March 31. Beginning with FY 2009 grants, annual reports are due 60 days following the close of federal fiscal year or November 29.

We reviewed the progress reports submitted by Providence during the grant periods audited for accuracy and timeliness. We determined the information contained in these reports was consistent with financial and other documents related to the grants. We also determined the reports were submitted on time.

Program Performance and Accomplishments

The overall objective of the Providence JAG grants was to reduce crime, fear and disorder, improve citizen safety, and enhance homeland security in the city's neighborhoods. To meet this objective, Providence was to use JAG funds for increased police visibility through the use of overtime funding of foot and bicycle patrols.

In performing our fieldwork, which included a ride-along with department personnel, we found that Providence used its JAG funds to provide overtime for foot and bicycle patrols. Additionally, the accomplishments cited in the grant-related reports included arrests and other activities conducted during the federally funded overtime.

Compliance with Other Grant Requirements

In addition to the general grant requirements, we tested for compliance with the terms and conditions specified in the individual grant award documents. We determined that the award documentation included special conditions that ranged from 13 special conditions in the 2005 grant

to 20 in the 2007 grant. We reviewed the special conditions and determined that Providence complied with the special conditions for each of the grants.

Conclusions

In our review of the Byrne Memorial Justice Assistance Grants to Providence for FYs 2005-2008, we found that Providence generally complied with the grant requirements we tested and all of the expenditures that we tested were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants.

With regard to the 2009 Recovery Act funding Providence was in the process of receiving during our audit, we believe that if current procedures are followed, it appears that Providence should properly manage and expend those funds.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether reimbursements claimed for costs under the grants, Byrne grants 2005-DJ-BX-1439, 2006-DJ-BX-0569, 2007-DJ-BX-1096, and 2008-DJ-BX-0442 were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants. Our audit concentrated on the award periods of the grants and included award activities from October 2004 through October 2009. This included a review of three Recovery Act grants awarded in 2009 including a Byrne grant, a congressionally directed grant, and a COPS Hiring Recovery Program grant. We also assessed grantee program performance in meeting grant objectives and overall accomplishments. The objective of our audit was to review activities 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. We determined matching and program income were not applicable to these grants. In addition, property management and monitoring of subgrantees and contractors were not applicable to these grants, but would be applicable for the 2009 grants. As a result, we reviewed these areas for the future grant activity.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we planned and performed 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 provided a reasonable basis for our findings and conclusions based on our audit objectives.

We tested compliance with what we considered to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audited against are contained in the *Office of Justice Programs Financial Guide* and the award documents.

In addition, we reviewed the timeliness and accuracy of Financial Status Reports and Progress Reports, evaluated performance of grant objectives, and considered internal control issues. However, we did not test the reliability of the financial management system as a whole.

**PROVIDENCE, RHODE ISLAND POLICE DEPARTMENT
RESPONSE TO THE DRAFT AUDIT REPORT**

Dean M. Esserman
Chief of Police



David N. Cicilline
Mayor

Providence Police Department
"Building Pride in Providence"

March 24, 2010

Mr. Thomas O. Puerzer
Regional Audit Manager
Office of the Inspector General
U.S. Department of Justice
701 Market Street, Suite 201
Philadelphia, PA 19106

Subject: Response to the Draft Audit Report of Bureau of Justice Assistance & COPS Office Grants

Dear Mr. Puerzer:

I want to thank you for the opportunity to comment on the draft audit report concerning the Providence Police Department's management of the Edward Byrne Memorial Justice Assistance and COPS Office federal grants. The grants audited were award beginning in 2005 through 2009. As the report concludes, there were no findings issued as a result of the audit. The Providence Police Department is in agreement with this conclusion and will continue to manage its grants in accordance with all applicable laws, regulations, guidelines, and grant terms and conditions.

The Providence Police Department would also like to thank the audit staff for their professionalism throughout the entire audit process. They provided clear direction and made several recommendations that will further improve the Department's grant management processes.

If you have any questions concerning the Department's response to the audit, please contact Michael O'Toole at (401) 243-6372.

Sincerely,

Dean M. Esserman
Colonel
Chief of Police

OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE
DRAFT AUDIT REPORT



U.S. Department of Justice

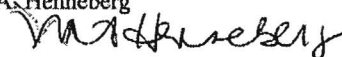
Office of Justice Programs

Office of Audit, Assessment, and Management

MAR 22 2010

Washington, D.C. 20531

MEMORANDUM TO: Thomas O. Puerzer
Regional Audit Manager
Office of the Inspector General
Philadelphia Regional Audit Office

FROM: Maureen A. Henneberg
Director 

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs,*
Bureau of Justice Assistance Grants Awarded to the City of
Providence Police Department, Providence, Rhode Island

This memorandum is in response to your correspondence dated February 26, 2010, transmitting the above-referenced draft audit report for the City of Providence Police Department. The draft report does not contain any recommendations. The Office of Justice Programs has reviewed the draft audit report and does not have any comments.

We appreciate the opportunity to review and comment on the draft report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

cc: Jeffery A. Haley
Deputy Director, Audit and Review Division
Office of Audit, Assessment, and Management

Amanda LoCicero
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cc: OJP Executive Secretariat
Control Number 20100321

**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS OF RESPONSES**

We provided a copy of the draft report to both the Providence, Rhode Island, Police Department (Providence) and the Office of Justice Programs (OJP) for their review and comment. The Providence response is included as Appendix II of this report, and the OJP response is included as Appendix III.

Both Providence and OJP acknowledged the report, but because there were no findings or recommendations in the report, neither agency provided further comment.

Because this report contains no audit recommendations, this audit report is closed.