



**AUDIT OF OFFICE OF JUSTICE PROGRAMS  
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE  
GRANTS AWARDED TO THE CITY OF  
BIRMINGHAM, ALABAMA**

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

Audit Report GR-40-11-004  
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# AUDIT OF OFFICE OF JUSTICE PROGRAMS, EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANTS AWARDED TO THE CITY OF BIRMINGHAM, ALABAMA

## EXECUTIVE SUMMARY

The Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of Edward Byrne Memorial Justice Assistance Grants (Byrne JAG), including a 2009 Recovery Act grant, awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance, to the City of Birmingham, Alabama.

The purpose of the Byrne JAG program is to allow local governments to support a broad range of activities to prevent and control crime based on their local needs and conditions. Grant funds may be used for law enforcement; prosecution and courts; crime prevention and education; corrections; drug treatment; planning, evaluating, and implementing technology improvement programs; and crime victim and witness programs. As shown in Exhibit I, the City of Birmingham was awarded \$5,017,687 under the Byrne JAG program since 2006.

### Exhibit I: Edward Byrne Memorial Justice Assistance Grants Awarded to the City of Birmingham

Grant Number	Start Date	End Date	Award Amount
2006-DJ-BX-0576	10/01/2005	09/30/2009	\$323,415
2007-DJ-BX-0670	10/01/2006	09/30/2010	529,405
2008-DJ-BX-0397	10/01/2007	09/30/2011	174,927
2009-DJ-BX-1029	10/01/2008	09/30/2012	731,334
2009-SB-B9-1213	03/01/2009	02/28/2013	3,258,606
<b>Total</b>			<b>\$5,017,687</b>

Source: Office of Justice Programs

### Recovery Act

In February 2009, Congress passed the American Recovery and Reinvestment Act (Recovery Act) to help create jobs, stimulate the economy and investment in long term growth, and foster accountability and transparency in government spending. The Recovery Act provided \$787 billion for tax cuts, education, health care, entitlement programs, contracts, grants, and loans. Recipients of Recovery Act funds are required to report quarterly to

FederalReporting.gov on how they spend their Recovery Act funds and the number of jobs created or saved. The DOJ received \$4 billion in Recovery Act funds and made \$2 billion of that funding available through the Byrne JAG Program.

## **Audit Results**

The purpose of the audit was to determine whether the City of Birmingham: (1) used grant funds for costs that were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants; (2) met or was meeting the goals outlined in the grant programs and applications; and (3) submitted timely and accurate spending and job data to FederalReporting.gov.

We tested whether the city complied with essential grant conditions pertaining to: (1) internal controls, (2) grant drawdowns, (3) supplanting, (4) grant expenditures, (5) matching costs, (6) property management, (7) program income, (8) financial and progress reports, (9) Recovery Act reporting, (10) program performance and accomplishments, and (11) monitoring of sub-recipients. We determined that matching costs and program income were not applicable to the grants we tested.

We found that the City of Birmingham:

- charged \$2,513 in unallowable costs to grant funds;
- spent \$55,825 in grant funds on property items that the police department plans to keep in storage until needed;
- did not maintain property records on all accountable property items bought with DOJ funds and the available records did not indicate the source of the funds used to acquire the items;
- did not provide sufficient details on the progress of each grant in the reports it submitted to OJP;
- did not meet or could not show that it met grant goals and objectives;
- did not monitor and had no procedures for monitoring sub-recipients to ensure they met or will meet the programmatic requirements of the grants;

- did not spend \$56,376 in grant funds from the FYs 2006 and 2007 Byrne JAG grants before those grants expired; and
- as of March 1, 2011, had not spent any of the \$174,927 awarded under the FY 2008 Byrne JAG grant, which expires September 30, 2011.

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

# TABLE OF CONTENTS

<b>INTRODUCTION</b> .....	<b>1</b>
Recovery Act .....	2
Background .....	2
Audit Approach .....	3
<b>OIG FINDINGS AND RECOMMENDATIONS</b> .....	<b>6</b>
Internal Control Environment .....	6
<i>Financial Management System</i> .....	6
<i>Single Audit</i> .....	7
Drawdowns .....	7
Grant Expenditures.....	8
Supplanting.....	9
Matching Costs.....	9
Accountable Property .....	10
Grant Reports .....	13
<i>Financial Reports</i> .....	13
<i>Progress Reports</i> .....	14
<i>Quarterly Recovery Act Reports</i> .....	15
Program Performance and Accomplishments .....	16
Monitoring of Sub-recipients .....	18
Conclusion.....	19
Recommendations .....	20
<b>APPENDIX I - OBJECTIVES, SCOPE, AND METHODOLOGY</b> .....	<b>22</b>
<b>APPENDIX II - SCHEDULE OF DOLLAR-RELATED FINDINGS</b> ...	<b>24</b>
<b>APPENDIX III - THE CITY OF BIRMINGHAM'S RESPONSE TO THE DRAFT AUDIT REPORT</b> .....	<b>25</b>
<b>APPENDIX IV - OJP'S RESPONSE TO THE DRAFT AUDIT REPORT</b> .....	<b>31</b>
<b>APPENDIX V - ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT</b> .....	<b>34</b>

## INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of Edward Byrne Memorial Justice Assistance Grants (Byrne JAG), including a 2009 Recovery Act grant, awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance, to the City of Birmingham, Alabama. The Byrne JAG program is the primary source of federal criminal justice funding for state and local jurisdictions. The Byrne JAG Program allows states, tribes, and local governments to support a broad range of activities to prevent and control crime based on their local needs and conditions. Grant funds may be used for:

- law enforcement programs,
- prosecution and court programs,
- crime prevention and education,
- corrections and community corrections programs,
- drug treatment programs,
- technology improvement programs, and
- crime victim and witness programs.

As shown in Exhibit 1, since 2006 OJP has awarded the City of Birmingham \$5,017,687 to implement these activities.

### Exhibit 1: Edward Byrne Memorial Justice Assistance Grants Awarded to the City of Birmingham

Grant Number	Start Date	End Date	Award Amount
2006-DJ-BX-0576	10/01/2005	09/30/2009	\$323,415
2007-DJ-BX-0670	10/01/2006	09/30/2010	529,405
2008-DJ-BX-0397	10/01/2007	09/30/2011	174,927
2009-DJ-BX-1029	10/01/2008	09/30/2012	731,334
2009-SB-B9-1213	03/01/2009	02/28/2013	3,258,606
<b>Total</b>			<b>\$5,017,687</b>

Source: Office of Justice Programs

## **Recovery Act**

In February 2009, Congress passed the American Recovery and Reinvestment Act (Recovery Act) to help create jobs, stimulate the economy and investment in long term growth, and foster accountability and transparency in government spending. The Recovery Act provided \$787 billion for tax cuts, education, health care, entitlement programs, contracts, grants, and loans. Recipients of Recovery Act grant funds are required to report quarterly to [FederalReporting.gov](http://FederalReporting.gov) on how they spend their Recovery Act funds and the number of jobs created or saved. The DOJ received \$4 billion in Recovery Act funds and made \$2 billion of that funding available through the Byrne JAG Program.

## **Background**

The City of Birmingham and the surrounding metropolitan area have a population of about 1 million people. During Fiscal Year (FY) 2009, the city spent \$18.5 million in federal awards.<sup>1</sup> Two of the Byrne JAG grants we audited (Grant Numbers 2009-DJ-BX-1029 and 2009-SB-B9-1213) were based on joint applications between the City of Birmingham and other local units of government.

For the Recovery Act grant, the City of Birmingham submitted a joint application with Jefferson County, and the cities shown in Exhibit 2. The 18 applicants agreed the City of Birmingham would submit the joint application for funding and would administer the grant.

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<sup>1</sup> Federal awards to the City of Birmingham spent during FY 2009 were from the Department of Housing and Urban Development (\$11.5 million), the Department of Treasury (\$90,296), the Department of Justice (\$1.9 million), the Office of National Drug Control Policy (\$34,646), the Department of Agriculture (\$527,131), the Department of Interior (\$22,000), the Department of Transportation (\$78,518), and the Department of Homeland Security (\$4.4 million).

**Exhibit 2: Recipients of Recovery Act Funds  
Awarded to the City of Birmingham**

<b>Recipient</b>	<b>Amount</b>
City of Birmingham	\$1,311,501
Jefferson County	1,073,047
Bessemer	318,625
Fairfield	90,859
Hoover	79,759
Homewood	77,498
Tarrant	55,502
Leeds	38,029
Irondale	35,768
Adamsville	28,162
Midfield	27,340
Trussville	26,929
Hueytown	18,295
Vestavia Hills	18,295
Fultondale	17,062
Brighton	16,651
Gardendale	13,978
Pleasant Grove	11,306
<b>Total</b>	<b>\$3,258,606</b>

Source: Recovery Act Grant Application

The City of Birmingham planned to use its share of Recovery Act grant funds to expand its acoustic gunfire sensor program, which helps law enforcement officers pinpoint the location of gunshots, and purchase equipment designed to improve response to violent crimes. As the primary recipient of the grant, the city is responsible for monitoring sub-recipients' compliance with applicable laws, regulations, guidelines, grant conditions, spending, and outcomes and benefits attributed to the use of grant funds.

**Audit Approach**

The purpose of this audit was to determine whether the City of Birmingham: (1) used grant funds for costs that were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants; (2) met or was meeting the goals outlined in the grant programs and applications; and (3) submitted timely and accurate Recovery Act spending and job data to FederalReporting.gov.



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

- **internal controls** to identify plans, policies, methods, and procedures adopted by the city to meet its mission, goals, and objectives;
- **grant drawdowns** to determine whether grant drawdowns were adequately supported and if the city was managing grant receipts in accordance with federal regulations;
- **supplanting** to determine whether the city supplanted local funds with federal funds;
- **grant expenditures** to determine the accuracy and allowability of costs charged to the grant;
- **matching costs** to determine whether the city met its matching share of grant costs;
- **property management** to determine if property acquired with federal funds is adequately protected from loss, and the grantee's records indicate the percentage of federal participation in the cost of the property;
- **program income** to determine whether the city reported and used program income for grant purposes;
- **financial and progress reports** to determine whether the city submitted timely and accurate financial and grant progress reports;
- **Recovery Act** reporting to determine whether the city submitted timely and accurate spending and job data to [FederalReporting.gov](http://FederalReporting.gov);
- **program performance and accomplishments** to determine if the city met or is capable of meeting the grant goals and objectives; and
- **monitoring of sub-recipients** to determine whether the city took appropriate steps to ensure that sub-recipients complied with applicable grant requirements.

In conducting our audit, we performed sample testing in the areas of grant expenditures; property management; financial, progress, and Recovery Act reports; grant objectives and accomplishments; and monitoring of sub-recipients. We determined that matching costs and program income were not applicable to the grants we tested.

## OIG FINDINGS AND RECOMMENDATIONS

Our audit determined that the City of Birmingham: (1) charged \$2,513 in unallowable costs to grant funds; (2) spent \$55,825 on property items that the police department plans to keep in storage until needed; (3) did not maintain property records on all accountable property items bought with DOJ funds and the available records did not indicate the source of the funds used to purchase the items; (4) did not provide sufficient details on the progress of each grant in the reports it submitted to OJP; (5) did not meet or could not show that it met grant goals and objectives because it had not established measureable goals and a system for collecting and analyzing data to assess progress; (6) did not monitor and had no procedures for monitoring sub-recipients to ensure they met or will meet the programmatic requirements of the grants; (7) did not spend \$56,376 in grant funds from two grants before those grants expired; and (8) as of March 1, 2011, had not spent any of the \$174,927 awarded under the FY 2008 Byrne JAG grant, which expires September 30, 2011.

### **Internal Control Environment**

We reviewed the City of Birmingham's financial management systems, policies and procedures, and Single Audit report to assess the risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants. We also interviewed city officials responsible for fixed assets, purchasing, and accounts payable, and we observed accounting and grant management activities to further assess risk.

#### *Financial Management System*

At the time of our audit, the City of Birmingham had one financial management system for fixed assets and payroll and another system for general ledger, purchasing, cash collections, and budgeting. Both systems appeared to have adequate systems of internal controls to ensure compliance with applicable requirements of the grant programs we audited. The systems of control provided adequate separation of duties, separate accounting for each grant and traceability to supporting documentation.

## *Single Audit*

According to OMB Circular A-133, the City of Birmingham is required to perform a Single Audit annually with the report due no later than 9 months after the end of the fiscal year. The City of Birmingham's fiscal year is July 1 through June 30. The City of Birmingham's 2009 Single Audit report was issued timely on December 28, 2009. The report had no findings related to federally awarded grant funds. The audit report stated that the City of Birmingham qualified as "low-risk" auditee.

## **Drawdowns**

The OJP Financial Guide, Part III, Chapter 1, generally requires that recipients time their drawdown requests to ensure that federal cash-on-hand is the minimum needed for disbursements to be made immediately or within 10 days. For Byrne JAG grants, recipients may draw down any or all grant funds in advance of grant costs. However, the recipients must establish a trust fund in which to deposit the drawdowns.

All of the grants we audited were awarded under the Byrne JAG Program. Consequently, we did not test whether the city had excess federal cash-on-hand for those grants because the city was permitted to draw funds in advance of incurring costs. However, city officials told us that drawdowns were based on actual expenditures recorded in the accounting records. For the grants we audited, we compared each drawdown to the city's accounting records and found that drawdowns generally matched grant expenditures. We confirmed that the funds drawn down were deposited electronically into a bank account. Because the city did not draw down the funds in advance, it was not required to establish a trust fund in which to deposit the funds.

During our testing of drawdowns we noted that the city did not use all the grant funds awarded under Grant Numbers 2006-DJ-BX-0576 and 2007-DJ-BX-0670. On March 2, 2010, OJP deobligated \$19,687 of unspent funds awarded under Grant Number 2006-DJ-BX-0576 and on February 2, 2011, OJP deobligated \$36,689 of unspent funds awarded under Grant Number 2007-DJ-BX-0670.

We also noted that as of February 28, 2011, none of the \$174,927 awarded under the FY 2008 Byrne JAG program (Grant Number 2008-DJ-BX-0397) had been drawn down and neither the city nor the sub-recipient, Jefferson County, had incurred any grant-related costs. The city planned to use its share of the grant to establish a cyber crime training program in the Birmingham Police Department. The county planned to use

its share of the grant to purchase mobile data terminals needed to upgrade its records management system.

In August 2010, a police department official told us the cyber crime training program was on hold pending decisions on staffing levels and the location of the training unit. In November 2010, that official told us the city was not going to implement the grant project as originally planned, but would seek additional time to draw down and spend the FY 2008 Byrne JAG funds. In January 2011, that official told us that the police department "is planning to proceed with the grant as is."

For the county's portion of the FYs 2008 and 2009 Byrne JAG grants, county officials stated in an October 22, 2010, e-mail to the police department that the county plans to expend the FY 2010 Byrne JAG funds before the county decides what to do with the 2008 and 2009 funds. County officials also stated in the e-mail that they will ask for additional time to expend the FY 2008 funds.

On March 1, 2011, the city's Grant Administrator told us there had been no activity by the police department or the county to spend the FY 2008 grant funds. The grant ends September 30, 2011.

We recommend that OJP ensure the city implements an approved plan to spend the \$174,927 awarded under the 2008 Byrne JAG grant (Grant Number 2008-DJ-BX-0397). The city may need to seek additional time to implement the plan. According to the grant solicitation, recipients must request additional time no less than 30 days prior to the grant end date.

### **Grant Expenditures**

According to the OJP Financial Guide, Part III, Chapter 7, allowable costs are those identified in OMB circulars and the grant program's authorizing legislation. In addition, costs must be reasonable and permissible under the specific guidance of the grants.

As shown in Exhibit 3, we tested 80 transactions totaling \$627,222, which is 92 percent of the direct costs charged to the grants we audited.

**Exhibit 3: Grant Expenditure Testing**

<b>Grant Number</b>	<b>Funds Expended</b>	<b>Transactions Tested</b>	<b>Expenditures Tested</b>	<b>Percent Tested</b>
2006-DJ-BX-0576	\$155,795	25	\$143,865	92%
2007-DJ-BX-0670	257,570	25	215,567	84%
2008-DJ-BX-0397	0	0	0	0%
2009-DJ-BX-1029	19,287	7	19,287	100%
2009-SB-B9-1213	248,503	23	248,503	100%
<b>Totals</b>	<b>\$681,155</b>	<b>80</b>	<b>\$627,222</b>	<b>92%</b>

Source: City of Birmingham accounting records

We found that all the expenditures we tested were properly authorized, correctly classified in the accounting records, supported by appropriate documentation, and properly charged to the grants. However, during our testing of property items bought with grant funds we identified 10 property items valued at \$2,513, were not being used for the purposes stated in the grant applications. We question the \$2,513 as unallowable expenditures. Details of our testing of property items are presented in the Accountable Property section of this report.

**Supplanting**

The OJP Financial Guide, Part II, Chapter 3, states that 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 purposes. If there is a potential presence of supplanting, the grantee will be required to supply documentation demonstrating that the reduction in local resources occurred for reasons other than the receipt or expected receipt of federal funds.

To determine whether the City of Birmingham supplanted local funds with federal funds, we compared the Birmingham Police Department’s budgets for fiscal years 2005 through 2010 to the grant budgets for indications of possible supplanting. Based on our review, we found no indication that the City of Birmingham used federal funds to supplant local funds.

**Matching Costs**

According to the OJP Financial Guide, Part III, Chapter 3, matching funds for a grant project must be in addition to funds that would otherwise be available. Grant recipients must maintain accounting records that show the source, amount, and timing of all matching contributions. The full

matching share of costs must be obligated by the end of the award period. We determined the City of Birmingham did not have a matching requirement for the grants we audited.

### **Accountable Property**

According to the OJP Financial Guide, Part III, Chapter 6, grant recipients must be prudent in the acquisition and management of property items bought with federal funds and must ensure that those items are used for criminal justice purposes. The OJP Financial Guide also states that grant recipient organizations should carefully screen any planned acquisitions to ensure the property is needed. While there is no standard for screening, organizations should consider the cost of the property when making purchasing decisions.

We found that the city's accountable property records did not include items costing less than \$1,000. Neither the city's nor the police department's system of property records included information about the source of the funds used to acquire the property. Consequently, neither the city nor the police department could provide a complete list of property items bought with DOJ funds. However, the police department created a list of property items using the purchase orders associated with the grants we audited. From that list we selected a judgmental sample of 88 items valued at \$132,937 for testing, which was 32 percent of the grant funds spent on equipment and property items. We verified whether the city could account for those items and whether the items were being used for the purposes stated in the grant applications. Details of our testing are explained below.

Grant Number 2006-DJ-BX-0576. We tested 10 items valued at \$9,229, which is 19.6 percent of the grant funds spent on equipment. We physically verified all 10 items and determined that 8 of those items were being used for grant purposes. Two items (an external hard drive and a printer) valued at \$1,125 were in the police department's Technology Office storage area and were not being used. A police department official told us they were not aware these items were in storage. We do not question these items because the items can be used to implement the grant project. The grant period ended September 30, 2009.

Grant Number 2007-DJ-BX-0670. We tested 24 items valued at \$71,701, which is 35.2 percent of the grant funds spent on equipment. We physically verified 23 of the 24 items tested and determined that 20 of the items were used for grant purposes. Three items (a scanner, external hard drive, and printer) having a total value of \$2,769 were stored in the police

department's Technology Office storage area and were not being used. A police department official told us they were not aware these items were in storage. We do not question these items because the items can be used to implement the grant project.

Neither the city nor the police department could account for a computer monitor valued at \$251. A police department official told us the monitor had been transferred to another office in the city government; however, we could not verify the existence of that item because the city official responsible for that item was not available at the time of our audit. According to the property listing provided by the police department, nine additional computer monitors were also assigned elsewhere in the city government. A police department official confirmed that the police department had transferred 10 computer monitors valued at \$2,513 to other city offices. Because the police department disposed of the monitors by transferring them elsewhere in the city where they are being used for purposes unrelated to the grant, we question the \$2,513 charged to the grant for these items as unallowable. The grant ended September 30, 2010.

Grant Number 2009-DJ-BX-1029. We tested 23 items valued at \$22,504, which is 80.8 percent of the grant funds spent on equipment. We physically verified all 23 items and determined the items were being used for grant purposes.

Grant Number 2009-SB-B9-1213 (Recovery Act). We tested 31 items valued at \$29,503, which is 21.7 percent of the grant funds spent on equipment. We verified that three items selected for testing were never received and should not have been included in the property listing. Of the remaining 28 items selected for testing, 18 were being used for grant purposes and 10 items (a projector, 2 desktop computers, a laptop computer, 4 monitors, a scanner, and a wireless microphone) were in storage and were not being used for grant purposes. The total value of the 10 items was \$11,006. At the time of our audit, the police department had owned the items for 2 months and was processing the items for distribution. During our verification of these property items we identified 18 additional items bought with grant funds (6 laptop computers, 6 monitors, and 6 wireless microphones) that were also in storage. The police department had also received these items 2 months earlier. A police department official told us the department had bought seven mobile communications units, each consisting of a laptop computer, a monitor, and a wireless microphone that it planned to use as replacement parts for units already installed in police vehicles. The total value of the seven communications units (21 component parts) was \$55,825, which is 41 percent of the Recovery Act



grant funds the city had spent. The mobile communications units were listed in the grant budget submitted to OJP and can be used for law enforcement purposes, but the budget did not indicate the items would be used as replacement parts. We do not question these items; however, because they are being kept in storage as replacement parts, the city apparently did not need the items to implement the grant project. The police department should ensure it purchases only the items it needs to implement the grant project.

In summary, the city's property records did not include all items purchased by the police department and neither the city's nor the police departments' property records identified the source of funds used to purchase the items. To complete our audit, the police department created a property listing using its property records and the purchase orders associated with the grants we audited. We tested 88 property items valued at \$132,937, which is 32 percent of the grant funds spent on equipment. We found that 10 property items valued at \$2,513 had been transferred elsewhere in the city and were not being used for law enforcement purposes. We question the \$2,513 as unallowable grant costs. We also found that 33 property items valued at \$62,750 were in the Technology Office storage area.<sup>2</sup> At the time of our audit, the police department had owned the items for 2 months. We do not question these 33 items because they were listed in the grant budget submitted to OJP and can be used for law enforcement purposes, but the grant budgets did not indicate that these items would be used as "extras" or replacements. The police department plans to keep 21 of these items valued at \$55,825 in storage until they are needed. In our judgment, the acquisition of these items was not well planned because the city bought items that it apparently did not need to implement the grant project.

We recommend OJP ensure the city implements a system for tracking property items bought with federal funds. We also recommend that OJP remedy the \$2,513 spent on property items that the police department transferred to other city offices. We also recommend that the city carefully screen future purchases made with grant funds to ensure it purchases only the items it needs to implement the grant project.

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<sup>2</sup> The 33 items included 7 laptop computers, 7 monitors, and 7 wireless microphones, which made up 7 mobile communications units. One communications unit (with 3 separate components) was in our sample and 6 communications units (with 18 separate components) were not part of our sample.

## **Grant Reports**

Grantees are required to submit timely and accurate financial reports and grant progress reports to OJP. Prior to October 2009, the city was required to submit quarterly Financial Status Reports (FSR) to OJP within 45 days after the end of each quarterly reporting period. Beginning October 1, 2009, the Federal Financial Report (FFR) replaced the FSR. FFRs are due 30 days after the end of each calendar quarter. A final financial report is due 90 days after the end of the grant period.

Grantees are required to submit annual performance (progress) reports unless the awarding agency requires quarterly or semi-annual reports. Annual reports are due 90 days after the grant year. The final performance report is due 90 days after the expiration of the grant.

For Recovery Act grants, grant recipients are required to report quarterly to [FederalReporting.gov](http://FederalReporting.gov) their grant expenditures and the number of jobs created or saved.

### *Financial Reports*

We reviewed the FSRs or FFRs for the four most recent quarterly reporting periods for each of the five grants to determine whether the reports were timely and whether the reported expenditures agreed with the City of Birmingham's accounting records.

As shown in Exhibit 4, 4 of the 20 financial reports we reviewed were each submitted 3 days late. According to a City of Birmingham official, the late reports were the result of administrative oversights. We consider the late reports a minor exception and make no recommendation regarding the timeliness of financial reports.

**Exhibit 4: Federal Financial Reports Submitted Late**

<b>GRANT NUMBER</b>	<b>REPORT PERIOD FROM - TO DATES</b>	<b>REPORT DUE DATE</b>	<b>DATE SUBMITTED</b>	<b>DAYS LATE</b>
2007-DJ-BX-0670	4/01- 6/30/2010	7/30/2010	8/02/2010	3
2008-DJ-BX-0397	4/01- 6/30/2010	7/30/2010	8/02/2010	3
2009-DJ-BX-1029	4/01- 6/30/2010	7/30/2010	8/02/2010	3
2009-SB-B9-1213	4/01- 6/30/2010	7/30/2010	8/02/2010	3

Source: Office of Justice Programs

We also tested the accuracy of these financial reports by comparing the reported expenditures to the city’s accounting records. We found that 19 of the 20 financial reports we tested matched the accounting records. However, the financial report for the quarter ended December 31, 2009, was overstated by \$94,966. According to a City of Birmingham official, the report was incorrect because expenditures of \$94,966 were included twice in the cumulative total reported to OJP. The error was found and corrected on the FFR for the quarter ended March 31, 2010. Consequently, we make no recommendation regarding the accuracy of financial reports.

*Progress Reports*

According to the OJP Financial Guide, Part III Chapter 11, award recipients must submit program (progress) reports annually for block/formula awards. These reports should describe the status of the project and include a comparison of actual accomplishments to the objectives, or other pertinent information. Also, according to 28 CFR § 66.40, progress reports will contain for each grant, brief information on:

- a comparison of actual accomplishments to the objectives established for the period;
- the reasons for slippage if established objectives were not met; and
- additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

We tested whether the City of Birmingham submitted timely, complete, and accurate progress reports.

We evaluated the timeliness of progress reports for the last 2 years for each of the 2006 through 2009 JAG grants, including the Recovery Act grant of 2009. We found that all of the tested progress reports were filed timely.

We also tested the completeness and accuracy of progress reports by comparing accomplishments described in the most recent report to the grant application and supporting documentation maintained by the grantee. For Grant Numbers 2007-DJ-BX-0670, 2009-DJ-BX-1029, and 2009-SB-B9-1213, the city reported only that it had purchased the equipment described in the grant applications. Because we physically verified various items of equipment bought with funds from these grants, we considered that the progress reports were accurate. For Grant Number 2006-DJ-BX-0576, the city reported that it had increased police officer communications capabilities and that police officers were able to access information more quickly and efficiently. Our concerns about this report are presented in the following section of this audit report. For Grant Number 2008-DJ-BX-0397, the progress report dated January 18, 2011, stated that the city had not yet started to implement the project and would not be able to complete the project by the end of the award period on September 30, 2011. Our concerns about this progress report are also presented in the following section of this audit report.

In summary, the progress reports we reviewed were submitted timely and were generally complete and accurate. However, as discussed in the Program Performance and Accomplishments section of the report, some progress reports did not contain sufficient detail to enable us to determine whether the city met, or was making progress at meeting, the goals and objectives of the grants.

#### *Quarterly Recovery Act Reports*

Section 1512 of the Recovery Act requires recipients of Recovery Act funds to report their expenditures and jobs created or saved to FederalReporting.gov. The initial report was due October 10, 2009, with quarterly reports due 10 days after the close of each quarter thereafter.

Our review of the city's Recovery Act reporting found that three of the four reports required at the time of our audit work were submitted timely. The city did not submit the initial Recovery Act report due October 10, 2009. According to a Birmingham Police Department official, the department was not aware it had to submit a report when there was no grant activity to report. We make no recommendation regarding the initial report because police department officials now appear to understand the requirements for submitting quarterly reports.

We compared the January 10, 2010, report submitted by the city to supporting documentation for accuracy and determined that reported

equipment expenditures were overstated by \$94,966. The report was incorrect because the city reported \$94,966 twice in an earlier financial report. The error was corrected in a subsequent financial and Recovery Act report. The Recovery Act grant was only for the purchase of equipment; therefore the city had no job data to report. Our review of the equipment purchased found it was intended for law enforcement purposes.

## **Program Performance and Accomplishments**

Grant performance and accomplishments should be based on measurable outcomes rather than on counting activities. The Government Performance and Result Act provides a framework for setting goals, measuring progress, and using data to improve performance. To measure progress, grantees should establish a baseline measure and a system for collecting and analyzing data needed to measure progress.

To evaluate program performance and accomplishments we reviewed the grant applications, the most recent grant progress reports, and supporting documentation maintained by the City of Birmingham. We found that neither the City of Birmingham nor the police department tracks program performance or accomplishment data related to the goals and objectives the city stated in its application narratives for the 2006 through 2009 Byrne JAG grants, including the 2009 Recovery Act grant. According to a Birmingham Police Department official, procedures for reporting performance have not been established. The police department tracks whether it spent the grant funds and acquired the equipment but it does not track programmatic and performance data for the grant projects. The results of our evaluation for each grant are explained below.

Grant Number 2006-DJ-BX-0576. The objective of this grant was to make accurate data available to the officer in the field by expanding mobile data operations and improving network speed and access to data. We reviewed the final progress report, dated January 29, 2009, in which the city reported that the new equipment had increased police officers' communication capabilities and officers were able to access and receive data faster and more efficiently. However, the progress report did not state how much communication capabilities had improved or how quickly officers were now able to access and receive data. Consequently, we could not determine whether the city had met the goals and objectives of the grant. The Grants Administrator could not explain why the city did not establish and track measureable goals. She told us the city would respond to that issue when it receives a copy of the audit report. The police department needs to

establish a baseline measure of performance and a system for collecting and analyzing data to evaluate the benefits received from the new equipment.

Grant Number 2007-DJ-BX-0670. The goals of the grant were to: (1) make accurate data available to the officer in a timely and efficient manner, (2) support a variety of law enforcement technology needs, and (3) implement police officer training programs and equipment. We reviewed the city's accounting records and the final progress report, dated November 29, 2010, in which the city reported that the police department had purchased: (1) new computers that will be compatible with the records management system it plans to purchase; (2) digital cameras, projectors and computers that officers needed to function more efficiently; and (3) training equipment designed to protect officers and others from accidental shootings. However, we could not determine whether the city met or was meeting the goals of the grant because the report did not discuss whether the equipment was operational or how it helped the police department to achieve the goals and objectives of the grant. Consequently, we could not determine if grant goals and objectives were met.

Grant Number 2008-DJ-BX-0397. The objective of this grant was to establish a cyber crime training program within the Birmingham Police Department. In August 2010, we asked Birmingham Police Department officials for the status of the cyber crime training program and we were told that the program was on hold pending decisions on staffing levels and the location of the training unit. The most recent progress report dated January 18, 2011, stated that no activity had occurred and the program was not on track to be completed by September 30, 2011. The report stated that the police department planned to request an extension of time to implement the project. On January 20, 2011, a police department official told us the department still plans to implement the project, but we determined that as of March 1, 2011, none of the grant funds had been drawn down. The grant award period ends on September 30, 2011. Because the project has not been implemented, grant goals and objectives are not being met and may not be met.

Grant Number 2009-DJ-BX-1029. The objectives of the grant were to improve technical operations and crime fighting capabilities by purchasing new technologies and upgrade equipment and officer processes. The progress report dated November 17, 2010, stated that most of the equipment had been received and police department staff were learning how to operate the new equipment. We reviewed the city's accounting records and, although the city purchased the equipment outlined in the grant application, the progress report did not provide information about how the

equipment had improved the police department's technical operations. The police department needs to establish a baseline from which to measure and report on the benefits achieved from the new equipment. Consequently, we could not determine whether the city was making progress at achieving grant goals and objectives.

Grant Number 2009-SB-B9-1213. The goals of the grant were to implement a technology improvement program, expand the acoustic gunfire sensor program, and purchase specialized equipment for a mobile crime reduction team. In its November 17, 2010, progress report the city reported that "the Birmingham Police Department purchased a number of computers and supplies that are being used by department staff which enables them to perform the day-to-day duties more efficiently." We reviewed the accounting and property records and determined that the city had purchased computers, mobile data terminals, protective vests, global positioning system units, and digital measuring wheels. Although the city purchased these equipment items, the progress report did not state whether the items were operational or how they improved the police department's operations. Consequently, we could not determine whether the city was making progress at achieving grant goals and objectives.

In summary, for four of five grants we reviewed, the city had purchased equipment in accordance with its grant applications but had not identified measurable goals for each grant or established a system for collecting and analyzing data to determine whether those goals and objectives of the grants were being met. We asked the Grants Administrator why the city did not establish and track measureable goals for Grant Numbers 2006-DJ-BX-0576, 2007-DJ-BX-0670, 2009-DJ-BX-1029, and 2009-SB-B9-1213. She told us the city would respond to that issue when it receives a copy of the audit report. For Grant Number 2008-DJ-BX-0397, as of March 1, 2011, the city had not implemented the grant project or drawn down any of the grant funds. Consequently, the city may not meet the goals and objectives of that grant. The grant award period ends September 30, 2011. The city needs to implement a process to identify measurable goals and a system for collecting and analyzing data to assess whether the goals and objectives are being met.

### **Monitoring of Sub-recipients**

According to the OJP Financial Guide, Part III, Chapter 9, primary recipients of grant funds are responsible for monitoring sub-recipients to ensure the sub-recipients fulfill the fiscal and programmatic requirements of the grants. The primary recipient is responsible for all aspects of the

program including proper accounting and financial recordkeeping by the sub-recipient including the receipt and expenditure of funds and cash management.

The City of Birmingham and Jefferson County submitted joint grant applications for Byrne JAG Grant Numbers 2006-DJ-BX-0576, 2007-DJ-BX-0670, 2008-DJ-BX-0397, 2009-DJ-BX-1029 (which includes 5 additional municipalities), and 2009-SB-B9-1213 (which includes 16 additional municipalities). As the primary recipient and fiscal agent for these grants, the City of Birmingham was responsible for monitoring the sub-recipients' compliance with fiscal and programmatic requirements.

We found that the City of Birmingham has no procedures in place for monitoring sub-recipients to ensure they meet the programmatic requirements of the grants. According to a Birmingham Police Department official, the monitoring of sub-recipients is limited to the distribution of funds and the submitting of reports. Police department officials told us they were not aware they needed to monitor sub-recipients' compliance with programmatic requirements.

We recommend the City of Birmingham implement a process for monitoring sub-recipients to ensure they meet the programmatic requirements of the grants.

## **Conclusion**

The City of Birmingham generally complied with the requirements pertaining to internal controls, grant drawdowns, and supplanting. However, we found weaknesses in the management of accountable property, grant reporting, program performance and accomplishments, and monitoring of sub-recipients. Specifically, we found the following.

- The police department transferred 10 items valued at \$2,513 to other city offices. Those items are not being used for law enforcement purposes. We question the \$2,513 as unallowable grant costs.
- The city spent \$55,825 for property items it plans to keep in storage until they are needed. Those items were apparently not needed to implement the grant project.
- The city's property records did not include all items bought with DOJ funds and did not indicate the source of funds used to purchase the items.



- The city generally submitted timely and accurate financial reports. However, the city did not provide sufficient details on the progress of each grant in the progress reports it submitted to OJP.
- The city did not meet, or could not show that it met, grant goals and objectives. For all the grants, the city had not identified measureable goals or established a system to collect and analyze data needed to assess progress.
- The city did not monitor and had no procedures for monitoring sub-recipients to ensure they meet the programmatic requirements of the grants.
- The city did not spend \$56,376 in grant funds awarded under the FYs 2006 and 2007 Byrne JAG grants before those grants expired.
- As of March 1, 2011, the city had not spent any of the \$174,927 awarded under the FY 2008 Byrne JAG grant, which expires September 30, 2011.

Because of these weaknesses, below we recommend that OJP remedy \$2,513 in unallowable grant costs and make seven recommendations to improve the city's management of grants.

## **Recommendations**

We recommend that OJP:

1. Remedy the \$2,513 in unallowable equipment costs charged to Grant Number 2007-DJ-BX-0670.
2. Ensure the city implements procedures to carefully screen any planned acquisitions to ensure it purchases only those items it needs to implement the grant project.
3. Ensure the city maintains a system of property records that includes all accountable property items bought with DOJ funds, and that the records indicate the source of the funds used to purchase the items.
4. Ensure the city's grant progress reports include detail on the progress of each grant, including a comparison of measureable goals to

accomplishments and the reasons for slippage if goals are not being met.

5. Ensure the city implements a process for identifying measurable goals for each grant and a process for collecting and analyzing data to track performance through the completion of the grants.
6. Ensure the city implements a process for monitoring sub-recipients to ensure they meet the programmatic requirements of the grants.
7. Ensure the city implements procedures to monitor the remaining balance of unexpired grants and, if necessary and permitted by OJP, seek additional time to draw down and spend the remaining funds.
8. Ensure the city implements an approved plan to spend the \$174,927 awarded under Grant Number 2008-DJ-BX-0397.

## APPENDIX I

### OBJECTIVES, 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. The objective of our audit was to review performance in the following areas: (1) internal controls, (2) grant drawdowns, (3) supplanting, (4) grant expenditures, (5) matching costs, (6) property management, (7) program income, (8) financial and progress reports, (9) Recovery Act reporting, (10) program performance and accomplishments, and (11) monitoring of sub-recipients. We determined that personnel costs, indirect costs, matching, and program income were not applicable to this grant.

We conducted this 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.

Our audit scope covered the 2009 Byrne JAG Recovery Act and four earlier Byrne JAG grants that had sufficient activity to test the grantee's management of grants and sub-recipients. We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audit against are contained in the Office of Justice Programs Financial Guide, Office of Management and Budget Circulars, and grant award documents.

In conducting our audit, we performed sample testing in drawdowns, grant expenditures, financial reports, progress reports, property management, and program performance and accomplishments. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts or expenditure category. We selected judgmental sample sizes for the testing of each grant. This non-statistical sample design does not allow projection of the test results to the universe from which the samples were selected.

In addition, we reviewed the timeliness and accuracy of FFRs, Progress Reports, and Recovery Act reports, and evaluated whether grant goals and

objectives were being met and whether the city adequately monitored sub-recipients. However, we did not assess the reliability of the financial management system as a whole.

**APPENDIX II**

**SCHEDULE OF DOLLAR-RELATED FINDINGS**

<b>Description</b>	<b>Amount</b>	<b>Page</b>
Unallowable Costs:		
2007-DJ-BX-0670 (10 20" Monitors)	\$2,513	11
<b>Total Dollar-Related Findings</b>	<b>\$2,513</b>	

## APPENDIX III

### THE CITY OF BIRMINGHAM'S RESPONSE TO THE DRAFT AUDIT REPORT



OFFICE OF THE MAYOR  
CITY OF BIRMINGHAM

WILLIAM A. BELL, SR.  
MAYOR

May 6, 2011

Ferris B. Polk  
Regional Audit Manager  
Office of the Inspector General  
Atlanta Regional Audit Office  
75 Spring Street, Suite 1130  
Atlanta, GA 30303

Dear Mr. Polk:

Please find attached the City of Birmingham response to the Office the Inspector General's Draft Audit Report, of the Office of Justice Programs, Edward Byrne Memorial Justice Assistance Grant Programs. A copy of our response has also been forwarded to the Office of Justice Programs for their review.

The responses provided to the recommendations, should dismiss any concerns as to the ability of the City of Birmingham's staff to report and manage the federal programs awarded to the City.

Sincerely,  
William A. Bell, Sr.  
Mayor

## **City of Birmingham Response to the Office of Inspector General Findings:**

The following is our response to findings and recommendations from the Office of Inspector General's (OIG) draft audit report of Office of Justice Programs, Edward Byrne Memorial Justice Assistance Grants awarded to the City of Birmingham, Alabama. The draft audit report contains eight recommendations.

The City of Birmingham accepts the audit recommendations as outlined in the response; nevertheless, we do not agree with the audit result on page 20, which states that we did not monitor and had no procedures for monitoring subrecipients to ensure they met or will meet the programmatic requirements of the grant. The City has always used the guidelines provided in the Office of Justice Programs Financial Guide and information obtained from the Department of Justice Office of Justice Programs Seminar on Financial Management Workshop as a guide to establish compliance with Federal rules and regulations. (e.g., A-133 compliance, EEO compliance) These requirements were provided to each subrecipient during our program planning meeting and plans are currently in place to visit each subrecipient in order to monitor their compliance of these requirements.

1. Remedy the 2,513 in unallowable equipment costs charged to Grant Number 2007-DJ-BX-0670.

Please refer to page 12 of the draft audit report; paragraph two: "We found that 10 property items valued at \$2,513 had been transferred elsewhere in the city and were not being used for law enforcement purposes."

The 10 items are personal computer monitors. They are located at the City of Birmingham's IMS training room. The Birmingham Police Department has a need to train officers on a variety of software platforms. The most important is the payroll module and special events assignments software. Each Birmingham Police Department recruit class is trained on our payroll system prior to graduation. We also have a need to train our officers on programs such as Microsoft Word, Microsoft Power Point and Microsoft Excel. All of these classes are afforded at the IMS training room. The support of this training room augments our ability to train police personnel on critical applications. We prepare our officers to use technology not only for their safety but as a series of tools to increase the safety of our streets and therefore increase the safety of our citizens.

2. **Ensure the city implements procedures to carefully screen any planned acquisitions to ensure it purchases only those items it needs to implement the grant project.**

The Grants Manager will work closely with Command Staff and Program Project Managers to research all proposed projects in order to request specific justifications for all items considered necessary for the implementation of the project.

**3. Ensure the city maintains a system of property records that includes all accountable property items bought with DOJ funds, and that the records indicate the source of the funds used to purchase the items.**

Please refer to page 18 of the draft audit report, second paragraph: “In summary, the city’s property records did not include all items purchases by the police department and neither the city’s nor the police departments’ property records identified the source of funds used to purchase the items.”

The Birmingham Police Department works closely with other city departments responsible for creating purchase orders, requisitions and grant expenditures. We experienced a disconnect with respect to documenting the funding source of each purchase. It was brought to our attention that the purpose of documenting the funding source was to re-invest monies that were paid to the City of Birmingham as a result of auctions of un-useable grant purchased equipment. Prior to the audit, we deposited monies from our auctions directly into the general city fund and not the specific grant fund. We immediately prepared for our next auction and separated the items to be auctioned by grant and into specific lots. We were subsequently informed by an auditor, that the monies from the auctions did not have to go back into the grant fund that from which the items were purchased. As we currently understand the guidance given, we do not have to return (deposit) monies from auctions into specific grant funds. However, due to the confusion for reasons for tracking the funding source, we have implemented the following safeguards: each of the items purchased will be clearly labeled with all purchase information to include funding source (if the item is large enough); all documents and receipts to our department for each item purchased has a required field naming the specific funding source and finally, each install/repair/replace ticket has a field naming the specific funding source for each item purchased.

Additionally, immediately upon learning we were to include the funding source for each item purchased with grant dollars, we did a complete inventory of all purchases and included the funding source – as applicable – in a database and clearly marked each item with the respective funding source by physical application of labels.

We feel we have more than met the recommendation of the auditors with respect to the inventory/accountability process.

**4. Ensure the city’s grant progress reports include detail on the progress of each grant, including a comparison of measurable goals to accomplishments and the reasons for slippage if goals accomplishments and the reasons for slippage if goals are not being met.**

The Program Project Managers will be responsible for collecting, analyzing and tracking data that adequately measures the performance of each grant program as well as maintaining complete documentation of program activities throughout the life of the grant program.



- 5. Ensure the city implements a process for identifying measurable goals for each grant and a process for collecting and analyzing data to track performance through the completion of the grants.**

The Grants Manager will work closely with Command Staff and the Program Project Managers to develop specific goals that can adequately measure the required accomplishments of each grant program. The Program Project Managers will be responsible for collecting, analyzing and tracking data that will adequately measure the performance as well as maintaining complete documentation of program activities throughout the life of the grant program.

- 6. Ensure the city implements a process for monitoring sub-recipients to ensure they meet the programmatic requirements of the grants.**

The Grant Manager met with each sub-recipient on August 17, 2009 and provided copies of the required Conditions of Award and Reporting Requirements that were obtained from Office of Justice Program's Financial Guide. Each condition was discussed in detail and copies were provided for their future record. In order to ensure programmatic requirements are met the enclosed **Attachment A** will be used during monitoring of sub-recipients visits.

- 7. Ensure the city implements procedures to monitor the remaining balance of unexpired grants and, if necessary and permitted by OJP, seek additional time to draw down and spend the remaining funds.**

The Grant Manager and the Senior Accountant will continue to monitor all program balances in order to ensure that all grant funds are expended prior to the expiration of the program. The 2006 and 2007 remaining balances discussed on page 20 of the audit report, mentioned that the City did not spend \$56,376.00. The majority of this balance represents funds that were awarded to the Jefferson County Sheriff Office, who were notified in time, but failed to expend the remaining funds prior to the expiration of the program. It has always been our practice to request grant extensions to complete our goals and objectives, if it is determined that we will not complete the program within the approved project period. Therefore, we are currently seeking additional time to adequately complete the 2008 Justice Assistance Grant Project.

- 8. Ensure the city implements an approved plan to spend the \$174,927 awarded under Grant Number 2008-DJ-BX-0397.**

The actual award to Birmingham is approximately \$96,000. The remainder of the grant was awarded to Jefferson County. We have an implementation plan in place and have been in contact with several experts in the field of cyber crime and cyber fraud for the purpose of drawing upon their expertise with training and technology. We have done extensive research on the latest technology that can be utilized by officers to prosecute cyber crime offenders. Training topics on technology, criminal procedural law updates, best practices, chain of custody issues and proper cyber forensic evidence collection – to name a few – are included in our training plans. Project objectives and goals are being met within self-imposed target

dates. We are committed to fully complying with all of the requirements for this grant and are confident we will complete the project in a timely fashion.

## **ATTACHMENT A: Sub-Recipients Monitoring**

The Grant Manager will conduct annual site visits with each sub-grantee in order to review their financial, programmatic and administrative compliance to the application, terms and special condition requirements.

### **Procedure:**

- 1.** Grant Manager will review grant files of sub-recipients to verify compliance with programmatic and financial requirements.
- 2.** The following details will be checked by the Grant Manager in order to determine accurate control of inventory purchased with grant funds:
  - 1.) Description of the property
  - 2.) Serial number or other identification number
  - 3.) Name of source used to purchase the property and the award number
  - 4.) Identification of the holder
  - 5.) Date ordered and date received
  - 6.) Cost of the property
  - 7.) Location, use and condition of the property
- 3.** Review and discuss progress report requirements and notify sub-recipient of final progress report instructions and the closeout process.
- 4.** Discuss observation and assessment of project activities during exit interview. Provide sub-recipient with copy of findings and/or recommendations for improvements.

## APPENDIX IV

### OJP's RESPONSE TO THE DRAFT AUDIT REPORT



**U.S. Department of Justice**

*Office of Justice Programs*

*Office of Audit, Assessment, and Management*

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*Washington, D.C. 20531*

**May 13, 2011**

MEMORANDUM TO: Ferris B. Polk  
Regional Audit Manager  
Office of the Inspector General  
Atlanta Regional Audit Office

/s/  
FROM: Maureen A. Henneberg  
Director

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs, Edward Byrne Memorial Justice Assistance Grants Awarded to the City of Birmingham, Alabama*

This memorandum is in response to your correspondence, dated April 8, 2011, transmitting the subject draft audit report for the City of Birmingham (City). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **eight** recommendations and **\$2,513** 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 remedy the \$2,513 in unallowable equipment costs charged to grant number 2007-DJ-BX-0670.**

We agree with the recommendation. We will coordinate with the City to remedy the \$2,513 in questioned costs related to unallowable equipment costs that were charged to grant number 2007-DJ-BX-0670.

- 2. We recommend that OJP ensure that the City implements procedures to carefully screen any planned acquisitions to ensure it purchases only those items it needs to implement the grant project.**

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that planned acquisitions are carefully screened, and grant-related purchases are limited to those items needed to achieve the grant objectives.

- 3. We recommend that OJP ensure the City maintains a system of property records that includes all accountable property items bought with DOJ funds, and that the records indicate the source of the funds used to purchase the items.**

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that the City maintains a system of property records that includes all accountable property items bought with U.S. Department of Justice (DOJ) funds, and that the records indicate the source of the funds used to purchase the items.

- 4. We recommend that OJP ensure that the City's grant progress reports include detail on the progress of each grant, including a comparison of measureable goals to accomplishments and the reasons for slippage if goals are not being met.**

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that progress reports include a detailed explanation on the progress of each Federal grant, including a comparison of measureable goals to accomplishments, and the reasons goals are not met, if applicable.

- 5. We recommend that OJP ensure that the City implements a process for identifying measurable goals for each grant and a process for collecting and analyzing data to track performance through the completion of the grants.**

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that: measurable goals for each grant are identified; and a process for collecting and analyzing data is created to track performance through the completion of the grants.

- 6. We recommend that OJP ensure that the City implements a process for monitoring sub-recipients to ensure that they meet the programmatic requirements of the grants.**

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented for monitoring sub-recipients to ensure that they meet the programmatic requirements of the grants.

- 7. We recommend that OJP ensure that the City implements procedures to monitor the remaining balance of unexpired grants and, if necessary and permitted by OJP,**

**seek additional time to draw down and spend the remaining funds.**

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that: the remaining balance of unexpired Federal grants is properly monitored; and, if necessary and permitted by the awarding agency, an extension is requested to draw down and spend any remaining funds.

**8. We recommend that OJP ensure that the City implements an approved plan to spend the \$174,927 awarded under grant number 2008-DJ-BX-0397.**

We agree with the recommendation. We will coordinate with the City to obtain documentation to support its plan to spend the \$174,927 awarded under grant number 2008-DJ-BX-0397, which is set to expire on September 30, 2011.

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

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

Eileen Garry  
Deputy Director  
Bureau of Justice Assistance

Amanda LoCicero  
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Richard Theis  
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Audit Liaison Group  
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OJP Executive Secretariat  
Control Number 20110502

## **APPENDIX V**

### **ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT**

The OIG provided a draft report of this audit to the City of Birmingham and OJP. The city's comments are incorporated in Appendix III and OJP's comments are incorporated in Appendix IV. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

#### **Analysis of the City of Birmingham's Response to the Draft Report**

In its response to the draft report, the city stated that it accepts the audit recommendations but disagreed that it did not monitor and had no procedures for monitoring sub-recipients to ensure they met the programmatic requirements of the grants. During the audit, the Police Department grant manager told us the city did not monitor and had no procedures for monitoring the programmatic requirements of the grants. Other police department officials also told us they were not aware they needed to monitor sub-recipients' compliance with programmatic requirements. Despite this, the city's response to the draft report included a list of the procedures the city said it will use to monitor sub-recipients. These procedures were not provided to us during our audit work although we asked repeatedly about sub-recipient monitoring procedures. Having now reviewed these procedures, we believe they are sufficient to address the finding regarding sub-recipient monitoring and, consequently, the recommendation the city disagreed with is closed. The city's response to the draft report includes the status of other corrective actions planned or taken on recommendations in the report. Our analysis of the city's response is described below in Summary of Actions Necessary to Close the Report.

#### **Analysis of OJP's Response to the Draft Report**

In its response to the draft audit report, OJP stated that it agreed with all eight recommendations. OJP said it would coordinate with the city to obtain documentation to remedy questioned costs and copies of policies and procedures showing the city had implemented our management recommendations. Our analysis of OJP's response is discussed below.

## Summary of Actions Necessary to Close the Report

1. **Resolved.** In its response to the draft report, the City of Birmingham said that it accepts our recommendation that OJP remedy the \$2,513 in unallowable equipment costs charged to grant number 2007-DJ-BX-0670. The city's response noted that the 10 computer monitors were sent to the city's training room and the police department uses the room and the computers to train officers on a variety of applications. City officials did not tell us this during the audit. During the audit, a city official told us that the city had an immediate need for the monitors and that he had prepared the paperwork loaning the monitors to the city. Because the city's response did not include documentation for use of the equipment by law enforcement and other city personnel, we are unable to determine whether the monitors were used for the grant-funded purpose.

In its response, OJP said that it agrees with the recommendation and will coordinate with the city to remedy the questioned costs.

This recommendation can be closed when: (1) the questioned costs have been remedied, or (2) when we review documentation showing the computers were used primarily for law enforcement purposes.

2. **Resolved.** In its response to the draft report, the City of Birmingham said that it accepts our recommendation that OJP ensure the city implements procedures to screen carefully any planned acquisitions to ensure it purchases only those items it needs to implement the grant project. The city said that the police department grant manager will work closely with senior police department officials and project managers on all items needed to implement grant-funded projects.

In its response, OJP said that it agrees with the recommendation and will coordinate with the city to obtain a copy of the procedures implemented to ensure that planned acquisitions are carefully screened and grant-related purchases are limited to those items needed to achieve the grant objectives.

This recommendation can be closed when we review procedures that ensure the city carefully screens planned acquisitions to ensure it purchases only those items needed to implement the grant project.

3. **Resolved.** In its response to the draft report, the City of Birmingham said that it accepts our recommendation that OJP ensure the city maintains a system of property records that includes all accountable



property items bought with DOJ funds and that those records indicate the source of the funds used to purchase the items. The city provided a list of safeguards it implemented to ensure property records include the funding source for items bought with DOJ funds. While these safeguards appear appropriate, we are uncertain how they apply specifically to the accountable property records we reviewed. As noted in the report, neither the city's nor the police department's system of property records included information about the source of the funds used to acquire the property. In addition, neither set of records could provide a complete list of grant-funded property. The city's response did not specify how its new safeguards apply to each system of records. As a result, these documents do not support the city's contention in its response that it has more than met this recommendation.

In its response, OJP said that it agrees with the recommendation and will coordinate with the city to obtain a copy of procedures to ensure that the city maintains a system of property records that includes all accountable property items bought with DOJ funds, and that the records indicate the source of the funds used to purchase the items.

This recommendation can be closed when we review documentation how the newly implemented safeguards apply to the two sets of property records we reviewed.

4. **Resolved.** In its response to the draft report, the City of Birmingham said that it accepts our recommendation that OJP ensure the city's grant progress reports include detail on the progress of each grant, including a comparison of measurable goals to accomplishments and the reasons for slippage if goals are not being met. The city said that its grant project managers will be responsible for collecting, analyzing, and tracking data that adequately measures the performance of each grant program as well as maintaining complete documentation of program activities throughout the life of the grant program.

In its response, OJP said that it agrees with the recommendation and will coordinate with the city to obtain a copy of procedures implemented to ensure that progress reports include a detailed explanation on the progress of each grant, including a comparison of measurable goals to accomplishments, and the reasons goals are not met, if applicable.

This recommendation can be closed when we review procedures that ensure the city's grant progress reports include details on the progress of

each grant, including a comparison of measurable goals to accomplishments and the reasons for slippage if goals are not being met.

5. **Resolved.** In its response to the draft report, the City of Birmingham said that it accepts our recommendation that OJP ensure the city implements a process for identifying measurable goals for each grant and a process for collecting and analyzing data to track performance through the completion of the grants. The city said the grants manager will work closely with senior police department officials and project managers to develop specific goals that can adequately measure the required accomplishments of each grant program. The project managers will be responsible for collecting, analyzing, and tracking data to measure grant performance as well as maintaining documentation on program activities throughout the life of the grant program.

In its response, OJP said that it agrees with the recommendation and will coordinate with the city to obtain a copy of procedures implemented to ensure that measurable goals for each grant are identified and a process for collecting and analyzing data is created to track performance through the completion of the grants.

This recommendation can be closed when we review procedures that ensure the city has implemented a process for identifying measurable goals for each grant and a process for collecting and analyzing data to track performance through the completion of the grants.

6. **Closed.** This recommendation is closed based on our review of documentation showing the city implemented a process for monitoring sub-recipients to ensure they meet the programmatic requirements of the grants.
7. **Resolved.** In its response to the draft report, the City of Birmingham said that it accepts our recommendation that OJP ensure the city implements procedures to monitor the remaining balance of unexpired grants and, if necessary and permitted by OJP, seek additional time to draw down and spend the remaining funds. The city said that the grant manager and senior accountant will continue to monitor all grant balances to ensure that all grant funds are expended prior to the expiration of the program. The city also said that the \$56,376 in grant funds not drawn down before the grant expired was for grant projects that were to be implemented by the Jefferson County Sheriff's Office (a co-applicant and sub-recipient). The city said that it had notified the sub-recipient, but the

sub-recipient failed to implement the grant project before the funds expired.

In its response, OJP said that it agrees with the recommendation and will coordinate with the city to obtain a copy of procedures implemented to ensure that the remaining balance of unexpired federal grants is properly monitored and, if necessary and permitted by the awarding agency, an extension is requested to draw down and spend any remaining funds.

This recommendation can be closed when we review the city's procedures for monitoring unexpired grants and, if necessary and permitted by OJP, seeking additional time to draw down and spend the remaining funds.

8. **Resolved.** In its response to the draft report, the City of Birmingham said that it accepts our recommendation that OJP ensure the city implements an approved plan to spend the \$174,927 awarded under Grant Number 2008-DJ-BX-0397. The city said that it has a plan for implementing its \$96,000 share of the grant and was confident that it would complete the project in a timely fashion. However, the city's response did not address the remaining \$78,927 awarded to Jefferson County.

In its response, OJP said that it agrees with the recommendation and will coordinate with the city to obtain documentation to support its plan to spend the \$174,927 awarded under Grant Number 2008-DJ-BX-0397, which expires on September 30, 2011.

This recommendation can be closed when we review an OJP-approved plan for spending the \$174,927 that includes project goals, objectives, and milestones.