



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



**Audit of the Office of Community
Oriented Policing Services
2009 COPS Hiring Recovery Program
Grant Awarded to the
Paducah Police Department
Paducah, Kentucky**

**OFFICE OF COMMUNITY ORIENTED POLICING SERVICES
2009 COPS HIRING RECOVERY PROGRAM GRANT AWARDED
TO THE PADUCAH POLICE DEPARTMENT
PADUCAH, KENTUCKY**

EXECUTIVE SUMMARY

The U.S. Department of Justice Office of the Inspector General, Audit Division, has completed an audit of the Office of Community Oriented Policing Services (COPS) Hiring Recovery Program (CHRP) grant number 2009-RK-WX-0377 awarded to the Paducah, Kentucky, Police Department (Paducah PD). This grant, which ended on December 31, 2013, provided \$607,194 in funding to the Paducah PD to hire three sworn officers. The CHRP grants were designed to provide funding directly to law enforcement agencies having primary law enforcement authority to create and preserve jobs and to increase their community policing capacity and crime-prevention efforts. The grants were to provide 100-percent funding for approved entry-level salaries and fringe benefits for 3 years for newly hired, full-time sworn officers (including filling existing unfunded vacancies), or to rehire officers who had been laid off or were scheduled to be laid off on a future date as a result of local budget cuts. According to the 2009 CHRP Grant Owner's Manual, grantees may not reduce the number of their locally funded sworn officer positions during the life of the award as a direct result of receiving CHRP funding to pay for additional officers. The COPS Office commonly refers to this number of locally funded sworn officer positions that grantees must maintain throughout the life of the grant as the "baseline."

The objectives of the audit were to: (1) determine whether key CHRP grant application data were accurate and adequately supported the award in consideration of the COPS Office's award methodology, and (2) assess performance in the key areas of grant management that are applicable and appropriate for the grant under review. These areas included: (1) internal control environment, (2) CHRP application statistics, (3) compliance with grant requirements, (4) budget management and control, (5) drawdowns, (6) grant expenditures, (7) grant reporting, and (8) program performance and accomplishments.

We found that the Paducah PD's internal control environment included adequate separation of duties and controlled access to accounting systems. We also determined that the Paducah PD provided sufficient evidence to demonstrate that it maintained the COPS Office's authorized baseline of sworn officer positions during the award period and that it appropriately retained the grant-funded officer positions. In addition, we noted that required reports were generally filed in a timely manner. As of April 2, 2014, the grantee had drawn down \$552,288 of the total \$607,194 awarded and had recorded expenditures of \$552,288 in its grant accounting records.

However, we were unable to fully account for the \$54,906 difference between the amount awarded and the reimbursed grant costs because the Paducah PD's

grant accounting records lacked the necessary details. Despite not being able to specifically account for the \$54,906 difference between the award amount and reimbursed grant costs, we identified the primary factors that contributed to the difference. First, we determined that although the costs associated with vacation and sick leave were incorporated into an officer's annual salary, the Paducah PD separately enumerated vacation and sick leave as fringe benefits in its grant application, which were then reflected as authorized fringe benefit costs in the COPS Office's Final Funding Memorandum. Because vacation and sick leave had already been factored into an officer's annual salary amount, these costs were duplicated in the award amount because they were also listed separately as fringe benefits. Based upon our review of the Paducah PD's grant records, we determined that the Paducah PD did not charge the grant for vacation and sick leave over and above salary paid to the officers and that a large portion of the unexpended award funds are attributable to this issue. Second, we determined that the Paducah PD overstated its estimated Year 3 officer salary rate because this figure was not definitively known at the time of the application. Third, we believe that in the later years of the grant there may have been instances in which the Paducah PD charged the grant for salary rates that were less than the amounts authorized in the COPS Office's Final Funding Memorandum due to changes in grant-funded personnel. The Paducah PD has filed its final grant reports and has stated that it has no further expenses to be reimbursed. As a result, we recommend that the \$54,906 in remaining grant funds be de-obligated and that these funds be put to better use.

Finally, we found that the Paducah PD did not have formal, written procedures for ensuring that requests for grant reimbursements were based only upon allowable costs, as well as formal, written procedures that the required grant reports were accurately prepared and appropriately reviewed prior to submission.

Our report contains five recommendations to address the preceding issues, which are discussed in detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology are discussed in Appendix 1.

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INTRODUCTION

The U.S. Department of Justice Office of the Inspector General, Audit Division, has completed an audit of the Office of Community Oriented Policing Services (COPS Office) Hiring Recovery Program (CHRP) grant number 2009-RK-WX-0377 awarded to the Paducah, Kentucky, Police Department (Paducah PD).¹ This grant provided \$607,194 in funding to the Paducah PD to hire three additional sworn officers.

**Table 1
CHRP Grant Awarded to the Paducah PD**

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2009-RK-WX-0377	07/01/2009	12/31/2013 ²	\$607,194
Total:			\$607,194

Source: The COPS Office

The objectives of the audit were to: (1) determine whether key CHRP grant application data were accurate and adequately supported the award in consideration of the COPS Office's award methodology, and (2) assess performance in the key areas of grant management that are applicable and appropriate for the grant under review. These areas included: (1) internal control environment, (2) CHRP application statistics, (3) compliance with grant requirements, (4) budget management and control, (5) drawdowns, (6) grant expenditures, (7) grant reporting, and (8) program performance and accomplishments.

Office of Community Oriented Policing Services

The COPS Office 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; U.S. territories and possessions; and other public and private entities to hire and train community policing professionals, acquire and

¹ Although the grant was awarded to the Paducah PD, employees from other city departments were responsible for grant program administration and fiscal management. For ease of reporting, we refer to all of these individuals collectively as the "Paducah PD."

² The award end date included a no-cost extension granted by the COPS Office. The original grant end date was June 30, 2012.

deploy crime-fighting technologies, and develop and test innovative policing strategies.

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.

COPS Hiring Recovery Program

To distribute the Recovery Act money, the COPS Office established the COPS Hiring Recovery Program (CHRP), a grant program for the hiring, rehiring, and retention of career law enforcement officers. The COPS Office created CHRP to provide funding to cover the approved entry-level salaries and benefits for a 3-year period for: (1) newly-hired, full-time sworn officer positions; (2) rehired officers who had been laid off; or (3) officers who were scheduled to be laid off on a future date. The COPS Office received more than 7,000 applications requesting funding for approximately 39,000 officer positions. On July 28, 2009, the COPS Office announced its selection of 1,046 law enforcement agencies as recipients of the \$1 billion CHRP funding to hire, rehire, or retain a total of 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.

According to the 2009 CHRP Grant Owner's Manual, funds budgeted to pay for sworn officer positions, irrespective of the receipt of CHRP grant funds, may not be reallocated to other purposes or refunded as a result of a CHRP grant being awarded. Non-federal funds must remain available for and devoted to that purpose, with CHRP funds supplementing those non-federal funds. Therefore, grant funds must be used to increase the total amount of funds that would otherwise be made available for hiring and/or rehiring law enforcement officers (i.e., grantees may not reduce the number of their locally funded sworn officer positions during the life of the award as a direct result of receiving CHRP funding to pay for additional officers). The COPS Office commonly refers to this level of locally funded sworn officer positions that the grantees must maintain throughout the life of the grant as the baseline.

The City of Paducah, Kentucky

According to the 2010 U.S. Census report, the city of Paducah's population was 25,024. Paducah is the county seat of McCracken County, Kentucky, and is located on the southern side of the Ohio River, just past the confluence of the Tennessee and Ohio rivers. The stated mission of the Paducah PD is to enhance the quality of life in the city of Paducah by working in partnerships with the community to fairly enforce the laws, preserve the peace, reduce fear, and provide a safe environment for the citizens of and visitors to the city.

In comparison to its fiscal year (FY) 2008 budget, the city of Paducah's FY 2009 budget of \$29,793,740 represented a decrease of \$1,424,810, while the Paducah PD's FY 2009 budget increased by \$354,160.³ In response to projected revenue losses and mandated expenditure increases equal to 10 percent or more, the city of Paducah implemented, in April 2009, an operational efficiency plan with a stated purpose of proactively reducing expenditures before the city experienced a financial crisis. As a result, the city eliminated three unfilled law enforcement officer positions in FY 2009, and a fourth position was to be eliminated by attrition in FY 2010. The city's April 2009 CHRP grant application noted its intent to use CHRP grant funds to hire three new officers.⁴

Our Audit Approach

We tested compliance with what we consider to be the most important conditions of the CHRP grant. The criteria we audited against are contained in the 2009 CHRP Grant Owner's Manual, the grant award documents, and relevant Office of Management and Budget (OMB) Circulars. In conducting our audit, we performed sample testing in the areas of: (1) drawdowns, and (2) grant expenditures. In addition, we reviewed the timeliness and accuracy of financial activity reports, progress reports, and Recovery Act reports; evaluated performance to grant objectives; reviewed internal controls related to the financial management system; reviewed the accuracy of information the grantee provided in its grant application; and interviewed key Paducah PD personnel. Our audit objectives, scope, and methodology are discussed in Appendix 1.

³ The city of Paducah's fiscal year end is June 30.

⁴ The fourth position lost through attrition was not filled during the grant period.

FINDINGS AND RECOMMENDATIONS

We found that the Paducah PD's internal control environment included adequate separation of duties and controlled access to its accounting system. We also determined that the Paducah PD provided sufficient evidence to demonstrate that it maintained the COPS Office's authorized baseline of sworn officer positions during the award period and that it appropriately retained the grant-funded officer positions after the conclusion of the funding period. In addition, we noted that required reports were generally filed in a timely manner. However, we found several differences between the information reported in the Paducah PD's grant application and the supporting data we obtained from various sources. Further, largely due to overestimates in its funding application, \$54,906 remained unreimbursed at the close of the grant and could be put to better use if the funds were de-obligated. We also found that the Paducah PD did not maintain detailed accounting records that reflect individual grant-related costs incurred for the entire award period. In addition, we found that the Paducah PD did not have written procedures to ensure requests for grant reimbursements were based only upon allowable costs, as well as to ensure required grant reports were accurately prepared and appropriately reviewed prior to submission.

We performed audit work at the city of Paducah municipal building and the Paducah PD located in Paducah, Kentucky, where we obtained an understanding of the accounting system and reviewed a sample of grant expenditures. We reviewed the criteria governing grant activities, including the 2009 CHRP Grant Owner's Manual and relevant OMB Circulars. In addition, we reviewed grant documents, including the application, award, budgets, and all required reports. We also interviewed key Paducah PD personnel.

Accounting and Internal Control Environment

We reviewed the Paducah PD's financial management system and its policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grant. In addition, to further assess risk, we obtained an understanding of the reporting process, examined the Paducah PD's grant-related records and reports, and evaluated the Paducah PD's grant management practices. Moreover, we interviewed key individuals who were involved with the grant, including the Chief and Assistant Chief of Police, the grant program manager, city finance personnel, and grant-funded law enforcement officers.

Financial Management System

The 2009 CHRP Grant Owner's Manual requires recipients to establish and maintain accounting systems and financial records that accurately account for funds awarded and disbursed. To comply, grantees must track and report CHRP funding separately from other funding sources to ensure accurate financial reporting on a timely basis. In addition, these records should contain information showing expenditures under the grant and must be supported by items such as payroll records, time and attendance records, canceled checks, or similar documents. Furthermore, recipients must adequately safeguard grant funds and make sure that they are used for authorized purposes only.

The Paducah PD maintains its accounting records in an automated system. Based upon our review of the financial management system and interviews with city finance personnel, we found that the Paducah PD's internal control environment included an adequate separation of duties and that access to the accounting system was controlled. We also noted that the Paducah PD maintained a separate ledger for its CHRP grant activity, and that the ledger tracked expenditures and reimbursements associated with the grant.

Single Audit

According to OMB Circular A-133, recipients of federal funds are required to undergo a single audit if they expend more than \$500,000 in federal funds in any year. Single audits are to be completed no more than 9 months after the end of the entity's fiscal year. We determined that the city of Paducah, which encompasses the Paducah PD, was required to have a single audit performed in each fiscal year from 2009 through 2012.

We reviewed the city of Paducah's Single Audit Reports for FYs 2009, 2010, 2011, and 2012. With the exception of the report for FY 2010, the reports did not disclose any weaknesses, noncompliance issues, or crosscutting findings related to the city of Paducah's grant management. Although the city of Paducah's independent auditors did not disclose any instances of noncompliance in the FY 2010 report, the auditors did identify one significant control deficiency in its audit of the city of Paducah's financial statements. Specifically, the city of Paducah's auditors found that the payroll clerk was responsible for processing payroll and transmitting direct deposits to employees. The city of Paducah's auditors recommended that, at a minimum, someone independent of the payroll function should review the direct deposit transmissions to validate the employees being paid and to check the accuracy of the wages transmitted. During our audit, we confirmed that the city of Paducah had implemented the corrective action recommended by its auditors.

CHRP Application Statistics

To select CHRP grantees, the COPS Office 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 the COPS Office performed some limited data validity checks, the COPS Office relied heavily on the accuracy of the data submitted by grant applicants.

In the CHRP Application Guide, the COPS Office 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 Office's grant selection process, we found that the validation process used by the COPS Office to ensure the accuracy of the crime data submitted by applicants was inadequate.⁵ 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.

We requested documentation from the Paducah PD to support the information it submitted to the COPS Office in its 2009 CHRP grant application. The Paducah PD's current grant program manager explained that she could not substantiate or provide support for the information contained in the application because the grant application was prepared by a grant program manager who was no longer with the city of Paducah, and that the former grant program manager did not leave any documentation to support the contents of the application. As a result, we could not fully assess the accuracy of the Paducah PD's grant application. However, we attempted to use other means to test the accuracy of the application, including interviewing Paducah PD staff, reviewing city of Paducah Annual Reports, and reviewing information reported on federal and state agency websites.

Through this review, we identified numerous errors in the application that the Paducah PD officials could not explain. For example, the grantee underreported the total jurisdictional general fund balances and total jurisdictional locally generated revenues for FYs 2007, 2008, and 2009, as well as the total jurisdictional operating budget figures for FY 2008. The total jurisdictional operating figures for FY 2009 were overreported. Further, we found that the Paducah PD may have misinterpreted the application questions pertaining to reductions in employees because the application indicated that a full 100 percent of the Paducah PD's sworn law enforcement positions had been reduced due to official policies. This would be a 96-percent overstatement of the reductions because the Paducah PD actually experienced a 4-percent reduction by reducing its FY 2009 budgeted sworn level of 79 by 3 positions. We also determined that many of the crime rate statistics reported in the grant application were lower than the number reported in the Uniform Crime Report statistics contained on the Federal Bureau of Investigation's website.

⁵ 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).

Because the application information was used to determine the grantee's eligibility to receive the grant, we examined the effect that the inaccurate data submitted in the grant application had on the Paducah PD being awarded this grant. Using the COPS Office's scoring methodology, our analysis showed that the Paducah PD would have scored fewer points using the correct data rather than the data contained in the original application. However, after applying the COPS Office's methodology and thresholds, it appears that this reduction in points would not have affected the Paducah PD's receipt of the grant. Therefore, we do not question the award of the CHRP grant to the Paducah PD.

Because the data that applicants 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 are accurate. Although in this case we believe the Paducah PD's inaccurate application data did not affect its suitability of receiving the award, future inaccurate data may have a substantial effect on award decisions. As a result, we recommend that the Paducah PD establish procedures to ensure it submits accurate information on future DOJ grant applications.

Compliance with Grant Requirements

Excluding the hiring and reporting requirements, no specific performance measurements were detailed in the award special conditions. To ensure job growth or job preservation, the Recovery Act stipulated that funds from the grant 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 that the Paducah PD preserved with Recovery Act funding through the grant by examining the potential for supplanting.

The Paducah PD's approved budget for FY 2009 included funding for 79 full-time sworn officer positions. According to the grant fiscal manager, as of February 2009 the Paducah PD had 76 sworn officers on-board, while 3 sworn officer positions were vacant. However, as previously discussed, the city of Paducah implemented an operational efficiency plan in April 2009 that eliminated the three vacant officer positions and indicated that in FY 2010 a fourth officer position would be eliminated through attrition. Taking into consideration the operational efficiency plan, the budgeted number of locally funded sworn officer positions was 76, which was consistent with the figure reported in the grant application dated April 10, 2009. The Paducah PD also reported in its grant application that it had 76 full-time sworn officers on-board, which was consistent with other documentation provided by the Paducah PD. The Paducah PD, in turn, requested CHRP funding to hire three new, full-time officers to fill the three vacant officer positions that were being eliminated as part of the city of Paducah's operational efficiency plan.⁶

⁶ Although the Paducah PD eliminated a fourth position during FY 2010 (as called for in the city of Paducah's April 2009 operational efficiency plan), we did not include the elimination of this position in our calculation of the Paducah PD's baseline because the position was not factored into the grant application, and the elimination of one position from the baseline does not have a significant effect on the calculation of the Paducah PD's allowable vacancy rate.

We found that the Paducah PD hired three new, full-time officers to fill the grant-funded positions. Our testing further revealed that the number of onboard officers did not meet the baseline number of locally funded sworn officer positions throughout the life of the grant. However, we concluded that these differences were a result of normal officer turnover, and that the Paducah PD had made a good faith effort to maintain the COPS Office's approved minimum locally funded sworn officer baseline level throughout the entire grant period. According to the Chief of Police, although it can take several months to hire new officers, the Paducah PD immediately began the hiring process to fill the locally funded positions as soon as it was notified that the positions were going to be vacant.

Retention Planning

The 2009 CHRP Grant Owner's Manual states that grantees are required to ensure that the increased officer staffing level under the grant will continue for a minimum of 12 months after the federal funding ends. Thus, a grantee will have met this requirement if the number of its locally funded sworn officer positions is above the COPS Office's established baseline by at least the number of grant-funded officers. Paducah PD officials said that they planned to fulfill the retention requirement by utilizing the city's general funds to pay for the grant-funded officer positions during the retention period, and that they planned to retain the positions beyond the required 12 months. We reviewed the city of Paducah's adopted budget for FY 2014 and found that the amount budgeted for Paducah PD personnel included funding for the three grant-funded officer positions. Therefore, after reviewing the city of Paducah's budgets and discussions with city of Paducah officials, we believe that the Paducah PD complied with the grant retention requirement.

Budget Management and Control

According to the 2009 CHRP Grant Owner's Manual, a grantee may only be reimbursed for the approved cost categories reflected in the Final Funding Memorandum, up to the amounts specified in the Financial Clearance Memorandum. Moreover, any additional costs above the approved entry-level salaries and fringe benefits are the responsibility of the grantee.

The Paducah PD was awarded \$607,194 to pay for the entry-level salary and fringe benefit costs of three newly hired officers. Although the Paducah PD adhered to the grant requirement to spend grant funds within the approved budget categories, we found that the Paducah PD charged the grant for less personnel costs overall than were authorized in the COPS Office's Final Funding Memorandum. In total, as of April 2, 2014, the Paducah PD requested reimbursement for \$552,288 in personnel costs, which is \$54,906 less than the award amount, and the Paducah PD did not intend to request any further reimbursements.

We were unable to fully account for the \$54,906 difference between the amount awarded and the reimbursed grant costs because the Paducah PD's grant accounting records lacked the necessary details. According to the Paducah PD

grant fiscal manager, all grant-related expenditures were initially recorded in the grant ledger by approved budget category each pay period. However, during the quarter that ended June 30, 2011, the grant fiscal manager said that she began to consolidate the pay period expenditures by approved budget category and recorded them in the grant ledger on a quarterly basis. This process made it difficult to determine what the Paducah PD was charging the grant on an officer-by-officer basis, and consequently, we were unable to compare those amounts to what was authorized in the COPS Office's Final Funding Memorandum. Despite not being able to specifically account for the \$54,906 difference between the award amount and reimbursed grant costs, we did identify the primary factors that contributed to the difference.

We found that the COPS Office's Final Funding Memorandum provided duplicate funding for vacation and sick leave fringe benefit costs that were already included in the base salary amounts. According to Paducah PD officials, officers accrue vacation and sick leave throughout the year, and the costs associated with vacation and sick leave are incorporated into an officer's annual salary. Nonetheless, when completing its grant application, the Paducah PD included not only an officer's full salary amount, but also listed separate amounts for vacation and sick leave in the fringe benefits category. Paducah PD officials stated that the application identified vacation and sick leave as separate fringe benefit costs, and as a result, the Paducah PD inserted the appropriate information related to the cost of these items in its application. Because vacation and sick leave had already been factored into an officer's annual salary amount, these costs should not have also been separately itemized as fringe benefits. Based upon our review of the Paducah PD's grant records, we determined that the Paducah PD did not charge the grant twice for vacation and sick leave and, therefore, are not questioning any costs in this area. However, the vacation and sick leave fringe benefit amounts included in the COPS Office's Final Funding Memorandum represent a significant portion of the difference between the grant funds drawn down and the total award amount. Because the COPS Office's Final Funding Memorandum only listed itemized fringe benefit costs for the first year of the award, we were unable to determine precisely how much of the total award amount was designated for vacation and sick leave fringe benefits. However, by using the Year 1 amounts allocated for vacation and sick leave fringe benefits and applying those same amounts to Years 2 and 3, we estimate that the total amount allotted for vacation and sick leave fringe benefits was approximately \$43,326.

We also found that the Paducah PD overstated its estimated Year 3 officer salary rate. In the COPS Office's Final Funding Memorandum, the Paducah PD was authorized to claim reimbursement for salary costs of \$1,639.50 per officer per pay period during the third year of the award period. However, at the time the Paducah PD prepared its grant application, including the budget detail worksheet, the wage rates for FY 2012 (i.e., Year 3 of the award period) had not yet been approved by the city of Paducah. As a result, the Paducah PD estimated the wage rate for Year 3 by using the wage rate for an officer with 2 years of experience (reflected in the contract between the city of Paducah and the Paducah PD Bargaining Unit) and applying an estimated 3-percent cost of living adjustment.

However, the city of Paducah subsequently approved only a 1-percent cost of living adjustment for FY 2012. Therefore, the actual salary costs for Year 3 were only \$1,608 per officer per pay period rather than the estimated \$1,639.50 per officer per pay period reflected in the COPS Office's Final Funding Memorandum. As a result, the award amount for salary costs would have been \$2,457 less if the Paducah PD had known the actual salary costs for Year 3 at the time of submitting its grant application.

Finally, we believe that in the later years of the grant there may have been instances in which the Paducah PD charged the grant for salary rates that were less than the amounts authorized in the COPS Office's Final Funding Memorandum. This appeared to have occurred when two of the initial grant-funded officers left the Paducah PD's employ, and new officers were hired to replace the original grant-funded officers. At the time these replacement officers were hired, the Paducah PD was in Year 2 of the award period. However, the replacement officers' salaries were at the lower entry-level rate, not the salary rates authorized for Year 2 of the award period.

As indicated above, the Paducah PD's grant financial records did not contain sufficient detail for us to directly account for the \$54,906 in grant funds that had not been drawn down. We believe that the Paducah PD should ensure that it maintains detailed accounting records that reflect individual grant-related costs incurred. In addition, we believe that the COPS Office should de-obligate the \$54,906 in grant funds that were not drawn down and put those funds to better use.

Drawdowns

According to the 2009 CHRP Grant Owner's Manual, agencies should minimize the time between their drawdown of grant funds and their payment of grant costs to avoid earning excess interest income on grant funds. We reviewed the Paducah PD's process for requesting reimbursement for its grant-related costs to ensure that the requests were adequately supported by official grant accounting records and were in accordance with federal requirements. As previously mentioned, by the end date of the grant (December 31, 2013), the Paducah PD had drawn down \$54,906 less than the total award amount of \$607,194.

The Paducah PD grant fiscal manager told us that the Paducah PD requested reimbursement of grant funds on a quarterly basis and stated that the amount requested for reimbursement equaled the previous quarter's grant-related payroll expenses. This official further told us that the quarterly grant expenditures associated with its July 2010 drawdown were incorrect. In addition, the grant fiscal manager said that she inadvertently requested reimbursement for the April 2010 salary and fringe benefit costs twice. The grant fiscal manager said that she corrected the grant records and reduced the amount requested in its October 2010 drawdown.

We compared the quarterly grant-related expenditures as recorded in the accounting records to the actual amounts drawn down and did not identify any instances in which the amounts drawn down differed from the costs recorded in the grant ledger. During this analysis, we also confirmed that the grant records associated with the July 2010 drawdown had been adjusted and the subsequent (October 2010) drawdown was reduced accordingly. However, as mentioned in the Budget Management and Control section of this report, the manner in which the Paducah PD maintained its grant accounting records made it difficult to identify individual costs charged to the grant and to ensure that those individual amounts were consistent with the authorized amounts in the COPS Office's Final Funding Memorandum. As a result, we recommend that the Paducah PD establish written procedures to ensure that any future requested grant reimbursements are based only upon allowable costs as stipulated by the awarding agency.

Grant Expenditures

The 2009 CHRP Grant Owner's Manual states that funding under this project is for the payment of approved full-time entry-level salaries and fringe benefits covering a 3-year period (for a total of 36 months of funding) for career law enforcement officer positions hired and/or rehired on or after the official grant award start date. Additionally, the manual states that the grantee may not use CHRP funds for any costs that are not identified as allowable in the COPS Office's Final Funding Memorandum.

To determine the accuracy and allowability of costs charged to the grant, we examined the Paducah PD's grant transactions. We determined that 100 percent of costs billed to the grant were categorized according to approved personnel budget categories and were repetitive in nature. By the end date of the grant (December 31, 2013), the Paducah PD had recorded a total of \$552,288 of grant-related expenditures in its accounting records, which is consistent with the amount of grant funds drawn down.

We selected two nonconsecutive pay periods for detailed testing to determine whether personnel costs were allowable and supported; resulting in a judgmental sample of payroll transactions totaling \$12,383. In general, we determined that the transactions we tested were accurate and allowable. We also found that the transactions we tested were adequately supported by timesheets evidencing hours worked, properly approved by a supervisor, and properly classified in the grant accounting records.

Grant Reporting

According to the 2009 CHRP Grant Owner's Manual, award recipients are required to submit financial reports, program progress reports, and Recovery Act reports. These reports describe the status of the funds and the project, compare actual accomplishments to the objectives, and report other pertinent information. We reviewed the Federal Financial Reports (FFR), progress reports, and

Recovery Act reports submitted by the Paducah PD to determine whether these reports were submitted in a timely and accurate manner.

Federal Financial Reports

The 2009 CHRP Grant Owner’s Manual requires grantees to submit FFRs no later than 30 days after the end of each quarter. We reviewed the last four FFRs submitted during the award period for timeliness and accuracy.⁷ We found that these four reports were submitted within the required timeframes. However, we found that one of these four FFRs did not accurately reflect the grant-related expenditures that were recorded in the official accounting records, as illustrated in Table 2.

Table 2
Accuracy of Federal Financial Reports

FFR PERIOD END DATE	QUARTERLY EXPENSES PER GRANT LEDGER	EXPENSES PER FFR	DIFFERENCE
12/31/2012	\$42,078	\$42,078	\$0
03/31/2013	27,177	64,341	37,164
06/30/2013	9,435	9,435	0
09/30/2013	0	0	0
TOTAL	\$78,690	\$115,854	\$37,164

Source: The COPS Office and the Paducah PD’s accounting records

We asked the grant fiscal manager about the difference between the expenses reported on the FFR for the quarter ending March 31, 2013, and expenses reflected in the accounting records for the same time period. The grant fiscal manager said that she did not notice the overstatement until reviewing the cumulative expenditures on the FFR for the quarter ending June 30, 2013. This official told us that she contacted the COPS Office for guidance on correcting the FFR. According to the grant fiscal manager, the COPS Office said that it would correct the information on the FFR and would provide the Paducah PD with the amended FFR. Based upon the documentation provided by the Paducah PD, the FFR for the quarter ending September 30, 2013, was revised to accurately reflect the cumulative expenditures, but the FFRs for the quarters ending March 31, 2013, and June 30, 2013, continue to inaccurately reflect the cumulative expenditures. Because the cumulative expenditures are accurately reflected on the final FFR filed (the FFR for the quarter ending September 30, 2013), we are not taking exception to the FFRs for the quarters ending March 31, 2013, and June 30, 2013, that inaccurately report the cumulative expenditures. However, we believe that the Paducah PD needs to improve its process for completing FFRs. According to

⁷ The grant end date was December 31, 2013. However, the grantee indicated that the FFR covering the quarter ending September 30, 2013, was its final FFR. In addition, the Paducah PD indicated that the last pay period it expended grant funds was in May 2013. Therefore, we concluded that the Paducah PD completed its programmatic responsibilities by September 30, 2013.

Paducah PD officials, the former grant program manager was responsible for preparing the FFRs based on the accounting information and drawdown requests that were provided by the grant fiscal manager. However, the grant fiscal manager said that the process is not formalized or well documented. Because these reports are relied upon by the granting agency to monitor the progress of the grant, we recommend that the Paducah PD develop and implement procedures to ensure that its grant-related financial reports are reviewed and approved prior to submission.

Program Progress Reports

According to the 2009 CHRP Grant Owner's Manual, grantees are required to submit progress reports no later than 30 days after the end of each quarter. We reviewed the last four progress reports submitted and found the progress reports were generally submitted on time. Based on our review, we found that three of the four reports were filed in a timely manner, and the report for the quarter ending September 30, 2013, was 7 days late. According to Paducah PD officials, the former grant program manager was responsible for preparing and submitting the progress reports. However, the former grant program manager left the city's employ shortly before the due date of the final report and the Paducah PD did not hire the current grant program manager until October 2013. In addition to the vacant grant program manager position, Paducah PD officials said that they do not have a formalized, written policy regarding the preparation, review, and submission of progress reports. We recommend that the Paducah PD develop and implement procedures to ensure that its grant-related progress reports are prepared, reviewed, and approved prior to submission.

We also evaluated the accuracy of the four most recently submitted progress reports and determined that the information contained in the reports appeared to be accurate. The progress reports we reviewed also appeared to be acceptable in form and content. With the exception of the final progress report, the reports only required the Paducah PD to indicate how many officers were hired, whether the officers were new hires or rehires, and the status of any vacant positions. For the final progress report, the report required similar hiring information as the previous reports, while also requiring information on whether the officers had been retained using local funds for a minimum of 12 months following the conclusion of the federally funded 36-month period. In addition, the final progress report included a section in a survey format that rated a series of program performance statements on a scale of 1 to 10. The reports we reviewed were fully completed and appeared relevant to the performance of the grant-funded program.

Recovery Act Reports

According to the 2009 CHRP Grant Owner's Manual and the special conditions for this CHRP grant, grantees are required to submit Recovery Act reports within 10 days after the end of each quarter. The report should contain information on the award amount, expenditures, and information about all projects utilizing Recovery Act monies.

We examined the timeliness of the Recovery Act reports submitted by the Paducah PD for the previous 2 years. Based on our analysis, the Paducah PD submitted each of the quarterly Recovery Act reports for the last 2 years within the required 10-day timeframe.

We also evaluated the accuracy of the five most recently filed Recovery Act reports and determined that, with the exception of the most recently filed Recovery Act report for the period ending September 30, 2013, the Paducah PD incorrectly reflected that it did not have any grant-funded officers employed during the reporting periods. According to Paducah PD officials, the former grant program manager was responsible for preparing the Recovery Act reports. However, none of the current officials responsible for administering the grant knew how the reports were prepared, reviewed, or submitted. Further, none of the Paducah PD officials associated with the grant during the reporting period had received training on how to administer a Recovery Act grant.⁸ As noted above, we recommend that the Paducah PD develop and implement procedures to ensure that its grant-related reports are reviewed and approved prior to submission.

Program Performance and Accomplishments

The COPS Office established two performance measures for CHRP grants: (1) hiring or retaining police officer positions, and (2) enhancing the community policing capacity of the police department. To evaluate performance, the COPS Office uses quarterly progress reports describing how grantees are using CHRP funding to implement their community policing strategies and their progress in hiring or rehiring officers. However, the COPS Office does not require grantees to document the statistics used to complete questions in the progress reports and does not use the grantees' community policing capacity implementation rating, identified in the progress reports, in determining grant compliance.

We determined that the Paducah PD hired the three officers funded by this grant in a timely manner. In addition to analyzing how well the Paducah PD filled its CHRP-funded officer positions, we assessed whether the Paducah PD continued its community policing efforts during the grant period.

According to the grant application, the Paducah PD stated that it would continue to implement its community policing program and that the grant would help the department obtain more community involvement. Through our review of the progress reports submitted to the COPS Office, discussions with Paducah PD personnel, and our review of documentation provided by the Paducah PD, we determined that the Paducah PD continued to engage in and expanded its community policing activities during the grant period.

For example, in its progress reports submitted to the COPS Office the Paducah PD reported that the hiring of the three grant-funded officers allowed the

⁸ According to Paducah PD officials, the current grant program manager received training on administering Recovery Act grants while employed in a previous position with a different organization.

Paducah PD to establish a Traffic Enforcement Unit that reportedly resulted in a 23-percent reduction in traffic accidents while also combating crime in the city's highest retail sales areas. In addition, the Paducah PD stated that it had been able to implement and expand upon an initiative in which it collected and analyzed crime statistics, including the frequency of the occurrence of various crimes. By determining which types of crime were more likely to occur during different days of the week and times of the day, the Paducah PD reported that it was able to deploy officers to those locations and at particular times that tended to have higher frequencies of crime. The Paducah PD reported that this analysis had reduced crime rates and helped the Paducah PD to continue building positive relationships with the community by reducing the fear of crime.

View of Responsible Officials

We discussed the results of our review with grantee officials throughout the audit and at a formal exit conference, and we have included their comments as appropriate.

Recommendations

We recommend that the COPS Office:

1. Ensure that the Paducah PD establishes written procedures to ensure future data submitted on DOJ grant applications is accurate and correct, as well as based on appropriate and supported information.
2. Ensure that the Paducah PD maintains detailed accounting records that reflect individual grant-related costs incurred.
3. De-obligate the \$54,906 in remaining grant funds that were not requested for reimbursement by the Paducah PD and put these funds to better use.
4. Ensure that the Paducah PD establishes written procedures to ensure that any future requested grant reimbursements are based upon allowable costs as stipulated by the awarding agency.
5. Ensure that the Paducah PD establishes written procedures to ensure that its grant-related reports are accurately prepared and appropriately reviewed and approved prior to submission.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to: (1) determine whether key CHRP grant application data were accurate and adequately supported the award in consideration of the COPS Office's award methodology, and (2) assess performance in the key areas of grant management that are applicable and appropriate for the grant under review. These areas included: (1) internal control environment, (2) CHRP application statistics, (3) compliance with grant requirements, (4) budget management and control, (5) drawdowns, (6) grant expenditures, (7) grant reporting, and (8) program performance and accomplishments.

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.

We audited CHRP grant 2009-RK-WX-0377 awarded to the Paducah PD. We tested compliance with what we consider to be the most important conditions of the CHRP grant. Unless otherwise stated in our report, the criteria we audited against are contained in the 2009 CHRP Grant Owner's Manual, the grant award documents, and relevant OMB Circulars. Our audit concentrated on, but was not limited to, the inception of the grant on July 1, 2009, through the end of the grant period on December 31, 2013.

In conducting our audit, we reviewed FFRs, progress reports, and Recovery Act reports and performed testing of grant expenditures. We also reviewed internal controls and procedures for the grant that we audited and judgmentally selected a sample of expenditures. A judgmental sampling design was applied to obtain broad exposure to numerous facets of the grant reviewed, such as dollar amounts, expenditure category, and risk. This non-statistical sample design does not allow for projection of the test results to all grant expenditures or internal controls and procedures. In total, the grantee had drawn down and expended \$552,298 in salary and fringe benefits as of April 2, 2014. We selected two nonconsecutive pay periods for detailed testing and reviewed \$12,383 in personnel transactions to determine whether personnel costs were allowable and supported.

We performed limited testing of source documents to determine the accuracy of the grant application; assessed the timeliness and accuracy of reimbursement requests, FFRs, progress reports, and Recovery Act reports; tested expenditures to determine the accuracy and allowability of costs charged to the grant; evaluated performance to grant objectives; and reviewed the grant-related internal controls over the financial management system. 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.

The Paducah PD, a component of the city of Paducah, was included in city-wide annual audit reports. The results of these audits were reported in the Single Audit Reports accompanying the overall audit reports. The Single Audit Reports were prepared under the provisions of OMB Circular A-133 and Government Auditing Standards issued by the Comptroller General of the United States. We reviewed the city of Paducah's Single Audit Reports for FYs 2009 through 2012 and did not identify any findings directly related to DOJ funds. However, we identified one instance of a significant control deficiency, which is discussed in the Single Audit section of this report.

SCHEDULE OF DOLLAR-RELATED FINDINGS

Description	Amount	Page
Funds to Better Use ⁹		
Remaining Grant Funds Not Reimbursed	\$54,906	8
<hr/>		
Total Funds to Better Use:	\$54,906	
<hr/>		
Total Dollar-Related Findings	\$54,906	

⁹ **Funds to Better Use** are funds that could be used more efficiently if management took actions to implement and complete an audit recommendation, including deobligation of funds from programs or operations.

AUDITEE RESPONSE TO THE DRAFT AUDIT REPORT



*Professionalism
Respect
Accountability
Integrity
Communication*



*Established 1834
Accredited 2004*

November 18, 2014

Carol S. Taraszka
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
500 W. Madison, Suite 1121
Chicago, IL 60661

RE: City of Paducah, Paducah Police Department
COPS Hiring Recovery Program (CHRP)
Grant No.: 2009-RK-WX-0377

Dear Ms. Taraszka:

The Paducah Police Department is in receipt of the draft audit report prepared by the Department of Justice (DOJ) for the above referenced project. Based on the recommendations provided in the draft audit report, the Paducah Police Department offers the following assurances:

1. A written procedure will be developed to ensure that future data submitted on DOJ grant applications is accurate and correct; furthermore, appropriate supporting documentation will be maintained in the project files;
2. \$54,906 in remaining funds that were not requested for reimbursement should be de-obligated and put to better use;
3. A written procedure will be developed to ensure that any future requested grant reimbursements are based upon allowable costs as stipulated by the awarding agency; and,
4. A written procedure will be developed to ensure that the Paducah Police Department's grant-related reports are accurately prepared; as well as, appropriately reviewed and approved prior to submission to DOJ.

In regards to recommendation number two (2) outlined in the draft audit report, the Paducah Police Department offers the following response:

Brian W. Krueger
Assistant Chief of Police
270-444-8691

Brandon L. Barnhill
Chief of Police
270-444-8590

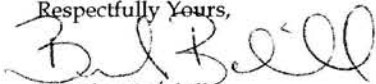
Stacey R. Grimes
Assistant Chief of Police
270-444-8549

*Paducah Police Department • 1400 Broadway / PO Box 2267 • Paducah, KY 42002-2267
Operations Division 270-444-8548 • Records Unit 270-444-8554 • General Investigations Unit 270-444-8553 • Drug Unit 270-444-8555 • Internal Affairs / Training 270-444-8554*

The City of Paducah disagrees with the statement that "we were unable to fully account for the \$54,906 difference between the amount awarded and the reimbursed grant costs because the Paducah Police Department's grant accounting records lacked the necessary details." The City Finance Department maintained extremely detailed records by officer throughout the grant period. The City did not draw down all of the grant funds due to actual expenditures being less than those outlined on the Final Funding Memorandum. This audit report outlined the majority of those reasons including: duplicate of vacation and sick leave in the Final Funding Memorandum, turnover that lead to officers being paid at the lower salary rates, and annual salary adjustments being less than those projected in the Final Funding Memorandum. According to this audit report, these reasons account for \$45,783 or 83% of the unused funds. Furthermore, the City believes the rest of the difference was identifiable, and the auditor's difficulty in determining the remainder was due to a portion of the quarterly grant draw request being done by hand because of limitations in our software to accommodate the ceilings on the various categories outlined in the Final Funding Memorandum. The City agrees that it was difficult to analyze the data easily/quickly, but the records were present and in full detail, by officer for the entire grant period. As a result of our own study of the draw amounts verses the allowable costs, the city was able to discern where another approximately \$7,700 was left unutilized. One of the officers during the grant period waived health insurance coverage; therefore, he received the waiver credit of \$250 per month. The Final Funding Memorandum allowed for \$726/month per officer, resulting in over \$7,700 in unused health insurance budget funds during his employment. When added to the findings of the auditor, approximately 97% of the unused funds have been accounted for. In summary, the City believes that information necessary to calculate the unused funds was present and available during the audit process.

The Paducah Police Department appreciates your favorable consideration of its request for COPS grant assistance. Should you have any questions, or require additional information, please do not hesitate to contact me.

Respectfully Yours,



Brandon Barnhill
Chief of Chief

BB/sdc

CC: Office of Community Oriented Policing Service
Audra Herndon, CPA, Controller, City of Paducah
Sheryl Chino, Grants Administrator, City of Paducah

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: Carol S. Taraszka
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General

From: George Gibmeyer
Supervisory Grant Monitoring Specialist
Office of Community Oriented Policing Services
Grant Monitoring Division
Audit Liaison Section

Date: December 12, 2014

Subject: Response to the Draft Audit Report for the City of Paducah, Kentucky

This memorandum is in response to your November 6, 2014 draft audit report on COPS CHRP Grant #2009RKWX0377, awarded to the Paducah, Kentucky, Police Department (Paducah PD). For ease of review, each audit recommendation is stated in bold and underlined, followed by a response from COPS concerning the recommendation.

Recommendation 1 – Ensure that the Paducah PD establishes written procedures to ensure future data submitted on DOJ grant applications is accurate and correct, as well as based on appropriate and supported information.

The COPS Office concurs that procedures should be developed by the grantee to ensure that data submitted for future DOJ grant applications are verified for accuracy.

Planned Action

The COPS Office will work with the grantee to develop appropriate procedures for verifying data for future DOJ grant applications.

Request

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

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING
★

Carol S. Taraszka
Chicago Regional Audit Office
Office of Inspector General
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Recommendation 2 – Ensure that the Paducah PD maintains detailed accounting records that reflect individual grant-related costs incurred.

The COPS Office concurs that the grantee should develop procedures to maintain detailed accounting records for each individual grant-related cost incurred.

Planned Actions

The COPS Office will work with the grantee to develop appropriate procedures to ensure accurate and detailed accounting records for each individual grant-related cost incurred.

Request

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

Recommendation 3 – De-obligate the \$54,906 in remaining grant funds that were not requested for reimbursement by the Paducah PD and put these funds to better use.

The COPS Office concurs that the \$54,906 in remaining grant funds should be de-obligated immediately and put to better use.

Planned Action

The COPS Office will de-obligate the \$54,906 in remaining grant funds immediately.

Request

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

Recommendation 4 – Ensure that the Paducah PD establishes written procedures to ensure that any future requested grant reimbursements are based upon allowable costs as stipulated by the awarding agency.

The COPS Office concurs that procedures should be developed by the grantee to ensure that all grant reimbursements are based upon allowable costs as stipulated in the grant award and as approved on the grant final funding memorandum.

Planned Action

The COPS Office will work with the grantee to develop appropriate procedures to ensure all grant reimbursements are allowable as stipulated in the grant award and as approved on the grant final funding memorandum.

Carol S. Taraszka
Chicago Regional Audit Office
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Request

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

Recommendation 5 - Ensure that the Paducah PD establishes written procedures to ensure that its grant-related reports are accurately prepared and appropriately reviewed and approved prior to submission.

The COPS Office concurs that written procedures should be developed by the grantee for ensuring that grant-related reports are prepared accurately, and appropriately reviewed and approved prior to submission.

Planned Action

The COPS Office will work with the grantee to develop written procedures to ensure that grant-related reports are prepared accurately, and appropriately reviewed and approved prior to submission.

Request

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

The COPS Office considers Recommendations 1 through 5 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

The COPS Office 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 202-305-2564 or via e-mail: george.gibmeyer@usdoj.gov.

cc: Gayle Kaler
Mayor
City of Paducah

Brandon L. Barnhill
Chief of Police
City of Paducah Police Department

Richard P. Theis
Justice Management Division

Carol S. Taraszka
Chicago Regional Audit Office
Office of Inspector General
December 12, 2014
Page 4

Marcia Samuels Campbell
Assistant Director, Grant Monitoring Division/Audit Liaison

Grant File: CHRP #2009RKWX0377

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Chicago Regional Audit Office
Office of Inspector General
December 12, 2014
Page 5

ORI: KY07301

Response to Draft Audit Report for City of Paducah Police Department

CHRP Grant #2009RKWX0377

Reviewed by: Melonie V. Shine *Melonie V. Shine*
Management Analyst
Audit Liaison

Date: December 4, 2014

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 Paducah Police Department (Paducah PD) and the U.S. Department of Justice, Office of Community Oriented Policing Services (COPS Office). The Paducah PD's response is incorporated in Appendix 3 of this final report, and the COPS Office's response is incorporated as Appendix 4. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Analysis of the Responses

In summary, the COPS Office concurred with each of our recommendations. The Paducah PD concurred with Recommendation Numbers 1, 3, 4, and 5, while disagreeing with Recommendation Number 2. We address the Paducah PD's specific responses to our draft report, including the one recommendation with which it disagrees, under each individual recommendation.

Recommendation:

- 1. Ensure that the Paducah PD establishes written procedures to ensure future data submitted on DOJ grant applications is accurate and correct, as well as based on appropriate and supported information.**

Resolved. Both the Paducah PD and the COPS Office concurred with our recommendation. In its response, the Paducah PD stated that it would develop written procedures to ensure that future data submitted on DOJ grant applications is accurate and correct and that appropriate supporting documentation is maintained in the project files. The COPS Office said that it will work with the Paducah PD to develop appropriate procedures.

This recommendation can be closed when we receive a copy of the written, implemented procedures that ensure future data submitted on DOJ grant applications is accurate and correct, as well as based on appropriate and supported information.

- 2. Ensure that the Paducah PD maintains detailed accounting records that reflect individual grant-related costs incurred.**

Resolved. The COPS Office concurred with our recommendation. In its response, the COPS Office reported that it will work with the Paducah PD to develop appropriate procedures to ensure accurate and detailed accounting records for each individual grant-related cost incurred are maintained.

The Paducah PD disagreed with our recommendation and the statement in our report that says "We were unable to fully account for the \$54,906 difference between the amount awarded and the reimbursed grant costs

because the Paducah PD's grant accounting records lacked the necessary details." In its response, the Paducah PD stated that it believes it maintained extremely detailed records by officer throughout the grant period. However, the Paducah PD acknowledged that its information was difficult to analyze because a portion of its quarterly grant drawdown requests were completed by hand as a result of limitations in its accounting software. The Paducah PD noted that this manual intervention was necessary to accommodate the COPS Office's authorized amounts per budget category. In addition to the primary factors contributing to the difference that we cited in our report, the Paducah PD stated that it identified approximately \$7,700 in additional authorized grant funds that were not expended because one officer waived health insurance coverage. According to the Paducah PD, when this amount is included along with the information in our report, the Paducah PD was able to account for 97 percent of the difference between actual expenditures and the amounts stipulated in the Final Funding Memorandum.

While the Paducah PD maintained an accounting system and financial records that accounted for grant-related costs incurred, the method in which the expenses were recorded made it difficult to compare actual costs to authorized costs on an officer-by-officer basis. As noted in our report, this difficulty predominantly occurred as a result of the grant fiscal manager consolidating the pay period expenditures by approved budget category and recording them in the grant ledger on a quarterly basis. For example, the grant ledger indicated that the Paducah PD incurred \$31,511 in salary costs for each officer during the quarter ended March 31, 2012, while each officer's regular salary costs per the payroll records for this time period totaled \$32,502. Moreover, the Paducah PD was authorized to charge \$33,433 in salary costs during this same time period. In addition, despite the Paducah PD identifying another approximately \$7,700 in unexpended funds that it states contributed to the difference between the amount awarded and the amount expended, the Paducah PD acknowledged that it was unable to account for the entire difference. Therefore, we continue to believe that the Paducah PD needs to maintain better accounting records that detail the individual grant-related costs incurred and that can be easily compared to the individual grant-related costs authorized and requested for reimbursement.

This recommendation is resolved based upon the COPS Office's agreement with it. This recommendation can be closed when we receive evidence that the Paducah PD has implemented procedures to ensure that it maintains detailed accounting records that reflect individual grant-related costs incurred.

- 3. De-obligate the \$54,906 in remaining grant funds that were not requested for reimbursement by the Paducah PD and put these funds to better use.**

Closed. Both the Paducah PD and the COPS Office concurred with our recommendation. Subsequent to the COPS Office's response to the draft report, the COPS Office provided documentation showing that the \$54,906 in remaining grant funds had been de-obligated. We reviewed the documents provided by the COPS Office and determined that the COPS Office's actions adequately address our recommendation. Therefore, this recommendation is closed.

- 4. Ensure that the Paducah PD establishes written procedures to ensure that any future requested grant reimbursements are based upon allowable costs as stipulated by the awarding agency.**

Resolved. Both the Paducah PD and the COPS Office concurred with our recommendation. In its response, the Paducah PD stated that it would develop written procedures to ensure that any future requested grant reimbursements are based upon allowable costs as stipulated by the awarding agency. In its response, the COPS Office said that it will work with the Paducah PD to develop appropriate procedures.

This recommendation can be closed when we receive a copy of the written, implemented procedures that ensure any future requested grant reimbursements are based only upon allowable costs as stipulated by the awarding agency.

- 5. Ensure that the Paducah PD establishes written procedures to ensure that its grant-related reports are accurately prepared and appropriately reviewed and approved prior to submission.**

Resolved. Both the Paducah PD and the COPS Office concurred with our recommendation. In its response, the Paducah PD reported that it would develop written procedures to ensure its grant-related reports are accurately prepared and appropriately reviewed and approved prior to submission. In its response, the COPS Office said that it will work with the Paducah PD to develop appropriate procedures.

This recommendation can be closed when we receive a copy of the written, implemented procedures that ensure that the Paducah PD's grant-related reports are accurately prepared and appropriately reviewed and approved prior to submission.

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