



**AUDIT OF THE OFFICE OF COMMUNITY ORIENTED  
POLICING SERVICES GRANTS AWARDED TO  
THE CITY OF WILMINGTON, NORTH CAROLINA,  
POLICE DEPARTMENT**

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

Audit Report GR-40-13-002  
December 2012

**AUDIT OF THE OFFICE OF COMMUNITY ORIENTED  
POLICING SERVICES GRANTS AWARDED TO  
THE CITY OF WILMINGTON, NORTH CAROLINA,  
POLICE DEPARTMENT**

**EXECUTIVE SUMMARY**

The Department of Justice (DOJ), Office of the Inspector General, Audit Division, has completed an audit of the Office of Community Oriented Policing Services (COPS) grants awarded to the City of Wilmington, North Carolina, Police Department. We audited a COPS Hiring Recovery Program (CHRP) grant to fund 13 entry-level officers for 3 years and a COPS Technology Program (TECH) grant intended to pinpoint the location of gunshots in high-crime areas of the city. The police department was awarded a total of \$2,320,809 to implement the grant programs, as shown in Exhibit I.

**EXHIBIT I: OFFICE OF COMMUNITY ORIENTED POLICING SERVICES  
GRANTS AWARDED TO THE CITY OF WILMINGTON, NORTH  
CAROLINA, POLICE DEPARTMENT**

<b>GRANT NUMBER</b>	<b>COPS PROGRAM</b>	<b>AWARD START DATE</b>	<b>AWARD END DATE</b>	<b>AWARD AMOUNT</b>
2009-RK-WX-0568	CHRP	07/01/2009	12/31/2013	\$2,005,809
2010-CK-WX-0419	TECH	12/16/2009	09/30/2013	\$315,000
<b>TOTAL:</b>				<b>\$2,320,809</b>

Source: COPS

The objective of our audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants. We also assessed certain data in the police department’s application for the CHRP grant and its performance in meeting grant objectives and overall accomplishments.

We found differences in the information the police department submitted to COPS in its CHRP grant application and the information we obtained to verify the accuracy of the grant application. To select CHRP grantees, COPS developed a methodology that scored and ranked each applicant based on key data submitted by the applicant. While it performed some limited data validity checks, COPS relied heavily on the accuracy of the data submitted by grant applicants. As a result, we reviewed the application statistics the police department submitted to COPS. We requested that the police department provide documentation to support 24 statistical items

reported in its CHRP grant application. However, the police department did not provide supporting documentation for 13 of those statistics. We compared those 13 statistics to other sources of information we obtained from the city's financial audit report and public website, the U.S. Department of Labor's Bureau of Labor Statistics, and the U.S. Federal Bureau of Investigation's crime statistics. For 10 of those statistics we found differences between the grant application and the information we obtained. We found differences in: (1) locally generated revenues for fiscal year (FY) 2009, (2) general fund balance for FY 2009, (3) percentage reduction in sworn law enforcement personnel, (4) local area unemployment statistics for FYs 2008 and 2009, and (5) five types of reported crime incidents for calendar year 2008. We also assessed the effect of these differences in the police department's application data and determined that the differences did not appear to have affected the suitability of the award. We recommend that the police department implement procedures to ensure that future grant applications are supported by complete documentation.

We also found the police department:

- charged \$4,211 in unallowable salaries to the CHRP grant;
- charged \$6,190 in unallowable fringe benefits to the CHRP grant; and
- included in its CHRP grant application, \$112,684 for police officer sick leave and vacation that was already included as part of officer salaries.

As a result of our findings, we make two dollar-related recommendations and two recommendations to improve the management of grants.

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

We discussed the results of our audit with Wilmington officials and have included their comments in the report, as applicable.

# TABLE OF CONTENTS

<b>INTRODUCTION</b> .....	<b>1</b>
The Office of Community Oriented Policing Services .....	1
American Recovery and Reinvestment Act.....	1
COPS Hiring Recovery Program.....	2
COPS Technology Program.....	2
The City of Wilmington, North Carolina .....	2
Our Audit Approach .....	3
<b>FINDINGS AND RECOMMENDATIONS</b> .....	<b>5</b>
Application Statistics .....	5
Internal Control Environment .....	8
Grant Expenditures .....	9
Drawdowns .....	13
Budget Management and Control .....	13
Reporting.....	14
Compliance with Award Special Conditions .....	16
Program Performance and Accomplishments .....	16
Retention.....	18
Monitoring of Contractors.....	18
Conclusion .....	18
Recommendations .....	19
<b>APPENDIX I - OBJECTIVES, SCOPE, AND METHODOLOGY</b> .....	<b>20</b>
<b>APPENDIX II - SCHEDULE OF DOLLAR-RELATED FINDINGS</b> ....	<b>22</b>
<b>APPENDIX III - OFFICE OF COMMUNITY ORIENTED POLICING SERVICES' RESPONSE TO THE DRAFT REPORT</b> .....	<b>23</b>
<b>APPENDIX IV - THE CITY OF WILMINGTON'S RESPONSE TO THE DRAFT REPORT</b> .....	<b>26</b>
<b>APPENDIX V - OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT</b> .....	<b>31</b>

## INTRODUCTION

The Department of Justice (DOJ), Office of the Inspector General, Audit Division, has completed an audit of the Office of Community Oriented Policing Services (COPS) grants awarded to the Wilmington Police Department, Wilmington, North Carolina. The grants we audited included a COPS Hiring Recovery Program (CHRP) grant in the amount of \$2,005,809 to hire and fund 13 entry-level sworn officers for 3 years and a COPS Law Enforcement Technology (TECH) grant in the amount of \$315,000 to install sensors in high-crime areas of the City of Wilmington to pinpoint and report on the location of gunshots. The police department was awarded a total of \$2,320,809 to implement the grant programs shown in Exhibit 1.

### EXHIBIT 1: OFFICE OF COMMUNITY ORIENTED POLICING SERVICES GRANTS AWARDED TO THE WILMINGTON POLICE DEPARTMENT

GRANT NUMBER	COPS PROGRAM	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2009-RK-WX-0568	CHRP	07/01/2009	12/31/2013	\$2,005,809
2010-CK-WX-0419	TECH	12/16/2009	09/30/2013	\$315,000
<b>TOTAL:</b>				<b>\$2,320,809</b>

Source: COPS

The objective of our audit was to determine whether costs claimed under the grants were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants. We also assessed the police department's program performance in meeting grant objectives and overall accomplishments.

### The Office of Community Oriented Policing Services

Within the DOJ, COPS assists law enforcement agencies in enhancing public safety through the implementation of community policing strategies in jurisdictions of all sizes across the country. COPS provides funding to state, local, and tribal law enforcement agencies and other public and private entities to hire and train community policing professionals, acquire and deploy cutting-edge crime-fighting technologies, and develop and test innovative policing strategies.

### American Recovery and Reinvestment Act

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The purposes of the Recovery Act were to: (1) preserve and create jobs and promote economic recovery; (2) assist those most impacted by the recession;

(3) provide investments needed to increase economic efficiency by spurring technological advances in science and health; (4) invest in transportation, environmental protection, and other infrastructure that will provide long term economic benefits; and (5) stabilize state and local government budgets in order to minimize reductions in essential services and avoid state and local tax increases.

The Recovery Act provided approximately \$4 billion to the DOJ in grant funding to be used to enhance state, local, and tribal law enforcement efforts. Of these funds, \$1 billion was provided to COPS to award as grants for state, local, and tribal governments to hire or retain police officers.

### **COPS Hiring Recovery Program**

To distribute the Recovery Act money, COPS established CHRP to hire and retain career law enforcement officers. CHRP provided 100 percent of the funding for approved entry-level salaries and benefits (for 3 years) for newly hired, full-time sworn officer positions, for rehired officers who had been laid off, or for officers who were scheduled to be laid off on a future date. COPS received 7,272 applications requesting funding for approximately 39,000 officer positions. On July 28, 2009, COPS announced its selection of 1,046 law enforcement agencies as recipients of the \$1 billion CHRP funding to hire, rehire, and retain 4,699 officers. The grants were competitively awarded based on data submitted by each applicant related to fiscal and economic conditions, rates of crime, and community policing activities.

### **COPS Technology Program**

The purpose of the COPS Technology Program was to provide funding for the continued development of technologies and automated systems to assist state, local, and tribal law enforcement agencies investigating, responding to, and preventing crimes.

### **The City of Wilmington, North Carolina**

The City of Wilmington is located in southeastern North Carolina and is bordered by the Cape Fear River to the west and the Atlantic Ocean to the east. The city was incorporated in 1739, has a population of about 100,000, and covers an area of about 50 square miles. The Wilmington Police Department's approved budget for fiscal year (FY) 2012-2013 is \$24,483,015. At the time of the grant application, the police department's budget included funding for 263 sworn officer positions.

## Our Audit Approach

We tested compliance with what we considered to be the most important conditions of the CHRP and technology grants. Unless otherwise stated in our report, the criteria we audit against are contained in the Grant Owner's Manuals and the grant award documents. The Grant Owner's Manuals serve as a reference to assist grantee agencies with the administrative and financial matters associated with the grants. The manuals were developed by COPS to ensure that all grantees understand and meet the requirements of the grants. We also considered applicable Office of Management and Budget and Code of Federal Regulations criteria in performing our audit. We tested the police department's:

- **CHRP grant application statistics** to assess the accuracy of key statistical data that the grantee submitted with its CHRP application;
- **internal control environment** to determine whether the financial and accounting system and related internal controls were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grants;
- **grant expenditures** to determine whether expenditures charged to the grants were allowable, supported, and accurate;
- **drawdowns** (requests for grant funding) to determine whether requests for reimbursements or advances were adequately supported and whether the police department managed grant receipts in accordance with federal requirements;
- **budget management and control** to determine whether the police department adhered to the COPS-approved budgets for the expenditure of grant funds;
- **reporting** to determine whether the required periodic Federal Financial Reports, Progress Reports, and Recovery Act Reports were submitted on time and accurately reflected grant activity;
- **compliance with award special conditions** to determine whether the police department complied with special terms and conditions specified in the grant award documents;

- **program performance and accomplishments** to determine whether the police department achieved grant objectives, and to assess performance and grant accomplishments; and
- **monitoring of contractors** to determine whether the city adequately monitored contractors paid with grant funds.

For these grants, there were no matching funds, program income, accountable property items, or monitoring of sub-grantees to be tested.



## FINDINGS AND RECOMMENDATIONS

The police department did not maintain documentation to support 13 of 24 statistics in its CHRP grant application. We compared those grant application statistics to documentation we obtained from other sources and found 10 differences that did not appear to have affected the suitability of the award. In addition, the police department made salary and fringe benefit payments that exceeded the budgeted amounts approved by COPS (\$10,401). The police department also included in its grant application \$112,684 for officer vacation and sick leave that was already included as part of officer salary costs. Consequently, COPS awarded the police department \$112,684 in excess grant funds. These conditions and the underlying causes are further discussed in the body of the report. As a result of our audit, we make two dollar-related recommendations and two recommendations to improve the management of grants.

### Application Statistics

To select CHRP grantees, COPS developed a methodology that scored and ranked applicants based on data related to their fiscal and economic conditions, rates of crime, and community policing activities. In general, the applicants experiencing more fiscal and economic distress, exhibiting higher crime rates, and demonstrating well-established community policing plans, received higher scores and were more likely to receive a grant. While COPS performed some limited data validity checks, COPS relied heavily on the accuracy of the data submitted by grant applicants. In the CHRP Application Guide, COPS reminded applicant agencies to provide accurate agency information as this information may be used, along with other data collected, to determine funding eligibility. In our May 2010 report of the COPS grant selection process, we found that the validation process COPS used to ensure the accuracy of the crime data submitted by applicants was inadequate.<sup>1</sup> As a result, some agencies may have received grant funds based on inaccurate applications. However, we were unable to determine the number of applications that included inaccurate data.

During this audit, we requested that the police department provide us with documentation to support the information it submitted to COPS to secure the CHRP grant. The police department did not provide

---

<sup>1</sup> U.S. Department of Justice Office of the Inspector General, *A Review of the Selection Process for the COPS Hiring Recovery Program*, Audit Report 10-25, (May 2010).

documentation to support 13 of 24 statistics in the grant application. We compared those statistics to other sources of information and found 10 differences between the information the police department submitted in the CHRP application and the information we obtained from other sources.<sup>2</sup> Specifically, we found differences in the application data regarding Wilmington’s locally-generated revenues, general fund balance, percentage reduction in sworn law enforcement personnel, unemployment rates, and reported crime incidents for calendar year 2008. Exhibit 2 identifies the differences in the statistics reported in the application and the actual supported statistics.

**EXHIBIT 2: STATISTICS REPORTED IN THE 2009 CHRP GRANT APPLICATION BY WILMINGTON**

<b>STATISTIC</b>	<b>REPORTED</b>	<b>ACTUAL</b>	<b>DIFFERENCE</b>
Total Jurisdictional Locally Generated Revenue, FY 2009	\$57,558,498	\$70,893,703	(\$13,335,205)
Total Jurisdictional General Fund Balance, FY 2009	\$13,245,555	\$16,398,976	(\$3,153,421)
Reduction in Sworn Law Enforcement Personnel	3.6 percent	4 percent	(.4)
Unemployment Rate, January 2008	5.2 percent	5.1 percent	.1
Unemployment Rate, January 2009	9.9 percent	9.6 percent	.3
Crime Incidents- Homicide	13	12	1
Crime Incidents- Aggravated Assault	392	398	(6)
Crime Incidents- Burglary	1,466	1,465	1
Crime Incidents- Larceny	3,383	3,454	(71)
Crime Incidents- Motor Vehicle Theft	498	528	(30)

Source: Wilmington Police Department 2009 CHRP Grant Application

According to a Wilmington Budget Analyst, the amounts included in the CHRP application for locally-generated revenue and general fund balance for FY 2009 were estimated at the time the application was prepared. The

---

<sup>2</sup> The other sources of information we used were: (1) the City of Wilmington’s financial audit report (for revenues and general fund balance), (2) the City of Wilmington website (for the reduction in sworn law enforcement personnel), (3) the U.S. Department of Labor’s Bureau of Labor Statistics (for unemployment rates), and (4) the Federal Bureau of Investigation (for crime statistics). The statistics the police department reported in the grant application were different from the statistics reported in these sources of information, but the differences did not affect the suitability of the award.

police department's Grants Manager could not explain why the police department underestimated the percent reduction of sworn officers reduced through furlough.

We also identified other differences. We found that the January 2008 and 2009 local area unemployment statistics reported in the police department's grant application were 0.1 percent and 0.3 percent higher than the reports we obtained from the Bureau of Labor Statistics, and that local crime statistics for five crime categories reported for calendar year 2008 did not match the data we obtained from the Federal Bureau of Investigation's Uniform Crime Reports. The police department's Grants Manager could not explain the differences in local unemployment statistics. Another police department official told us that the differences in crime statistics resulted from a lack of reconciliation of crime data between the City of Wilmington, the State of North Carolina, and the Federal Bureau of Investigation.

In our draft audit report, we described the differences between information in the grant application data and the information we used to verify the accuracy of the application as "inaccuracies" and recommended that the police department establish procedures to ensure that future grant applications are accurate. The police department disagreed with our recommendation and stated that the grant application statistics were accurate when it submitted the application and explained that the statistics used in the application have changed or are from sources other than those we used to verify the accuracy of the application. We agree that statistics used in the grant application may change over time. However, the police department did not provide documentation during the audit, or in response to the draft report, to demonstrate that the statistics in the grant application were accurate when submitted. Along with its response to the draft report, the police department provided documentation for three grant application statistics, but the information in those documents does not agree with the information in the grant application.

Based on the police department's response to the draft report, we removed language from the report pertaining to "inaccuracies" and describe them as "differences" between the grant application and the data we obtained from other sources. Because the police department did not provide documentation to support that its grant application statistics were accurate when submitted, we recommend that the police department implement procedures to ensure that future grant applications are supported by complete documentation.

Because the application information was used to determine the grantee's eligibility to receive the grant, we performed a sensitivity analysis

on the grant application statistics information using COPS methodology. The purpose for the sensitivity analysis was to examine whether the differences in the application data we identified were significant enough to affect the grantee's eligibility to receive the grant. We found that the differences between data in the grant application and the data we obtained did not affect the suitability of the award. As a result, we do not question the award of the CHRP grant to the police department.

Because the data that grantees submit are relied upon to award substantial grants, we believe it is vital that grantees ensure that the data and information submitted to awarding agencies is supported by complete documentation. In this case, the data the police department reported in its grant application did not significantly affect the suitability of its award. However, we recommend that the police department establishes procedures to ensure data in future grant applications is supported by complete documentation.

## **Internal Control Environment**

We reviewed the City of Wilmington's financial management system, policies and procedures, and Single Audit reports to assess the risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants. We also interviewed management staff from the organization, performed payroll and fringe benefit testing, and reviewed financial and performance reporting activities to further assess the risk.

### *Single Audit Reports*

According to Office of Management and Budget (OMB) Circular A-133, an entity expending more than \$500,000 in federal funds in a year 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's fiscal year runs from July 1 through June 30 with the Single Audit report due by March 31 of the following year. The city's federal expenditures were \$5,053,457 in FY 2011, which required the city to undergo a Single Audit. We reviewed the city's Single Audit reports for FYs 2010 and 2011. Both Single Audits were timely completed and signed by the independent auditor.

The FY 2010 Single Audit identified one finding that could affect grant funds. The city was found to have issued four purchase orders without approval by an appropriate city official. This finding was carried over into the FY 2011 Single Audit.

In response to this finding in the FY 2011 report, the city stated that it had begun to address this issue following the FY 2010 Single Audit by working to implement an automated approval process and by adding additional non-automated approval levels. However, the city's efforts had been hampered by the implementation of a new city-wide automated system and by the loss of 50 percent of the city's purchasing staff. As of August 2011, the purchasing function was fully staffed, and the city's new purchase order approval process was implemented on March 19, 2012, and is now fully operational. In our judgment, the city's response adequately addressed the report recommendation. There were no recommendations related directly to DOJ grant funds.

### *Financial Management System*

According to the Grant Owner's Manuals, award recipients are responsible for establishing and maintaining an adequate system of accounting and internal controls. An acceptable internal control system provides cost controls to ensure optimal use of funds. Award recipients must adequately safeguard funds and assure they are used solely for authorized purposes.

While our audit did not assess the city's overall system of internal controls, we did review the internal controls of the city's financial management system specific to the administration of grant funds during the periods under review. We determined that the city assigned for each grant a separate project code, which was used to track and segregate all financial data within the financial system for each award.

## **Grant Expenditures**

### *CHRP Grant*

According to the COPS Grant Owner's Manuals, grants cover 100 percent of the approved entry-level salary and fringe benefits of each newly hired or rehired full-time sworn career law enforcement officer over a 3-year period. Grant funding is for the entry-level salary and fringe benefits in effect at the time of the application. Any costs above the approved entry-level salaries and fringe benefits are the responsibility of the award recipient.

As of July 13, 2012, Wilmington had drawn down \$1,357,858 of the grant funds for salaries and fringe benefits. We judgmentally selected two non-consecutive pay periods and tested whether costs charged to the grant were computed correctly, accurately recorded, and supported by time and

attendance records. We also compared officer pay rates and positions to those in the grant budgets approved by COPS.

We found that costs charged to the grant were computed correctly, and supported by time and attendance records. However, the police department exceeded the approved entry-level salaries and fringe benefits for some officers, and some fringe benefits charged to the grant were not accurately reported in the accounting records. Consequently, we expanded our testing of salaries and fringe benefits to all \$1,313,397 charged to the CHRP grant as of June 1, 2012.

We found that overall, the police department charged \$46,817 less salaries to the grant than the budgeted amount approved by COPS. However, 11 officers' salaries exceeded the allowable budgeted amounts by \$4,211. Exhibit 3 shows the budgeted entry-level salary, actual salary, and overpayments for these officers.

**EXHIBIT 3: BUDGETED SALARIES VERSUS ACTUAL SALARIES FOR GRANT NUMBER 2009-RK-WX-0568**

EMPLOYEE	BUDGETED SALARY	ACTUAL SALARY	OVERPAYMENT
Entry-Level- Year 1			
1	\$34,000	\$34,815	\$815
2	\$34,000	\$34,178	\$178
3	\$34,000	\$34,669	\$669
4	\$34,000	\$34,666	\$666
5	\$34,000	\$34,677	\$677
6	\$34,000	\$34,260	\$260
7	\$34,000	\$34,107	\$107
8	\$34,000	\$34,543	\$543
9	\$34,000	\$34,258	\$258
10	\$34,000	\$34,005	\$5
13	\$34,000	\$34,033	\$33
<b>Total Overpayment:</b>			<b>\$4,211</b>

Source: City of Wilmington Employee Earnings Records

Salary costs exceeded the grant budget because the police department paid each COPS officer a salary higher than the entry-level salary approved by COPS. We question the \$4,211 overpayments as unallowable because those payments exceeded the budgeted amounts approved by COPS. The budgeted amount, which is the entry-level salary, is the ceiling for payments under the grant. There were no minimum salaries.

We also tested fringe benefits charged to the grant and found that, overall, the police department charged \$33,746 less fringe benefits to the grants than the budgeted amounts approved by COPS. However, one officer's fringe benefit payments exceeded the budgeted amounts by \$6,190.

Exhibit 4 shows the difference in the budgeted fringe benefits, actual fringe benefits, and overpayments to the officer.

**EXHIBIT 4: BUDGETED FRINGE BENEFITS VERSUS ACTUAL FRINGE BENEFITS PAID FOR GRANT NUMBER 2009-RK-WX-0568**

<b>EMPLOYEE</b>	<b>BUDGETED FRINGE BENEFITS<sup>3</sup></b>	<b>ACTUAL FRINGE BENEFITS</b>	<b>OVERPAYMENT</b>
Entry-Level- Year 1			
2	\$13,597	\$15,995	\$2,398
Entry-Level- Year 2			
2	\$14,005	\$16,908	\$2,903
Entry-Level- Year 3			
2	\$4,919	\$5,808	\$889
<b>Total Overpayment:</b>			<b>\$6,190</b>

Source: City of Wilmington Employee Earnings Records

We questioned the \$6,190 in excess fringe benefit payments as unallowable because those costs exceeded the maximum amounts approved by COPS.

Fringe benefit costs exceeded the grant budget because the police department charged the CHRP grant the actual fringe benefits costs it paid to the officer instead of the budgeted fringe benefit amounts approved by COPS and the actual fringe benefit costs were higher.

We asked COPS about the police department's overpayment of salaries and fringe benefits and a COPS official told us that these overpayments could be allowable if: (1) the police department did not exceed the grant award amount, and (2) it requested and received approval for a budget modification. At the time of our audit, the police department had not

---

<sup>3</sup> Budgeted fringe benefits are prorated for officers who worked less than a full year. Entry-level fringe benefits approved by COPS for year 1 was \$15,919 with an approved 3 percent increase for year 2 (\$16,396) and year 3 (\$16,888). However, we made adjustments to the budgeted fringe benefits amount because Wilmington elected not to charge the CHRP grant for Social Security, Workers' Compensation, and Unemployment Insurance fringe benefits, therefore, we reduced the total allowable fringe benefits budget by those individual fringe benefits amounts.

exceeded the grant award but had not requested nor received from COPS a budget modification for the overpayments.

When actual salary and fringe benefits exceed the budgeted amounts, the police department's ability to compensate its officers hired under the CHRP grant throughout the entire grant period could be at risk. We recommend that COPS remedy the \$4,211 in salary and \$6,190 in fringe benefit overpayments and ensure the police department revises its procedures to ensure future salary and fringe benefit costs are charged to the grant in accordance with the approved budget.

During our review of the police department's support for payroll, we found that two CHRP officer timecards were not dated by either the officer or their supervisor although both timecards contained electronic signatures. We consider the two timecards with missing dates immaterial and make no recommendation.

During our review of the Final Financial Memorandum approved by COPS, we found that fringe benefits included sick leave and vacation; however, sick leave and vacation were already included as part of salary in the grant budget. A Wilmington Budget Analyst told us it was not the city's normal practice to pay their non-COPS officers for sick leave or vacation in addition to their regular salary. We discussed this with COPS staff who agreed that vacation and sick leave could be included in the grant budget as part of salary or fringe benefits, but not both. The police department's CHRP application included \$1,495 for sick leave for entry-level officers for year 1, \$1,541 for year 2, and \$1,587 for year 3. The CHRP application included \$1,308 for vacation for entry-level officers for year 1, \$1,348 for year 2, and \$1,389 for year 3. For the 3-year grant period, the police department overestimated its fringe benefit costs for sick leave and vacation by a total of \$8,668 per officer and \$112,684 for the 13 grant-funded officers. We consider the \$112,684 to be funds that could be put to better use and recommend that COPS deobligate those funds.

### *Technology Grant*

Under the COPS Technology Grant, the police department was approved to purchase a gunshot location system. The police department entered into a 2-year service contract with the vendor to be paid in two installments. We tested both expenditures and determined that these expenditures were allowable, properly authorized, supported by complete and accurate invoices, and accurately recorded in the city's financial records. However, the finance department recorded these payments as "other equipment" in the accounting records when the payments were actually for a



service contract over a specified period of time. We determined this error was isolated and immaterial.

## **Drawdowns**

COPS requires grantees to minimize the cash-on-hand by requesting funds based on immediate cash disbursements needs. Grantees may draw down funds in advance, but the funds must be used within 10 days.

### *CHRP Grant*

As of July 13, 2012, the police department had drawn down \$1,357,858 from the CHRP grant. Wilmington officials told us that the police department's drawdown amounts were made based on expenditures in the accounting records less adjustments.<sup>4</sup> We found that the police department's drawdowns matched allowable grant expenditures recorded in the accounting records for the grant.

### *Technology Grant*

The police department made one drawdown for the full amount of the award. We found that the police department's drawdown matched grant expenditures recorded in the accounting records for the grant.

## **Budget Management and Control**

Criteria established in 28 Code of Federal Regulations (CFR) Section 66.30 addresses budget controls for grantee financial management systems. According to the CFR, grantees are permitted to make changes to their approved budgets to meet unanticipated program requirements. However, whenever the awarding agency's shares exceeds \$100,000, the movement of funds between approved budget categories in excess of 10 percent of the total award must be approved in advance by the awarding agency. The 10-percent rule was applicable to both COPS grants awarded to Wilmington. While the CHRP grant was still in progress at the time of our audit, the police department appeared to remain within the approved budget allowance for each category for this grant. We determined the police department did not transfer funds among direct cost categories in excess of 10 percent of the award amount for the technology grant.

---

<sup>4</sup> Requests for Grant Number 2009-RK-WX-0568 had been quarterly until July 2011 when the City began requesting reimbursement on a monthly basis.

In addition to remaining within the approved budget allowance, the police department must ensure it does not supplant local funds with grant funds. According to the 2009 CHRP Grant Owner's Manual, CHRP funds should supplement, not supplant, funds already committed from local sources. The nonsupplanting requirement means that officers hired after the start date of the grant must be in addition to those currently budgeted (funded) from local sources. In addition, grantees must take active and timely steps to fully fund law enforcement costs already budgeted as well as fill all locally funded vacancies resulting from attrition over the life of the grant.

As allowed by CHRP, the police department originally submitted a grant application for funds to retain 13 officers who were scheduled to be laid off. We reviewed the police department's funded sworn officer strength for FYs 2008-2009, 2009-2010, 2010-2011, and 2011-2012 to determine if the police department reduced its funded sworn officer positions as a result of receiving grant funds. We found that the police department's funding strength for sworn officers was reduced by 11 from 263 officers in FY 2008-2009 and to 252 officers in FY 2009-2010. This reduction was the basis for the police department's application for the CHRP grant. The FY 2010-2011 and FY 2011-2012 police department budgets include funds to retain the 252 sworn officer positions. We concluded that the police department did not violate the non-supplanting requirement.

## **Reporting**

COPS monitors the status of grant funds and progress towards grant goals through grantees' quarterly financial and grant progress reports. Recipients of COPS CHRP grants must also submit to [FederalReporting.gov](http://FederalReporting.gov) quarterly reports on the amount of Recovery Act funds expended and numbers of jobs created or saved.

### *Federal Financial Reports*

The financial aspect of COPS grants are monitored through Federal Financial Reports (FFR).<sup>5</sup> According to the Grant Owner's Manuals, FFRs should be submitted within 30 days of the end of the most recent quarterly reporting period. Even for periods when there have been no program outlays, a report to that effect must be submitted. Funds or future awards may be withheld if reports are not submitted or are excessively late.

---

<sup>5</sup> Effective October 1, 2009, the SF-425 Federal Financial Report replaced the SF-269 Financial Status Reports (FSRs). For consistency, we use the term "FFR" throughout this report when discussing any quarterly financial reports.

We reviewed the last four FFRs for the CHRP grant and the last three FFRs for the technology grant for accuracy and timeliness.<sup>6</sup> We found that all seven FFRs were submitted on time. By comparing the amounts reported in the FFRs to the accounting records, we also reviewed the accuracy of the FFRs. We found that for all seven reports we tested, the reported expenditures on the FFRs generally matched the police department's accounting records, except that for the technology grant, expenditures reported on the FFR for the quarter ended June 30, 2011, were \$157,500 less than the expenditures recorded in the accounting records. The city corrected the error on the FFR for the quarter ended December 31, 2011.

### *Progress Reports*

Progress reports provide information relevant to the performance of an award-funded program and the accomplishment of objectives as set forth in the approved award application. For CHRP grants, the COPS Grant Owner's Manual requires grantees to submit progress reports within 30 days after the end of the calendar quarter. For the technology grant, the Grant Owner's Manual requires Program Progress Reports and a final closeout report as requested by the COPS office during the life of the grant.

We reviewed the last eight quarterly progress reports submitted to COPS for the CHRP grant. We determined that the reports were accurate and submitted on time. No progress reports were required for the technology grant.

### *Recovery Act Reports*

In addition to normal reporting requirements, grantees receiving Recovery Act funding must submit quarterly reports which require both financial and programmatic data. The Recovery Act requires recipients to submit their reporting data through [FederalReporting.gov](http://FederalReporting.gov), an online web portal that will collect all reports. Recipients must enter their data no later than 10 days after the close of each quarter beginning September 30, 2009.

As of February 21, 2012, the police department had submitted eight Recovery Act reports to [FederalReporting.gov](http://FederalReporting.gov) during the preceding 2 years. We tested all eight reports for timelines and the last four reports for accuracy. Of the eight reports reviewed for timeliness, one was submitted 3 days late. Of the four reports we reviewed for accuracy, one report was misstated by \$1,000 or 0.1 percent.

---

<sup>6</sup> We reviewed three FFRs for the technology grant because only three FFRs were submitted for that grant.

This error was corrected in the next report. According to a Wilmington Revenue Analyst, this was a typographical error. We concluded that these errors were immaterial, and that the police department met the Recovery Act reporting standards.

## **Compliance with Award Special Conditions**

Award special conditions are included in the terms and conditions for a grant award and are provided in the accompanying award documentation. Special conditions may also include special provisions unique to the award. The CHRP grant contained a special condition requiring that funding should only be used for payment of approved full-time entry-level sworn officer salaries and fringe benefits. As discussed in the Grant Expenditures section of this report, we found that the police department over-charged the grant for salary and fringe benefits.

## **Program Performance and Accomplishments**

### *CHRP Grant*

In the CHRP Application Guide, COPS identified the methods for measuring a grantee's performance in meeting CHRP grant objectives. According to COPS, there were two objectives to the CHRP grant: (1) to increase the capacity of law enforcement agencies to implement community policing strategies that strengthen partnerships for safer communities and enhance law enforcement's capacity to prevent, solve, and control crime through funding additional officers; and (2) to create and preserve law enforcement officer jobs. Quarterly progress reports describing how CHRP funding was being used to assist the grantee in implementing its community policing strategies and detailing hiring and rehiring efforts were to be the data source for measuring performance. However, COPS did not require grantees to track statistics to respond to the performance measure questions in the progress reports. In addition, the grantee's community policing capacity implementation rating, identified in the progress report, would not be used in determining grant compliance.

Even though COPS did not require a grantee to track statistics to support its performance, it does require a grantee to be able to describe that it is initiating or enhancing community policing in accordance with its community policing plan. The COPS Office defines community policing as a philosophy that promotes organizational strategies, which support the systematic use of partnerships and problem-solving techniques, to proactively address the immediate conditions that give rise to public safety issues such as crime, social disorder, and fear of crime. According to the

2009 CHRP Grant Owner's Manual, grants must be used to initiate or enhance community policing activities. All newly hired, additional, or rehired officers (or an equal number of redeployed veteran officers) funded under CHRP must engage in community policing activities.

In its application, the police department noted that the goal and objective of the CHRP grant was to rehire 13 police officers involved in geographic-based community policing who would have been laid off because of fiscal problems.

Police department officials told us that grant performance is tracked by community policing activity reports CHRP officers are required to complete and by one-on-one contact that each COPS officer has with their supervisor. We reviewed the activity reports and determined that these officers' activities related to community policing services. We also reviewed multiple supporting documents regarding the police department's community policing activities. We noted a flyer notifying the public about police activities and news articles about community policing. We interviewed police department officials, including the police department's Grant Manager and Hiring Program Manager. We also reviewed CHRP officer activity reports and concluded that the police department continues to be involved in the community policing activities discussed in its CHRP application and appears to be meeting grant objectives.

In the police department's first five quarterly CHRP progress reports for the period July 2009 through September 2010, COPS requested information regarding the effect CHRP funding was having on community policing and the status of hiring actions for the grant-funded officers. Beginning in the fourth quarter calendar year 2010, COPS only requested the status of hiring actions and no longer requested information regarding the effect CHRP funding was having on community policing activities.

### *Technology Grant*

In the COPS Technology Program Application Guide, a grantee's performance is measured by increasing the capacity of law enforcement agencies to implement community policing strategies that strengthen partnerships for safer communities and enhance law enforcement's capacity to prevent, solve, and control crime through funding for personnel, technology, equipment, and training. No progress reports were required for the Technology grant. Under the technology grant, the police department entered into a contract to purchase a subscription for a gunshot location system for \$315,000. The 2-year subscription began on September 30, 2011, and is scheduled to expire on September 29, 2013. The contract

includes the strategic placement of 46 sensors throughout a 3 square mile area of Wilmington known for gun violence and the purchase of 65 licenses that allow the police department to use the subscription.

The police department provided us a written assessment of the system in which they indicated that the system performed well. We also reviewed the minutes of a city government meeting in which the Police Chief discussed the system and had very positive comments regarding its performance. We concluded that the police department was meeting the grant objective.

## **Retention**

In its application for CHRP funding, the police department stated that it planned to use general funds to retain the CHRP-funded officers for a minimum of 12 months following the conclusion of the grant. We determined that at the time of its application the police department's budget funded 263 sworn officers. At the start of FY 2009-2010, the police department's budget reduced the number of funded sworn officers to 252. The police department began using CHRP funding in January 2010. The 3-year funding period will end in January 2013, which falls within the police department's FY 2012-2013. We determined that the City Manager's recommended budget for FY 2012-2013 included funding for an additional 13 sworn officers for the police department. The City Council approved this budget on June 19, 2012. We concluded that the police department met the CHRP retention requirement.

## **Monitoring of Contractors**

Under the technology grant, the subscription service provides the police department with a monthly report with incident data that the police department uses to evaluate the performance of the subscription service. We determined that the police department's oversight of the subscription service appeared adequate. The CHRP grant did not include contractual work.

## **Conclusion**

We found that the Wilmington Police Department's CHRP grant application contained ten instances of incorrect data, but the incorrect data would not have changed COPS' award decision or award amount. The police department made \$10,401 in salary and fringe benefit payments that exceeded the entry-level rate approved by COPS, and it overestimated its fringe benefit costs by \$112,684. As a result of our audit, we make two

dollar-related recommendations and two recommendations to improve the police department's management of grants.

## **Recommendations<sup>7</sup>**

We recommend that COPS:

1. Require the police department to establish procedures that ensure future grant applications are supported by complete documentation.
2. Remedy \$4,211 in excess salaries and \$6,190 in excess fringe benefits paid with CHRP grant funds.
3. Require the police department to implement procedures that ensure salary and fringe benefit costs are accurately charged to the CHRP grant.
4. Determine and complete the appropriate remedy for \$112,684 in excess CHRP grant funds awarded for officer sick leave and vacation that were already included as part of the grant funds awarded for officer salaries.

---

<sup>7</sup> We revised Recommendation Number 1 based on the grantee's response to the draft report and Recommendation Number 4 based on COPS response to the draft report.

## APPENDIX I

### OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether reimbursements claimed for costs under grant 2009-RK-WX-0568 and grant 2010-CK-WX-0419 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants. We also assessed grantee program performance in meeting grant objectives and overall accomplishments. We reviewed activities in the following areas: (1) application statistics, (2) internal control environment, (3) expenditures including personnel and fringe benefits, (4) drawdowns, (5) budget management and control, (6) reporting, (7) compliance with grant requirements, (8) program performance and accomplishments, and (9) monitoring of contractors. We determined that matching costs, program income, and monitoring of subgrantees were not applicable to these grants.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provided a reasonable basis for our findings and conclusions based on our audit objectives.

We audited the COPS Hiring Recovery Program grant 2009-RK-WX-0568 and the COPS Technology Program grant 2010-CK-WX-0419. The grantee had requested a total of \$1,672,858 in grant funding through July 13, 2012.

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 laws, regulations, Office of Management and Budget Circulars, COPS Grant Owner's Manuals, the OJP Financial Guide, and special conditions of the awards described in the grant award documents.

In conducting our audit, we performed testing in application statistics, drawdowns, and expenditures including payroll and fringe benefit charges. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as unique payroll and fringe benefits adjustments throughout the year. This non-statistical sample design did 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 Federal Financial Reports, Progress Reports, and Recovery Act Reports, and evaluated performance to grant objectives and the grantee's monitoring of contractors. However, we did not test the reliability of the police department's financial management system as a whole.

## APPENDIX II

### SCHEDULE OF DOLLAR-RELATED FINDINGS

DESCRIPTION	AMOUNT	PAGE
<b>Unallowable Costs:</b>		
2009-RK-WX-0568:		
Unallowable Salary Costs	\$4,211	10
Unallowable Fringe Benefit Costs	\$6,190	11
<b>Total Unallowable Costs</b>	<b>\$10,401</b>	
<b>Total Questioned Costs<sup>8</sup></b>	<b>\$10,401</b>	
<b>Funds To Better Use:</b>		
2009-RK-WX-0568:		
Sick leave and vacation already included as part of salary	\$112,684	12
<b>Total Funds to Better Use<sup>9</sup></b>	<b>\$112,684</b>	
<b>Total Dollar-Related Findings</b>	<b>\$123,085</b>	

---

<sup>8</sup> 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.

<sup>9</sup> Funds to better use are funds that could be used more efficiently if management took actions to implement and complete an audit recommendation, including deobligation of funds from programs or operations.

## APPENDIX III

# OFFICE OF COMMUNITY ORIENTED POLICING SERVICES' RESPONSE TO THE DRAFT REPORT



U.S. DEPARTMENT OF JUSTICE  
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES  
Grant Operations Directorate/Audit Liaison Division  
145 N Street, N.E., Washington, DC 20530

**COPS**

### MEMORANDUM

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

From: Melonie V. Shine *MV Shine*  
Management Analyst

Date: October 19, 2012

Subject: Response to the Draft Audit Report issued on September 20, 2012 for the City of  
Wilmington, North Carolina

This memorandum is in response to your September 20, 2012 draft audit report on COPS Hiring Recovery Program (CHRP) Grant #2009RKWX0568 and Technology Grant #2010CKWX0419, awarded to the City of Wilmington, North Carolina (Wilmington). For ease of review, each audit recommendation is stated in bold and underlined, followed by a response from COPS concerning the recommendation.

**Recommendation 1 - Require the police department to establish procedures that ensure future grant applications contain accurate information.**

COPS concurs that grantees should ensure that grant applications are submitted with accurate information.

**Planned Action**

COPS will request procedures that Wilmington has established to ensure that future grant applications contain accurate information.

**Request**

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

**Recommendation 2 - Remedy \$4,211 in excess salaries and \$6,190 in excess fringe benefits paid with CHRP grant funds.**

COPS concurs that grantees' salary and fringe benefit costs should not exceed the amounts approved in the grant budgets.

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING

**Planned Action**

COPS will ensure that Wilmington made adjustments to remedy the excess salary and fringe benefit costs.

**Request**

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

**Recommendation 3 - Require the police department to implement procedures that ensure salary and fringe benefit costs are accurately charged to the CHRP grant.**

COPS concurs that grantees should implement policies and procedures to adequately administer grant funding.

**Planned Action**

COPS will request documentation from Wilmington to confirm that procedures have been implemented to ensure that salary and fringe benefit costs are accurately charged to the grant.

**Request**

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

**Recommendation 4 - Deobligate \$112,684 in CHRP grant funds for officer sick leave and vacation that were already included as part of officer salaries.**

COPS concurs that grantees should not include officer sick leave and vacation costs under both the salary and the fringe benefit budget categories.

**Planned Actions**

COPS will request further explanation of the circumstances from Wilmington. COPS will determine the appropriate action to remedy this recommendation after discussing the issue with Wilmington.

**Request**

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

Ferris B. Polk  
Atlanta Regional Audit Manager, OIG  
October 19, 2012  
Page 3

COPS considers Recommendations 1 through 4 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

COPS would like to thank you for the opportunity to review and respond to the draft audit report. If you have any questions, please contact me at 202-616-8124 or via e-mail.

cc: Louise M. Duhamel, Ph.D. (copy provided electronically)  
Justice Management Division

Mary T. Myers (copy provided electronically)  
Justice Management Division

Marcia O. Samuels-Campbell (copy provided electronically)  
Grant Operations Directorate

Grant Files: #2009RKWX0568 (CHRP)  
#2010CKWX0419 (Technology)

Audit File

ORI: NC06502

THE CITY OF WILMINGTON'S RESPONSE  
TO THE DRAFT REPORT



**Wilmington Police Department**  
Acting Chief of Police  
Marshall Williamson  
615 Bess Street  
PO Box 1810  
Wilmington, NC 28402-1810

910 343-3610  
910 343-3636 fax  
www.wilmingtonnc.gov  
Dial 711TTY/Voice

October 17, 2012

Mr. Ferris B. Polk  
Regional Audit Manager  
Office of the Inspector General  
U. S. Department of Justice  
75 Spring Street, Suite 1130  
Atlanta, Georgia 30303

Dear Mr. Polk,

RE: Draft Audit Report response – City of Wilmington, N C  
2009-RK-WX-0568 and 2010-CK-WX-0419

RECOMMENDATIONS

I. Require the police department to establish procedures that ensure future grant applications contain accurate information.

DISAGREE

For each of the 10 statistics that were listed as mistaken in the draft audit report, we stand by the fact that they were all accurate at the date of submission of the grant application.

The total jurisdictional locally generated revenue, FY 2009 and total jurisdictional general fund balance, FY 2009 had to be projected figures with it being submitted in a grant application that was drafted during the ongoing budget year.

The reduction in sworn law enforcement personnel figures submitted in the grant application were accurate as of the date of grant submission. The drafting of the grant and weekly budget meetings occurred during this same period. The number of officer positions scheduled for reduction changed several times. The City offered employees an early retirement program to eliminate officer positions. The grant was submitted just

prior to the end of the actual budget year. On the date of grant submission, the information was accurate. The subsequent addition of an actual reduction of one position would be in favor of an increased award and prima facie evidence that accurate information was submitted as of the date of grant submission.

Both the January, 2008 and January, 2009 unemployment rates were submitted in the grant application as accurate. Unemployment numbers are revised over time as more accurate information becomes available. The numbers are fluid. The U. S. Bureau of Labor Statistics cites the reasons for revisions in documents attached to the City of Wilmington's response letter. The most recent revision is listed as version (H).

All six listed crime statistics as inaccurate in the audit draft report were in fact submitted without error.

The audit cites FBI statistics as the source of "actual" numbers. It is important to remember that the grant instructions did not direct the applicant agency to submit FBI crime statistics. Using the FBI numbers would have been impossible as they were not published for several months after the grant submission in late October or early November.

#### Exhibit 2: Statistics Reported in the 2009 CHRP GRANT

Statistic	Reported	Actual	Difference
Crime Incidents - Homicide	13	12	1
Crime Incidents - Aggravated Assault	392	398	(6)
Crime Incidents - Burglary	1,466	1,465	1
Crime Incidents - Larceny	3,383	3,454	(71)
Crime Incidents - Motor Vehicle Theft	498	528	(30)

The below explanation should add insight into why these differences occurred.

Law enforcement agencies submit statistics to the FBI which reflect UCR statistical reporting requirements. These numbers are submitted for the Wilmington Police Department (WPD) via the State Bureau of Investigation (SBI). These numbers are gathered on a monthly basis and submitted at the beginning of the next month - usually in electronic format after a small grace period to reflect last minute changes and corrections. These statistics are maintained and submitted by the records section using the current Records Management Software (RMS) Pistol 2000. At the end of the calendar year, all statistics are frozen at the SBI and forwarded to the FBI for each agency. These numbers are then compiled into the FBI's **Crime in the United States** publication. The statistical year for the SBI and FBI is then *closed* as far as these agencies are concerned. The FBI publication is the source for the "ACTUAL" column. A mirror of these stats can be

obtained from the SBI website: <http://www.ncdoj.gov/Crime/View-Crime-Statistics.aspx>. You will notice from this website there are slight differences even between the SBI numbers and FBI numbers, i.e. 527 motor vehicle thefts and 3,455 larcenies.

WPD **does not** close a calendar year. Our “books” remain open from a statistical standpoint – forever. This point cannot be overstated enough from Wilmington Police Department’s perspective. For example, if we have a robbery reported in December, and subsequently through investigations discover that this crime did not occur, then this crime will be removed from the statistical category of robbery for the calendar year just ended. The records management system (RMS) for WPD **does not have an end of year closing procedure**. Attached is the report used to answer the question: How many Part I UCR Crimes occurred in year 2008? From this report you will notice the year 2008 calendar numbers have changed further. Again, the fluid nature of crime stats is never ending. In the below table, the “Reported” column would be my answers submitted for WPD internal stats if asked this question today as of September 24, 2012.

Statistic	Reported	Actual	Difference
Crime Incidents – Homicide	14	12	2
Crime Incidents – Aggravated Assault	392	398	(6)
Crime Incidents – Burglary	1,467	1,465	2
Crime Incidents – Larceny	3,385	3,454	(69)
Crime Incidents – Motor Vehicle Theft	498	528	(30)

The report shows there were **14** homicides in calendar year 2008.

What is obvious here are the two additional homicides. This is one more homicide in addition to the 13 submitted with the COPS application grant. The list of homicide cases for calendar year 2008 is also attached. You will notice that two of these cases have two victims. The point here is that something was changed since submission of our application to increase our homicide figure by +1 for a total of 14. These numbers will never be changed by the SBI or FBI for 2008 because these agencies have closed this calendar and are only accurate at this one moment in time. However, obvious reasons come to mind for these additional homicides. A death investigation on the preliminary reports could possibly have still been under investigation and its later determined that a wrongful death occurred. This determination could have occurred after the grace period for submission after the year ended.

The remainders of these differences were mainly due to unfounded case clearances – cases determined not to have occurred. On pages 24-25, in North Carolina Incident-Based Reporting Data Collection Guidelines, it clearly states under the category Case Disposition Codes: 1 Unfounded (reported crime did not occur). If a crime did not occur, the crime statistic should be removed from the appropriate category. The key to remember is that we will continue to investigate and change 2008 crimes for sometime



after the end-of-the-year. We have a cold case squad for the purpose of making arrests and investigating cases going back to the 1970's for some homicide cases. Other victims of crime will be charged with filing a false police report and the case unfounded. The records section could make a status change which could move a crime from one category to another based on the investigator findings.

The application instructions *did not state* that only the FBI submitted UCR Part I numbers for calendar 2008 were to be used. Therefore, the internal numbers were used because they would have reflected any changes to the crime categories.

The numbers reported in the COPS application reflect investigations or administrative findings (DA or Medical Examiner) that could have led to additional charges into certain categories such as homicide. Also some cases were unfounded which determined these crimes did not occur thereby subtracting these charges. The open book policy of WPD will continue to reflect changes to prior year cases. These numbers may yet change again if a cold case is solved or new information is reported to the police such as a victim filing a false police report, a suicide becoming a homicide, etc. These differences will continue to occur regardless of the recommendation in the audit report because of nature and timing of criminal statistics and crime reporting.

2. Remedy \$4,211 in excess salaries and \$6,190 in excess fringe benefits paid with CHRP grant funds.

#### AGREE

The City completed an extensive review of this project from inception through March 2012. Interim adjustments were made in January 2012 but the final adjustments were completed with the March 2012 draw request. We compared the allowable charges versus the amounts drawn. During the review, we discovered errors totaling \$9,477.66 in salaries and (\$618.82) in fringe benefits. This resulted in a net reduction of \$8,857.84. The March 2012 Draw Request should have been \$61,465.98 however, we requested \$52,607.14. The excess salaries identified above were included in the March 2012 draw request and no further adjustments will be made.

The City will make the appropriate adjustment for the excess fringe benefits of \$6,190 in the October 2012 reconciliation and draw request.

3. Require the Police Department to implement procedures that ensure salary and fringe benefit costs are accurately charged to the CHRP grant.

#### DISAGREE

The Finance Department is responsible for all financial activities related to grants. The current process for grant management has historically proven to be quite successful in

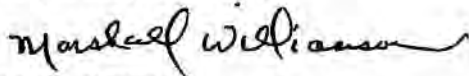
ensuring that grant funds are recorded correctly. Unfortunately, with the multiple turnovers in the grant management staff, minor discrepancies occurred when recording the required adjustments. The Finance Department is committed to ensuring that all CHRP funds are expended appropriately and in accordance with the established budget. An additional review will be implemented to guarantee this effort.

4. Deobligate \$112,684 in CHRP grant funds for officer sick leave and vacation that were already included as part of officer salaries.

**DISAGREE**

For Vacation Leave accruals, we do not agree with this recommendation. We do agree that if the employees use all accrued leave during the grant period, the vacation accrual funds would be included in the budgeted officer salaries. Unfortunately, this is not reality. Employees do not exhaust all accruals which creates a liability. The City agrees and supports the recommendation for Sick Leave accruals since there is no liability in the event of separation of service during the grant period. As of the date of this response, we have realized two personnel turnover events which required a mandatory payment of 163.80 hours or \$2,550 (plus benefits). Recently, we learned that another CHRP position will be vacated before the funding period expires. These employees were hired specifically for the grant(s) and did not transition from other full-time benefit eligible positions. The liability for the vacation accruals accumulated solely during the grant period and should be an eligible grant funded expenditure when the termination occurs during this said period. We are not recommending that the CHRP program fully fund the liability at the conclusion of the funding period, only when terminations occur during the active grant.

Respectfully submitted,



Marshall Williamson  
Acting Police Chief  
City of Wilmington, NC

### OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT

The OIG provided a draft audit report to COPS and the Wilmington Police Department. The COPS response is incorporated in Appendix III and the Wilmington Police Department's response is 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 Wilmington Police Department Response

In response to our audit report, the city disagreed with Recommendations 1 and 3, and partially disagreed with Recommendations 2 and 4. The city also provided documentation for three grant application statistics that are not included in its response as presented in Appendix IV. Below we discuss specific responses to each of our recommendations and the actions necessary to resolve or close those recommendations.

- 1. Resolved.** COPS concurred with our recommendation that the Wilmington Police Department establish procedures that ensure future grant applications contain accurate information. COPS stated that it is working with the grantee to develop policies and procedures related to ensure that future grant applications contain accurate information.

The police department disagreed with our recommendation and stated that the information was accurate on the date it submitted the grant application. However, the police department did not provide documentation during the audit or in response to the draft report to demonstrate that its grant application statistics were accurate when submitted. The police department's response also explained that the data submitted in the grant application has since changed or was from sources other than the sources we used to verify the accuracy of the application. Along with its response, the police department provided attachments to support three of the grant application statistics. However, the information in those documents did not agree with the information in the grant application.

Based on the police department's response, we edited report language pertaining to "inaccuracies" and describe "differences" between the grant application and the documentation we obtained to verify the accuracy of the grant application. Because the police department did

not provide documentation during the audit or in response to the draft report that its grant application statistics were accurate when submitted, we also revised our audit recommendation. We recommend that the police department implement procedures to ensure that future grant applications are supported by complete documentation.

This recommendation is resolved based on COPS agreement with it and can be closed when we review procedures that ensure the city's future grant applications are supported by complete documentation.

- 2. Resolved.** COPS concurred with our recommendation that it remedy \$4,211 in excess salaries and \$6,190 in excess fringe benefits paid with CHRP grant funds and stated it is working with the grantee to make adjustments to remedy the excess costs.

The police department partially agreed with our recommendation and stated that it would reduce a future drawdown by \$6,190 for the excess fringe benefits, but it had already reduced its March 2012 drawdown by \$8,857.84, which the police department believed included the \$4,211 in excess salaries. The \$4,211 in excess salaries we identified during the audit are part of the year 1 grant costs.

We reviewed the accounting records provided to us during the audit and found that the March 2012 drawdown adjustment of \$8,858.84, (not \$8,857.84 as the police department stated in response to the draft report), was comprised of 10 separate accounting adjustments shown below. Our analysis of each adjustment is explained in the Auditor's Comment column.

**Adjustments to the Police Department's  
March 2012 Grant Fund Drawdown Request**

	Adjustment Amount	Grantee's Note	Grant Year Adjustment Applied	Grantee's Reason for Adjustment	Auditor's Comment
1	(\$192.11)	3 <sup>rd</sup> Quarter 2010	1	Correct fringe benefit miscalculation (Retirement)	This adjustment is for fringe benefits, not salaries.
2	(\$639.20)	4 <sup>th</sup> Quarter 2010	1	Correct fringe benefit miscalculation (Retirement)	This adjustment is for fringe benefits, not salaries.

3	(\$1,214.14)	1 <sup>st</sup> Quarter 2011	1	Added total hours worked, subtracting allowable hours, Recalculating Medicare based on allowable hours not allowable Medicare wages	This adjustment is for fringe benefits (Medicare), not salaries.
4	(\$2,463.10)	2 <sup>nd</sup> Quarter 2011	1	Blank	No explanation for this adjustment
5	(\$2,144.82)	3 <sup>rd</sup> Quarter 2011	2	Blank	This adjustment applies to grant year 2. The \$4,211 excess salaries occurred in grant year 1.
6	(\$1,755.66)	4 <sup>th</sup> Quarter 2011	2	Blank	This adjustment applies to grant year 2. The \$4,211 excess salaries occurred in grant year 1.
7	\$4,211.58	1 <sup>st</sup> Quarter 2012	2	Blank	This adjustment is for an increase, not a decrease, in the drawdown amount.
8	\$4,716.29	2 <sup>nd</sup> Quarter 2012	2	Blank	This adjustment is for an increase, not a decrease, in the drawdown amount.
9	(\$8,927.86)	3 <sup>rd</sup> Quarter 2012	3	Prior quarter adjustments	This adjustment applies to grant year 3. The \$4,211 excess salaries occurred in grant year 1.
10	(\$449.82)	Billing Difference	1	Billing difference period June 2010	The purpose of this adjustment is not clear.
	<b>(\$8,858.84)</b>	<b>Net reduction in grant fund drawdown</b>			

Source: Auditor Analysis of City of Wilmington's accounting records

Based on our analysis of these adjustments, the city has not demonstrated that a \$8,858.84 reduction in its March 2012 drawdown included \$4,211 for excess salaries charged to the CHRP grant. The

\$4,211.58 adjustment shown in the table above represents an increase in the drawdown amount.

The status of this recommendation is resolved based on COPS' agreement with it and can be closed when the \$4,211 in excess salaries and \$6,190 in excess fringe benefits have been remedied.

- 3. Resolved.** COPS concurred with our recommendation and stated that it is working with the police department to develop written procedures that ensure salary and fringe benefit costs are accurately charged to the grant.

The police department disagreed with our recommendation and stated that its current process for grant management has historically proven to be "quite successful in ensuring grant funds are recorded correctly." The city attributed these discrepancies to multiple turnovers in grant management staff. Based on the police department's explanation, either its current process was not followed or it did not have a process for checking the work of new or less experienced grant management staff.

This recommendation is resolved based on COPS agreement with it and can be closed when we review procedures that ensure salary and benefit costs are accurately charged to the grant.

- 4. Resolved.** COPS concurred with our recommendation to deobligate \$112,684 in CHRP grant funds for officer sick leave (\$60,099) and vacation (\$52,585) that were already included as part of officer salaries in the grant application. COPS stated that grantees should not include officer sick leave and vacation costs under both salary and the fringe benefit budget categories and would request further explanation of the circumstances and determine the appropriate action to remedy the recommendation after discussing the issue with the grantee.

The police department agreed with the portion of the recommendation pertaining to deobligating funds awarded for sick leave (\$60,099), but disagreed that COPS should deobligate funds awarded for vacation (\$52,585). The police department stated that deobligating grant funds awarded for vacation would eliminate grant funds needed to pay for vacation costs accrued during the grant period that may not be paid until the officer separates. To support this position, the police department stated that it had two police officer "turnover events" requiring it to make mandatory payments totaling \$2,550 plus benefits for accrued vacation and that more such payments were expected.

We disagree with the police department's argument. If an officer took no vacation during their period of employment and was paid for their accrued vacation upon separation, total payments for salary and vacation could exceed the maximum allowable salary costs because we consider vacation as part of the costs for the period of employment.

For example, if an officer with a maximum allowable entry-level salary of \$34,000 including vacation, worked 1 year without taking vacation and then separated, vacation would add about another \$1,308 to that officer's total costs for that year. The \$1,308 would exceed the \$34,000 maximum allowable annual amount approved in the budget or the officer's actual salary if it is less than the approved amount. We consider payments for accrued vacation costs as part of the costs for the period in which they were earned.

This recommendation is resolved based on COPS agreement with it and can be closed when COPS determines and completes the appropriate remedy for \$112,684 in excess CHRP grant funds awarded for officer sick leave and vacation that were already included as part of the grant funds awarded for officer salaries.