AUDIT OF THE OFFICE OF JUSTICE PROGRAMS BUREAU OF JUSTICE ASSISTANCE EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT AWARDED TO THE GREEN BAY POLICE DEPARTMENT GREEN BAY, WISCONSIN

U.S. Department of Justice
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OFFICE OF JUSTICE PROGRAMS
BUREAU OF JUSTICE ASSISTANCE
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT
AWARDED TO THE GREEN BAY POLICE DEPARTMENT
GREEN BAY, WISCONSIN

EXECUTIVE SUMMARY

The Office of the Inspector General, Audit Division, has completed an audit of Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), Edward Byrne Justice Assistance Grant (JAG) Program grant number 2009-SB-B9-0711 in the amount of $477,188 awarded to the Green Bay, Wisconsin, Police Department. The purpose of the grant was for the Green Bay Police Department to purchase equipment and training to expand its law enforcement abilities and assist in performing its duties in the field. The Green Bay Police Department allocated $33,249 of the $477,188 for use by the Brown County, Wisconsin, Sheriff's Department.

The JAG Program is the primary provider of federal criminal justice funding to state and local jurisdictions. This particular grant was awarded as part of the American Recovery and Reinvestment Act (Recovery Act), which was a direct response to the economic crisis and had three immediate goals: (1) create new jobs and save existing ones, (2) spur economic activity and invest in long–term growth, and (3) foster unprecedented levels of accountability and transparency in government spending. One of the ways the Recovery Act intended to achieve those goals was by making additional funds available for federal contracts, grants, and loans.

The Green Bay Police Department is located in Green Bay, Wisconsin. The Department is currently comprised of three divisions: (1) Operations, (2) Investigations, and (3) Support Services. The department is staffed with 184 officers and serves a population of over 100,000 residents. The Brown County Sheriff's Department is comprised of five divisions: (1) Investigative, (2) Jail, (3) Patrol, (4) Professional Standards, and (5) Support Services. The department employs over 300 law enforcement professionals and as of 2010, serves a population of almost 250,000, which includes the city of Green Bay.

The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel costs; (4) supplanting; (5) local matching funds; (6) accountable property; (7) indirect costs; (8) program income; (9) federal financial, progress, and Recovery Act reports;

(10) grant requirements; (11) program performance and accomplishments; and (12) monitoring of sub-grantees and contractors. We determined that local matching funds, indirect costs, program income, and monitoring of contractors were not applicable to this grant.

As of October 3, 2011, the grantee had drawn down $397,714 of the $477,188 in grant funds. The grantee had recorded expenditures of $420,925 in its grant accounting records. We examined both the Green Bay Police Department's and Brown County Sheriff's Department's grant accounting records, required reports, and operating policies and procedures. Our audit revealed the following:

- The Green Bay Police Department did not establish a separate account in its general ledger to properly account for Recovery Act funds, as required by the grant.

- The Green Bay Police Department used grant funds for an equipment item that was not approved by OJP. Therefore, we are questioning $9,297 in unallowable equipment costs.

- The Green Bay Police Department's official accountable property listings did not contain grant-funded equipment items that should have been included and did not adequately identify equipment as purchased with federal funds, as required by the grant.

- The Green Bay Police Department's required grant reports did not accurately reflect financial activity based upon the official accounting records, and two progress reports were submitted in an untimely manner.

- The Green Bay Police Department did not have an established system in place to monitor the sub-recipient's grant activities, including a review of the Brown County Sheriff's Department's accounting system and procedures.

Our report contains 5 recommendations to address the preceding issues, which are discussed in detail in the Findings and Recommendations section of the report.

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INTRODUCTION

The Department of Justice (DOJ), Office of the Inspector General, Audit Division, has completed an audit of an Edward Byrne Memorial Justice Assistance Recovery Act grant awarded by the U.S. Department of Justice, Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA) to the Green Bay, Wisconsin, Police Department. As shown in the following table, the Green Bay Police Department was awarded $477,188 under grant number 2009-SB-B9-0711 to purchase equipment and training to expand its abilities as a law enforcement agency. A portion of the grant funds ($33,249 of the $477,188) was allocated to the Brown County, Wisconsin, Sheriff's Department.

TABLE 1 – OFFICE OF JUSTICE PROGRAMS GRANT AWARDED TO THE GREEN BAY POLICE DEPARTMENT

GRANT AWARD	AWARD START DATE[1]	AWARD END DATE	AWARD AMOUNT
2009-SB-B9-0711	03/01/2009	02/28/2013	$477,188
		Total:	**$477,188**

Source: OJP

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel costs; (4) supplanting; (5) local matching funds; (6) accountable property; (7) indirect costs; (8) program income; (9) federal financial, progress, and Recovery Act reports; (10) grant requirements; (11) program performance and accomplishments; and (12) monitoring of sub-grantees and contractors. We determined that local matching funds, indirect costs, program income, and monitoring of contractors were not applicable to this grant.

[1] The award documentation indicates that the project start date was March 1, 2009. However, the Green Bay Police Department did not accept the award until June 30, 2009.

Background

Since 1984, OJP has provided federal leadership in developing the nation's capacity to prevent and control crime, improve the criminal and juvenile justice systems, increase knowledge about crime and related issues, and assist crime victims. OJP utilizes several grant programs to award funding to state and local jurisdictions. The Edward Byrne Memorial Justice Assistance Grant (JAG) Program is one of those programs and is the primary provider of federal criminal justice funding to state and local jurisdictions. The JAG Program provides states and units of local governments with critical funding necessary to support a range of program areas, including law enforcement; prosecution and court programs; prevention and education programs; corrections and community corrections; drug treatment and enforcement; crime victim and witness initiatives; and planning, evaluation, and technology improvement programs.

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 are 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 supporting 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. Through Recovery Act JAG funding, DOJ focused support on various components of the criminal justice system. This funding could be used to address crime by providing services directly to individuals and communities and by improving the effectiveness and efficiency of criminal justice systems, processes, and procedures.

The Green Bay Police Department is located in Green Bay, Wisconsin. The department is currently comprised of three divisions: (1) Operations, (2) Investigations, and (3) Support Services. As of 2010, the department was staffed with 184 sworn officers and served a population of over 100,000 residents.

The Green Bay Police Department passed a portion of the grant funds on to the Brown County Sheriff's Department. The Brown County Sheriff's Department is comprised of five divisions: (1) Investigative, (2) Jail, (3) Patrol, (4) Professional Standards, and (5) Support Services. As of 2010, the department employed over 300 law enforcement professionals

and served a population of almost 250,000 residents, which includes the city of Green Bay.

Our Audit Approach

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the OJP Financial Guide, the Code of Federal Regulations, Office of Management and Budget (OMB) Circulars, and the grant award documents. We tested the Green Bay Police Department's:

- **Accounting and Internal Controls** to determine whether the grantee had sufficient accounting and internal controls in place for the processing and payment of funds and controls were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant;

- **Grant Drawdowns** to determine whether grant drawdowns were adequately supported and if the grantee was managing grant receipts in accordance with federal requirements;

- **Grant Expenditures** to determine the accuracy and allowability of costs charged to the grant;

- **Accountable Property** to determine if property was correctly accounted for and used in accordance with the terms and conditions of the grant;

- **Supplanting** to determine whether the grantee supplanted local funds with federal funds;

- **Financial Status Reports and Progress Reports** to determine whether the required reports were submitted on time and accurately reflected grant activity;

- **Accomplishment of Grant Requirements and Objectives** to determine if the grantee met or is capable of meeting the grant's objectives and whether the grantee collected data and developed performance measures to assess accomplishment of the intended objectives; and

- **Monitoring of Sub-grantees** to determine if the grantee adequately monitored the sub-grantee's performance to ensure the sub-grantee adhered to the terms and conditions of the grant.

We also performed limited work and confirmed that the Green Bay Police Department was not required to contribute any local matching funds, did not receive reimbursement for indirect costs, and did not generate any program income. Therefore, we did not perform testing in these areas.

FINDINGS AND RECOMMENDATIONS

We found that the Green Bay Police Department did not separately account for the Recovery Act funds, as required by the grant, and we identified $9,297 in questioned costs for the purchase of unapproved equipment. We also found that the grantee's official accountable property listings did not contain grant-funded equipment items that should have been included and did not adequately identify equipment as purchased with federal funds, as required by the grant. Further, we noted weaknesses in the Green Bay Police Department's processes for reflecting financial activity in required reports, and that two progress reports were submitted in an untimely manner. In addition, the department did not have an established, written system in place to monitor the sub-grantee's grant activities, including a review of the Brown County Sheriff's Department's accounting system and procedures.

We performed audit work at the Green Bay Police Department and the Brown County Sheriff's Department located in Green Bay, Wisconsin, 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 2008 and 2009 OJP Financial Guides, relevant OMB Circulars, and the Code of Federal Regulations. In addition, we reviewed grant documents, including the application, award, and budgets, as well as the required financial, progress, and Recovery Act reports. We also interviewed key personnel at both the Green Bay Police Department and the Brown County Sheriff's Department.

Accounting and Internal Controls

According to the OJP Financial Guide, grant recipients are required to establish and maintain accounting and internal control systems to account accurately for funds awarded to them. Further, the accounting system should provide controls over funds and other resources to assure the expenditure of funds and use of property conform to any general or special conditions, ensure the optimal use of funds, and meets the prescribed requirements for periodic financial reporting of operations. The accounting system should also ensure that grant funds are not comingled with funds from other federal agencies.

We interviewed key personnel at the Green Bay Police Department and the city of Green Bay, including the grant program manager and the Assistant Chief Financial Officer, regarding the Green Bay Police

Department's financial management system, record keeping practices, and methods for ensuring adherence to the terms and conditions of the grant. We also reviewed the Green Bay Police Department's policies, procedures, and accounting records to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grant.

We determined that the Green Bay Police Department did not maintain a separate account for the Recovery Act funds, as required by the grant. The grantee stated that the Green Bay Police Department had decided to have one ledger account for all JAG funds it received. After explaining this grant requirement, the grantee stated that the Green Bay Police Department would create a separate account in its general ledger for the Recovery Act funds, and the grantee provided evidence that this action had been completed.

Single Audit

According to OMB Circular A-133, non-federal entities that expend $500,000 or more in federal awards in a year shall have a single audit conducted. The city of Green Bay reported that its expenditures of federal funds in fiscal year (FY) 2010 totaled $7,688,799, and therefore, the city of Green Bay was required to have a single audit performed.[2] We reviewed the city of Green Bay's report for FY 2010, which encompassed the Green Bay Police Department, and found that the report did not disclose any weaknesses, noncompliance issues, or cross-cutting findings related to grant management.[3]

According to Brown County, its expenditures of federal funds in FY 2010 totaled $42,644,514.[4] As a result, Brown County was also required to have a single audit performed. We reviewed the Brown County report for FY 2010, which included the Brown County Sheriff's Department.[5] The report did not identify any weaknesses, noncompliance issues, or cross-cutting findings related to grant management.

[2] The city of Green Bay's fiscal year is from January 1 to December 31.

[3] At the time of our audit, the FY 2010 Single Audit Report was the most current available.

[4] Brown County's fiscal year is from January 1 to December 31.

[5] At the time of our audit, the FY 2010 Single Audit Report was the most current available.

Financial Management System

The OJP Financial Guide requires grantees to establish and maintain a system of accounting and internal controls that adequately identifies and classifies grant costs. The system must include controls to ensure that funds and other resources are used optimally and expenditures of funds are in conformance with the general and special conditions applicable to the recipient. Further, the OJP Financial Guide states that grantees should establish and maintain program accounts that will enable, on an individual basis, the separate identification and accounting of the receipt and disposition of all funds and the application of all funds to each budget category included within the approved award.

We did not test the overall financial management system for the Green Bay Police Department as a whole, but conducted a limited review and performed testing in areas related to the JAG award. We also interviewed key personnel to further assess risk. Based upon our review, we found that the Green Bay Police Department's internal control environment includes adequate separation of duties and limited access to the accounting system.

Drawdowns

We reviewed the Green Bay Police Department's process for requesting drawdowns from OJP for its grant-related costs. The grant program manager stated that drawdowns were based on actual expenditures. However, the grant program manager used a separate spreadsheet to track grant expenditures and, in turn, to submit reimbursement requests rather than using the official accounting records.

As of October 3, 2011, the Green Bay Police Department had drawn down funds totaling $397,714 on four separate occasions. We compared the grant expenditures as reflected in the official accounting records to the four drawdown amounts. We determined that only one of the drawdown amounts agreed with the amount of expenditures reflected in the accounting records. The other three drawdown amounts differed from the amount of expenditures reflected in the accounting records, which were generally a result of short timing differences between the dates that invoices were received and recorded in the grant manager's spreadsheet and the dates that payments were executed and recorded in the official accounting records. From a cumulative perspective, we found that the grant expenditures according to the official accounting records matched the drawdown amounts for the last two drawdown periods.

Supplanting

According to OJP, federal funds must be used to supplement existing state and local funds for program activities and must not replace those funds that have been appropriated for the same purpose. We reviewed the Green Bay Police Department's budgets for FYs 2009 and 2010 and did not find any indications that the Green Bay Police Department was using grant funds to supplant local funding.

Grant Expenditures

The OJP Financial Guide serves as a primary manual to assist grantees in fulfilling their fiduciary responsibility to safeguard grant funds and ensure funds are used for the purposes for which they were awarded. It also services as a day-to-day management tool for award recipients in administering grant programs.

To determine the accuracy and allowability of costs charged to the grant, we reviewed a sample of expenditures incurred by the Green Bay Police Department and by the Brown County Sheriff's Department. As mentioned, the Green Bay Police Department passed through $33,249 of the award to the Brown County Sheriff's Department.

According to the Green Bay Police Department's records, its total grant-related expenditures as of October 3, 2011, were $420,925, and the Green Bay Police Department had been reimbursed for $364,465.[6] We tested 20 Green Bay Police Department grant transactions totaling $342,684. In addition, according to the Brown County Sheriff's Department's records, its total grant-related expenditures as of October 3, 2011, were $33,289, and the Brown County Sheriff's Department had been reimbursed $33,249. We tested 15 Brown County Sheriff's Department grant transactions totaling $33,259. In total, we reviewed $375,943.

In general, we determined that the Green Bay Police Department's and Brown County Sheriff's Department's transactions were properly authorized, accurately classified and recorded in the general ledger, and adequately supported. However, we did identify weaknesses with the Brown County Sheriff's Department's supporting documentation, which is discussed in greater detail in the Monitoring Sub-grantees section of the report.

[6] As of October 3, 2011, the Green Bay Police Department's grant expenditures incurred exceeded the amount reimbursed by $56,460. The difference existed because the Green Bay Police Department had not yet submitted a reimbursement request for those grant expenditures.

In addition, we identified that the Brown County Sheriff's Department used $9,297 in grant funds to purchase equipment that was not listed as an approved equipment item in the grant application. At the time the grant was awarded, the Brown County Sheriff's Department stated that it would use $9,300 in grant funds to purchase equipment that would enable the department to use one of its vehicles to transport prisoners. The Brown County Sheriff's Department purchased this equipment but later returned the equipment because it was ineffective. The Brown County Sheriff's Department, in turn, used the $9,297 to purchase nine tasers.[7] Although the Brown County Sheriff's Department originally indicated that it would purchase four tasers, it did not request approval from OJP to purchase an additional nine tasers instead of the prisoner transport equipment for which it had been approved. The Brown County Sheriff's Department did not believe it needed OJP approval for this change because it was within the 10-percent variance of the grant amount. However, the 10-percent rule does not apply to this grant. In addition, the OJP Financial Guide requires grantees to request OJP approval for changes in project scope. Considering that the Brown County Sheriff's Department's plan to retrofit a vehicle for prisoner transportation represented approximately 28 percent of its planned expenditures and activities, we believe that this change was significant and required OJP approval. Therefore, we are questioning the $9,297 as unallowable costs.

Accountable Property

According to the OJP Financial Guide, property records must be maintained for equipment acquired under an award. Among other items, the property records must indicate a description of the property, the serial number or other identification number, and the source of the property, including the award number.

The Green Bay Police Department and Brown County Sheriff's Department used the majority of grant funds to purchase equipment. The city of Green Bay maintains a fixed asset list with a threshold of $5,000. We reviewed the official fixed asset list and found that it did not contain the two grant-related equipment items that were required to be on the list. Because these items were not listed, we were unable to determine if the funding source of the equipment was properly identified as grant-funded. According to an official from the city of Green Bay, these equipment items were not listed on the fixed asset list because the items were credit card purchases and the city's financial software does not allow such purchases to be

[7] As noted in the award documentation, the Brown County Sheriff's Department intended to use the grant funds to purchase four tasers. In total, the Brown County Sheriff's Department used grant funds to purchase 13 tasers.

reflected within the fixed asset module of the software. This official stated that the city is in the beginning stages of obtaining new financial software that will correct this problem.

In addition to the official fixed asset list for the city of Green Bay, the Green Bay Police Department maintains internal inventory listings. We reviewed the internal inventory listings and found that it did not indicate the source of the equipment items. After discussing this requirement with the grantee, the Green Bay Police Department revised its internal property listing to include this information and stated that all future equipment purchased with grant funds will be indicated as being grant funded on the property listing.

We also physically verified 13 equipment items totaling $121,272. We confirmed that these equipment items existed and were being used as intended by the Green Bay Police Department and Brown County Sheriff's Department.

Grant Reporting

The OJP Financial Guide states that two types of reports are to be submitted by the grantee. Federal Financial Reports (FFR) provide information on monies spent and the unobligated amounts remaining in the grant. Program progress reports provide information on the status of grant-funded activities and other pertinent information. In addition, because the grant involves the awarding of Recovery Act funds, the grantee is also required to submit Recovery Act reports and Performance Measurement Tool (PMT) reports. PMT reports describe the status of the funds and the project, compare actual accomplishments to the objectives, and report other pertinent information.

According to the grantee, the Green Bay Police Department submits all required reports for the grant and includes all necessary sub-grantee information in the reports.

Federal Financial Reports

According to the OJP Financial Guide, prior to October 1, 2009, Federal Status Reports (FSR) were to be submitted within 45 days of the end of the calendar quarter. Beginning with the report period October 2009 through December 2009, grantees are required to submit quarterly Federal Financial Reports (FFR) within 30 days of the end of the calendar quarter.[8] Funds or

[8] For consistency purposes, we use the term "FFR" to refer to both types of reports.

future awards may be withheld if reports are not submitted or if reports are submitted late. We reviewed all 10 of the FFRs submitted by the Green Bay Police Department as of October 3, 2011. In general, the Green Bay Police Department submitted all reports in a timely manner.

We also compared the grant-related expenditures reflected on the FFRs to the Green Bay Police Department's accounting records. We found that the FFRs did not accurately reflect grant-related expenditures as recorded in the official accounting records. Instead, the grantee relied upon copies of the grant-related invoices that were maintained in a separate folder and computed the grant-related expenditures from those invoices when completing the FFRs. As shown in the following table, this process, similar to the one used to request grant drawdowns, did not provide results consistent with the grant-related expenditures reflected in the official accounting records.

TABLE 2 – ACCURACY OF FEDERAL FINANCIAL REPORTS

REPORT NUMBER	FFR PERIOD END DATE	EXPENSES PER FFR	EXPENSES PER GENERAL LEDGER	DIFFERENCE
1	03/31/2009	$0	$0	$0
2	06/30/2009	0	0	0
3	09/30/2009	145,167	134,543	(10,624)
4	12/31/2009	149,921	43,626	(106,295)
5	03/31/2010	48,588	140,789	92,201
6	06/30/2010	0	24,719	24,719
7	09/30/2010	35,431	35,431	0
8	12/31/2010	18,607	0	(18,607)
9	03/31/2011	0	32,042	32,042
10	06/30/2011	0	37,880	37,880
Total		**$397,714**	**$449,030**	**$51,316**

Source: OJP and Green Bay Police Department's accounting records.

Program Progress Reports

According to the award documentation, the grantee is required to submit annual progress reports no later than November 29.[9] We reviewed the two progress reports that were required to be submitted as of October 3, 2011, and determined that both reports were not submitted by OJP's established deadline. The first progress report was submitted 73 days late, and the second progress report was submitted 53 days late. OJP withheld grant funds until the reports were submitted.

[9] These reports cover the federal fiscal year, which runs from October 1 through September 30.

In addition, the grantee was required to provide performance measure data in its progress reports, and one of those performance measures pertained to financial activities. Similar to our review of grant expenditures reported in the FFRs, we determined that the progress reports did not accurately reflect the financial activity of the grant as recorded in the accounting records.

Performance Measurement Tool Reports

According to reporting requirements for Recovery Act grants, the grantee is required to submit quarterly Performance Measurement Tool (PMT) reports. According to OJP, PMT reports are to be submitted 30 days after the quarter ends. We reviewed all of the PMT reports submitted as of October 3, 2011, to determine if the reports were submitted on time and accurately reflected grant financial activity. Because the reports did not contain the date on which they were submitted to OJP, we contacted OJP, and OJP informed us the dates on which these reports were created. Based upon the information provided by OJP, we determined that the reports were created within OJP's required timeframe.

As with the FFRs and progress reports, the PMT reports did not accurately reflect grant expenditures as recorded in the Green Bay Police Department's official accounting records.

Recovery Act Reports

According to the award documentation, the grantee is required to submit Recovery Act Reports within 10 days after the quarter ends. At the time of fieldwork, the Green Bay Police Department was required to submit seven Recovery Act Reports. We reviewed all seven reports and determined that six of the seven reports were generally submitted in a timely manner.[10] The remaining report was submitted 12 days late.

We also reviewed the Recovery Act Reports and compared the grant expenses reported to the official accounting records. We determined the reports did not accurately reflect grant-related expenditures as shown in Table 3.

[10] We found that five of the reports were not submitted within the required timeframe. However, the due dates of these reports fell on a weekend, and the reports were submitted on the next business day.

TABLE 3 – ACCURACY OF RECOVERY ACT REPORTS

Report Number	Recovery Act Period End Date	Expenses per Recovery Act Report[11]	Expenses per general ledger	Difference
1	12/31/2009	$173,318	$178,169	($4,851)
2	03/31/2010	48,588	140,789	(92,201)
3	06/30/2010	121,770	24,719	97,051
4	09/30/2010	0	35,431	(35,431)
5	12/31/2010	0	0	0
6	03/31/2011	54,038	32,042	21,996
7	06/30/2011	0	37,880	(37,880)
Total		**$397,714**	**$449,030**	**($51,316)**

Source: OJP and Green Bay Police Department's accounting records.

The Recovery Act Reports also require the grantee to report on sub-grantee activities. Although a portion of the grant was sub-awarded to the Brown County Sheriff's Department, the Green Bay Police Department did not complete this section of the reports. The Brown County Sheriff's Department had incurred grant-related expenses, which were reimbursed by the Green Bay Police Department, during the second and sixth Recovery Act Report periods. However, these grant-related expenses were not reflected in the applicable Recovery Act Reports.

We discussed the inaccurate reporting of financial activity in the above-mentioned reports with the grantee. The grantee acknowledged the differences we identified.

Compliance with Grant Requirements

We reviewed the grant requirements and identified several key requirements, such as the grantee's agreement to: (1) submit quarterly Recovery Act Reports, (2) ensure Recovery Act funds are not commingled with funds from any other source, and (3) not use grant funds to supplant state or local funds. The quarterly Recovery Act reports, the commingling of Recovery Act funds, and the supplanting requirements were addressed previously in the report.

Program Performance and Accomplishments

According to the grant application, the objectives of the grant were to purchase equipment, such as video cameras, patrol car computers, tasers,

[11] The grantee recorded the cumulative expenses on each quarter's report instead of only capturing the expenses incurred during that particular quarter. For our report purposes, we computed what the grantee's reported expenses were for each quarter by subtracting the current report's cumulative amount from the preceding report's cumulative amount.

and a disaster recovery server, and provide training to staff for the new equipment purchased. To evaluate program performance, we interviewed Green Bay Police Department and Brown County Sheriff's Department officials, as well as observed the use of grant-purchased equipment. We also obtained documentation to support the grant-funded training. We believe the grantee and sub-grantee are accomplishing the grant's objectives.

Monitoring Sub-grantees

According to the OJP Financial Guide, grantees are responsible for ensuring that sub-grantees have an adequate accounting system. The OJP Financial Guide also states that grantees should be familiar with and periodically monitor their sub-grantees' financial systems, operations, records, and procedures.

The Green Bay Police Department awarded a portion of the grant funds to the Brown County Sheriff's Department. According to the grant program manager, the Green Bay Police Department monitors the Brown County Sheriff's Department through the sub-grantee's reimbursement requests. The Brown County Sheriff's Department must submit supporting documentation for its grant-related expenditures prior to reimbursement. However, we found that the grantee does not have an established, formal system in place to monitor the sub-grantee's grant activities, including a review of the Brown County Sheriff's Department's accounting system and procedures. During our review of the Brown County Sheriff's Department's financial grant activity, we identified weaknesses in the sub-grantee's procurement procedures. For example, we found the Brown County Sheriff's Department's supporting documentation for its grant-related purchases did not contain the proper authorization for purchase and acknowledgment for the receipt of equipment. We believe that the Green Bay Police Department should develop formal procedures for monitoring its sub-grantees.

View of Responsible Officials

We discussed the results of our review with officials at the Green Bay Police Department and the Brown County Sheriff's Department throughout the audit and at a formal exit conference. Their comments on specific issues have been included in the appropriate sections of the report.

Recommendations

We recommend that OJP:

1. Remedy the $9,297 in unallowable expenditures related to the purchase of equipment items not approved by OJP.

2. Ensure the Green Bay Police Department complies with grant requirements that require assets purchased with grant funds to be labeled as such in the official accountable property list, and ensure the department's official accountable property list contains all grant-funded equipment items that should be included.

3. Ensure the Green Bay Police Department implements procedures to ensure required reports reflect grant activity based upon the official accounting records and submits revised reports that accurately reflect grant-related expenditures, including the sub-grantee's expenses, as recorded in its official accounting system.

4. Ensure the Green Bay Police Department implements procedures to ensure required progress reports are submitted in a timely manner.

5. Ensure the Green Bay Police Department develops procedures for monitoring and overseeing sub-grantees' grant activities.

OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments.

We conducted this performance audit in accordance with generally accepted government auditing standards and included such tests as were considered necessary to accomplish our objectives. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit concentrated on, but was not limited to, the inception of the grant on March 1, 2009, through October 3, 2011. This was an audit of the OJP, Byrne Recovery Act JAG grant number 2009-SB-B9-0711, for which the Green Bay Police Department was awarded $477,188. In conducting our audit, we reviewed FFRs, progress reports, Recovery Act Reports, and PMT reports, as well as performed sample testing of grant expenditures. Our testing was conducted by judgmentally selecting a sample of expenditures, along with a review of internal controls and procedures for the grant that we audited. A judgmental sampling design was applied to obtain broad exposure to numerous facets of the grant reviewed, such as dollar amounts, expenditure category, or 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 $397,714 and expended $454,214 as of October 3, 2011. We tested 35 transactions totaling $375,943.

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the OJP Financial Guide and the award documents. We reviewed the Green Bay Police Department's grant activities and performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel costs; (4) supplanting; (5) local matching funds; (6) property management; (7) indirect costs; (8) program income; (9) federal financial, progress, and Recovery Act Reports; (10) grant requirements; (11) program performance and accomplishments; and (12) monitoring of sub-grantees and contractors. We determined that local matching funds,

indirect costs, program income, and monitoring of contractors were not applicable to this grant.

We performed limited testing of source documents to assess the timeliness and accuracy of required reports, reimbursement requests, and expenditures; evaluated performance to grant objectives; and reviewed the grant-related internal controls over the financial management system. We tested invoices associated with transactions shown in the Green Bay Police Department's general ledger as of September 30, 2011. However, we did not test the reliability of the financial management system as a whole and reliance on computer-based data was not significant to our objectives.

SCHEDULE OF DOLLAR-RELATED FINDINGS

	AMOUNT	PAGE
QUESTIONED COSTS:		
Unallowable Expenditures	$9,297	9
TOTAL NET DOLLAR-RELATED FINDINGS	**$9,297**	

Questioned Costs are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable.

AUDITEE RESPONSE

Department of Police

Thomas J. Molitor
Chief of Police

September 11, 2012

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

Dear Ms. Taraszka:

The following document is the Green Bay Police Department's response to the audit report of ARRA JAG grant 2009-SB-B9-0711 dated August 23, 2012 performed by the USDOJ/OIG Chicago Regional Audit Office which contains five recommendations. I have been in contact with my predecessor Chief James Arts who briefed me regarding the audit process. After receiving the information he shared with me, I would be remiss if I didn't recognize the courtesy, integrity, respect and professionalism shown by Assistant Regional Audit Manager Todd Anderson and Program Analyst James Morrissey of the Chicago Regional Audit Office during the whole audit process which was nearly one year long. We respect the findings of the audit and would like to share our thoughts and remedies to be included in the final audit report.

Green Bay Police Department response to Audit Recommendations

1. **Remedy the $9,297 in unallowable expenditures related to the purchase of equipment items not approved by OJP.**

   The Green Bay Police Department concurs with this finding.

   Remedy: The Green Bay Police Department along with the Brown County Sheriff's Department have been the fortunate recipient of JAG grant funding since 2007. As identified in the audit report, we operated on the 10% variance rule which was allowed in all previous awarded JAG grants. The Brown County Sheriff's Department budgeted $9,300 budgeted to purchase a prisoner transport van cell. The BCSD did purchase the cell, but later returned it because it was ineffective. They in turn contacted the GBPD to request using the $9,300 to increase the quantity of tasers purchased from 4 to 13. The GBPD approved this request based on the previous practice of the 10% variance.

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World Wide Web http://www.ci.green-bay.wi.us/

Due the fact that the budget adjustment fell within the previously authorized 10% variance amount guidelines authorized in previously awarded JAG grants, and that the BCSD was requesting re-allocation of the $9,300 to increase the quantity of a piece of equipment already authorized for purchase with the ARRA JAG, the GBPD felt this would have been an authorized purchase. Being that the ARRA JAG grant period doesn't end until February 28, 2013, we respectfully request the opportunity to submit a Budget Adjustment GAN re-allocating the $9,300 budgeted for the prisoner van transport cell to cover the cost of the 9 additional tasers purchased by the BCSD to remedy this oversight.

2. **Ensure the Green Bay Police Department complies with grant requirements that require assets purchased with grant funds to be labeled as such in the official accountable property list, and ensure the department's official accountable property list contains all grant-funded equipment items that should be included.**

   The Green Bay Police Department concurs with this finding.

   Remedy: The City of Green Bay is in the process of purchasing a new financial software system which will include a fixed asset module to correct this problem. 4 vendors have submitted proposals and site visits for the vendors are scheduled for September/October 2012. The City has a 2013 "Go Live" goal for the new software.

   The process of labeling all equipment purchased with the ARRA JAG funds started during the auditor's site visits and has been completed.

3. **Ensure the Green Bay Police Department implements procedures to ensure required reports reflect grant activity based upon the official accounting records and submits revised reports that accurately reflect grant-related expenditures, including the sub-grantee's expenses, as recorded in its official accounting system.**

   The Green Bay Police Department concurs with this finding.

   Remedy: The Green Bay Police Department has already started the practice of submitting reports that reflect the expenses from the official accounting records supplied by the City of Green Bay Finance Department. All efforts will be exhausted to ensure that all future Financial and Progress reports submitted for this grant will based on the same exact data for each quarter.

4. **Ensure the Green Bay Police Department implements procedures to ensure required progress reports are submitted in a timely manner.**

   The Green Bay Police Department concurs with this finding.

   Remedy: All progress reports with the exception of the 2 late reports identified in the audit report have been submitted within the required time frame. The Green Bay Police Department will continue this practice to ensure that all future progress reports are submitted within the required time frame.

5. **Ensure the Green Bay Police Department develops procedures for monitoring and overseeing sub-grantees' grant activities.**

   The Green Bay Police Department concurs with this finding.

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Remedy: The Brown County Sheriff's Department has already expended all of their authorized funds for this grant. For all future JAG grants, the Green Bay Police Department will create an established system the sub grantee will follow to ensure that all purchasing and reporting guidelines are followed per grant policies and requirements.

The Green Bay Police Department and its employees pride themselves on striving for perfection in everything we do as a department. We intend on using the five findings in the audit report as an educational tool to use in managing all current and future grants our department administers. The Green Bay Police Department was the recipient of two ARRA grants (JAG and Port Security) as part of the direct response to the economic crisis our country was going through. While these grants were very similar to previous JAG and Port Security grants we received, there were some differences in reporting types/requirements and the 10% purchasing variance which we mistakenly overlooked but are now remedying the issues.

If there is anything else you need regarding follow up documentation or you would like to contact me directly, please do so at your convenience. I can be reached at 920-448-3233 or ThomasMo@greenbaywi.gov.

Sincerely,

Thomas J. Molitor
Chief of Police

Cc. Linda J. Taylor, USDOJ
Rick Jurkanis, GBPD
File

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OFFICE OF JUSTICE PROGRAMS RESPONSE

U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

September 21, 2012

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

FROM: Maureen A. Henneberg
Director

SUBJECT: Response to the Draft Audit Report, *Audit of Office of Justice Programs, Bureau of Justice Assistance, Edward Byrne Memorial Justice Assistance Grant, Awarded to the Green Bay Police Department, Green Bay, Wisconsin*

This memorandum is in response to your correspondence, dated August 23, 2012, transmitting the subject draft audit report for the Green Bay Police Department. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **five** recommendations and **$9,297** in questioned costs. The following is the Office of Justice Programs' (OJP) 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 coordinate with the Green Bay Police Department to remedy the $9,297 in unallowable expenditures related to the purchase of equipment items not approved by OJP.**

   OJP agrees with the recommendation. We will coordinate with the Green Bay Police Department to remedy the $9,297 in unallowable expenditures, related to the purchase of equipment items not approved by OJP, charged to grant number 2009-SB-B9-0711.

2. **We recommend that OJP ensure that the Green Bay Police Department complies with grant requirements that require assets purchased with grant funds to be labeled as such in the official accountable property list, and ensure the Department's official accountable property list contains all grant-funded equipment items that should be included.**

   OJP agrees with the recommendation. We will coordinate with the Green Bay Police Department to obtain a copy of procedures implemented to ensure that assets purchased with grant funds are labeled as such in the official accountable property list; and ensure that the Department's official accountable property list contains all grant-funded equipment items that should be included.

3. **We recommend that OJP ensure that the Green Bay Police Department implements procedures to ensure required reports reflect grant activity based upon the official accounting records and submits revised reports that accurately reflect grant-related expenditures, including the sub-grantee's expenses, as recorded in its official accounting system.**

   OJP agrees with the recommendation. We will coordinate with the Green Bay Police Department to obtain a copy of procedures implemented to ensure that: information included in grant reports is consistent with data recorded in the Police Department's official accounting records; and revised reports accurately reflect grant-related expenditures, including the sub-grantee's expenses, as recorded in its official accounting system.

4. **We recommend that OJP ensure that the Green Bay Police Department implements procedures to ensure required progress reports are submitted in a timely manner.**

   OJP agrees with the recommendation. We will coordinate with the Green Bay Police Department to obtain a copy of procedures implemented to ensure that progress reports are submitted in a timely manner.

5. **We recommend that OJP ensure that the Green Bay Police Department develops procedures for monitoring and overseeing sub-grantees' grant activities.**

   OJP agrees with the recommendation. We will coordinate with the Green Bay Police Department to obtain a copy of procedures implemented to ensure that grant activities performed by sub-grantees are adequately monitored.

If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

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

Tracey Trautman
Acting Deputy Director for Programs
Bureau of Justice Assistance

Amanda LoCicero
Audit Liaison
Bureau of Justice Assistance

NiKisha Love-Weaver
Grant Program Specialist
Bureau of Justice Assistance

Rick Jurkanis
Business Manager
Support Services Division
Green Bay Police Department

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

OJP Executive Secretariat
Control Number 20121425

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 Green Bay Police Department and the Office of Justice Programs (OJP) for review and comment. The Green Bay Police Department's response is incorporated in Appendix III of this final report; OJP's response is incorporated as Appendix IV. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation Number:

1. **Resolved**. Both the Green Bay Police Department and OJP concurred with our recommendation to remedy the $9,297 in unallowable expenditures related to the purchase of equipment items not approved by OJP. OJP stated in its response that it will coordinate with the Green Bay Police Department to remedy the questioned costs.

   This recommendation can be closed when the $9,297 in unallowable expenditures related to the purchase of equipment items not approved by OJP have been remedied in an appropriate manner.

2. **Resolved**. Both the Green Bay Police Department and OJP concurred with our recommendation to ensure the Green Bay Police Department's complies with grant requirements that require assets purchased with grant funds to be labeled as such in the official accountable property list, and ensure the department's official accountable property list contains all grant-funded equipment items that should be included. OJP stated in its response that it will coordinate with the Green Bay Police Department to obtain a copy of procedures implemented to correct the reported deficiency, and ensure that all grant-funded equipment items are reflected in the department's official accountable property list.

   This recommendation can be closed when we receive a copy of the Green Bay Police Department's procedures implemented to ensure that assets purchased with grant funds are labeled as such in the official accountable property list as well as a copy of the Green Bay Police Department's official accountable property list that contains all appropriate grant-funded equipment items.

3. **Resolved**. Both the Green Bay Police Department and OJP concurred with our recommendation to ensure the Green Bay Police Department implements procedures to ensure required reports reflect grant activity based upon the official accounting records and submits revised reports that accurately reflect grant-related expenditures, including the sub-grantee's expenses, as recorded in its official accounting system. OJP stated in its response that it will coordinate with the Green Bay Police Department to obtain a copy of procedures implemented to correct the reported deficiency and to ensure that the department submits revised reports that accurately reflect grant activity.

   This recommendation can be closed when we receive a copy of the Green Bay Police Department's procedures implemented to ensure that information included in grant reports is consistent with data recorded in the Green Bay Police Department's official accounting records as well as revised reports that accurately reflect grant-related expenditures.

4. **Resolved**. Both the Green Bay Police Department and OJP concurred with our recommendation to ensure that the Green Bay Police Department implements procedures to ensure required progress reports are submitted in a timely manner. OJP stated in its response that it will coordinate with the Green Bay Police Department to obtain a copy of procedures implemented to correct the reported deficiency.

   This recommendation can be closed when we receive a copy of the Green Bay Police Department's procedures implemented to ensure required progress reports are submitted in a timely manner.

5. **Resolved**. Both the Green Bay Police Department and OJP concurred with our recommendation to ensure that the Green Bay Police Department develops procedures for monitoring and overseeing sub-grantees' grant activities. OJP stated in its response that it will coordinate with the Green Bay Police Department to obtain a copy of procedures implemented to correct the reported deficiency.

   This recommendation can be closed when we receive a copy of the Green Bay Police Department's policies implemented to ensure that the Green Bay Police Department monitors and oversees sub-grantees' grant activities.