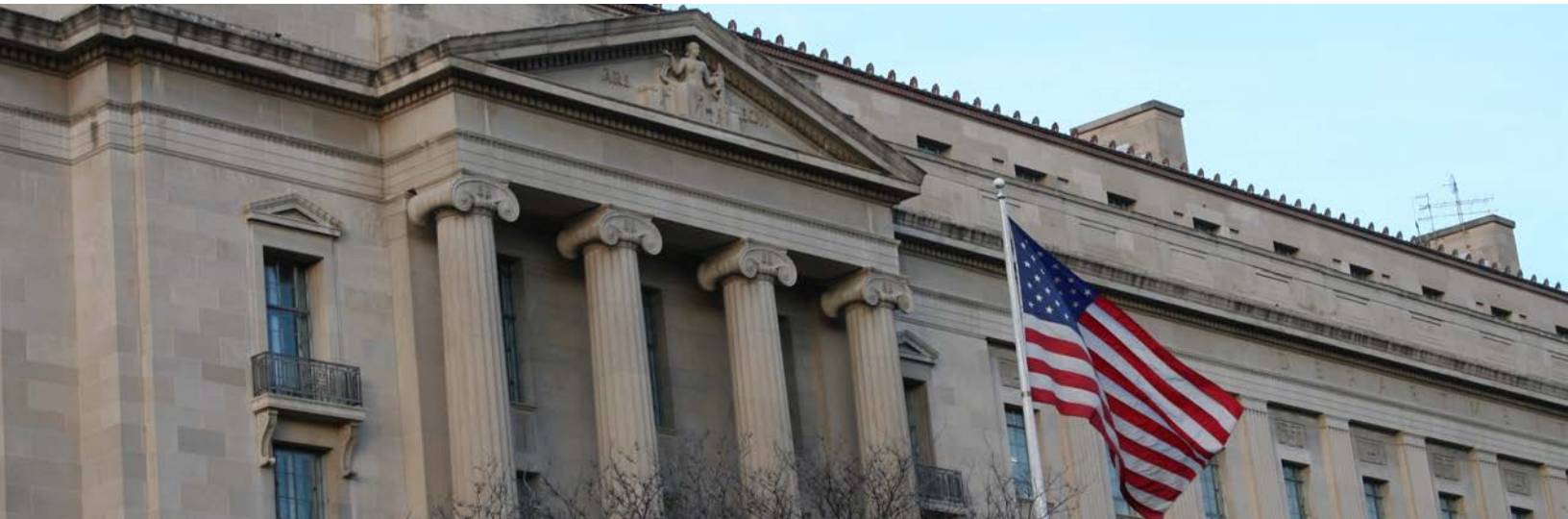




Office of the Inspector General
U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



**Audit of the Office of Justice Programs
Bureau of Justice Assistance
National Crime Gun Intelligence Center
Initiative Grant Awarded to the
Milwaukee Police Department,
Milwaukee, Wisconsin**

REDACTED FOR PUBLIC RELEASE

Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 3, the U.S. Department of Justice Office of Justice Programs' response, and Appendix 4, the Milwaukee Police Department's response, and are of an organization's name.

Audit Division GR-50-19-006

September 2019



Executive Summary

*Audit of the Office of Justice Programs Bureau of Justice Assistance
National Crime Gun Intelligence Center Initiative Grant Awarded to the
Milwaukee Police Department, Milwaukee, Wisconsin*

Objectives

The Office of Justice Programs (OJP) awarded the Milwaukee Police Department (MPD) a grant totaling \$1 million for the National Crime Gun Intelligence Center (CGIC) Initiative. The objectives of this audit were to determine whether costs claimed under this grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

Based on our review, the MPD generally utilized the award funds it received to enhance its CGIC. However, we identified concerns related to the MPD's ability to demonstrate measurable success of the award. Specifically, we found that many of the stated award accomplishments had been completed prior to the award, and the MPD had not demonstrated how over \$549,000 in remaining award funds as of April 2019 will be spent in the approved timeframe to further implement award goals and objectives. The MPD also could not readily provide source documentation to support all of its progress report metrics. This was due in part to the MPD's uncertainty regarding the information to be reported for certain metrics, such as arrests and convictions, as there are challenges to accessing end-result crime data.

This audit did not identify significant deficiencies regarding the MPD's overall financial management. However, we noted concerns related to the MPD's selection, oversight, and monitoring of its subrecipient. As a result, we identified \$89,412 in net questioned costs.

Recommendations

Our report contains seven recommendations to OJP. We requested a response to our draft audit report from OJP and the MPD, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

Funding through the National CGIC Initiative is administered by OJP's Bureau of Justice Assistance (BJA) in partnership with the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). Implementation of a CGIC includes the immediate collection, management, and analysis of gun crime evidence, such as shell casings, in a real time effort to identify shooters, disrupt criminal activity, and prevent future violence. The award relies heavily on the use of ATF's National Integrated Ballistic Information Network (NIBIN). NIBIN is used to capture and compare ballistic evidence to aid in solving and preventing violent crimes involving firearms. The project period for the award was from October 2016 through September 2019. As of April 2019, the MPD had expended approximately \$451,000 for the award we reviewed.

Program Goals and Accomplishments

We determined that the MPD could not readily support certain crime data reported to BJA in semi-annual progress reports. To further compound this issue, MPD officials explained they were unclear on the methods for collecting certain data.

Additionally, we identified concerns related to four of the six overall award objectives, as these deliverables were either already completed prior to the award, or the MPD experienced challenges in achieving sufficient progress on these deliverables. We also found that 7 out of 15 award deliverables identified in the award solicitation had not been completed by the MPD as of April 2019. Further, we determined that the MPD has limited time remaining on the award to spend over \$549,000 in award funding, or 55 percent of the award.

Subrecipient Costs

The MPD sub-awarded \$223,589 to a national non-profit organization to assist in assessing and evaluating the outcomes of CGIC criminal cases and impacts of the CGIC on reducing gun crime. We found that this subrecipient further sub-awarded grant funds to an academic partner to conduct the research required under the project.



Executive Summary

*Audit of the Office of Justice Programs Bureau of Justice Assistance
National Crime Gun Intelligence Center Initiative Grant Awarded to the
Milwaukee Police Department, Milwaukee, Wisconsin*

We identified concerns related to the selection of the national non-profit organization as a subrecipient. Specifically, the subrecipient was not an *academic* research partner as required by the solicitation. Additionally, according to MPD officials the subrecipient was selected mainly because of a prior relationship with the non-profit organization, and not based upon formal or competitive selection criteria. In our judgment, partnering directly with an academic partner may have been a more cost-effective and efficient approach to completing the deliverables under the subaward.

Further, we determined that the subaward agreement between the MPD and its subrecipient did not contain certain elements required by the DOJ Grants Financial Guide. We also found that the MPD's oversight of the subrecipient was inadequate. The MPD had limited contact with the subrecipient, did not conduct an effective review of the subrecipient's financial management system to ensure compliance with award requirements, and did not monitor the performance of the subrecipient under the award.

Finally, we found that the MPD was unable to provide any documentation to support the only invoice paid to its subrecipient, totaling \$89,412. As a result of the totality of our findings related to the subrecipient, we questioned these costs as unsupported.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
BUREAU OF JUSTICE ASSISTANCE NATIONAL CRIME GUN
INTELLIGENCE CENTER INITIATIVE GRANT AWARDED TO
THE MILWAUKEE POLICE DEPARTMENT,
MILWAUKEE, WISCONSIN**

TABLE OF CONTENTS

INTRODUCTION.....	1
The Grantee	3
OIG Audit Approach	4
AUDIT RESULTS.....	5
Program Performance and Accomplishments	5
Program Goals and Objectives, and Deliverables.....	5
Required Performance Reports	8
Compliance with Special Conditions.....	10
Award Financial Management	10
System for Awards Management Database.....	11
Award Expenditures	11
Subrecipient Costs	11
Personnel Costs.....	16
CONCLUSION AND RECOMMENDATIONS.....	17
APPENDIX 1: OBJECTIVES, SCOPE, AND METHODOLOGY	19
APPENDIX 2: SCHEDULE OF DOLLAR-RELATED FINDINGS.....	21
APPENDIX 3: U.S. DEPARTMENT OF JUSTICE OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT	22
APPENDIX 4: MILWAUKEE POLICE DEPARTMENT RESPONSE TO THE DRAFT AUDIT REPORT	27
APPENDIX 5: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT.....	31

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
BUREAU OF JUSTICE ASSISTANCE NATIONAL CRIME GUN
INTELLIGENCE CENTER INITIATIVE GRANT AWARDED TO
THE MILWAUKEE POLICE DEPARTMENT,
MILWAUKEE, WISCONSIN**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a grant awarded by the Office of Justice Programs (OJP) Bureau of Justice Assistance (BJA) under the National Crime Gun Intelligence Center (CGIC) Initiative to the Milwaukee Police Department (MPD) in Milwaukee, Wisconsin. The MPD was awarded one grant totaling \$1,000,000, as shown in Table 1.

**Table 1
Grant Awarded to the MPD**

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2016-DG-BX-0014	BJA	9/26/2016	10/01/2016	9/30/2019	\$1,000,000
Total:					\$1,000,000

Note: The project period end date of 9/30/2019 reflects a 1-year extension of the project that was approved by BJA.

Source: BJA and OJP's Grants Management System

According to its website, BJA helps to make communities safer by strengthening the nation's criminal justice system. BJA provides grants, training and technical assistance, and policy development services in an effort to provide state, local, and tribal governments with the tools and practices needed to reduce violent and drug-related crime, support law enforcement, and combat victimization.

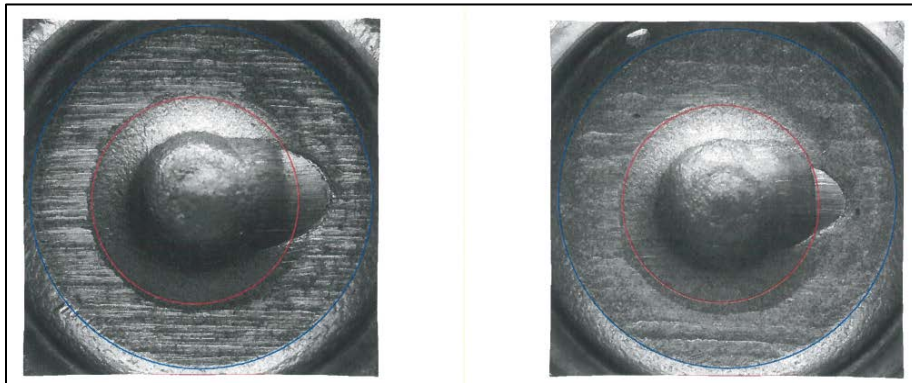
Funding through the National CGIC Initiative, which is administered by BJA in partnership with the DOJ's Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), supports the effort to create and sustain CGICs, which focuses efforts of local partners, including police, prosecutors, and forensic experts, on identifying criminal activity and perpetrators. The program relies heavily on the use of ATF's National Integrated Ballistic Information Network (NIBIN), which was created in 1999 to capture and compare ballistic evidence to aid in solving and preventing violent crimes involving firearms.¹ Implementation of the CGIC includes the immediate collection, management, and analysis of crime gun evidence, such as shell casings,

¹ The NIBIN system generally refers to the use of the Integrated Ballistic Identification System (IBIS), which is a system made up of two hardware components, including BrassTrax and MatchPoint. BrassTrax captures high-resolution images of a shell casing's significant areas of interest, to include the breech face, firing pin impressions on the primer, and ejector mark. MatchPoint produces high level analysis of correlation results and comparison images for a trained technician to identify high-confidence matches.

in real time in an effort to identify shooters, disrupt criminal activity, and prevent future violence.

According to ATF, when a gun is fired, it leaves unique marks on the ammunition, or shell casing, and no two firearms leave the same marks on a casing. NIBIN equipment takes 3D images of this ballistic evidence and identifies possible matches to evidence derived from other crime scenes, allowing law enforcement to connect separate shooting incidents and help identify those responsible. The image below demonstrates a comparison of two cartridge casings that are unrelated.

Figure 1
Example of Cartridge Case Image Comparison for Unrelated Shell Casings



Note: The MPD concluded that these shell casings were fired from different weapons due to unrelated horizontal markings and distinctive impressions from the weapons' ejector pins.

Source: The MPD MatchPoint System

The purpose of the National CGIC Initiative is to provide a proactive, intelligence-based identification tool to help identify and prosecute violent criminal offenders within the jurisdictional boundaries of the CGIC. Following the workflow developed by BJA below, CGICs are intended to produce timely, precise, and objective intelligence data.

Figure 2
Crime Gun Intelligence Center Workflow



Source: BJA

The Grantee

The MPD is the primary law enforcement agency in the city of Milwaukee, Wisconsin. According to its award application, Milwaukee has historically been afflicted with high levels of firearm violence. In 2010, in an attempt to combat firearm violence, the MPD implemented a gunshot detection system within 1 square mile of the city, which was expanded to 3 square miles in 2011, and further increased to 12 square miles in 2014. Additionally, in 2013, the MPD partnered with ATF to implement a NIBIN system. Also in 2013, the MPD and ATF entered into a collaborative effort to reduce gun violence through the creation of a CGIC. The goal of these efforts was the reduction of homicides and other firearm-related violence, through the identification, investigation, and arrest of those involved in violent crime. In applying for the 2016 grant that we audited, the MPD stated that it intended to use award funding to build the capacity of its existing CGIC, which included improvements to the organization, increased operational capacity of NIBIN personnel, and providing enhanced real-time comprehensive NIBIN leads to the MPD CGIC Task Force, MPD personnel, and other partners. More specifically, MPD stated that it would focus award funds in the areas identified in Table 2 below.

Table 2
MPD CGIC Areas of Focus

	Area of Focus	Intended Deliverable(s)
1.	Personnel Expansion	Hire one full-time forensic NIBIN technician, one crime analyst, and one officer to track the use of cell phones by offenders during the evening shift.
2.	Program Infrastructure	Purchase the following: one bullet trap to deflect test fired bullets; one microscope; ammunition of various calibers; ear and eye protection; range supplies; software to enhance crime mapping of phone call detail records.
3.	Overtime	Utilize 4-hour blocks of overtime for test firing recovered weapons and conducting reviews of evidence casings.
4.	Crime Analyst Training	Utilize training to enhance capacity of analysts.
5.	Community Outreach-Focused Deterrence Programs	Overall strategy includes partnerships with Wisconsin parole officers, MPD districts, and a collaborative mobile police application.
6.	Evaluation of Project Implementation and Outcomes	Partner with a national non-profit organization and an academic institution to assist in monitoring and assessing the National CGIC Initiative, which includes regular feedback to MPD, assessing the outcomes of CGIC criminal cases, evaluating the impacts of the CGIC, and providing MPD with technical assistance on approaches to reducing gun crime.

Source: OJP's Grants Management System

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance and implementation, financial management, and expenditures.

We tested compliance with what we consider to be the most important conditions of the grants. The DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

AUDIT RESULTS

Program Performance and Accomplishments

We reviewed required performance reports, reviewed award documentation, and interviewed MPD officials to determine whether the MPD demonstrated adequate progress towards achieving program goals and objectives. We requested support for metrics listed in the performance reports, as well as other deliverables identified throughout our review of the award solicitation and application. Finally, we reviewed MPD's compliance with the special conditions identified in the award documentation.

Program Goals and Objectives, and Deliverables

According to the award solicitation, the focus of the award funding was to create and sustain CGICs that produce timely and actionable crime gun intelligence information. The solicitation further states that the primary outcome of the CGIC initiative is identifying armed violent offenders for investigation and prosecution.

According to information provided by the MPD, it has generally been successful at providing real-time NIBIN leads. Therefore, it appears that the MPD has implemented a CGIC to produce timely and actionable crime gun intelligence. However, we were not able to fully assess the outcomes achieved by the MPD. For example, MPD officials indicated that the MPD does not currently have a significant backlog of shell casings. However, the MPD did not have reliable data to support this measure; therefore, we could not definitively conclude that any reduction in the MPD's backlog of shell casings that may have occurred was a direct result of the award program. Furthermore, the MPD stated that there is no way to track information related to the backlog of firearms waiting to be entered in the NIBIN system.

Moreover, as explained previously, the MPD had already entered into a collaborative effort with ATF to reduce gun violence through the creation of a CGIC in 2013. Therefore, the MPD's CGIC program existed prior to the award, and many CGIC activities were in place at the time the award was received. For example, officials stated that sworn officers and dedicated detectives at the MPD were already employed and contributing to NIBIN-related activities prior to the award. We also found that prior to this award, much of the CGIC's infrastructure was already in place, including the BrassTrax and MatchPoint equipment necessary to conduct acquisition of ballistic evidence and to conduct correlation reviews.

According to the award documentation, BJA awarded this grant to the MPD through a limited competition solicitation. The award documentation states that ATF initially recommended five organizations for award funding, including the MPD. We confirmed with BJA officials that the funding was awarded to the MPD based on ATF's recommendation. The MPD award program narrative for the audited grant indicated that funding from the 2016 BJA award would be used to continue the data-driven, intelligence-led, community-oriented policing strategy to reduce gun crime. Specifically, the award program narrative submitted by the MPD identified

six overall objectives or areas of focus, as outlined in Table 2. As of April 22, 2019, we identified the following concerns related to MPD's progress towards completion of four of the six award objectives.

Personnel Expansion: We found that the MPD had not hired two out of the three individuals it stated in its award narrative it would hire. In the MPD's recent budget modification, dated February 13, 2019, the MPD cited significant changes to its award expenditures, including the elimination of one full-time position from the program. MPD officials stated that their extensive hiring process prevented the MPD from hiring additional employees and had decided that utilizing existing resources would be an easier approach.

Program Infrastructure: During our fieldwork, we found that the MPD had not yet purchased all of the equipment it intended to purchase, including a microscope to evaluate evidence. In addition, MPD officials stated that purchasing additional acquisition and correlation equipment would be beneficial to the program, but that it had not requested approval from BJA to purchase these items.

Community Outreach: We found that the MPD had successfully partnered with state and local organizations to assist in the CGIC effort. However, the MPD provided no evidence to support that a mobile police application to increase information sharing was developed or utilized by the police department and its partners.

Evaluation of Project Implementation and Outcomes: At the conclusion of our fieldwork, the MPD provided no evidence of work completed by its research partner.

In addition to the six primary award objectives planned by the MPD, the award solicitation for the National CGIC Initiative states that in order to qualify for funding, award applicants must propose to implement comprehensive gun crime reduction strategies. The solicitation outlines 15 requirements to which applicants must commit and are expected to use award funds to support. We reviewed these requirements with MPD officials and found that the MPD had not yet fully implemented 7 out of the 15 requirements, as shown in Table 3.

Table 3
Award Solicitation Requirements

	Requirement in Award Solicitation	Requirement Satisfied?	Current Status of Requirement as of April 22, 2019
1.	Develop a collaborative working group with local stakeholders.	✓	While on site, the OIG observed MPD working groups.
2.	Work collaboratively with an ATF subject matter expert to develop NIBIN Standard Operating Procedures (SOPs).	✓	MPD provided SOPs related to the NIBIN program at MPD.
3.	Implement a CGIC with NIBIN and crime gun tracing.	✓	While on site, MPD demonstrated the use of NIBIN and gun tracing.
4.	Staff effective investigations and prosecution of gun crimes.	✓	The OIG interviewed MPD staff dedicated to this requirement.
5.	Institute a comprehensive training program.	✗	MPD officials provided no evidence that a training program has been implemented.
6.	Develop and implement gun prevention strategies.	✗	While on site, the OIG observed a strategy meeting with local stakeholders, but gun prevention strategies were not discussed.
7.	Evaluate the CGIC strategy with an academic partner.	✗	MPD and its academic partner have not provided an evaluation to date.
8.	Implement a gunshot detection system.	✓	MPD provided evidence that it has collected data from a gunshot detection system.
9.	Dedicate a full time task force officer (TFO) to the ATF task force.	✗	MPD officials stated that they do not currently have a full time TFO on the ATF task force.
10.	Create comprehensive crime gun tracing.	✓	MPD provided evidence that it uses ATF's e-Trace system to trace crime guns.
11.	Establish a collaborative prosecution strategy.	✗	MPD officials stated that they do not currently have a collaborative strategy with local prosecutors.
12.	Develop analytical support with a crime analyst.	✓	The OIG interviewed MPD Crime Analysts.
13.	Ensure timely and comprehensive NIBIN entries, correlation, and leads.	✓	MPD provided evidence that it is processing NIBIN leads timely.
14.	Consult an ATF firearms examiner and collaborate with the local crime laboratory.	✗	MPD officials stated that they do not currently interact with an ATF firearms examiner.
15.	Sustain CGIC through an Executive Board.	✗	MPD officials stated that they have not participated in a CGIC Executive Board.

Source: BJA and the MPD

We also reviewed the award timeline for planning, design, and implementation of the project, and found that the MPD, in conjunction with its research partner, did not have evidence to support its completion of additional project deliverables as of April 2019. These include:

- the refinement of CGIC instruments and measures;
- a mid-point evaluation of the process and progress;
- a 1-year comparative analysis of potential violent firearm crime impacts of the initiative;
- an evaluation of the community-level effects of the CGIC initiative; and
- a final analysis report of the project implementation and outcomes.

During our review, both the MPD and its subrecipient responsible for the program evaluation stated that no work product had been delivered to the MPD as of June 5, 2019. Further, MPD officials explained they had not heard from the subrecipient in months. Finally, we reviewed the subrecipient award budget and found that both the first and second-tier subrecipient requested a combined total of \$32,324 for anticipated staff travel for 21 trips to assist the MPD with the award deliverables. However, the MPD and the subrecipient acknowledged that only two site visits had been conducted under the award as of June 5, 2019. Because the project is ongoing, evaluations and site visits for the project may still be completed by the conclusion of the award. However, we have concerns regarding the limited involvement from the subrecipient throughout the course of the project, including the lack of support that a mid-point evaluation of the process and progress was performed, as well as the limited amount of site visits conducted by the subrecipient. We further assess the subrecipient under the *Subrecipient Costs* section below.

Based on our assessment of the MPD's progress on completing the award goals, objectives, and other deliverables, we determined that the MPD has experienced challenges in implementing the award program as initially intended, as well as efficiently utilizing award funds. Moreover, although the award end date was extended to September 30, 2019, approximately \$549,000 in award funds, or 55 percent of the total award, had not been expended by the MPD as of April 17, 2019.² Therefore, the MPD has limited time remaining to expend a significant portion of the grant funding, which was awarded almost 3 years ago. Given the large amount of award funding remaining for the last 5 months of the award period, the significant achievements the MPD made prior to the BJA award, and the challenges the MPD has had implementing the remaining award deliverables, we believe that there is increased risk that the MPD will experience challenges in utilizing award funding to efficiently achieve award milestones. Therefore, we recommend that OJP provide additional oversight and assistance to the MPD to ensure that the award goals and objectives are adequately achieved for the 2016 CGIC award. Moreover, with the MPD's current award nearing completion, OJP should also evaluate whether the full amount of remaining funds under this award is needed. Finally, OJP should ensure that the MPD implements policies and procedures that appropriately plan for project milestones for future awards.

Required Performance Reports

According to the DOJ Grants Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. In order to verify the information in the semi-annual progress reports, we selected a judgmental sample of 10 data metrics from the 2 most recent reports submitted for the award. We then traced the items to supporting documentation maintained

² After the conclusion of our fieldwork, the MPD had reported to OJP that it had spent an additional \$164,563. We did not obtain accounting records to verify these expenditures.

by the MPD. We found that 6 out of the 10 data metrics we reviewed could not be adequately supported by MPD officials, as shown in Table 4.

Table 4
Progress Report Data Metrics
Award Number 2016-DG-BX-0014

Progress Report Data Metrics	Amount Reported In Progress Report	Supported by MPD?	Problem with Support Provided
January through June 2018			
Total number of confirmed shootings	205 non-fatal shootings & 51 homicides	✘	MPD officials stated that no documentation was maintained to support these metrics because the employee responsible for gathering this data is no longer employed with MPD. Officials stated that they would have to complete additional work to recreate the support for these metrics. Because support for these measures was not readily available for audit, we consider these metrics unsupported.
Total number of ballistics/crime guns entered into NIBIN within 24/48 hours	105 within 24 hours; 185 within 48 hours	✘	
Total number of ballistics/crime guns linked to another incident or item via NIBIN	1,333	✘	
Total number of crime guns traced within 24/48 hours	6 within 24 hours; 16 within 48 hours	✘	
Total number of partnerships	9	✘	
July through December 2018			
Total number of ballistic/crime guns entered into NIBIN within 24/48 hours	77 within 24 hours; 169 within 48 hours	✘	MPD officials provided an email from an MPD officer identifying these metrics; however, no documentation from MPD's case management system was provided to support this metric.

Source: BJA and the MPD

Based on the information outlined above, we determined that the MPD could not readily provide valid and auditable source documentation in order to support all of the data metrics selected in our sample. Therefore, we recommend that OJP require the MPD to implement policies and procedures to maintain valid and auditable source documentation to support performance measures reported in the semi-annual progress reports.

Progress Report Metric Tracking

During our review of performance measures, we determined that the BJA requires the MPD to report 21 different data metrics on the semi-annual progress report. The MPD expressed uncertainty regarding what should be reported for some of the metrics requested by BJA, or how these metrics should be obtained, and stated that BJA has not provided guidance on how to report these metrics. This resulted in 5 progress report metrics that were either not reported on, or reported on by the MPD without sufficient information, further increasing the risk that the data reported was either incorrect or inaccurate.

Further, the MPD developed a NIBIN Case Management System to track certain data metrics related to MPD criminal cases that rely on the use of NIBIN. However, this system cannot currently access the police department's other electronic systems. As a result, there is no automated or efficient method to obtain certain data necessary for the progress reports. Finally, the MPD stated that some

of the data requested by BJA must be provided by the District Attorney's office, further increasing the challenges in collecting progress report data.

Related to progress report metric tracking, BJA officials agreed that no written guidance was provided to the CGIC award recipients to assist in clarification of the metrics. When asked how to measure a successful CGIC program, one BJA official stated that in addition to the comprehensive collection of shell casings, BJA would like to further track end-result data, such as arrests and convictions. The BJA official also stated that they are working with ATF for a better way to track this data.

Additionally, the official stated that future CGIC awards will require award funding to be provided to the local prosecutor's office in an effort to gather better end-result data. Finally, the BJA official stated that it was delayed in providing guidance to CGIC recipients on how to successfully implement a CGIC, and stated that future areas of improvement for the award program would include helping sites collect the proper data, and understanding how that data measures success of the program. As a result, the challenges that the MPD faced in tracking performance metrics potentially relate to the fact that the National CGIC program is in its infancy.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the award. We evaluated the special conditions for the award and selected a judgmental sample of requirements. We evaluated five special conditions required under the award. Based on our sample, we did not identify any instances of MPD in non-compliance with the special conditions we reviewed.

Award Financial Management

According to the DOJ Grants Financial Guide, all award recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess the MPD's financial management of the award covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and inspected award documentation to determine whether the MPD adequately safeguards the award funds we audited. We also reviewed the MPD's Single Audit Report for 2017 to identify any internal control weaknesses and significant non-compliance issues related to federal awards. Finally, we performed testing in the areas that were relevant for the management of this award, as discussed throughout this report.

Based on our review, we concluded that award financial management related to subrecipient monitoring and oversight could be improved. Specifically, we determined that the MPD did not adequately monitor the performance of its subrecipient and found that the MPD did not maintain sufficient supporting documentation for subrecipient expenditures. These deficiencies are discussed in more detail in the *Subrecipient Costs* section of this report.

System for Awards Management Database

According to the DOJ Grants Financial Guide, as an award recipient, the MPD must not award or permit any award at any level to any party that is debarred or suspended from participation in federal assistance programs. The MPD Purchasing Division provided documentation indicating that the System for Award Management (SAM), the central repository for suspension and debarment actions taken by all federal government agencies, was reviewed for the MPD's first-tier subrecipient. However, this review did not cover other vendors or individuals who work under the award, including its second-tier subrecipient. Next, we reviewed SAM for the individuals and organizations paid with grant funds and did not identify anyone as being suspended or debarred. The DOJ Grants Financial Guide requires grantees establish and implement procedures that ensure federal assistance is not awarded to entities that are prohibited from receiving federal funds. These procedures should include a review of SAM regarding exclusion status. As a result, we reviewed the city of Milwaukee's policies and procedures, and found that it requires that any vendor used under a federal award must not be suspended, debarred, or otherwise excluded by federal government agencies from receiving federal contracts or federally approved subcontracts. However, this policy does not specifically cover individuals, including those who may work under a subrecipient, and does not require that the SAM database be checked on a regular basis.

In our judgment, internal controls for MPD's management of potential payments to ineligible parties could be improved to mitigate the risk of fraud, waste, and abuse. As such, we recommend that OJP require the MPD to enhance its existing policy to ensure that award funds are only paid to recipients that are eligible to receive federal funding, which includes individuals and subrecipients. This policy should also require that review of SAM is completed for each award on a regular basis.

Award Expenditures

For Award Number 2016-DG-BX-0014, the MPD's approved budget included personnel costs, equipment costs, subrecipient costs, and other direct costs, such as travel and training costs. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions. As of April 17, 2019, the MPD's accounting records for this award contained 61 transactions, totaling approximately \$450,901. We sampled 12 of these transactions, totaling approximately \$159,661, or 35 percent of the award expenses. We reviewed documentation, accounting records, and performed verification testing related to the award expenditures. Based on this testing, we recommend that OJP remedy \$89,412 in questioned costs. The following sections describe the results of that testing.

Subrecipient Costs

The National CGIC Initiative award solicitation states that because of the complexity of CGIC implementation, an established academic research partner that evaluates CGIC processes, outcomes, and crime reduction effectiveness must be

identified prior to the application submission. The solicitation also states that applicants should devote no less than \$100,000 for evaluation of this project by a qualified academic research partner. At a minimum, the research partner should assess the impact of the program and prepare a final report that thoroughly documents the results of the project.

The MPD stated in its award program narrative that it had selected a national non-profit organization that focuses on improving policing through innovation and science to partner with under the project. The MPD's award program narrative further stated that this national non-profit organization would work in conjunction with an academic partner in Virginia to monitor and assess the implementation of the CGIC initiative at the MPD. Specifically, as shown previously in this report under Table 2, the MPD stated that the work performed by the first-tier subrecipient would include: regular feedback to MPD, an assessment of the outcomes of CGIC criminal cases, an evaluation of the impacts of the CGIC, and technical assistance provided to the MPD on approaches to reducing gun crime. The MPD included \$223,589 in its approved award budget dedicated to these activities. According to BJA, the non-profit organization with which MPD partnered was considered a subrecipient.

Subrecipient Selection

The National CGIC Initiative and award solicitation states that state or local universities can and should partner with the lead applicant for this project. It further states that applicants for the award program must evaluate the efficacy of the gun crime reduction strategy in cooperation with an experienced and qualified academic research partner.

We found that the academic research partner working with the MPD on this project is not the primary subrecipient under the award. The MPD awarded \$223,589 to a national non-profit organization as a first-tier subrecipient, who subsequently awarded \$76,352 to an academic research partner in Virginia, the second-tier subrecipient. We determined that the second-tier subrecipient is responsible for the majority of the research and evaluation activities under the project, as the research is primarily conducted by the academic research partner. Further, we found that the first-tier subrecipient serves primarily as a support function to the second-tier subrecipient. While the second-tier subrecipient is listed as a consultant on the expenditure documentation we reviewed, we found that both subrecipients submitted similar proposals and budgets to the MPD prior to the award, and both have committed to the deliverables under MPD's overall award objectives.

When asked why the MPD chose the first-tier subrecipient, MPD officials stated that the previous Chief of Police at the MPD had a prior relationship with the national non-profit organization, and stated that there were other MPD projects that the national non-profit organization completed. We asked MPD officials if the national non-profit organization provided a written application or other documentation related to the procurement of this subrecipient. The MPD did not provide any documentation related to a subrecipient application. However, the MPD

provided a waiver of finance and personnel committee approval by the city's Purchasing Director, indicating that this agreement was conducted as a sole-source award. Additionally, we did not identify any applicable MPD policies and procedures related to subrecipient selection, nor did we identify evidence of a formalized subrecipient selection process.

Next, while the MPD's first-tier subrecipient is a non-profit organization with dedicated resources for improvements in policing, we determined that it is not an experienced academic research partner, as required in the solicitation. While the national non-profit organization sub-awarded significant portions of the work to the academic research partner, the MPD's first-tier subrecipient charged indirect costs on the activities that occurred under both subawards.³ This arrangement likely resulted in increased administrative costs rather than the MPD directly partnering with an academic research partner to complete the required objective. Additionally, we reviewed award documentation and interviewed award officials for other National CGIC Initiative award recipients and found that those organizations did, in fact, partner directly with local academic research partners in their respective states. This further indicates that the MPD's relationship with its subrecipient is atypical for this project.

Overall, we believe that the MPD could have completed its objective related to the project evaluation by partnering solely with an academic research partner and the two-tiered subaward structure employed by the MPD was not the most efficient and effective use of award funds. As a result, we recommend that OJP review the subrecipient arrangement between the MPD, its first-tier subrecipient, and the second-tier academic partner to identify areas to improve efficiencies and effectiveness in meeting required award objectives for the 2016 CGIC award. This should include determining if administrative and overhead costs should be reallocated and ensuring that each subrecipient is responsible for distinct and measurable deliverables. In addition, we recommend that OJP ensure that the MPD has appropriate policies and procedures for establishing and structuring subrecipient agreements under future awards.

Subrecipient Agreement

The DOJ Grants Financial Guide states that when a pass-through entity makes an award to a subrecipient, the federal award information and applicable compliance requirements, including special conditions, must be clearly identified in the subrecipient award agreement. Pass-through entities must ensure subaward documents include the necessary information at the time of the subaward.

We reviewed the contract agreement that the MPD entered into with its first-tier subrecipient and found that the agreement did not contain the following elements that are required by the DOJ Grants Financial Guide:

- Subrecipient DUNS number;

³ The first-tier subrecipient's indirect cost rate applied to direct costs, such as salary, fringe, and travel for staff assigned to the project, as well as the first \$25,000 of the sub-award to the academic research partner.

- Federal award identification number; and
- Appropriate terms and conditions concerning closeout of the subaward.

Additionally, while the subrecipient agreement did contain a copy of the MPD's award requirements to ensure that the award is used in accordance with federal statutes, regulations, and award terms and conditions, these requirements did not specifically identify any requirements that the pass-through entity imposed on the subrecipient, and did not cover the subrecipient's responsibilities for ensuring the MPD meets its award obligations.

Furthermore, the DOJ Grants Financial Guide identifies additional best practices to consider including in subrecipient agreements, including a requirement that subrecipients include a time-phased milestone plan based on clearly-stated accomplishments defined in the subrecipient proposal, and a requirement that performance reports and supporting documentation be submitted with monthly invoices. While these are not required elements of the subrecipient agreement, we believe that the significant findings identified throughout the *Subrecipient Costs* section of this report warrants the additional subrecipient agreement requirements outlined above.

Overall, the MPD's subrecipient agreement does not include all necessary elements of federal award requirements. Therefore, we recommend that OJP require the MPD to implement policies and procedures to ensure that the MPD's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.

Subrecipient Monitoring and Oversight

The DOJ Grants Financial Guide states that all pass-through entities are required to monitor their subrecipients. The pass-through entity must have established written policies on subrecipient monitoring and is required to monitor the subrecipient's use of federal funds during the program period. As part of the organization's subrecipient monitoring process, it is important to develop systems, policies, and procedures to ensure reviews are conducted in accordance with award requirements, laws, and regulations. Further, organizations should develop, implement, and perform procedures to ensure that the subrecipient obtains the required audits, and that audit findings identified in the subrecipient audit reports are resolved and corrected. This criteria further states that when no site visit is conducted, the pass-through entity should be familiar with the subrecipient's financial operations and procedures, as well as their maintenance of current financial data such as timesheets, invoices, contracts, and general ledgers.

We reviewed the MPD's policy related to subrecipients and found that it did contain some oversight and monitoring procedures. However, when we asked MPD officials if they had any policies or procedures related to subrecipient monitoring, these officials stated that they were not aware of any policies or procedures related to this issue. Additionally, we asked the MPD if it had completed the proper oversight activities related to its subrecipient, as required by the DOJ Grants Financial Guide. These activities are outline in Table 5 below.

Table 5
DOJ Subrecipient Monitoring Requirements

	DOJ Requirement for Subrecipient Monitoring	Activity Conducted by the MPD?
1.	Monitor the subrecipient to ensure it adheres to the terms and conditions of the award agreement.	✘
2.	Assess the quality of the subrecipient's deliverables or services.	✘
3.	Evaluate the subrecipient's financial management system.	✘
4.	Evaluate the subrecipient's processes and procedures for administering the award and adhering to the terms and conditions.	✘
5.	Ensure the subrecipient adhered to its single audit requirement.	✘
6.	Evaluate the subrecipient's effectiveness at implementing the assigned portions of the award program.	✘

Source: DOJ Grants Financial Guide

MPD officials stated that they were unaware if these activities had previously occurred and were unable to provide evidence to support that any of these activities have been completed. Further, MPD officials explained that they had limited communication with the subrecipient related to the project. The MPD stated that as of April 25, 2019, they had provided crime data to the first-tier subrecipient, and has also spoken with the subrecipient periodically over the phone.

Overall, we determined that the MPD's oversight and monitoring of its subrecipient was inadequate. We recommend that OJP require the MPD to enhance existing policies and procedures to ensure that the MPD conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide. This includes ensuring that these policies are distributed to the appropriate MPD personnel and that those personnel are properly trained on the policy.

Transaction Testing

As of April 17, 2019, the MPD's accounting records for this award contained one subrecipient transaction, totaling approximately \$89,412. The MPD's grant accounting policies and procedures state that the city of Milwaukee requires its subrecipients to document costs on a reimbursable basis, and if a site review is not conducted, the city of Milwaukee will request that the project submit documentation for an in-house review. We requested supporting documentation from the MPD, including any authorizations, invoices or receipts, contracts or other agreements, paystubs and time and efforts, or other documentation that may be used to support the transaction. MPD provided an August 2018 invoice that broke down the expenditures by category, as shown in Table 6.

Table 6⁴
First-Tier Subrecipient Costs

Budget Category	Budget	Invoiced	Remaining
Salaries	\$37,978	\$11,601	\$26,377
Fringe	\$17,163	\$4,433	\$12,729
Travel	\$28,036	\$3,461	\$24,574
Consultant Comp	\$76,352	\$47,295	\$29,057
Supplies	\$81	\$985	(\$904)
Other Costs	\$9,712	\$1,494	\$8,218
Applied Overhead	\$54,266	\$20,142	\$34,124
Total	\$223,589	\$89,412	\$134,176

Source: The MPD and first-tier subrecipient.

While the invoice contained the proper authorizations from the MPD Purchasing Division, no additional supporting documentation was provided to support the expenses identified on the invoice. In fact, MPD officials stated that the first-tier subrecipient had not provided the MPD with any sort of verifiable work product or timesheets outlining work completed. Additionally, MPD officials stated that recent communication with its first-tier subrecipient had been limited, and regular meetings concerning the project have not occurred. Because the MPD did not obtain adequate support for the \$89,412 invoice submitted by the first-tier subrecipient, along with the fact that the MPD did not effectively monitor the subrecipient, we determined that this expenditure is unsupported. Therefore, we recommend that the OJP remedy \$89,412 in unsupported subrecipient costs.

Personnel Costs

Our sample of transactions included three transactions related to personnel costs. We found that these transactions included 3 months of payroll costs, including 12 expenditures related to personnel, fringe benefits, and overtime costs. We found that the MPD's approved award budget listed fringe benefits at a rate of 48 percent of salary costs. We reviewed the expenditures related to these costs and found that the MPD charged 59 percent for fringe benefits. While MPD charged 11 percent more in the fringe benefits than what was approved in the award budget, the difference did not result in a violation of the 10-percent rule outlined in the DOJ Grants Financial Guide.⁵ Overall, we did not identify any deficiencies with the personnel costs we tested.

⁴ Different in total amounts are due to rounding.

⁵ According to the 10-percent rule, grantees are allowed to move funds among approved cost categories, provided that the total funds moved do not exceed 10 percent of the total award.

CONCLUSION AND RECOMMENDATIONS

Based on our review, it appears that the MPD generally utilized the award funds it received to enhance its CGIC. However, as a result of our audit, we identified concerns related to the MPD's ability to demonstrate measurable success of the award. We found that many of the stated award accomplishments had been completed prior to the award, and the MPD has not demonstrated how significant remaining award funding will be spent in the approved timeframe to further implement award goals and objectives.

The MPD also could not readily provide source documentation to support all of its progress report metrics, due in part to the MPD's uncertainty regarding what should be reported for some of the metrics, as well as the limited guidance from BJA on how to report these metrics. We also identified concerns related to the MPD's selection, oversight, and monitoring of its subrecipients. As a result, we identified \$89,412 in questioned costs. We provide seven recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Provide additional oversight and assistance to the MPD to ensure that the award goals and objectives are adequately achieved for the 2016 CGIC award. Moreover, with the MPD's current award nearing completion, OJP should also evaluate whether the full amount of remaining funds under this award is needed. Finally, OJP should ensure that the MPD implements policies and procedures that appropriately plan for project milestones for future awards.
2. Require the MPD to implement policies and procedures to ensure that the MPD maintains valid and auditable source documentation to support performance measures reported in the semi-annual progress reports.
3. Require the MPD to enhance its existing policy to ensure that award funds are only paid to recipients that are eligible to receive federal funding, which includes individuals and subrecipients. This policy should also require that review of SAM is completed for each award on a regular basis.
4. Review the subrecipient arrangement between the MPD, its first-tier subrecipient, and the second-tier academic partner to identify areas to improve efficiencies and effectiveness in meeting required award objectives for the 2016 CGIC award. This should include determining if administrative and overhead costs should be reallocated and ensuring that each subrecipient is responsible for distinct and measurable deliverables. In addition, we recommend that OJP ensure that the MPD has appropriate policies and procedures for establishing and structuring subrecipient agreements under future awards.

5. Require the MPD to implement policies and procedures to ensure that the MPD's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.
6. Require the MPD to enhance existing policies and procedures to ensure that the MPD conducts adequate oversight and monitoring of its subrecipients, as outlined in the DOJ Grants Financial Guide. This includes ensuring that these policies are distributed to the appropriate MPD personnel, and that those personnel are properly trained on the policy.
7. Remedy \$89,412 in unsupported subrecipient costs.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, and expenditures.

Scope and Methodology

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.

This was an audit of one Office of Justice Programs (OJP) grant awarded to the Milwaukee Police Department (MPD) under the National Crime Intelligence Center (CGIC) Initiative. The total award amount for Award Number 2016-DG-BX-0014 is \$1 million, and as of April 10, 2019, the MPD had drawn down \$390,923 of the total grant funds awarded.⁶ Our audit concentrated on, but was not limited to October 1, 2016, the award date for Award Number 2016-DG-BX-0014, through August 2019, the conclusion of our audit work.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of the MPD's activities related to the audited grants. We performed sample-based audit testing for 12 award transactions, including subrecipient costs, payroll and fringe benefit costs, and other direct costs. We also reviewed the semi-annual progress reports submitted under this award. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the award we reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System, as well as the MPD's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems

⁶ The drawdown amount differs from the expended amount discussed on page 8 of this report, as not all funds expended by April 17, 2019, were drawn down by April 10, 2019.

were verified with documentation from other sources. We discussed our audit results with MPD officials throughout the audit and at a formal exit conference.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs: ⁷		
Unsupported Costs		
Subrecipient Costs	\$89,412	16
<i>Total Unsupported Costs</i>	\$89,412	
Total Questioned Costs	\$89,412	

⁷ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

U.S. DEPARTMENT OF JUSTICE 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 23 2019

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

FROM:  Ralph E. Martin 
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Bureau of Justice Assistance, National Crime Gun Intelligence Center Initiative Grant Awarded to the Milwaukee Police Department, Milwaukee, Wisconsin*

This memorandum is in reference to your correspondence, dated August 29, 2019, transmitting the above-referenced draft audit report for the Milwaukee Police Department (MPD). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **seven** recommendations and **\$89,412** in questioned costs. The following is OJP's analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP provide additional oversight and assistance to the MPD to ensure that the award goals and objectives are adequately achieved for the 2016 CGIC award. Moreover, with the MPD's current award nearing completion, OJP should also evaluate whether the full amount of remaining funds under this award is needed. Finally, OJP should ensure that the MPD implements policies and procedures that appropriately plan for project milestones for future awards.**

OJP agrees with this recommendation. We will work with the MPD to provide additional oversight and assistance, as necessary, to ensure that the goals and objectives for Award Number 2016-DG-BX-0014 are adequately achieved, and evaluate whether the full amount of remaining funds under the award is needed. Additionally, we will coordinate with the MPD to obtain a copy of written policies and procedures, developed and implemented, to ensure that it has appropriate processes to plan for project milestones under Federal awards.

- 2. We recommend that OJP require the MPD to implement policies and procedures to ensure that the MPD maintains valid and auditable source documentation to support performance measures reported in the semi-annual progress reports.**

OJP agrees with this recommendation. We will coordinate with the MPD to obtain a copy of written policies and procedures, developed and implemented, to ensure that the MPD maintains valid and auditable source documentation to support performance measures reported in the semi-annual progress reports.

- 3. We recommend that OJP require the MPD to enhance its existing policy to ensure that award funds are only paid to recipients that are eligible to receive Federal funding, which includes individuals and subrecipients. This policy should also require that review of SAM is completed for each award on a regular basis.**

OJP agrees with this recommendation. We will coordinate with the MPD to obtain a copy of written policies and procedures, developed and implemented, to ensure that Federal award funds are only paid to individuals and subrecipients that are eligible to receive Federal funding; and that a review of the System for Award Management (SAM) is completed for each award on a regular basis.

- 4. We recommend that OJP review the subrecipient arrangement between the MPD, its first-tier subrecipient, and the second-tier academic partner, to identify areas to improve efficiencies and effectiveness in meeting required award objectives for the 2016 CGIC award. This should include determining if administrative and overhead costs should be reallocated and ensuring that each subrecipient is responsible for distinct and measurable deliverables. In addition, we recommend that OJP ensure that the MPD has appropriate policies and procedures for establishing and structuring subrecipient agreements under future awards.**

OJP agrees with this recommendation. In its response to the draft audit report, the MPD stated that it believes that its relationship with the [REDACTED] is that of a consultant/contractor, not a subrecipient. However, OJP's Bureau of Justice Assistance (BJA) considers the arrangement between the MPD and the [REDACTED] to be a subaward, as the MPD selected the [REDACTED] to be its research partner, to perform work integral to the award objectives.

Accordingly, we will review the subrecipient arrangement between the MPD, its first-tier subrecipient, and the second-tier academic partner to: identify areas to improve efficiencies and effectiveness in meeting required objectives for Award Number 2016-DG-BX-0014; determine if administrative and overhead costs should be reallocated; and ensure that each subrecipient is responsible for distinct and measurable deliverables. Additionally, we will coordinate with the MPD to obtain a copy of written policies and procedures, developed and implemented, to ensure that it has appropriate processes for establishing and structuring subrecipient agreements under future Federal awards.

5. **We recommend that OJP require the MPD to implement policies and procedures to ensure that the MPD's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.**

OJP agrees with this recommendation. We will coordinate with the MPD to obtain a copy of written policies and procedures, developed and implemented, to ensure that its subrecipient agreements contain the proper elements required by the *Department of Justice (DOJ) Grants Financial Guide*.

6. **We recommend that OJP require the MPD to enhance existing policies and procedures to ensure that the MPD conducts adequate oversight and monitoring of its subrecipients, as outlined in the DOJ Grants Financial Guide. This includes ensuring that these policies are distributed to the appropriate MPD personnel, and that those personnel are properly trained on the policy.**

OJP agrees with this recommendation. We will coordinate with the MPD to obtain a copy of written policies and procedures, developed and implemented, to ensure that it conducts adequate oversight and monitoring of its subrecipients, as outlined in the *DOJ Grants Financial Guide*; that the policies are distributed to the appropriate MPD personnel; and that MPD personnel responsible for subrecipient monitoring are properly trained on the policies and procedures.

7. **We recommend that OJP remedy \$89,412 in unsupported subrecipient costs.**

OJP agrees with this recommendation. We will review the \$89,412 in questioned costs, related to unsupported subrecipient expenditures that were charged to Award Number 2016-DG-BX-0014, and will work with the MPD to remedy, as appropriate.

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: Katharine T. Sullivan
Principal Deputy Assistant Attorney General

Maureen A. Henneberg
Deputy Assistant Attorney General
for Operations and Management

LeToya A. Johnson
Senior Advisor
Office of the Assistant Attorney General

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

cc: Tracey Trautman
Acting Director
Bureau of Justice Assistance

Jonathan Faley
Associate Deputy Director
Bureau of Justice Assistance

Brenda Worthington
Associate Deputy Director
Bureau of Justice Assistance

Michael Bottner
Budget Director
Bureau of Justice Assistance

Amanda LoCicero
Budget Analyst
Bureau of Justice Assistance

Joseph Husted
Grants Management Specialist
Bureau of Justice Assistance

Charlotte Grzebien
Deputy General Counsel

Robert Davis
Acting Director
Office of Communications

Leigh A. Benda
Chief Financial Officer

Christal McNeil-Wright
Associate Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Joanne M. Suttington
Associate Chief Financial Officer
Finance, Accounting, and Analysis Division
Office of the Chief Financial Officer

cc: Aida Brumme
Manager, Evaluation and Oversight Branch
Grants Financial Management Division
Office of the Chief Financial Officer

Louise Duhamel
Acting Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20190905082103

MILWAUKEE POLICE DEPARTMENT
RESPONSE TO THE DRAFT AUDIT REPORT⁸



Milwaukee Police Department
Police Administration Building
749 West State Street
Milwaukee, Wisconsin 53233
<http://www.milwaukee.gov/police>

Alfonso Morales
Chief of Police
(414) 933-4444

September 17, 2019

SUBMITTED VIA EMAIL TO: Carol Taraszka, Regional Audit Manager
ctaraszk@OIG.USDOJ.GOV

FROM: Lt. Christopher Schroeder
Grants Manager, Milwaukee Police Department

SUBJECT: Draft Audit Report – Audit of the Office of Justice Programs
(OJP) Bureau of Justice Assistance (BJA) National Crime Gun
Intelligence Center (CGIC) Grant Awarded to the Milwaukee
Police Department (MPD), Milwaukee, Wisconsin

This memorandum is in response to the correspondence dated August 29, 2019, transmitting the above referenced draft audit report for the CGIC grant. Please consider this memorandum as the official response to the audit conducted by the Office of Inspector General (OIG).

The MPD is grateful for the cooperation of the OIG in conducting its audit and appreciates this opportunity to strengthen the CGIC. As we demonstrated, the CGIC is an invaluable resource in our ongoing endeavor to combat violent crime. The MPD has reviewed the report, which contains seven recommendations and \$89,412 in questioned costs. The following is an analysis of each recommendation.

For convenience, the recommendations followed by our responses are provided below:

- 1. Provide additional oversight and assistance to the MPD to ensure that the award goals and objectives are adequately achieved for the 2016 CGIC award. Moreover, with the MPD's current award nearing completion, OJP should also evaluate whether the full amount of remaining funds under this award is needed. Finally, OJP should ensure that the MPD implements policies and procedures that appropriately plan for project milestones for future awards.*

The MPD concurs with this recommendation. In regards to “Personnel Expansion”, MPD removed the second grant funded position of Crime Analyst due to several

⁸ Attachments to this response were not included in this final report.

issues including the timeliness of releasing the grant funds and internal city hiring processes. The Bureau of Justice Assistance (BJA) was made aware of these concerns and approved Grant Adjustment Notice (GAN) #18 under 2016-DG-BX-0014 which removed the Crime Analyst position. In regards to “Program Infrastructure”, MPD has purchased a microscope to analyze evidence and is in the process of purchasing other equipment outlined in the CGIC grant award. MPD does not intend on purchasing an acquisition (BrassTRAX) machine or a correlation (MatchPoint) machine with CGIC grant funds. In regards to “Community Outreach-Focused Deterrence Programs”, a mobile application could not be developed because MPD did not believe they could fully implement the required functions of the application by the end of the CGIC grant award. In regards to “Evaluation of Project Implementation and Outcomes”, a rough draft evaluation of MPD’s CGIC program and process was presented to MPD by the [REDACTED] and MPD will be receiving a final in person evaluation on 09/26/2019.

The MPD also acknowledges OIG has concerns regarding the award solicitation requirements documented in the CGIC grant award. In regards to “Institute a comprehensive training program”, MPD has leveraged the CGIC grant award and instituted a train the trainer program for NIBIN technicians, in order to sustain the program into the future. In regards to “Evaluate the CGIC strategy with an academic partner”, a rough draft evaluation of MPD’s CGIC program and process was presented to MPD by the [REDACTED] and MPD will be receiving a final in person evaluation on 09/26/2019. In regards to “Dedicate a full time task force officer (TFO) to the ATF task force”, MPD has a full time task force officer (TFO) dedicated to the ATF and investigates on NIBIN leads and straw purchasing. In regards to “Establish a collaborative prosecution strategy”, MPD hosts weekly NIBIN meetings that are attended by officers, detectives, supervisors, analysts, and a prosecutor by the District Attorney’s office. These meetings are designed to assist NIBIN investigations from beginning through prosecution. In regards to “Consult an ATF firearms examiner and collaborate with the local crime laboratory”, MPD partners with the Wisconsin State Crime Lab firearm examiners for confirmations as well as court proceedings. MPD recognizes the CGIC grant award is nearing completion and is currently in the process of spending the remaining funds on equipment, training, and personnel costs.

2. *Require the MPD to implement policies and procedures to ensure that the MPD maintains valid and auditable source documentation to support performance measures reported in the semi-annual progress reports.*

The MPD concurs it was unable to provide documentation regarding the 77 entries within 24 hours and 169 entries within 48 hours from the time period of 07/01/2018

to 12/31/2018 because the data needed to be extracted from the database by an Information Technology (IT) contractor. During the audit, the IT contractor was out of the office and documentation of the data was not readily available. Please see appendix A for the Excel spreadsheets which were queried from an SQL report created by the IT contractor, which validate the numbers submitted in the semi-annual progress reports.

3. *Require the MPD to enhance its existing policy to ensure that award funds are only paid to recipients that are eligible to receive federal funding, which includes individuals and subrecipients. This policy should also require that review of SAM is completed for each award on a regular basis.*

The MPD does not concur with this finding, as we do utilize the SAM database. Please see appendix B for further documentation.

4. *Review the subrecipient arrangement between the MPD, its first-tier subrecipient, and the second-tier academic partner to identify areas to improve efficiencies and effectiveness in meeting required award objectives for the 2016 CGIC award. This should include determining if administrative and overhead costs should be reallocated and ensuring that each subrecipient is responsible for distinct and measurable deliverables. In addition, we recommend that OJP ensure that the MPD has appropriate policies and procedures for establishing and structuring subrecipient agreements under future awards.*

The MPD does not concur. The MPD maintains that based on the information contained in the application and award documents for this grant, our relationship with the [REDACTED] was identified as a “Consultant/Contractor” relationship by the City of Milwaukee versus a “Sub-recipient” relationship, and as such, the normal policies and procedures that are presently in place in the City regarding sub-recipient agreements were not used. The City of Milwaukee does have appropriate policies and procedures in place for establishing and structuring sub-recipient agreements. We would be happy to share any information regarding such procedures if so desired.

5. *Require the MPD to implement policies and procedures to ensure that the MPD’s subrecipient agreements contain the proper elements required by the DOJ Grants Financial guide.*

The MPD reiterates, as stated in finding No. 4, based on the information contained in the application and award documents for this grant, our relationship with the [REDACTED] was identified as a “Consultant/Contractor” relationship versus a “Sub-recipient” relationship and such, the contract that was executed did not include the standard terms and conditions that govern our sub-recipient

agreements. Again, we would be happy to share with you our terms and conditions that govern such contracts.

6. *Require the MPD to enhance existing policies and procedures to ensure that the MPD conducts adequate oversight and monitoring of its subrecipients, as outlined in the DOJ Grants Financial Guide. This includes ensuring that these policies are distributed to the appropriate MPD personnel, and that those personnel are properly trained on the policy.*

The MPD does not concur, and would reference our responses to findings 4 and 5.

7. *Remedy \$89,412 in unsupported subrecipient costs.*

The MPD does not concur that the \$89,412 is unsupported. If it is determined that the MPD erred in considering our relationship with the [REDACTED] as a “Consultant/Contractor”, we would be happy to provide all necessary documentation to justify the costs that have been billed from this contractor.

We appreciate the opportunity to review and comment on the draft report. If you have any questions or require additional information, please contact Lt. Christopher Schroeder at (414) 935-7618, or cschro@milwaukee.gov.

Sincerely,

Lt. Christopher SCHROEDER



Milwaukee Police Dept. - Grants Manager
Office of Management, Analysis, and Planning
749 W. State St.
Milwaukee, WI 53233
(414) 935-7618
cschro@milwaukee.gov

**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 Department of Justice Office of Justice Programs (OJP) and the Milwaukee Police Department (MPD). OJP's response is incorporated in Appendix 3, and the MPD's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. In its response, the MPD concurred with two recommendations, did not concur with four recommendations, and did not state whether it concurred with one recommendation. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Provide additional oversight and assistance to the MPD to ensure that the award goals and objectives are adequately achieved for the 2016 CGIC award. Moreover, with the MPD's current award nearing completion, OJP should also evaluate whether the full amount of remaining funds under this award is needed. Finally, OJP should ensure that the MPD implements policies and procedures that appropriately plan for project milestones for future awards.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with the MPD to provide additional oversight and assistance, as necessary, to ensure that the goals and objectives for the award are adequately achieved, and evaluate whether the full amount of remaining funds under the award is needed. Additionally, OJP stated that it will coordinate with the MPD to obtain a copy of written policies and procedures, developed and implemented, to ensure that it has appropriate processes to plan for project milestones under federal awards.

The MPD concurred with our recommendation and stated that it recognizes the CGIC grant award is nearing completion and is currently in the process of spending the remaining funds on equipment, training, and personnel costs. The response also includes updates on expenditures and planned grant activity discussed in Tables 2 and 3 of this report. The MPD's response did not address implementing revised policies and procedures related to this recommendation.

This recommendation can be closed when we receive evidence that OJP has: (1) provided additional oversight and assistance to the MPD to ensure that the award goals and objectives are adequately achieved for the 2016 CGIC award, (2) evaluated whether the full amount of remaining funds under this award is needed, and (3) ensured that the MPD implements policies and procedures that appropriately plan for project milestones for future awards.

2. **Require the MPD to implement policies and procedures to ensure that the MPD maintains valid and auditable source documentation to support performance measures reported in the semi-annual progress reports.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the MPD to obtain a copy of written policies and procedures, developed and implemented, to ensure that the MPD maintains valid and auditable source documentation to support performance measures reported in the semi-annual progress reports.

The MPD concurred with our finding related to this recommendation and stated in its response that it was unable to provide documentation during the audit because the responsible individual was out of the office and the documentation was not readily available. The MPD also provided a report to support the metrics identified in Table 4 of this report. We reviewed the information provided, which consisted of database query results, and found that it did not contain any data for the metrics between January and June 2018. In addition, the data did not clearly match the values for the July through December metrics. In addition, the MPD's response did not discuss the implementation of policies and procedures related to maintaining documentation to support performance measure information reported to OJP.

This recommendation can be closed when OJP provides evidence that the MPD has implemented policies and procedures to ensure that valid and auditable source documentation is regularly maintained to support performance measures reported in semi-annual progress reports.

3. **Require the MPD to enhance its existing policy to ensure that award funds are only paid to recipients that are eligible to receive federal funding, which includes individuals and subrecipients. This policy should also require that review of the System for Award Management (SAM) is completed for each award on a regular basis.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the MPD to obtain a copy of written policies and procedures, developed and implemented, to ensure that federal award funds are paid only to individuals and subrecipients that are eligible to receive federal funding, and that a review of the SAM is completed for each award on a regular basis.

The MPD did not concur with the finding related to this recommendation. In its response, the MPD stated it does utilize the SAM database. The MPD also provided support showing its existing policy that purchasing agents must verify that vendors have not been suspended, debarred, or otherwise excluded by federal government agencies from receiving federal contracts or federally approved subcontracts. We reviewed this documentation and found that while it does discuss SAM verification for vendors, it does not specify

verification of individuals or subrecipients, as is required by the DOJ Grants Guide.

This recommendation can be closed when OJP provides evidence that the MPD has enhanced its existing policy to ensure that award funds are only paid to recipients that are eligible to receive federal funding, which includes individuals and subrecipients. This policy should also require that review of SAM is completed for each award on a regular basis.

4. **Review the subrecipient arrangement between the MPD, its first-tier subrecipient, and the second-tier academic partner to identify areas to improve efficiencies and effectiveness in meeting required award objectives for the 2016 CGIC award. This should include determining if administrative and overhead costs should be reallocated and ensuring that each subrecipient is responsible for distinct and measurable deliverables. In addition, we recommend that OJP ensure that the MPD has appropriate policies and procedures for establishing and structuring subrecipient agreements under future awards.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it believes the arrangement between the MPD and its first-tier subrecipient to be a subaward, as the MPD selected the organization to be its research partner to perform work integral to the award objective. OJP also stated that it will review the arrangements with the first-tier subrecipient, and the second-tier academic partner to: (1) identify areas to improve efficiencies and effectiveness in meeting the award objectives, (2) determine if administrative and overhead costs should be reallocated, and (3) ensure that each subrecipient is responsible for distinct and measurable deliverables. OJP further stated that it will coordinate with the MPD to obtain a copy of written policies and procedures, developed and implemented, to ensure that the MPD has appropriate processes for establishing and structuring subrecipient agreements under future federal awards.

The MPD did not concur with our recommendation and stated in its response that it considers its relationship with the subrecipient to be that of a consultant/contractor and noted that its application and the award documents identified the academic partner as a consultant/contractor. The MPD also stated that the city of Milwaukee does have appropriate policies and procedures in place for establishing and structuring subrecipient agreements.

Despite the MPD's assertions, as noted above, OJP considers the arrangement between the MPD and its first-tier subrecipient to be a subaward because the MPD selected the subrecipient to be its research partner to perform work integral to the award objectives. We agree with OJP's position that the relationship between the MPD and its research partner meets the definition of a subaward.

This recommendation can be closed when we receive evidence that OJP has reviewed the MPD's arrangements with its subrecipient and its academic partner and identified areas within which to improve efficiencies and effectiveness in meeting required award objectives for the 2016 CGIC award. This should include determining if administrative and overhead costs should be reallocated and ensuring that each subrecipient is responsible for distinct and measurable deliverables. In addition, please provide evidence that the MPD has the appropriate policies for establishing and structuring future subrecipient agreements.

5. Require the MPD to implement policies and procedures to ensure that the MPD's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the MPD to obtain a copy of written policies and procedures, developed and implemented, to ensure that its subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.

The MPD's response to this recommendation reiterates its position as discussed in recommendation number 4, namely that it considered its research partner to be a consultant/contractor; not a sub-recipient. For the reasons described in recommendation number 4 above, we do not agree. Rather, we agree with OJP that the relationship between the MPD and its research partner meets the definition of a subaward.

This recommendation can be closed when OJP provides evidence that the MPD has implemented policies and procedures to ensure that subrecipient agreements contain the elements required by the DOJ Grants Financial Guide.

6. Require the MPD to enhance existing policies and procedures to ensure that the MPD conducts adequate oversight and monitoring of its subrecipients, as outlined in the DOJ Grants Financial Guide. This includes ensuring that these policies are distributed to the appropriate MPD personnel, and that those personnel are properly trained on the policy.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the MPD to: (1) obtain a copy of written policies and procedures, developed and implemented, to ensure that it conducts adequate oversight and monitoring of its subrecipients, as outlined in the DOJ Grants Financial Guide; (2) ensure that the policies are distributed to the appropriate MPD personnel; and (3) ensure that MPD personnel responsible for subrecipient monitoring are properly trained on the policies and procedures.

The MPD did not concur with our recommendation. The MPD's response does not provide a discussion of this recommendation and instead references its response to recommendation numbers 4 and 5. As noted in recommendations 4 and 5, we do not agree with the MPD's assertions, and we agree with OJP that the relationship between the MPD and its research partner meets the definition of a subaward.

This recommendation can be closed when we receive evidence that the MPD enhanced its existing policies and procedures to ensure that it conducts adequate oversight and monitoring of its subrecipients, appropriately distributed the policy, and trained personnel on the policy.

7. Remedy \$89,412 in unsupported subrecipient costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$89,412 in questioned costs, related to unsupported subrecipient expenditures charged to the award, and will work with the MPD to remedy these costs, as appropriate.

The MPD did not concur with our recommendation. The MPD response again references the difference in approach between relationships that are defined as either a contract or subaward (as discussed in recommendation number 4) and indicates that if it is determined that its position was in error, the MPD can provide all necessary documentation to justify the costs. We stand by our position that the relationship between the MPD and its research partner meets the definition of a subaward. Moreover, the report provides significant detail to support our finding that the expenditures were not adequately supported at the time of the audit, including the MPD's failure to obtain and retain adequate documentation for the \$89,412 invoice submitted by the first-tier subrecipient and the fact that the MPD did not effectively monitor the subrecipient.

This recommendation can be closed when we receive evidence that the \$89,412 has been appropriately remedied.



The Department of Justice Office of the Inspector General (DOJ OIG) is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in the Department of Justice, and to promote economy and efficiency in the Department's operations.

To report allegations of waste, fraud, abuse, or misconduct regarding DOJ programs, employees, contractors, grants, or contracts please visit or call the **DOJ OIG Hotline** at oig.justice.gov/hotline or (800) 869-4499.

U.S. DEPARTMENT OF JUSTICE OFFICE OF THE INSPECTOR GENERAL

950 Pennsylvania Avenue, NW
Washington, DC 20530 0001

Website	Twitter	YouTube
oig.justice.gov	@JusticeOIG	JusticeOIG

Also at Oversight.gov