



**AUDIT OF THE OFFICE OF COMMUNITY ORIENTED
POLICING SERVICES HIRING RECOVERY PROGRAM
AND OFFICE OF JUSTICE PROGRAMS RECOVERY ACT
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE
GRANTS AWARDED TO THE CITY OF PORTLAND,
MAINE**

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AUDIT OF THE OFFICE OF COMMUNITY ORIENTED POLICING SERVICES HIRING RECOVERY PROGRAM AND OFFICE OF JUSTICE PROGRAMS RECOVERY ACT EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANTS AWARDED TO THE CITY OF PORTLAND, MAINE

EXECUTIVE SUMMARY

The Department of Justice Office of the Inspector General Audit Division has completed an audit of an Office of Community Oriented Policing Services (COPS) Hiring Recovery Program (CHRP) grant number 2009-RJ-WX-0414, and an Office of Justice Programs (OJP) Bureau of Justice Assistance Recovery Act Edward Byrne Memorial Justice Assistance (JAG) grant number 2009-SB-B9-2240, awarded to the Portland Police Department, Portland, Maine (Portland). Collectively, the grants totaled \$2,041,241. The general purpose of the grants was to preserve jobs, promote economic recovery, and increase crime prevention efforts. The purpose of the COPS award was to increase community policing capacity and crime-prevention efforts, and the purpose of the OJP award was to improve the effectiveness and efficiency of state and local criminal justice systems.

The objective of our audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants. We also assessed Portland's program performance in meeting the grants' objectives and overall accomplishments.

We reviewed Portland's compliance with key award conditions and found Portland generally met the terms and conditions of the awards governing most of the grant management areas we tested. However, we identified one finding related to inaccurate application statistics submitted with the city's CHRP grant. To select CHRP grantees, COPS developed a methodology that scored and ranked each applicant based on key data submitted by the applicant. While COPS performed some limited data validity checks, COPS relied heavily on the accuracy of the data submitted by grant applicants. Specifically, we found inaccuracies with Portland's application data related to the total law enforcement budget for 2007 and 2008 and the unemployment rate reported for January 2009. Our finding did not result in questioned costs.

These items are discussed in detail in the findings and recommendations section of the report. Our audit objectives, scope, and methodology appear in Appendix I.

We discussed the results of our audit with Portland officials and have included their comments in the report, as applicable. Additionally, we requested a response to our draft report from Portland, COPS and OJP, and their responses are appended to this report as Appendices II, III, and IV, respectively. Our analysis of the responses, as well as a summary of actions necessary to close the recommendation can be found in Appendix V of this report.

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INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of two grants awarded as part of the American Recovery and Reinvestment Act of 2009 (Recovery Act) to the City of Portland, Maine (Portland). These grants were an Office of Community Oriented Policing Services (COPS) Hiring Recovery Program (CHRP) grant and an Office of Justice Programs (OJP) Bureau of Justice Assistance (BJA) Recovery Act Edward Byrne Memorial Justice Assistance Grant (JAG), in the amounts of \$882,528 and \$1,158,713 respectively.

The purpose of Portland's CHRP Recovery Act award was to hire six police officers into positions that would have been left vacant as result of budget reductions. The officers were hired to continue Portland's problem-solving community policing efforts at the city's four community policing centers and to implement neighborhood based programs targeted to the needs of community groups based throughout the city.

The purpose of the JAG award was to avoid reductions in essential public safety services by purchasing equipment, supplies, and technology designed to enhance law enforcement capabilities. Portland agreed to act as the fiscal agent and manage JAG Recovery Act funding for a consortium of nine law enforcement agencies located in Cumberland County, Maine.

The objective of our audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the awards. We also assessed Portland's program performance in meeting grant objectives and overall accomplishments. The following table shows the total funding for the grants.

COPS Hiring and OJP Recovery Act Grants Portland, Maine

GRANT NUMBER	START DATE	END DATE	AMOUNT
2009-RJ-WX-0414 (COPS)	07/01/2009	06/30/2012	\$ 882,528
2009-SB-B9-2240 (OJP)	03/01/2009	02/28/2013	\$1,158,713
TOTAL:			\$2,041,241

Source: COPS and OJP

The Office of Community Oriented Policing Services

The Office of Community Oriented Policing Services (COPS), within the Department of Justice, assists law enforcement agencies in enhancing public safety through the implementation of community policing strategies in jurisdictions of all sizes across the country. The COPS office provides funding to state, local, and tribal law enforcement agencies and other public and private entities to hire and train community policing professionals, acquire and deploy cutting-edge crime-fighting technologies, and develop and test innovative policing strategies.

Office of Justice Programs

The mission of the Office of Justice Programs (OJP) is to increase public safety and improve the fair administration of justice across America through innovative leadership and programs. OJP works in partnership with the justice community to identify the most pressing crime-related challenges confronting the justice system and to provide information, training, coordination, and innovative strategies and approaches for addressing these challenges.

Bureau of Justice Assistance

The mission of the Bureau of Justice Assistance (BJA), a component of OJP, is to provide leadership and services in grant administration and criminal justice policy development to support local, state, and tribal justice strategies to achieve safer communities. BJA has three primary components: Policy, Programs, and Planning. The Policy Office was established to provide national leadership in criminal justice policy, training, and technical assistance to further the administration of justice. It also acts as a liaison to national organizations that partner with BJA to set policy and help disseminate information on best and promising practices. The Programs Office works to coordinate and administer all state and local grant programs and acts as BJA's direct line of communication to states, territories, and tribal governments by providing assistance and coordinating resources. The Planning Office works to coordinate the planning, communications, and budget formulation and execution, and provide overall BJA-wide coordination.

American Recovery and Reinvestment Act

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The purposes of

the Recovery Act were to: (1) preserve and create jobs and promote economic recovery; (2) assist those most impacted by the recession; (3) provide investments needed to increase economic efficiency by spurring technological advances in science and health; (4) invest in transportation, environmental protection, and other infrastructure that will provide long term economic benefits; and (5) stabilize state and local government budgets in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

The Recovery Act provided approximately \$4 billion to the Department of Justice in grant funding to be used to enhance state, local, and tribal law enforcement efforts. Of these funds, \$1 billion was provided to the COPS Office for grants to state, local, and tribal governments to hire or retain police officers. Another approximately \$2 billion was provided to OJP for Byrne JAG grants.

Community Oriented Policing Services Hiring Recovery Program Grant

To distribute the Recovery Act money, COPS established the COPS Hiring Recovery Program (CHRP), a grant program for the hiring, rehiring, and retention of career law enforcement officers. COPS created CHRP to provide 100 percent of the funding for approved entry-level salaries and benefits (for 3 years) for newly-hired, full-time sworn officer positions, for rehired officers who had been laid off, or for officers who were scheduled to be laid off on a future date. COPS received 7,272 applications requesting funding for approximately 39,000 officer positions. 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. The grants were competitively awarded based on data submitted by each applicant related to fiscal and economic conditions, rates of crime, and community policing activities.

Office of Justice Programs Byrne Memorial Justice Assistance Grant

The Byrne Justice Assistance Grant (JAG) program is the primary provider of federal criminal justice funding to state and local jurisdictions. Recovery Act JAG funds supported all components of the criminal justice system, from multi-jurisdictional drug and gang task forces to crime prevention and domestic violence programs, courts, corrections, treatment, and justice information sharing initiatives. These JAG grants funded projects to address crime by providing services to individuals and communities, and the projects were designed to improve the effectiveness and efficiency of state and local criminal justice systems. OJP awarded these Recovery Act JAG grants based on a state's share of the national population as well as the

state's share of violent crime statistics. Local governments received direct funding that was based on the local government's share of total violent crime within their state.

City of Portland, Maine

Portland, the largest city in the state of Maine, is a business, financial, and retail center. According to the city's website, Portland's metropolitan area includes almost one quarter of Maine's total population, with over 66,000 residents within the city's borders. Portland is also reported to be a popular cultural and vacation destination and attracts over three million visitors in a typical year.

The mission of Portland's police department is to maintain a safe city by working in partnership with the community to prevent and reduce crime, protect life and property, and help resolve neighborhood problems. The eight additional police departments participating in the consortium for the JAG grant are all located in Cumberland County. To be eligible for JAG Recovery Act funding the departments were required to submit a joint application along with Portland. Portland agreed to act as the fiscal agent for the group and officials developed a comprehensive Memorandum of Understanding (MOU) describing the duties and responsibilities of each consortium member. Portland required each member to acknowledge receipt of the MOU by returning a signed copy to the city.

Our Audit Approach

We tested compliance with what we consider to be the most important conditions of the award. Unless otherwise stated in our report, the criteria we audit against were contained in the Code of Federal Regulations (CFR): 28 CFR § 66, the 2009 CHRP Grant Owner's Manual, the Uniform Administrative Requirements for Grants, the OJP Financial Guide, and the terms and conditions of each grant award. We tested Portland's:

- **Internal control environment** to determine whether the financial accounting system and related internal controls were adequate to safeguard award funds and ensure compliance with the terms and conditions of the awards.
- **CHRP application statistics** to assess the accuracy of key statistical data that the grantee submitted with its CHRP application.
- **Grant expenditures and accountable property** to determine whether the salaries and associated fringe benefits and equipment

(accountable property) charged to the awards were allowable, supported, and accurate, and whether effective procedures were in place for managing and safeguarding equipment acquired with OJP award funding.

- **Budget management and control** to determine whether Portland adhered to the COPS and OJP-approved budgets for the expenditure of grant funds.
- **Reporting** to determine if the required periodic Federal Financial Reports, Progress Reports, and Recovery Act Reports were submitted on time and accurately reflected award activity.
- **Drawdowns (request for grant funding)** to determine whether requests for reimbursements were adequately supported and if Portland managed grant receipts in accordance with federal requirements.
- **Compliance with other award conditions** to determine whether Portland complied with select terms and conditions of the awards.
- **Program performance and accomplishments** to determine whether Portland achieved grant objectives and to assess performance and grant accomplishments.

When applicable, we also test for compliance in the areas of matching funds, indirect costs, monitoring subcontractors, and program income. For these grants, matching funds were not required and there were no indirect costs, subcontractors, or program income.

FINDINGS AND RECOMMENDATION

We determined that Portland generally complied with the terms and conditions of the Recovery Act CHRP and JAG grants. However, we found Portland officials submitted incorrect law enforcement budget data and an incorrect unemployment rate in the CHRP application that could have impacted the city's award eligibility. This condition and its underlying causes are discussed in the body of the report.

Internal Control Environment

Our audit included a review of Portland's accounting and financial management system and Single Audit Reports to assess the risk of non-compliance with laws, regulations, guidelines, and the terms and conditions of the grant awards. We also interviewed management staff from Portland and performed salary and fringe benefit and equipment expenditure testing to further assess risk.

According to the OJP Financial Guide, grant recipients are responsible for establishing and maintaining an adequate system of accounting and internal controls. An acceptable internal control system provides cost and property controls to ensure optimal use of funds.

The Grant Manager told us she believed an adequate system of internal controls was in place. However, our review of population and budget data included in the city's CHRP application showed that improvements can be made in Portland's system of internal controls in this area. This internal control deficiency is discussed in the body of the report.

Financial Management System

The Code of Federal Regulations requires recipients to maintain records to adequately identify the source and application of grant funds provided for financially supported activities. These records must contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

We found that Portland maintained these records in two separate accounts, one for the CHRP grant and another for the JAG grant. We determined that the two accounts tracked obligations, outlays, and expenditures allocated to each grant. We also determined that the

accounting system in use by Portland was adequate to record the receipt and expenditure of the federal grants we reviewed.

Single Audits

We reviewed Portland's Single Audit Reports for FY 2010 and 2011 and found one audit finding that could have impacted the CHRP grant. The audits identified deficiencies in the city's payroll process because some city departments do not properly verify time worked by assigned employees. However, during our testing of the salaries paid to CHRP grant funded officers we determined Portland's police department established a time and attendance system that verified time worked by the officers.

CHRP Application Statistics

To select CHRP grantees, COPS developed a methodology that scored and ranked applicants based on data related to their fiscal and economic conditions, rates of crime, and community policing activities. In general, the applicants experiencing more fiscal and economic distress, exhibiting higher crime rates, and demonstrating well-established community policing plans received higher scores and were more likely to receive a grant. While COPS performed some limited data validity checks, COPS relied heavily on the accuracy of the data submitted by grant applicants. In the CHRP Application Guide, COPS reminded applicant agencies to provide accurate agency information as this information may be used, along with other data collected, to determine funding eligibility. In our May 2010 report of the COPS grant selection process, we found that the validation process COPS used to ensure the accuracy of the crime data submitted by applicants was inadequate.¹ As a result, some agencies may have received grant funds based on inaccurate applications. However, we were unable to determine the number of applications that included inaccurate data.

During this audit, we obtained documentation from Portland to support the information it submitted to COPS to secure the 2009 CHRP grant and we found inaccuracies in the information submitted in the CHRP application. Specifically, we found an official reported the total law enforcement budget incorrectly for 2007 and 2008. In both years, the budgets were underreported on the grant applications by approximately 5 percent of the total budgets. Portland officials also incorrectly reported the percentage of the unemployed labor force as 7 percent in January 2009 when in fact the correct unemployment rate at that time was 4 percent. In each of the three

¹ U.S. Department of Justice Office of the Inspector General, A Review of the Selection Process for the COPS Hiring Recovery Program, Audit Report 10-25, (May 2010).

cases Portland officials used the correct source documents but submitted statistics for the incorrect month or year.

Because the application information was used to determine the grantee's eligibility to receive the grant, we analyzed the effect of the inaccurate data elements that Portland submitted in its application. We determined that the inaccurate data did not appear to have affected the suitability of the award; therefore, we do not question the award of the CHRP grant to Portland. However, because the data that grantees submit are relied upon to award substantial grants, we believe it is vital that grantees ensure that the data and information submitted to awarding agencies is accurate. Because future inaccurate data may have a substantial effect on award decisions, we recommend that Portland establish procedures to ensure that it submits accurate information for its future grant applications

Officials acknowledged the incorrect application statistics and developed a Standard Operating Procedure to address increased review and oversight of the police departments grant applications.

Grant Expenditures and Accountable Property

We found Portland met the terms and conditions of the CHRP grant because officials only charged the entry-level salary approved in the CHRP budget for each grant-funded officer. Officials also properly charged only the fringe benefits that were approved in the CHRP grant. We also found that Portland properly charged expenditures to the JAG grant because all equipment purchases we tested for the equipment-only JAG grant were fully documented and adequately supported.

COPS Hiring Recovery Program Grant

We tested a judgmental sample of Portland's salary and associated fringe benefit expenditures to determine if they were allowable, supportable, and accurate. To determine if expenditures were allowable, we compared the expenditures to approved expenditures incorporated in the terms and conditions of the grant. To determine if expenditures were supported and accurate, we tested salary and benefit expenditures by evaluating the allocation of salaries and benefits based on the requirements identified by COPS in the award document. We examined officer payroll records for each of the six grant funded officers for two non-consecutive pay periods, and we tested accounting records supporting salary and fringe benefit expenditures for two calendar quarters of the COPS grant.

According to the CHRP grant application and award documentation, the CHRP grants were intended to provide 100 percent funding for the approved entry-level salaries and fringe benefits of full-time sworn career law enforcement officers. In cases where the officer's salary and fringe benefits exceeded that of entry-level officers, the additional costs are the responsibility of the grantee.

We found Portland officials segregated grant-funded expenditures into separate accounts. Within the separate accounts, Portland officials verified the salary and fringe benefits paid to each officer on a quarterly basis. Because an officer's total salary, not the required entry-level salary, was initially reported in the accounting system, Portland officials calculated an entry-level salary and fringe benefit target amount that they could not exceed for each quarter. For example, officials removed an officer's overtime payments from the grant account. To ensure only entry-level salaries were charged to the grant, at the end of each quarter officials reconciled the accounting codes by deducting all salary expenditures above the entry-level amount from the total salary and fringe benefits reported in the accounting system. The results of this reconciliation reduced the total salaries initially reported in the accounting system to the grant-approved entry level salary.

Portland received approval for five fringe benefits in its award document: (1) health insurance, (2) life insurance, (3) pension contribution, (4) Medicare, and (5) vacation and sick leave. COPS issued a Financial Clearance Memorandum that approved funding for these benefits at a fixed rate totaling 36.27 percent.

We determined Portland's methodology was accurate by comparing the entry-level salary expenditures officials reported to the salary expenditures we calculated using Portland's methodology for the two quarters tested. We verified the accuracy of the fixed rate fringe benefits by comparing the rates reported by Portland to the fixed benefit rates we calculated. We used the officer's personnel folder to confirm each grant funded officer selected the benefits that officials charged to the grant.

In addition to verifying accounting records, we reviewed payroll records and personnel files to ensure: (1) weekly payrolls were accurately recorded in the accounting system, (2) supervisors reviewed and approved the officer's timesheets, and (3) grant-funded officers selected the grant funded fringe benefits.

Based on our review of payroll records, personnel files, and our verification of Portland's accounting methodology, we concluded that

Portland officials met the terms and conditions of the grant for managing CHRP salary and fringe benefit expenditures.

Office of Justice Programs Byrne Memorial Justice Assistance Grant

We tested a judgmental sample of the JAG grant's equipment (accountable property) expenditures to determine if they were allowable and supportable. We tested 26 equipment items purchased by consortium members from our universe of 248 total items. To determine if expenditures were allowable, we compared the expenditures to the award budget and permissible uses of funds outlined in the OJP Financial Guide and incorporated in the terms and conditions of the award. To determine if expenditures were supported, we reviewed purchase documents, invoices, and accompanying accounting system data.

We found Portland officials segregated JAG grant-funded expenditures into separate accounts. Officials established discreet accounting codes for each of the consortium members. We found evidence that officials verified that the equipment was included in the consortium members approved budget before entering the item in the accounting system. Officials also ensured that each consortium member followed the purchasing procedures established for the City of Portland and we found evidence of supervisory review, purchase order requests, and supporting invoices for each of the transactions tested. Officials clearly outlined equipment purchase procedures as well as other grant requirements in the MOU that each consortium member was required to sign.

We also visited five of the nine consortium police departments to visually inspect a sampling of JAG grant funded equipment purchases. At each of the sites we found that the consortium members: (1) maintained the equipment in good working condition, (2) knew how to operate the equipment, (3) worked closely with the Portland police department to ensure equipment purchases were properly documented, and (4) confirmed that procedures were in place to manage and safeguard equipment (accountable property) according to grant requirements.

We determined that Portland completed a comprehensive MOU to address JAG grant equipment acquisition requirements for each consortium member, and that officials accurately documented the equipment acquisitions made by each member in the city's accounting system.

Budget Management and Control

Criteria established in 28 C.F.R 66 § 30 addresses budget controls surrounding grantee financial management systems. According to the C.F.R., grantees are permitted to make changes to their approved budgets to meet unanticipated program requirements. However, the movement of funds between approved budget categories in excess of 10 percent of the total award must be approved in advance by the awarding agency. In addition, the C.F.R requires that all grantees establish and maintain program accounts which will enable separate identification and accounting for funds applied to each budget category included in the approved award. Budget management controls ensure federal funds are not exposed to unauthorized expenses, misuse, and waste.

COPS approved an itemized budget for the CHRP grant that included budget categories for salary and fringe benefits. OJP officials reviewed the itemized list of equipment requirements each consortium member included in the JAG application. Both grants were still in progress at the time of our audit field work, but our testing demonstrated that as of November 2012 Portland remained within the approved budget allowances for each grant budget category.

COPS Hiring Recovery Program Grant

The CHRP approved budget was based on the first year entry-level officer base salaries, and associated fringe benefits based on the fixed benefit rates approved in the Financial Clearance Memorandum. As noted earlier in the report, Portland's methodology to account for grant expenditures included salary and fringe benefit target amounts established for each calendar quarter. Portland followed the same methodology to maintain expenditures within the required budget categories. We found that by establishing target amounts for each quarter, Portland officials were able to compare actual grant expenditures to the approved budgetary guidelines.

We compared the total salary and fringe benefit expenditures from Portland's accounting records to the expenditures COPS approved in the Financial Clearance Memorandum for the quarter ending September 2012. We found that the city's expenditures were within the approved budget categories.

Because city officials established and maintained program accounts to enable separate identification and accounting for funds applied to each budget category, and because expenditures remained within the 10 percent

total award allowable deviation, we concluded the city met the terms and conditions of the award in the area of budget management and control.

Office of Justice Programs Byrne Memorial Justice Assistance Grant

In order to track grant expenditures and meet the terms and conditions of the JAG grant, Portland included a projected budget in their application based on the equipment requirements established by each of the consortium members. Within the city's accounting system, officials established a discreet accounting code for each consortium member. Based on the discreet accounting code and the budget approved in the grant application, officials established a budget target for each consortium member to ensure the members did not exceed their budgeted amount. Before expenditures were entered into the accounting system officials verified each consortium member requested reimbursement for only equipment that was included in the application's approved equipment list. Portland also included discreet accounting codes for each equipment category approved in the application. Officials compared actual expenditures to the targets for each consortium member, verified the equipment was included on the application of each consortium member, and compared actual expenditures to the approved targets by each equipment category for the Portland police department.

We compared the total expenditures for each consortium member for to the total equipment expenditures approved for each member in the grant application for the period ending September 30, 2012. We found that each consortium member remained within the budgeted amount approved in the application. We also compared each budget category approved for the Portland police department to the actual expenditures by budget category and found Portland's equipment purchases remained within the budget guidelines established for the award.

Reporting

Federal Financial Reports

The financial aspects of the grants are monitored through Federal Financial Reports (FFRs). FFRs are designed to describe the status of grant funds and should be submitted within 30 days of the end of the most recent quarterly reporting period. For periods when there have been no program outlays, a report to that effect must be submitted. Funds for the current award or future awards may be withheld if reports are not submitted or are excessively late.

The grant manager told us she completed FFRs using the discreet accounting codes established for each grant. We sampled four CHRP grant FFRs between December 2011 and September 2012. We concluded the four reports tested were accurate because the total expenditures reported in the FFR agreed with the totals reported in Portland's accounting records for the CHRP award. We also tested each FFR for timeliness using the criteria noted above and we found officials submitted each FFR timely. Because each of the FFR's we tested was accurate and submitted in a timely manner, we concluded Portland officials met the financial reporting standards for the CHRP grant.

For the JAG grant we tested four FFRs between December 2011 and September 2012. We found officials submitted each FFR timely. Each of the four reports tested were accurate because the total federal expenditures reported in the FFR agreed with the totals reported in Portland's accounting records. Because each of the FFR's we tested was accurate and submitted in a timely manner, we concluded Portland officials met the financial reporting standards for the JAG grant.

Progress Reports

COPS established a quarterly filing requirement for CHRP progress reports. The reporting requirements included a survey that required recipients to report the number of jobs created or saved by grant funding and a self-assessment of the recipient's progress toward meeting its community policing goals. COPS did not require the recipients to maintain documentation to support their self-assessment of community policing goals. We sampled the last eight progress reports and found Portland submitted each progress report within the required time period specified by COPS. In addition, each report included all of the required reporting elements. We concluded that Portland met the progress reporting requirement.

The OJP Financial Guide established an annual progress reporting requirement for JAG grants. The reports are due annually no later than December 31. We reviewed the JAG progress reports Portland submitted covering the annual periods ending in December 2010 and December 2011 and found Portland submitted each progress report within the required time period specified by the OJP Financial Guide. The reports included, among other things, a detailed narrative of each of the nine consortium member's progress towards meeting the grant's goals.

Recovery Act Reports

In addition to normal reporting requirements, grantees receiving Recovery Act funding are required to submit quarterly reports which include both financial and programmatic data. The Recovery Act requires recipients to submit their reporting data through FederalReporting.gov, an online web portal that collects all the reports. Recipients must enter their data no later than the 10th of the month after each quarter beginning June 30, 2009.

We examined the quarterly reports submitted for the CHRP grant for the last two quarters and we found both of the reports included the required elements and were submitted within the required timeframe.

We examined the last two quarterly reports submitted for the JAG grant and we found the reports included the required elements. Moreover, Portland submitted a separate quarterly report for each of the nine consortium members – generating a report of over 100 pages. We found Portland officials filed both of the reports in a timely manner.

Because Portland officials submitted each of the reports we tested within the required timeframe and because the reports included all of the required performance elements, we concluded that Portland met the reporting requirements.

Drawdowns

Drawdown is a term to describe when a recipient requests funding for expenditures associated with a grant program. The OJP Financial Guide establishes the methods by which DOJ makes payments to grantees. Advances are allowed, but non-formula grant funding must be used within 10 days of the transfer. To determine if drawdowns were completed in advance or on a reimbursement basis, we interviewed the grant manager, analyzed bank statements and reviewed documentation supporting the actual expenditures. We determined grant funds were requested on a reimbursement basis for the CHRP grant and officials requested an advance for one JAG drawdown. At the time of our fieldwork, award funding from the single JAG advance had been expended and no outstanding advances remained. After the initial advance, JAG reimbursements were requested on a quarterly basis based on the actual expenditures for the quarter. At the time of our fieldwork Portland's drawdowns equaled the city's approved JAG expenditures.

COPS Hiring Recovery Program Grant

At the time of our field work, Portland had requested funding for \$641,207 of the \$882,528 total award, or nearly 73 percent. We examined four drawdowns made between January 2012 and October 2012. Portland used the segregated accounting codes for the CHRP grant to establish the amount of funding requested for each drawdown. Because the grant funded only entry-level salaries, Portland initially calculated the total cost of salary and fringe benefit expenditures and then calculated the allowable grant funded share based on the lesser of the total salary and benefit cost for the quarter or the targeted quarterly allocation based on the approved budget. For example, to support the January 2012 cumulative drawdown or quarterly allocation of \$56,071, Portland provided accounting records supporting \$59,506 of salary and fringe benefit expenditures – a difference of \$3,435 which represented the city's share of the expenditures for the quarter. The city's share included salary and fringe benefit expenditures above the entry level or targeted amount as well as overtime and compensatory time off payments.

Office of Justice Programs Byrne Memorial Justice Assistance Grant

At the time of our field work, Portland had requested funding for \$1,035,477 of the \$1,158,713 JAG grant, or 89 percent. We examined three drawdowns Portland made between October 2009 and July 2012. Portland initially took an advance of \$1,000,000, and took all subsequent drawdowns on a reimbursement basis. The grant funded only equipment and Portland used its accounting records to determine the quarterly funding requests. As we noted earlier in the report, Portland's accounting records included all of the equipment purchases made by each consortium member during the grant period. For example, during our drawdown testing to support the July 2012 cumulative drawdown total of \$29,493, Portland provided accounting records supporting \$29,493 in equipment expenditures charged to the grant during the preceding quarter.

Because Portland could support their funding requests with accounting records and because they addressed the potential for advanced payments for the CHRP grant, we concluded that there were no significant deficiencies related to Portland's formulation of drawdown requests.

Compliance with Other Award Conditions

Award requirements are included in the terms and conditions of a grant and special conditions may be added to address special provisions unique to an award. To ensure job growth or job preservation, the Recovery

Act stipulated that funds from both grants should be used to supplement existing funding and not supplant, or replace, funding already appropriated for the same purpose. The CHRP grant required recipients to plan to retain all sworn officer positions funded by the award for one year after the grant ended.

Because Portland acted as the fiscal agent for each law enforcement agency receiving JAG award funding officials were required to ensure each consortium member or sub-recipient of award funding met the terms and conditions of the grant.

CHRP Supplanting Analysis

To ensure job growth or job preservation, the Recovery Act stipulated that funds should be used to supplement existing funding and not supplant, or replace, funding already appropriated for the same purpose. During our audit, we completed an analysis of the number of jobs Portland preserved with Recovery Act funding through the grants, examining the potential for supplanting.

Portland requested CHRP funding to retain six existing full-time uniformed officer positions that were previously vacant. They received the award to fund the officers hired into the six positions, that otherwise would remain vacant as a result of events unrelated to receiving the federal funding. To support its application for funding, Portland provided budget documents that showed Portland planned to leave uniformed officer positions vacant if they were unable to obtain Recovery Act funding, and documents explaining the department's need for purchasing JAG-funded equipment (accountable property).

To eliminate the potential for supplanting after a recipient receives award funding, the recipient is expected to maintain its local budget for sworn officers during and after the period of the award. We examined the Portland Police Department's budget and the number of sworn officers or full-time equivalents (FTEs) during the 2009-2013 budget years.

**Portland Police Department
Total Budget and Full Time Equivalents
Fiscal Years 2009 to 2013**

FISCAL YEAR	TOTAL BUDGET	PLANNED FTEs	ACTUAL FTEs
2009	\$11,856,765	160	157
2010	\$12,208,976	159	159
2011	\$12,443,103	162	158
2012	\$12,778,938	163	158
2013	\$12,801,616	162	160

Source: Portland Police Department

As the table above demonstrates, between 2009 and 2013, Portland increased its police department budget by almost \$1 million and increased the actual number of uniformed officers by three. Although the actual number of FTE's remained slightly below authorized, we spoke to officials and reviewed documentation for police academy classes offered each year of the grant. Portland also provided evidence of new hires to begin in January 2013. Although Portland reduced the planned number of officers in both 2010 and 2013, officials provided evidence that the reductions were unrelated to the receipt of grant funding. We determined that the reductions in planned FTEs were related to city-wide budget reductions.

Because Portland did not reduce its sworn officer budgets and the reductions in the authorized numbers of FTE's were unrelated to grant funding, we concluded that Portland met the grant's non-supplanting requirement.

JAG Supplanting Analysis

Portland received JAG grant funding to purchase new equipment, supplies, travel and training, contracts, and other project-related costs for itself and a consortium of eight other police departments in Cumberland County, Maine. We asked each consortium member to provide us with a letter certifying that they were aware of the terms and conditions of the grant and that grant funding was not used to supplant local funding. Without exception each consortium member confirmed in writing compliance with the non-supplanting requirement.

CHRP Retention Planning

The formula based JAG equipment grant did not include a requirement to address retention planning. However, the CHRP grant required recipients to plan to retain all sworn officer positions funded by the award for one year after the grant ends. Grant recipients are expected to add grant funded officers to their projected budgets with local funds. The number officers retained should be over and above the number of locally-funded positions that would have existed in the absence of the grant.

The grant manager told us she was aware of the requirement to retain grant funded officers with local funding. Since the grant will end during the FY 2013 budget period, we reviewed the 2013 budget and the 2014 proposed budget and found the city included funding for the retention of six grant funded officers in its 2013 budget and 2014 budget proposal.

Program Performance and Accomplishments

The CHRP grant included an objective to preserve uniformed officer jobs that would not have been funded if the city did not receive grant funding, based on the job preservation objective contained within the Recovery Act. The CHRP grant also included an objective to enhance Community Policing. The objective of the JAG equipment grant was to improve law enforcement programs throughout Cumberland County, Maine by purchasing equipment, supplies, and technology designed to enhance existing law enforcement capabilities.

COPS Hiring Recovery Program Grant

As we noted earlier in the report, Portland received CHRP funding to preserve six uniformed officer jobs. Our analysis of the potential for supplanting confirmed that Portland preserved the six uniformed officer jobs that would have been eliminated in the absence of grant funding.

In the CHRP Application Guide, COPS identified the methods for measuring a grantee's performance in meeting the CHRP grant objectives. According to COPS there were two objectives for the CHRP grant: (1) to increase the capacity of law enforcement agencies to implement community policing strategies that strengthen partnerships for safer communities and enhance law enforcement's capacity to prevent, solve, and control crime through funding additional officers, and (2) to create and preserve law enforcement officer jobs. Quarterly progress reports describe how CHRP funding was being used to assist the grantee in implementing its community policing strategies and detailing hiring and rehiring efforts were to be the

data source for measuring performance. However, COPS did not require grantees to track statistics to respond to performance measure questions in the progress reports. In addition, the grantee's community policing implementation rating, contained in the progress report, would not be used in determining grant compliance.

We interviewed the COPS and OJP grant managers, reviewed progress reports, and budget documents and found evidence of community policing related activities. For example, CHRP funding and the retention of six junior officers allowed Portland to deploy more senior officers into the community through the Senior Lead Officer (SLO) program. This program assigns select officers to specific geographic areas where they provide a link between law enforcement and the city's neighborhoods to solve local problems, enhance public safety, and address quality of life issues. SLO officers attend neighborhood meetings, work with Community Policing Coordinators and the neighborhood prosecutors to develop solutions to problems and coordinate targeted law enforcement efforts that address local issues.

Office of Justice Programs Byrne Memorial Justice Assistance Grant

OJP awarded Recovery Act JAG grants based on a state's share of the national population as well as the state's share of violent crime statistics. Local governments received direct funding that was based on the local government's share of total violent crime within their state. In accepting the award, Portland agreed to act as the fiscal agent and administer the JAG grant funding for Portland and a consortium of eight other local law enforcement agencies located in Cumberland County, Maine. Each of the consortium members purchased a variety of law enforcement equipment that supported law enforcement's efforts to maintain public safety in Cumberland County.

Portland provided evidence demonstrating how JAG-funded thermal imaging equipment saved the life of an elderly man who had been lost in a cold marsh for 9 hours. We visited four consortium sites and law enforcement officials demonstrated the operation of JAG-funded equipment that saved law enforcement resources because it: (1) allows citizens to file complaints on line from a computer terminal located in a mall, (2) automatically records and scans license plate information and opens a case file, (3) automatically stores and secures controlled evidence including firearms, and (4) provides real time information based on a link between cameras mounted on patrol cars and computer terminals located in the law enforcement building.

From our review of the MOU, our verification of purchase orders and receipts that supported equipment purchases, and our verification of Portland's budgeting procedures, we concluded that Portland verified that each grant funded equipment acquisition met the terms and conditions of the grant for the equipment purchases in our sample.

Conclusions

We found Portland generally met the terms and conditions for the CHRP and JAG grants we reviewed. Specifically, our audit results indicated that Portland used grant funds for their intended purposes to retain officer positions and purchase law enforcement related equipment, appropriately managed and reported the use of those funds, and demonstrated that the positions funded by the grant would be retained in the future.

However, we found an inaccuracy in Portland's CHRP grant application, which highlights an internal control deficiency. As a result, we make one recommendation to address the finding.

Recommendation

We recommend that COPS:

1. Ensure Portland develops internal control procedures to accurately report grant application statistics.

OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of the audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants, 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) CHRP application statistics, (3) grant expenditures and accountable property, (4) budget management and controls, (5) reporting, (6) drawdowns, (7) compliance with other award conditions, and (8) program performance and accomplishments.

We conducted this performance audit in accordance with generally accepted government auditing standards. These 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.

In conducting our audit, we used sample testing while testing grant expenditures. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as high dollar amounts or expenditure category based on the approved grant budget. This non-statistical sample design does not allow for the projection of the test results to the universes from which the samples were selected.

We audited a total of \$2,041,241 provided through an Office of Community Oriented Policing Services Hiring Recovery Program Grant and the Office of Justice Programs, Bureau of Justice Assistance FY 2009 Recovery Act Edward Byrne Memorial Justice Assistance Grant awarded to the City of Portland, Maine. Our audit concentrated on, but was not limited to the initial award of the COPS grant in July 2009 and the JAG grant in March 2009, through the end of our field work in December 2012.

We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audited against are contained in the Code of Federal Regulations: 28 CFR § 66, Uniform Administrative Requirements for Grants, the Office of Justice Programs Financial Guide, and the award documents. We also reviewed Portland's most recent Single Audit for the period ending in June 2011 and identified no findings that could impact the grant funding we audited. In addition, COPS conducted a site visit that identified one significant finding

related to unallowable overtime payments charged to the grant that could have impacted the scope or methodology for our audit. However, during our testing of grant expenditures, we found no evidence of overtime payments charged to the grant because after the COPS visit Portland officials strengthened existing internal controls over the allocation of salary expenditures we tested.

In conducting our audit, we tested Portland's award activities in the following areas: internal controls, CHRP application statistics, grant expenditures and accountable property, budget management and controls, reporting, drawdowns, compliance with other award conditions, and program performance and accomplishments. In addition, we reviewed the internal controls of the city's financial management system specific to the management of DOJ funds during the award period under review. However, we did not test the reliability of the financial management system as a whole. We also performed limited tests of source documents to assess the accuracy and completeness of reimbursement requests and Federal Financial Reports.

**CITY OF PORTLAND, MAINE
RESPONSE TO THE DRAFT AUDIT REPORT**



PORTLAND MAINE

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August 20, 2013

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 issued by the United States Department of Justice Office of the Inspector General to the City of Portland on August 19, 2013

Dear Mr. Puerzer:

Thank you for the opportunity to comment on the draft audit report of the Portland Police Department's management of the Recovery Act Edward Byrne Memorial Justice Assistance Grant and the Cops Hiring Recovery Program Grant. The Portland Police Department is in agreement with the single recommendation issued as a result of the audit and has implemented a procedural change to prevent this problem from recurring.

Specifically, the audit report recommended "Portland establish procedures to ensure that it submits accurate information for its future grant applications." Immediately following the completion of the on-site audit, my staff drafted a modification to our Standard Operating Procedures requiring that all grant applications be reviewed for accuracy prior to submission. This modification became effective January 7, 2013.

My staff and I sincerely appreciate the professionalism of the Department of Justice auditors. They issued clear and direct requests for information, provided insight into the audit function, and made several "best practices" recommendations that will further improve the Department's grant management processes. They also reaffirmed our concentrated effort to properly manage grants in accordance with all applicable laws, regulations, and grant terms and conditions.

If you have any questions regarding this response, please contact me at (207) 874-8601 or mjs@portlandmaine.gov.

Sincerely,

Handwritten signature of Michael J. Sauschuck in black ink.

Michael J. Sauschuck
Chief of Police

OFFICE OF COMMUNITY ORIENTED POLICING SERVICES
RESPONSE TO THE DRAFT AUDIT REPORT




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

COPS

MEMORANDUM

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

From: Melonie V. Shine, 
Management Analyst

Date: August 29, 2013

Subject: Response to the Draft Audit Report for the City of Portland, ME

This memorandum is in response to your August 19, 2013 draft audit report on COPS CHRP Grant #2009RKWX0414, awarded to the City of Portland, Maine (Portland). For ease of review, the audit recommendation is stated in bold and underlined, followed by a response from COPS concerning the recommendation.

Recommendation 1 - Ensure Portland develops internal control procedures to accurately report grant application statistics.

COPS concurs that grant applicants should accurately report statistics in grant applications.

Discussion

Portland provided a copy of the Standard Operating Procedure developed to ensure that accurate statistics are reported in future grant applications (paragraphs IV.F.2.a through IV.F.2.c of the attachment). Based on the Standard Operating Procedure, the Planning and Research Coordinator (PRC) will prepare the grant application and give it to the Principal Financial Officer (PFO) for review. The PFO will focus on checking the accuracy of statistical data and budgetary information included in the grant application. The PFO will return the application for the PRC to make any necessary corrections to the data and continue the application process. Requiring the PFO to review the statistics will help to ensure accuracy of the data submitted in the grant application.

Request

Based on the discussion, COPS requests closure of Recommendation 1 and the audit report. In addition, COPS requests written acceptance of the determination from your office.

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING

Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office, OIG
August 29, 2013
Page 2

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 202-616-8124 or via e-mail: melonie.shine@usdoj.gov.

cc: Richard P. Theis
Justice Management Division

George Gibmeyer
Grant Monitoring Division

Joseph Gray
City of Portland

Michael Sauschuck
City of Portland

Grant File: 2009RKWX0414 (CHRP)

Audit File

ORI: ME00305

OFFICE OF JUSTICE PROGRAMS
RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

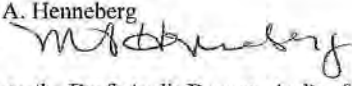
Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

SEP -6 2013

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

FROM: Maureen A. Henneberg
Director 

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of
Community Oriented Policing Services Hiring Recovery Program
and Office of Justice Programs Recovery Act Edward Byrne
Memorial Justice Assistance Grants Awarded to the City of
Portland, Maine*

This memorandum is in response to your correspondence, dated August 19, 2013, transmitting the subject draft audit report for the City of Portland, Maine. The draft report does not contain any recommendations directed towards the Office of Justice Programs (OJP). OJP has reviewed the draft audit report and does not have any comments.

We appreciate the opportunity to review and comment on the draft audit 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

Denise O'Donnell
Director
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Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number 2013 - 1414

**OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND
SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT**

The OIG provided a draft of this audit report to the Portland Police Department (Portland), the Office of Community Oriented Policing Services (COPS), and the Office of Justice Programs (OJP) for review and comment. Portland's response is included as Appendix II of this final report, COPS's response is included as Appendix III, and OJP's response is included as Appendix IV. The following provides the OIG analysis of the responses. Based on the OIG's analysis of the response, this audit report is issued closed.

Recommendation Number

1. **Closed.** Portland and COPS concurred with our recommendation to ensure Portland establishes internal control procedures to accurately report application statistics.

In its response, Portland provided a new protocol in the form of a Standard Operating Procedure (SOP) designed and implemented to enhance the review of grant application statistics.

Based on our review and analysis of Portland's newly implemented procedure, we consider this recommendation closed.