



**AUDIT OF THE
OFFICE OF JUSTICE PROGRAMS
RURAL LAW ENFORCEMENT ASSISTANCE GRANT
AWARDED TO THE
CITY OF ABERDEEN, WASHINGTON**

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

Audit Report GR-90-11-003
May 2011

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EXECUTIVE SUMMARY

The U.S. Department of Justice Office of the Inspector General, Audit Division, has completed an audit of a Recovery Act Rural Law Enforcement Assistance Grant 2009-SD-B9-0198, in the amount of \$837,721, awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), to the City of Aberdeen, Washington (Aberdeen). Aberdeen used the Recovery Act Rural Law Enforcement Assistance grant to retain four corrections officers and hire two new corrections officers for 2 years. The goal was to maintain and supplement staffing levels in Aberdeen's 18-bed jail facility, thereby allowing the jail facility to remain open during the difficult economic downturn. As of November 10, 2010, Aberdeen had expended \$475,630 (57 percent) of the grant award.

The purpose of the BJA's Recovery Act Rural Law Enforcement Assistance Program is to help rural areas prevent and combat crime, especially drug-related crime. BJA's grant program also attempts to strategically target rural needs by providing training and technical assistance where needed. Rural Law Enforcement Assistance funds can be used for the following categories: (1) combating rural crime, (2) improving rural law enforcement investigations, (3) enhancing rural detention and jail operations, (4) facilitating rural justice information sharing, and (5) providing training and technical assistance.

Audit Results

The purpose of our audit was to determine whether costs claimed under Grant 2009-SD-B9-0198 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) program income; (4) expenditures including payroll, fringe benefits, indirect costs, and accountable property; (5) matching; (6) budget management; (7) monitoring of sub-recipients and contractors; (8) reporting; (9) award requirements; (10) program performance and accomplishments; and (11) post end date activity. We determined that program income, accountable property, indirect costs, matching, monitoring

of sub-recipients and contractors, and post end date activity were not applicable to this grant.

As a result of our audit, we found grant related travel expenditures were accurate, reasonable, and properly classified. Additionally, the Federal Financial Reports (FFR) that we reviewed were submitted in a timely manner, and we found that Aberdeen has made a reasonable effort to accomplish its stated grant objectives. However, we noted the following exceptions:

- Aberdeen did not separately account for grant related payroll expenditures but rather commingled these expenditures with non-grant related transactions;
- Aberdeen drew down an advance that was not completely applied to grant expenditures within 10 days of the drawdown;
- \$9,563 of corrections officer salaries were not adequately supported with properly approved timecards; and
- One FFR was inaccurate.

These items are discussed in detail in the Findings and Recommendations section of the report. We discussed the results of our audit with Aberdeen officials and have included their comments in the report, as applicable. Our report contains four recommendations to OJP. Further, we requested from Aberdeen and OJP written responses to our draft report, which we received and are included in Appendices III and IV, respectively. Our audit objective, scope, and methodology are discussed in Appendix I.

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INTRODUCTION

The U.S. Department of Justice Office of the Inspector General, Audit Division, has completed an audit of a Recovery Act Rural Law Enforcement Assistance Grant 2009-SD-B9-0198, in the amount of \$837,721, awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), to the City of Aberdeen, Washington (Aberdeen). Aberdeen used the Recovery Act Rural Law Enforcement Assistance grant to retain four corrections officers and hire two new corrections officers for 2 years. The goal was to maintain and supplement staffing levels in Aberdeen's 18-bed jail facility, thereby allowing the jail facility to remain open during the difficult economic downturn. As of November 10, 2010, Aberdeen had expended \$475,630 (57 percent) of the grant award.

**EXHIBIT 1
RURAL LAW ENFORCEMENT ASSISTANCE GRANT
AWARDED TO CITY OF ABERDEEN**

GRANT AWARD NUMBER	AWARD START DATE	AWARD END DATE ¹	AWARD AMOUNT
2009-SD-B9-0198	08/01/09	07/31/11	\$837,721

Source: OJP

The purpose of our audit was to determine whether costs claimed under Grant 2009-SD-B9-0198 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) program income; (4) expenditures including payroll, fringe benefits, indirect costs, and accountable property; (5) matching; (6) budget management; (7) monitoring of sub-recipients and contractors; (8) reporting; (9) award requirements; (10) program performance and accomplishments; and (11) post end date activity. We determined that program income, accountable property, indirect costs, matching, monitoring of sub-recipients and contractors, and post end date activity were not applicable to this grant.

¹ The Award End Date includes all time extensions that were approved by OJP.

Recovery Act

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The purposes of the Recovery Act 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 spurring technological advances in science and health; (4) invest in transportation, environmental protection, and other infrastructure that will provide long term economic benefits; and (5) stabilize state and local government budgets in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

The Recovery Act provided \$787 billion to stimulate the economy. The Department of Justice received \$4 billion in Recovery Act funds. Recipients of Recovery Act funds are required to submit quarterly financial and programmatic reports.

Background

The City of Aberdeen is located approximately 110 miles southwest of Seattle on the Pacific coast in rural Grays Harbor County, Washington. Aberdeen had a population of 16,008 as of 2009. According to the Aberdeen Police Department, in 2009 there were 1,084 instances of felony offense, 681 instances of domestic violence, and 54 instances of crimes against children.²

OJP's mission is to increase public safety and improve the fair administration of justice through innovative leadership and programs. Specifically, BJA provides leadership and assistance to local criminal justice programs that improve and reinforce the nation's criminal justice system. The BJA's overall goals are to: (1) reduce and prevent crime, violence, and drug abuse; and (2) improve the way in which the criminal justice system functions.

The purpose of the BJA's Rural Law Enforcement Assistance Program was to help states and rural areas prevent and combat crime, especially drug-related crime, and to strategically provide training and technical assistance where needed. Rural Law Enforcement Assistance funds can be used for the following categories: (1) combating rural crime, (2) improving

² A felony offense includes rape, robbery, aggravated assault, burglary, larceny, auto theft, and arson. Domestic violence includes domestic incidents, domestic assaults, court order violations, and criminal mischief. Crimes against children include child abuse, sex offenses, and assaults.

rural law enforcement investigations, (3) enhancing rural detention and jail operations, (4) facilitating rural justice information sharing, and (5) providing training and technical assistance. Based on Aberdeen's grant application, Aberdeen applied to receive assistance for the purpose of enhancing its rural detention and jail operations.

OIG Audit Approach

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

- **Internal Control Environment** – to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard the funds awarded to Aberdeen and ensure compliance with the terms and conditions of the grant.
- **Drawdowns** – to determine whether drawdowns were adequately supported and if Aberdeen was managing grant receipts in accordance with federal requirements.
- **Expenditures** – to determine whether costs charged to the grant, including payroll and fringe benefits were accurate, adequately supported, allowable, reasonable, and allocable.
- **Budget Management** – to determine whether there were deviations between the amounts budgeted and the actual costs for each category.
- **Reporting** – to determine if the required financial, programmatic, and Recovery Act reports were submitted on time and accurately reflected grant activity.
- **Award Requirements** – to determine whether Aberdeen complied with grant award guidelines, special conditions, and solicitation criteria.
- **Program Performance and Accomplishments** – to determine whether Aberdeen made a reasonable effort to accomplish stated objectives.

The results of our audit are discussed in detail in the Findings and Recommendations section of this report. We discussed the results of our audit with Aberdeen officials and have included their comments in the report, as applicable. Further, we requested from Aberdeen and OJP written responses to our draft report, which we received and included in Appendices III and IV, respectively. Our report contains four recommendations to OJP. Our audit objective, scope, and methodology are discussed in Appendix I.

FINDINGS AND RECOMMENDATIONS

We found that Aberdeen did not separately account for grant expenditures for payroll and fringe benefit transactions but rather commingled these expenditures with non-grant transactions. Further, Aberdeen did not adhere to OJP's requirements for drawing down grant funds when it drew down funds in advance and the funds were not fully spent for 63 days. Also, one Federal Financial Report (FFR) was inaccurate. Finally, \$9,563 in salary expenditures were inadequately supported, including some timecards lacking supervisory approval. As a result, we questioned these funds and made four recommendations.³

Internal Control Environment

We reviewed Aberdeen's Single Audit Report and financial management system to assess the city's risk of noncompliance with laws, regulations, guidelines, and terms and conditions of the grant. We also interviewed individuals from Aberdeen's grant management, accounting, and finance staffs regarding internal controls and processes related to payroll and accounts payable functions.

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. We reviewed Aberdeen's most recent Single Audit for the fiscal year (FY) ending December 31, 2009.⁴ We found that the independent auditors had issued an unqualified opinion without noting any material internal control weaknesses, deficiencies related to Department of Justice grants, or findings that could be related to the grant.

³ The Inspector General Act of 1978, as amended, contains our reporting requirements for questioned costs. However, not all findings are dollar-related. See Appendix II for a breakdown of our dollar-related findings and for definitions of questioned costs.

⁴ Aberdeen's fiscal year is from January 1 through December 31.

Financial Management System

The *OJP Financial Guide* requires that all grant fund recipients “establish and maintain adequate accounting systems and financial records to accurately account for funds awarded to them.” Further, the accounting system should provide adequate maintenance of financial data to enable planning, control, and measurement. The guide also requires that grantees separately account for each award and not commingle grant funds.

Aberdeen utilized an accounting system entitled Springbrook. Based on our overall review of grant related transactions that were recorded in Springbrook, we found the system did not accurately account for grant related payroll expenditures. We found these transactions to be commingled with other, non-grant related city transactions within the accounting system. Specifically, when we requested Aberdeen’s official grant related accounting records, we were provided Detailed Trial Balance reports from its General Ledger for Fund 001-46. We received two such reports, one for 2009 and the other for 2010. For 2009, Aberdeen’s Detailed Trial Balance included a total of 23 accounts, of which 6 were grant related, totaling \$107,239 and the remaining 17 were non-grant related, totaling \$52,802. Likewise, for 2010, Aberdeen’s Detailed Trial Balance included a total of 24 accounts, of which 7 were grant related, totaling \$359,279 and the remaining 17 were non-grant related, totaling \$78,910. Aberdeen could not provide for us a system-generated report that included only grant related accounts and transactions. We had to individually search for specific accounts that Aberdeen stated were entirely grant related. Based on the supporting documentation that we reviewed, we concluded that Aberdeen commingled grant related accounts with non-grant related accounts and that it could not provide General Ledger reports that exclusively summarized the total amount of grant related income and expenses.

We asked Aberdeen officials for an explanation and Aberdeen’s Finance Director stated that since this grant funded mainly the payroll expenses of six corrections officers, she did not feel it was necessary to create a separate grant related account number for payroll expenses. The *OJP Financial Guide* requires that grant related transactions be accounted for separately in the grantee’s accounting system. Specifically, it states “[e]ach award must be accounted for separately. Recipients and sub-recipients are prohibited from commingling funds on either a program-by-program or project-by-project basis.” Therefore, we recommend that OJP ensure Aberdeen separately accounts for grant related expenses in its accounting system.

Drawdowns

The *OJP Financial Guide* states that grant recipients should request funds based upon immediate reimbursement requirements or the timing of the drawdown should be scheduled in order to ensure that federal cash on hand is the minimum needed for disbursements within 10 days. Exhibit 2 identifies the drawdowns that Aberdeen had made by the time we began our fieldwork on November 29, 2010.

EXHIBIT 2 DRAWDOWNS HISTORY FOR GRANT 2009-SD-B9-0198

Date of Drawdown	Amount Drawn	Cumulative Drawdowns	Grant Expenditures	Cumulative Expenditures	Cumulative Differences
01/14/10	\$ 45,019	\$ 45,019	\$ 133,884	\$ 133,884	<\$ 88,865>
02/01/10	69,966	114,985	<1,366>	132,518	< 17,533>
05/11/10	96,467	211,452	134,819	267,337	< 55,885>
08/02/10	195,157	406,609	70,030	337,367	69,242

Source: Aberdeen and OJP

On August 2, 2010, Aberdeen drew down \$195,157, of which \$69,241 was an advance. Within 10 days of its drawdown, Aberdeen incurred \$30,631 in grant related expenditures, reducing the advance amount. Aberdeen continued to charge grant expenditures against the advance until it was completely spent as of October 5, 2010, 63 days after the funds were drawn down. We asked Aberdeen officials why it drew down an advance that was not completely applied to grant expenditures within 10 days of the drawdown. Aberdeen officials stated that a clerical error was made when calculating the amount of grant funds to draw down causing the over draw. We recommend that OJP ensure Aberdeen establishes internal controls that would enable it to drawdown future grant funds in accordance with OJP's requirements.

Grant Expenditures

According to Aberdeen's grant related accounting records as of November 10, 2010, Aberdeen had incurred \$475,630 in grant related expenditures. The expenditures were comprised of salaries, fringe benefits, and travel costs. We selected a judgmental sample of two non-consecutive pay periods in order to test payroll (salaries and fringe benefits). We describe the results of our payroll testing below in the *Payroll* section of this report. Besides payroll, there were only a total of four non-payroll transactions, all travel expenditures, totaling \$2,180; we selected and tested all four transactions. When conducting our transaction testing on the travel

expenditures, we reviewed supporting documentation (payment vouchers, invoices, and check copies) for each of the four transactions. We found that all of the grant related travel expenditures were accurate, reasonable, and properly classified as grant related expenditures.

Payroll

According to the OJP-approved grant budget, Aberdeen was expected to pay \$549,859 in salary expense and \$279,406 in fringe benefits. We selected a judgmental sample of two non-consecutive pay periods to test, which included salaries and fringe benefit expenditures totaling \$65,704. We reviewed supporting documentation, such as time and attendance records, to determine: (1) if the positions paid with grant funds appeared reasonable with the stated intent of the program and consistent with the OJP-approved budget, (2) whether the salaries of the employees paid with grant funds were within a reasonable range, and (3) if the salary and fringe benefit expenditures were adequately supported.

We obtained a list of employees paid using grant funds from Aberdeen's grant manager. We compared the list of personnel working on grant related activity to the approved positions in the OJP-approved grant budget. We determined that the positions were reasonable with the intent of the program and consistent with the approved budget.

We tested the reasonableness of the corrections officer salaries, which included reviewing the collective bargaining agreement between Aberdeen and the Washington State Council of County and City Employees. Based on our review, we found that the salaries for Aberdeen's corrections officers were reasonable. Likewise, we traced fringe benefits that were charged to the grant to source documents and determined that these expenditures were adequately supported, in accordance with the grant budget, and computed correctly.

The *OJP Financial Guide* specifically states that payroll records shall include the time and attendance reports for all individuals reimbursed under the award. In addition, according to 2 C.F.R. Part 225, Cost Principles for State, Local, and Indian Tribal Governments (formerly known as OMB Circular A-87), costs must be adequately documented to be allowable under federal awards. Further, charges to federal awards for salaries and wages will be based on documented payrolls approved by a responsible official. We reviewed Aberdeen's payroll records and supporting timecards and found that some of the corrections officers' timecards were incomplete because the timecards were not properly approved by their supervisor. As a result, we identified \$9,563 in salaries that were inadequately supported and therefore,

we questioned these costs. The remaining \$56,141 of personnel costs that we tested was adequately supported.

Budget Management

According to the *OJP Financial Guide*, grant recipients are required to establish and maintain accounting systems and financial records to ensure that funds are spent in conformance with the grant terms and conditions. The Guide also requires prior approval from the awarding agency if the movement of dollars between budget categories exceeds 10 percent of the total award amount.

While Aberdeen did not separately account for payroll transactions, which we discussed in the Internal Control Environment section of the report, the general description of the expenditures in Aberdeen's accounting records matched the approved budget. We did not identify any budget transfers that required prior approval from OJP.

Reports

According to the *OJP Financial Guide*, award recipients are required to submit both quarterly Federal Financial Reports (FFR) and semiannual Progress Reports. These reports describe the status of the funds, compare actual accomplishments to the objectives of the grant, and report other pertinent information. Moreover, since this was a Recovery Act grant, Aberdeen was required to submit quarterly Recovery Act reports. We reviewed the FFRs, Progress Reports, and quarterly Recovery Act reports submitted by Aberdeen to determine whether each report was accurate and submitted in a timely manner.

Federal Financial Reports

According to the *OJP Financial Guide*, the quarterly FFRs are due no later than 30 days after the end of the quarter, with the final FFR due within 90 days after the end date of the award. We reviewed the last four FFRs submitted for the grant to determine if Aberdeen submitted these reports on time. We found that Aberdeen submitted all four reports in a timely manner.

**EXHIBIT 3
FEDERAL FINANCIAL REPORT HISTORY FOR
GRANT 2009-SD-B9-0198**

Report No.	Reporting Period	Report Due Date	Date Submitted	Days Late
1	10/01/09 - 12/31/09	01/30/10	01/26/10	0
2	01/01/10 - 03/31/10	04/30/10	04/06/10	0
3	04/01/10 - 06/30/10	07/30/10	07/28/10	0
4	07/01/10 - 09/30/10	10/30/10	10/04/10	0

Source: Aberdeen and OJP

We also reviewed each FFR to determine whether the reports contained accurate information related to actual expenditures for the award. Based on our review, we found that three of the four most recent FFRs were accurate; the FFR for period ending June 30, 2010, was inaccurate. For the inaccurate FFR, Aberdeen overstated grant related expenditures by \$95,360 for the period between April 1, 2010, and June 30, 2010. We asked Aberdeen officials why this occurred. Aberdeen's Finance Director stated that the overstatement in grant related expenditures on the FFR was caused by human error. We recommend that OJP ensure Aberdeen prepares and submits accurate FFRs.

Semiannual Progress Reports

According to OJP, Aberdeen is required to submit its Progress Reports on a semiannual basis. Specifically, as of November 29, 2010, Aberdeen should have submitted two Progress Reports to OJP, which it did. We found that the Progress Report for the period ending December 31, 2009, was submitted on time. However, we found that the Progress Report for the period ending June 30, 2010, was submitted 3 days late.

**EXHIBIT 4
PROGRESS REPORT HISTORY FOR
GRANT 2009-SD-B9-0198**

Report No.	Reporting Period	Report Due Date	Date Submitted	Days Late
1	08/01/09 - 12/31/09	01/30/10	01/28/10	0
2	01/01/10 - 06/30/10	07/30/10	08/02/10	3

Source: Aberdeen and OJP

We asked Aberdeen officials why the Progress Report for period ending June 30, 2010, was submitted late. Aberdeen officials stated that they initially filed the Progress Report on time on July 28, 2010. However, Aberdeen was not able to provide us with documentation to support the date of its initial report submission. Instead, we reviewed e-mails from BJA to

Aberdeen that were dated January 28, 2010, and August 2, 2010, in which BJA notified Aberdeen that it had not received from Aberdeen performance measurement information along with its Progress Reports. Therefore, BJA requested Aberdeen to re-submit the two Progress Reports electronically via OJP's Grants Management System (GMS). We verified that both of the Progress Reports were re-submitted to OJP.

The *OJP Financial Guide* states that:

. . . the funding recipient agrees to collect data appropriate for facilitating reporting requirements established by Public Law 103-62 for the Government Performance and Results Act. The funding recipient will ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation.

We reviewed Aberdeen's Progress Reports to determine if they accurately reflected grant activity and accomplishments. We found that Aberdeen's Progress Reports for the periods ending December 31, 2009, and June 30, 2010, accurately reflected grant accomplishments.

Quarterly Recovery Act Reports

Section 1512 of the Recovery Act requires recipients of Recovery Act funds to submit quarterly reports. Aberdeen's initial report was due April 10, 2010, with quarterly reports due 10 days after the close of each quarter thereafter.

We reviewed Aberdeen's Recovery Act reports for the quarters ended March 31, 2010, June 30, 2010, and September 30, 2010, and found that two of the reports were submitted on time and one report was submitted late. However, given that the one late report was only 3 days late, we did not take exception to this issue.

**EXHIBIT 5
RECOVERY ACT REPORT HISTORY FOR
GRANT 2009-SD-B9-0198**

Report No.	Reporting Period	Report Due Date	Date Submitted	Days Late
1	01/01/10 - 03/31/10	04/10/10	04/13/10	3
2	04/01/10 - 06/30/10	07/10/10	07/01/10	0
3	07/01/10 - 09/30/10	10/10/10	10/06/10	0

Source: Aberdeen and OJP

We also confirmed that Aberdeen accurately reported expenditures and the number of jobs retained on its Recovery Act reports.

Compliance with Award Requirements

We reviewed Aberdeen's compliance with specific program requirements in the grant solicitation as well as special conditions included in its grant award. We found that Aberdeen generally complied with specific program requirements and grant special conditions, except for two instances of non-compliance. As previously discussed in the Internal Control Environment section of this report, Aberdeen did not separately account for the salary and fringe benefit expenditures that were paid with grant funds. Instead, Aberdeen commingled these expenditures with non-grant related transactions in its accounting system. As a result, Aberdeen did not comply with Special Condition 9. Further, as discussed in the Reports section of this report, Aberdeen failed to submit a quarterly Recovery Act report on time. As a result, Aberdeen did not comply with Special Condition 22. We discussed both instances of non-compliance in more detail in the respective sections of the report that we have cited.

Program Performance and Accomplishments

According to Aberdeen's grant application, Aberdeen planned to use the grant award to retain four corrections officers and hire two new corrections officers for 2 years. Based on discussions with Aberdeen's Grant Manager and our review of accounting records, we determined that Aberdeen hired two new corrections officers and has been using grant funds to pay the salaries and fringe benefits of all six corrections officers. Aberdeen Officials stated that they are committed to continue to use grant funds to pay for the salaries and fringe benefits of the six corrections officers until the grant end date. Aberdeen Officials further stated that after the grant ends, Aberdeen plans to retain the six corrections officer positions and fund these positions with local funds.

We asked Aberdeen's Grant Manager whether grant funds were used to provide a Community Service Diversion Program (Diversion Program), as mentioned in the grant application. The Grant Manager explained that while providing a Diversion Program was one of the two goals of this grant, the goal of funding the salaries and fringe benefits of its six corrections officers was the primary goal. The Diversion Program was designed to allow the city to offer convicted offenders the opportunity to work off their fines. Currently, those individuals, who cannot afford to pay their fine, are incarcerated in the local jail. The jail does not have enough space for all the individuals who are

unable to pay their fines. The Diversion Program was intended to be an alternative solution. However, the progress of the Diversion Program was stalled due to Aberdeen's concern for the potential liability that may arise as a result of implementing the Diversion Program. Aberdeen's Municipal Court has requested that the City of Aberdeen incorporate the Diversion Program into its city ordinances. Currently, Aberdeen is in the process of developing the city ordinance. Once the city ordinance is in place, Aberdeen plans to fully implement the Diversion Program. Based on the Grant Manager's explanation and our review of relevant documentation, we determined that Aberdeen had made a reasonable effort to accomplish its stated grant objectives.

Conclusion

Overall, we found that Aberdeen's grant related travel expenditures were accurate, reasonable, and properly classified as grant expenditures; and the FFRs were submitted in a timely manner. Also, Aberdeen had made a reasonable effort to accomplish its stated grant objectives.

However, we noted that Aberdeen did not adhere to OJP's drawdown requirements when it drew down an advance that was not fully applied to grant expenditures for at least 63 days. Further, Aberdeen did not separately account for grant related payroll expenditures but commingled the payroll expenditures with non-grant related expenditures. In addition, one FFR was inaccurate. Finally, some of the timecards, representing \$9,563 in corrections officer payroll expenditures, lacked proper supervisory approval.

Recommendations

We recommend that OJP:

1. Ensure that Aberdeen separately accounts for its grant related payroll expenses in its accounting system.
2. Ensure Aberdeen adheres to OJP's drawdown requirements.
3. Remedy \$9,563 in questioned cost related to inadequately supported salaries.
4. Ensure that Aberdeen submits accurate Federal Financial Reports.

OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of our audit was to determine whether costs claimed under grant 2009-SD-B9-0198 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) program income; (4) expenditures including payroll, fringe benefits, indirect costs, and accountable property; (5) matching; (6) budget management; (7) monitoring of sub-recipients and contractors; (8) reporting; (9) award requirements; (10) program performance and accomplishments; and (11) post end date activity. We determined that program income, accountable property, indirect costs, matching, monitoring of sub-recipients and contractors, and post end date activity were not applicable to this grant.

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

Unless otherwise specified, our audit covered, but was not limited to, activities that occurred between the start of Grant 2009-SD-B9-0198 in August 2009 through the start of our audit fieldwork on November 29, 2010. Further, the criteria we audited against are contained in the *OJP Financial Guide*, Code of Federal Regulations, OMB Circulars, the Recovery Act, and specific program guidance, such as award documents and the grant solicitation.

We did not test internal controls for Aberdeen taken as a whole or specifically for the grant program administered by Aberdeen. An independent Certified Public Accountant conducted an audit of Aberdeen's financial statements. The results of this audit were reported in the Single Audit Report that accompanied the Independent Auditors' Report for the year ending December 31, 2009. The Single Audit Report was prepared under the provisions of OMB Circular A-133. We reviewed the independent auditor's assessment to identify control weaknesses and significant noncompliance issues related to Aberdeen or the federal programs it was administering, and assessed the risks of those findings on our audit.

In addition, we performed limited testing of source documents to assess the accuracy of reimbursement requests and FFRs. However, we did not test the reliability of the financial management system as a whole, nor did we place reliance on computerized data or systems in determining whether the transactions we tested were allowable, supported, and in accordance with applicable laws, regulations, and guidelines. We also performed limited testing of information obtained from OJP's GMS and found no discrepancies. We thus have reasonable confidence in the GMS data for the purposes of our audit. However, the OIG has not performed tests of the GMS system specifically, and we therefore cannot definitively attest to the reliability of GMS data.

APPENDIX II

SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS:	<u>AMOUNT (\$)</u>	<u>PAGE</u>
Inadequately supported Payroll Costs	\$ 9,563	8
TOTAL QUESTIONED COSTS	<u>\$9,563</u>	
TOTAL DOLLAR RELATED FINDINGS	<u>\$9,563</u>	

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

GRANTEE RESPONSE

City of
Aberdeen



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April 13, 2011

Mr. David J. Gaschke
Regional Audit Manager
U.S. Department of Justice
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San Francisco Regional Audit Office
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Re: OJP's Bureau of Justice Assistance Grant Number 2009-SD-B9-0198
Draft Audit Report Response

Dear Mr. Gaschke,
We have received the Draft Audit Report from your office regarding the recent City of Aberdeen's program audit for the Bureau of Justice Assistance Grant Number 2009-SD-B9-0198. We appreciate the opportunity to respond to the draft report findings.

Finding/Recommendation Number 1: *Ensure that Aberdeen separately accounts for its grant-related payroll expenses in its accounting system.*

The City does not concur with the finding/recommendation.

The City of Aberdeen utilizes the Washington State Auditor's Office, Budget and Accounting Reporting System (BARS), which prescribes a sixteen digit account structure. This account structure is designated to provide for complete identification of each transaction. The structure provides for fund, program, department, cost center and class of transaction. The City has established Fund 001-46 for the Corrections Department operations.

The City's DOJ grant fully funded six corrections officers' salaries, benefits and travel costs. This is the entire Correction's Department staff that is coded to the payroll and benefit accounts in the Corrections Department (Fund 001-46). The salary and benefit expenses for the grant funded corrections officers are not comingled with any other salaries and benefits in this program because there are no other employees coded to department #46. Only the six grant funded positions have been coded to these unique BARS account numbers. The City believes that it operated in accordance with the intent of the Department of Justice, Grant Award Special Conditions, Article 9: Recovery Act- Separate Tracking and Reporting of Recovery Act Funds and Outcomes:

"The recipient agrees to track, account for, and report on all funds from this Recovery act award separately from all other funds, including DOJ award funds from non-Recovery act awards awarded for the same or similar purposes or programs. Accordingly, the accounting systems of the recipient and all sub recipients must ensure

that funds from this Recovery Act award are not commingled with funds from any other source.”

Additionally, we believe our system complies with the Common Rule, Department of Justice, 28CFR66, Financial Administration, Section 66.20 Standards for financial management systems; section (a)(2):

Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes ...

The city accounted for the “separate grant” activities on a transactional basis. The City’s 16 digit account numbers utilized for the payroll, benefits, and travel costs were properly segregated. Reports submitted to the auditors’ extracted Dept. of Justice grant related only expenses for salary, benefits, and travel.

The city did not account for the salary & benefit expenditures in a “separate fund” because the individual account numbers assigned to the transactions of payroll and benefits in and of itself, allowed for segregation and accountability of the transactions. Again, the payroll and benefit expenditures for the Corrections grant were not commingled with any other non-grant activity for payroll and benefits. The auditors were able to substantiate their testing of payroll processed to the transaction details captured in the City’s General Ledger, under these accounts. The City did account for other expenditure classes in department #46, for example supplies, professional services, vehicle repairs & maintenance etc., but these account classes were identified individually by the sixteen digit account code. Because the allowable costs related to this grant were specific to payroll & benefits, and mandated travel costs, we did not feel the need to split the remaining corrections department operations into two separate funds.

Subsequent to the program audit, the City added “ARRA funded” to the title of the Corrections Department (fund 001-46) salary & benefit account titles. This does not affect the transaction details, as they were always separately stated and not commingled with any other non-grant related salary & benefits, but did provide a clearer picture to the reader that the accounts were designated for the ARRA grant.

Finding/Recommendation Number 2: *Ensure Aberdeen adheres to OJP’s drawdown requirements.*

The City concurs with the finding/recommendation.

The City is aware of the grant drawdown requirements and admits to a clerical error that occurred, which lead to an advance of funds. While preparing the second quarter report for 2010, the accountant ran a detailed trial balance for expenditures dated 4-01-2010 to June 30-2010. Rather than picking up the quarterly activity total, the year to date totals were used for the reporting period. This resulted in a draw down in excess of the actual expenses incurred for the reporting period (essentially a duplication of the first quarter grant activity). The City identified the error on their own and corrected the error with the next quarterly report.

A secondary review of the quarterly draw down reports is now completed prior to submission, as is an annual reconciliation of the year to date activity with the quarterly grant reports filed.

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Finding/Recommendation Number 3: *Remedy \$9,563 in questioned costs related to inadequately supported salaries.*

The City of Aberdeen does not concur with this finding.

The basis for this finding is "\$9,563 of corrections officer salaries that were not adequately supported with properly approved timecards." The document in question is called "The Daily Time Log", which is not the official time card that is submitted to the city's finance office for payroll processing. Correction Officers use the Daily Time Log to record their workday hours to indicate if they worked one of the following areas: Regular Hours, Overtime, Vacation Time, Sick Leave, Disability Leave, Holiday Time, Comp Time Taken or Other Leave. The Log is initialed by the employee when he fills it out, and then initialed by the Corrections supervisor when he has the opportunity to review it. The questionable costs were days that the Time Log was initialed by the employee, but not initialed by the supervisor. The Daily Time Log is only one part of a system that accounts for and verifies employee work hours.

Included with this response is a sample of the documents that are used for a Corrections Officer to document their time worked. I have highlighted Corrections Officer [REDACTED] as an example beginning with his work schedule and concluding with City of Aberdeen Police Department Time Sheet that is signed and verified by the Chief of Police. The process outlined below is followed by all Corrections Officers of the Aberdeen Police Department to account for their hours worked.

- Step One: **Work Schedules (exhibit 1)** are posted 10 days before the beginning of the upcoming shift. The attached example shows CO [REDACTED] was scheduled to work days from April 4, 2010 to May 1, 2010.
- Step Two: On the **Daily Time Log (exhibit 2)** for April 22, 2010, [REDACTED] recorded that he worked 8 hours and initialed the log for that day. Our system is to have the supervisor review and initial the Daily Time Log. The Supervisor, Captain [REDACTED] was on vacation and did not initial the time log for April 22, 2010.
- Step Three: Administrative Assistant [REDACTED] reviews the Daily Time Log (exhibit 2) and summarizes the information on the **Employee Annual Time Summary (exhibit 3)**. The hours worked are then verified against the original Work Schedule (exhibit 1) to note any alteration of the scheduled hours. If the amounts do not match, then the supervisor is consulted and additional documentation is required. For example, comp time or vacation slips to document the change.
- Step Four: At month's end, the Administrative Assistant transfers the Employee's Annual Time Summary (exhibit 3) to the **City of Aberdeen Police Department Time Sheet (exhibit 4)**. This is the official monthly summary for all department employees used by the Finance Department for entry into the payroll processing system.
- Step Five: The Chief of Police reviews the Police Department Time Sheet (exhibit 4) and formally approves the form as evidenced by his signature.

The City acknowledges that the supervisors did not, in all cases, review and initial the Daily Time Log. In the instances cited by the auditor, the supervisor was on scheduled time off. Patrol shift Sergeants or Corporals supervise the corrections officers when Captain [REDACTED] is not available. They would be aware if any employee was absent, as someone would have to be called in to cover their shift (in an overtime capacity). There is little risk that an employee could record time worked when they actually were not on duty. The review process completed in Step 3, would determine if overtime was needed to cover a shift, and why another employee was scheduled outside of the original work schedule. As an example I have included a copy of the **Shift Schedule (exhibit 5)** for working this April 22, 2010. Sergeant [REDACTED] would have been the supervisor on duty when CO [REDACTED] was working this day. If a corrections officer did not show up to work, the Shift Sergeant [REDACTED] would have to call someone in to cover the shift. If this is necessary, it will often affect two other corrections officers (split shift) and would be reflected on the Daily Time Log. In this example, the Daily Time Log for April 22, 2010 reflected no CO staff overtime.

We recognize that the Daily Time Log was not initialed by the Corrections Supervisor in all cases from the auditor's sampled transactions. However, as steps one through five show, the Department's payroll process includes compensating internal controls that reflect adequate payroll records with supporting timecards, a multiple step review process for accuracy, and verification of grant eligibility. The reviews performed by the Administrative Assistant and the Chief of Police should be considered compensating controls in the absence of the supervisor's review and remove any doubt of payroll questioned costs.

Subsequent to the audit, the Department procedure is to have the Patrol Shift Supervisor's initial the Daily Time Log when the Captain is not available.

Finding/Recommendation Number 4: *Ensure that Aberdeen submits accurate Federal Financial Reports.*

The City of Aberdeen does not concur with this finding.

This recommendation is referring to the filing of the GMS Report/Semi-Annual Progress Report Number 2, for the period January 1, 2010 to June 30, 2010. The auditors concluded that the City filed this report three days late. The City does not agree with this finding for the following reasons:

- (1) During the filing period of Report Number 1 & 2, the BJA site did not systematically reflect a submission date anywhere in the system. (We did note, however, that when Report Number 3 (GMS Report) was filed on the BJA site, the system printed a "report created on January 18, 2011" on the bottom of each report page.) Furthermore, the Semi-Annual Progress Report grid (**exhibit 6**) that reflects status of report filings only reflects the "Last Edited" date, not an original report submission date. The City of Aberdeen requested that the previously filed reports be reopened to correct statistical data that was reported.

- (2) The City completed the Progress Reports at the same time we prepared the Financial Status Reports. The 6-30-2010 Financial Status Report was submitted to BJA on 7-28-2010 5:32 p.m. (**exhibit 7, page 3**). We believe that the Progress Report was filed that same time and is therefore timely submitted.
- (3) The City also submits as documentation the email correspondence log (**exhibit 8**) from the BJA site. An email was received by [REDACTED] [REDACTED] on 8-02-2010 regarding Report Number 2 (**exhibit 9**). The email references receipt of the Grant Performance Report #2, and references that the review of the report was complete but requested that we submit an attachment to support the report. We conclude that there is no way, the BJA staff had received and reviewed the report on the same day, i.e. August 2, 2010. Our past experience noted that reports were received at least two days prior to receipt of the confirmation email from BJA. This can be noted by looking at email correspondence log (**exhibit 8**) for the 1-28-2010 email received from [REDACTED] [REDACTED] [REDACTED] regarding the receipt of Grant Performance Report Number 1 (July 2009 to December 31, 2009). This email (**exhibit 10**) cited completion of the review on January 28, 2010, when the original report was submitted on January 26, 2010.

Thank you for this opportunity to provide the City's response to the audit finding. We hope that you will find this information helpful when determining the final edits to the audit report. Should you have additional questions, please direct them to [REDACTED] [REDACTED] Finance Director for the City of Aberdeen. She may be reached at 360-537-3201.

Sincerely,



Bill Simpson, Mayor

DEPARTMENT OF JUSTICE RESPONSE

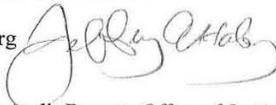


U.S. Department of Justice
Office of Justice Programs
Office of Audit, Assessment, and Management

Washington, D.C. 20531

APR 15 2011

MEMORANDUM TO: David J. Gaschke
Regional Audit Manager
Office of the Inspector General
San Francisco Regional Audit Office

FROM:  Maureen A. Henneberg 
Director

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs, Rural Law Enforcement Assistance Grant Awarded to the City of Aberdeen, Washington*

This memorandum is in response to your correspondence, dated March 25, 2011, transmitting the subject draft audit report for the City of Aberdeen (Aberdeen). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **four** recommendations and **\$9,563** 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 ensure that Aberdeen separately accounts for its grant-related payroll expenses in its accounting system.**

We agree with the recommendation. We will coordinate with Aberdeen to obtain a copy of procedures implemented to ensure that grant-related payroll expenses are separately accounted for in its accounting system.

2. **We recommend that OJP ensure that Aberdeen adheres to OJP's drawdown requirements.**

We agree with the recommendation. We will coordinate with Aberdeen to obtain a copy of procedures implemented to ensure that Federal cash-on-hand is the minimum amount needed for disbursements to be made immediately or within 10 days, and amounts requested for reimbursement are supported by adequate documentation.

3. **We recommend that OJP remedy the \$9,563 in questioned cost related to inadequately supported salaries.**

We agree with the recommendation. We will coordinate with Aberdeen to remedy the \$9,563 in questioned costs charged to grant number 2009-SD-B9-0198, related to inadequately supported salaries for Corrections Officers. If adequate documentation cannot be provided, Aberdeen may be required to return the funds to the U.S. Department of Justice.

4. **We recommend that OJP ensure that Aberdeen submits accurate Federal Financial Reports.**

We agree with the recommendation. We will coordinate with Aberdeen to obtain a copy of procedures implemented to ensure that Federal expenditures are accurately reported on future Federal Financial Reports, and the supporting documentation is maintained for future auditing purposes.

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
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Office of Audit, Assessment, and Management

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OJP Executive Secretariat
Control Number 20110393

**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 Office of Justice Programs (OJP) and to the City of Aberdeen (Aberdeen). Aberdeen and OJP responses are incorporated respectively as Appendices III and IV of this final report. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation Number:

- 1. Resolved.** OJP concurred with our recommendation to ensure that Aberdeen separately account for its grant related payroll expenses within its accounting system. However, Aberdeen disagreed with this finding and related recommendation.

Specifically, in its response, Aberdeen stated that its accounting system utilizes a 16-digit account structure to identify transactions. This account structure enables Aberdeen to prescribe to its transactions a fund, program, department, cost center, and transaction class. Using this capability, Aberdeen established Fund 001-46 to track Corrections Department operations.

Aberdeen stated that the salary and fringe benefit expenses for the grant funded corrections officers were not commingled with any other salaries and fringe benefit expenditures, because there were no other employees besides the six corrections officers paid by the grant that were recorded in Fund 001-46. Additionally, Aberdeen stated that it separately accounted for grant transactions because it had assigned individual account numbers to its payroll and fringe benefit transactions and that, in and of itself, allowed for segregation and accountability of the transactions. Therefore, Aberdeen believed that it complied with the grant's special condition and 28 C.F.R. Part 66, which requires grantees to separately account for grant related transactions.

However, Aberdeen acknowledged that although it had recorded its corrections officer salaries and fringe benefits in separate expense accounts, it did not create a separate fund. This meant that the grant related salary and fringe benefit expense accounts were co-located

within the same fund (001-46) as other unallowed, non-grant related expenditure accounts, such as supplies, professional services, and vehicle repairs and maintenance. Aberdeen stated that because grant related expenditures (salary, fringe benefits, and travel) were recorded in separate expense accounts, it did not feel that it needed “. . . to split the remaining corrections department operations into two separate funds.”

We do not agree with Aberdeen’s justification for failing to establish a separate fund within its accounting system to separately account for grant related transactions. Aberdeen was required to separately account for grant related transactions in its accounting system and the manner in which this is accomplished is through the establishment of not only separate expense accounts but also a separate fund within its accounting system. According to the *OJP Financial Guide*, “[e]ach award must be accounted for separately. Recipients and sub-recipients are prohibited from commingling funds on either a program-by-program or project-by-project basis.”

Based on our analysis of Aberdeen’s accounting records as well as its own statements that were provided in response to our draft audit report, Aberdeen did not establish a separate fund to track only grant related transactions and accounts. Rather, Aberdeen’s Fund 001-46 included non-grant related expense accounts; a clear departure from OJP’s criteria on how grant expenditures are supposed to be maintained.

Further, in their response to our draft audit report, Aberdeen stated that it provided to us reports that “. . . extracted Dept. of Justice grant related only expenses for salary, benefits, and travel.” This statement is not consistent with what Aberdeen provided to us during our audit. When we requested Aberdeen’s official grant related accounting records, we were provided Detailed Trial Balance reports from its General Ledger for Fund 001-46. We received two such reports, one for 2009 and the other for 2010. For 2009, Aberdeen’s Detailed Trial Balance included a total of 23 accounts, of which 6 were grant related, totaling \$107,239 and the remaining 17 were non-grant related, totaling \$52,802. Likewise, for 2010, Aberdeen’s Detailed Trial Balance included a total of 24 accounts, of which 7 were grant related, totaling \$359,279 and the remaining 17 were non-grant related, totaling \$78,910. Aberdeen could not provide for us a system-generated report that included only grant related accounts and transactions. We had to individually search for specific accounts that Aberdeen stated were entirely grant related. Because Aberdeen commingled grant related accounts with non-grant related accounts, it could not provide General Ledger reports that

exclusively summarized the total amount of grant related income and expenses.⁵

Aberdeen stated in its response to our draft audit report that it added "ARRA funded" to the titles of its Corrections Department (Fund 001-46) salary and fringe benefit expense accounts. Changing the expense account labels to include reference to the Recovery Act will not be enough to comply with stated criteria. In fact, one of the special conditions of the grant award states: "the recipient agrees to track, account for, and report on all funds from this Recovery Act award (including specific outcomes and benefits attributable to Recovery Act funds) separately from all other funds, including DOJ award funds from non-Recovery Act awards awarded for the same or similar purposes or programs. . . . Accordingly, the accounting systems of the recipient and all sub-recipients must ensure that funds from this Recovery Act award are not commingled with funds from any other source." Simply changing account titles to refer to the Recovery Act will not meet the requirements of the special condition. Aberdeen will need to establish a separate fund from its Corrections Department fund (001-46), because Fund 001-46 includes non-grant related expenditures that should not be commingled with grant related transactions.

OJP stated that it will coordinate with Aberdeen to obtain a copy of procedures implemented to ensure that grant related expenses are separately accounted for in its accounting system. This recommendation can be closed when we obtain documentation to support the establishment of a separate, grant related fund within Aberdeen's accounting system.

2. **Resolved.** Both OJP and Aberdeen concurred with our recommendation to ensure that Aberdeen adheres to OJP's drawdown requirements. Aberdeen stated that a clerical error was made that caused the overdraw and they have since implemented a procedure for a second person to review the drawdown information before grant funds are drawn down. OJP stated in its response to our draft audit report that it will coordinate with Aberdeen to obtain a copy of procedures implemented to ensure that federal cash on hand is the minimum amount needed for disbursements to be made immediately or within 10 days, and amounts requested for reimbursement are supported by adequate documentation. This recommendation can be closed when we obtain a

⁵ In order to clarify this issue in the final audit report, we added language to the *Financial Management System* section of this report that was not originally included in our draft audit report.

copy of procedures implemented to ensure that federal cash on hand is the minimum amount needed for disbursements to be made immediately or within 10 days, and amounts requested for reimbursement are supported by adequate documentation.

3. **Resolved.** OJP concurred with our recommendation to remedy the \$9,563 in questioned costs related to inadequately supported salaries. However, Aberdeen disagreed with this finding and related recommendation.

Specifically, in its response, Aberdeen stated that the Daily Time Log is only one part of a system that accounts for and verifies employee work hours. There are other compensating internal controls in Aberdeen's payroll process, including reviews performed by the Administrative Assistant and the Chief of Police, in the absence of the corrections supervisor's review. While Aberdeen recognized that the Daily Time Log was not initialed by the corrections supervisor in some cases, it believed that other internal controls were adequate to ensure that the employee worked the time indicated in the Daily Time Log.

However, Aberdeen acknowledged in its response to our draft audit report that the Daily Time Log is utilized by its Administrative Assistant to create the Employee's Monthly Time Summary. In turn, the Employee Monthly Time Summary is utilized to create the City of Aberdeen Police Department Time Sheet. The Chief of Police then signs the Time Sheet. If the Daily Time Log is not approved by the employee's supervisor, then the resulting Time Sheet signed by the Chief of Police contains time that has not been approved by the employee's supervisor.

According to the Aberdeen Police Department Policy Manual, dated October 4, 2010, Policy 1036.1.2: "[t]he daily time log for each relevant section should be reviewed on a daily basis by the designated supervisor to ensure that the log is completed. . . . The designated supervisor should initial in the appropriate box on the daily time log." Furthermore, we determined that the corrections supervisor's initials on the Daily Time Log serves as proper documentation and it should be an essential step in Aberdeen's payroll review and approval process.

28 C.F.R. § 66.20 states that ". . . accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc." Furthermore, 2 C.F.R. Part 225, Cost Principles for State, Local, and Indian Tribal Governments (formerly known as OMB

Circular A-87) states “. . . where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.” Aberdeen’s other payroll-related documents, such as Aberdeen’s timesheets, do not meet these standards.

OJP stated that it will coordinate with Aberdeen to remedy the \$9,563 in questioned costs charged to the grant as a result of inadequately supported salaries. This recommendation can be closed when OJP provides us with evidence that Aberdeen has remedy the \$9,563 questioned costs related to inadequately supported salaries.

4. **Resolved.** OJP concurred with our recommendation to ensure that Aberdeen submits accurate Federal Financial Reports. Aberdeen disagreed with this finding and related recommendation, but did not provide justification about why it did not agree with this recommendation. Instead, it responded to our statement in the draft audit report regarding its Progress Report for the period ending June 30, 2010 that was submitted 3 days late. We did not take issue to this late filing. Therefore, our finding related to Aberdeen submitting inaccurate Federal Financial Reports to OJP remains.

OJP stated that it will coordinate with Aberdeen to obtain a copy of procedures implemented to ensure that grant related expenditures are accurately reported on future Federal Financial Reports and that Aberdeen maintains related supporting documentation. This recommendation can be closed when OJP provides us with a copy of procedures implemented to ensure that Aberdeen accurately reports grant related expenditures on its Federal Financial Reports and that it maintains required supporting documentation.