

**AUDIT OF THE
COMMUNITY ORIENTED POLICING SERVICES
HIRING RECOVERY PROGRAM GRANT AWARDED TO
COMMERCE CITY, COLORADO**

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

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EXECUTIVE SUMMARY*

The U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Audit Division, has completed an audit of the Community Oriented Policing Services Hiring Recovery Program (CHRP), Grant No. 2009-RK-WX-0179 in the amount of \$872,144, awarded by the Office of Community Oriented Policing Services (COPS Office), to Commerce City, Colorado, as shown in Exhibit 1.

**EXHIBIT 1. COMMUNITY ORIENTED POLICING SERVICES
HIRING RECOVERY PROGRAM GRANT
AWARDED TO COMMERCE CITY, COLORADO**

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2009-RK-WX-0179	07/01/2009	06/30/2012	\$872,144
Total:			\$872,144

Source: COPS Office

CHRP is a competitive grant program that addresses the full-time sworn officer needs of state, local, and tribal law enforcement agencies nationwide. CHRP provides funding directly to law enforcement agencies to hire new or rehire career law enforcement officers in an effort to create and preserve jobs, and to increase their community policing capacity and crime prevention efforts.

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

* The full version of this report contains information that may be protected by the Privacy Act of 1974, 5 U.S.C. §552(a) or may implicate the privacy rights of identified individuals. Therefore, the Office of the Inspector General redacted portions of the full report to create this public version of the report.

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.

Through CHRP grants, DOJ provides 100 percent funding for approved entry-level salaries and benefits for 3 years (36 months) for newly-hired, full-time sworn officer positions (including filling existing unfunded vacancies) or for rehired officers who have been laid off, or are scheduled to be laid off on a future date, as a result of local budget cuts.¹ Under CHRP, all positions awarded, or an equal number of veteran officers, must initiate or enhance community policing in accordance with the community policing plan as described within the grant application.

Audit Results

The purpose of this audit was to determine whether costs claimed under the grant 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) grant expenditures, including personnel; (4) budget management and control; (5) Financial, Progress, and Recovery Act Reports; (6) grant requirements; (7) program performance and accomplishments, including community policing; and (8) retention plan.

We examined Commerce City's accounting records, Federal Financial Reports (FFR), Progress Reports, Recovery Act Reports, operating processes described, and supporting documents and found:

- Discrepancies occurred with the financial information reported in Commerce City's CHRP application. Additionally, Commerce City did not maintain supporting documentation for several non-financial statistics reported in the application.
- The financial management system provides for segregation of duties, transaction traceability, system security, and limited

¹ Any additional costs above the approved entry-level salaries and fringe benefits are the responsibility of the grantee agency.

access. However, Commerce City did not have documented policies or procedures related to the financial management system or the internal control environment.

- Commerce City's grant drawdowns were supported and grant expenditures appropriately exceeded drawdowns.
- The costs associated with payroll and fringe benefits for the pay periods reviewed were supported. However, we identified nine categories of overtime and special duty assignment costs that were charged to the grant, resulting in unallowable expenditures totaling \$10,239.
- There was no indication that Commerce City used federal funds to supplant existing funds.
- The FFRs, Progress Reports, and Recovery Act Reports reviewed were submitted in a timely manner and generally accurate. However, we identified discrepancies with the number of Full-Time Equivalents reported in the Recovery Act Reports reviewed.
- Commerce City appears to have a strong community policing program that it continues to develop and improve upon.
- Commerce City will not be able to spend the entire award amount by the grant end date on June 30, 2012, and will need to request an extension from the COPS Office due to delays in the awarding and acceptance of the grant, and hiring and retention difficulties.
- Commerce City's budgets are increasing for the Public Safety Department. We did not identify any evidence to the contrary and believe Commerce City's finances appear sufficient to retain and continue funding the CHRP grant funded positions for a minimum of 12 months at the conclusion of 36 months of federal funding, as required by the terms and conditions of the CHRP grant.

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

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INTRODUCTION

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CHRP is a competitive grant program that addresses the full-time sworn officer needs of state, local, and tribal law enforcement agencies nationwide. CHRP provides funding directly to law enforcement agencies to hire new or rehire career law enforcement officers in an effort to create and preserve jobs, and to increase their community policing capacity and crime prevention efforts. Up to \$1 billion in grant funding was appropriated for this initiative through the American Recovery and Reinvestment Act of 2009. Nearly 7,300 CHRP applications requesting over 39,000 officers and \$8.3 billion in funds were submitted to the COPS Office.

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.

Through CHRP grants, DOJ provides 100 percent funding for approved entry-level salaries and benefits for 3 years (36 months) for newly-hired, full-time sworn officer positions (including filling existing unfunded vacancies) or for rehired officers who have been laid off, or are scheduled to be laid off on a future date, as a result of local budget cuts. Under CHRP, all positions awarded, or an equal number of veteran officers, must initiate or enhance community policing in accordance with the community policing plan as described within the grant application.

Audit Purpose

The purpose of our audit was to determine whether costs claimed under the grant 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) grant expenditures, including personnel; (4) budget management and control; (5) Financial, Progress, and Recovery Act Reports; (6) grant requirements; (7) program performance and accomplishments, including community policing; and (8) retention plan.

Background

The COPS Office was created as a result of the Violent Crime Control and Law Enforcement Act of 1994. As a component of DOJ, the mission of the COPS Office is to advance public safety through community policing in America's state, local, and tribal law enforcement agencies. The COPS Office does its work principally by sharing information and making grants to police departments around the United States. Community policing focuses on crime and social disorder through the delivery of police services that include aspects of traditional law enforcement, as well as prevention, problem-solving, community engagement, and partnerships. The community policing model balances reactive responses to calls for service with proactive problem-solving centered on the causes of crime and disorder.

Community policing requires police and citizens to join together as partners to both identify and effectively address these issues.

Commerce City is the 19th largest municipality in Colorado, and as of the 2010 Census, its population totaled 45,913.

According to the Commerce City Police Department Community Policing Strategic Plan for 2008 through 2012, "The mission of the Commerce City Police Department is to establish and maintain an ongoing community partnership. We are committed to enhancing the quality of life for all people in our city. We will fulfill this mission with courtesy, integrity and quality service." In support of its mission, the Commerce City Police Department established the following strategic goals:

- Reduce crime and fear of crime.
- Improve the quality of life in neighborhoods.
- Improve departmental accountability and management.
- Develop police department personnel.
- Improve community and police partnerships.

OIG Audit Approach

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the *2009 COPS Hiring Recovery Program Grant Owner's Manual*, grant award documents, Code of Federal Regulations, and Office of Management and Budget Circulars and Memoranda. We tested Commerce City's:

- **internal control environment** to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant;
- **grant drawdowns** to determine whether grant drawdowns were adequately supported and if Commerce City was managing grant receipts in accordance with federal requirements;

- **grant expenditures** to determine the accuracy and allowability of costs charged to the grant;
- **budget management and control** to determine Commerce City's compliance with the costs approved in the grant budget;
- **Federal Financial Reports (FFR), Progress Reports, and Recovery Act Reports** to determine if the required Federal Financial Reports, Progress Reports, and Recovery Act Reports were submitted in a timely manner and accurately reflect grant activity; and
- **grant objectives and accomplishments** to determine whether Commerce City is capable of meeting the grant objectives.

The results of our analysis are discussed in detail in the *Findings and Recommendations* section of the report. Our audit objective, scope, and methodology are discussed in *Appendix I*.

FINDINGS AND RECOMMENDATIONS

Our audit did not disclose any noncompliance with regard to drawdowns, supplanting, retention, or community policing. However, we found discrepancies in the financial information reported in Commerce City's CHRP application. Additionally, supporting documents were not maintained for several non-financial statistics. We found that the financial management system provides for segregation of duties, transaction traceability, system security, and limited access. However, Commerce City did not have documented policies or procedures related to the financial management system or the internal control environment. Although, costs associated with payroll and fringe benefits for the pay periods reviewed were supported, we identified nine categories of overtime and special duty assignment costs charged to the grant, resulting in \$10,239 in unallowable expenditures. Additionally, the FFRs, Progress Reports, and Recovery Act Reports reviewed were submitted in a timely manner and generally accurate. However, we identified discrepancies with the number of Full-Time Equivalents reported in the Recovery Act Reports reviewed. Finally, we found that due to delays in the awarding and acceptance of the grant, and hiring and retention difficulties with grant funded positions, Commerce City will not be able to spend the entire award amount by the grant end date on June 30, 2012, and will need to request an extension from the COPS Office.

Application Statistics

The CHRP application included a section consisting of 13 questions regarding the grantees' need for federal assistance.¹ The COPS Office used this information to evaluate the grantees' need for federal assistance to address its public safety needs. Additionally, according to the application, the supporting source documentation is to be maintained by the grantee, as it may be requested by the COPS Office. Therefore, we reviewed the accuracy of the information in Commerce City's CHRP application by comparing it to source documentation. We identified discrepancies with the financial information reported in Commerce City's grant application, as shown in Exhibit 2.

¹ Some of the questions include multiple parts.

**EXHIBIT 2. FINANCIAL DISCREPANCIES IN
COMMERCE CITY'S APPLICATION FOR
COMMUNITY ORIENTED POLICING SERVICES
HIRING RECOVERY PROGRAM GRANT**

FINANCIAL CATEGORY	YEAR	AMOUNT REPORTED IN CHRP APPLICATION	AMOUNT SUPPORTED	DIFFERENCE
Commerce City Total Law Enforcement Budget	2009	\$10,989,031	\$12,096,567	\$(1,107,536)
	2007	\$12,096,567	\$10,989,031	\$1,107,536
Total Jurisdictional Operating Budget	2009	\$54,767,929	\$51,135,499	\$3,632,430
	2007	\$51,135,499	\$54,767,929	\$(3,632,430)
Total Jurisdictional Locally Generated Revenue	2009	\$45,784,536	\$41,526,656	\$4,257,880
	2007	\$41,526,656	\$45,784,536	\$(4,257,880)
Total Jurisdictional General Fund Balance	2009	\$8,626,358	\$8,061,137	\$565,221
	2007	\$8,061,137	\$8,626,358	\$(565,221)

Source: COPS Office and Commerce City budgets

Commerce City officials stated that the prior grant administrator incorrectly used the 2007 financial information when reporting 2009, and used the 2009 financial information when reporting 2007 in the grant application.²

Additionally, Commerce City officials did not maintain the supporting documentation for several non-financial statistics reported in the grant application. Therefore, we attempted to locate supporting information through internet research, or in Commerce City's budgets. We were unable to verify the percent of law enforcement reduced through official policies for civilian agency personnel, sworn law enforcement personnel, and other government personnel. However, we were able to locate supporting information that provided a reasonable basis for verifying Commerce City's unemployment rate in January 2008, and January 2009.³ We were also able to locate supporting information that provided a reasonable basis for the percent of families in poverty.⁴

² We determined that these errors did not significantly affect Commerce City's ranking in the COPS Office award decision.

³ U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics for Denver-Aurora-Broomfield, Colorado Metropolitan Statistical Area.

⁴ U.S. Census Bureau, 2005 through 2007 American Community Survey, 3-Year Estimates, Poverty Status in the Past 12 months of Families.

We discussed the inaccurate information reported in the CHRP application and the missing supporting documents with Commerce City officials. Commerce City officials stated that it does not have documented policies or procedures to verify the accuracy of the data prior to submission of the grant application, nor to maintain supporting documentation. In our judgment, application materials are intended to provide reasonable assurance to the granting agency that the applicant is in need of the funding, the goals and objectives are in line with the program's mission, and management has the ability to sufficiently administer the grant. It is the responsibility of the applicant to provide complete and reliable data in the application materials, so that the granting agency has an opportunity to fairly assess each applicant for the final funding decision. With this aim in mind, it is essential for applicants to ensure that the data they provide to the granting agencies is generated consistently and accurately. Therefore, as discussed in more detail in the *Financial Management System* section of this report, we recommend that the COPS Office ensure that Commerce City document policies and procedures related to the financial management system and the internal control environment. This includes policies and procedures for the preparation, review, and reconciliation processes related to grant applications.

Internal Control Environment

We reviewed Commerce City's Single Audit Report and financial management system to assess Commerce City's risk of noncompliance with laws, regulations, guidelines, and terms and conditions of the grant. We also interviewed individuals from Commerce City regarding payroll, and observed aspects of the financial management system to further assess risk.

Single Audit

According to Office of Management and Budget (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. Commerce City's fiscal year follows the calendar year, and for 2010 Commerce City was required to conduct a single audit. We reviewed the 2010 Single Audit Report for Commerce City and found that the city complied, in all material respects, with the requirements that could have a direct and material effect on each of its major federal programs for the year ending December 31, 2010. There were five findings in the 2010 Single Audit Report; two related to the CHRP

grant. The first finding was a significant deficiency related to the grant monitoring and reporting process, in which Commerce City did not have proper segregation of duties for filing the Recovery Act Report and did not spend sufficient time monitoring the federal grants as there was a significant delay after year end before Commerce City realized a single audit would be required. Commerce City responded that it will establish a dual sign-off on reports before submission of the Recovery Act Report and will prepare the schedule of expenditures of federal awards quarterly in order to determine Commerce City's status regarding the single audit threshold.

The second finding was a significant deficiency related to internal control over compliance, which identified \$1,896 in questioned costs related to officers' salaries and \$166 in questioned costs for unallowable fringe benefits. During our review of Commerce City's grant expenditures we identified similar findings and expanded payroll testing, which are discussed in the *Grant Expenditures* section of this report.

Financial Management System

Commerce City's financial management system is LOGOS, which contains applications for accounts payable, accounts receivable, and payroll. Commerce City has been using LOGOS since 2009. Based on Commerce City officials' responses to our questionnaire and during additional interviews, we were able to gain an understanding of Commerce City's overall payroll system. However, we found that Commerce City did not have documented policies or procedures for the financial management system or the internal control environment. This includes policies and procedures for separation of duties; or preparation, review, and reconciliation processes related to the grant application, required grant reports, and determination of the adjusting entries related to the grant funded positions. In our judgment, documented policies and procedures provide process-level objectives and instruction, especially in instances of staff absence or turnover; indicate assignments of authority and responsibility; identify security controls; and designate separate evaluations and on-going monitoring. Overall, documented policies and procedures ensure adequate internal controls are in place and followed to prevent errors and the disclosure of inaccurate information. Therefore, we recommend that the COPS Office ensure that Commerce City document policies and procedures related to the financial management system and the internal control environment. This includes policies and procedures for separation of duties; and the preparation, review, and reconciliation processes

related to grant applications, required grant reports, and determination of the adjusting entries related to grant funds.

Even though Commerce City did not have documented policies or procedures, Commerce City officials were able to describe and illustrate some of the financial management system controls including segregation of duties, transaction traceability, system security, and limited access.⁵ As a result, we did not question the reliability of the output generated from the financial management system.

Drawdowns

According to the CHRP Grant Owner's Manual, "Your agency should minimize the time between your drawdown of grant funds and your payment of grant costs to avoid earning excess interest on your grant funds." As of the most recent drawdown on August 1, 2011, cumulative drawdowns for Grant No. 2009-RK-WX-0179 totaled \$372,141, and Commerce City's cumulative expenditures totaled \$390,796. Additionally, we found that cumulative expenditures exceeded cumulative drawdowns for each drawdown occurring between the grant start date and the most recent drawdown on August 1, 2011. Therefore, we did not identify any excess cash on hand since grant expenditures exceeded drawdowns.

Grant Expenditures

The CHRP Grant Owner's Manual is to assist with administrative and financial matters associated with CHRP grants. According to the CHRP Grant Owner's Manual, "The funding under this project is for the payment of approved full-time entry-level salaries and fringe benefits over three years (for a total of 36 months of funding) for career law enforcement officer positions hired and/or rehired on or after the official grant award start date." Additionally, the CHRP Grant Owner's Manual specifies that CHRP funds are not to be used for any costs that are not identified on the Final Funding Memorandum.

Personnel Expenses

We reviewed the grant award documents, including the Final Funding Memorandum, and determined that Commerce City was approved for the salary and fringe benefit costs for four police officer

⁵ Commerce City officials further explained that there are only three users in the city who have access to the entire financial management system.

positions. We reviewed Commerce City's personnel files and identified seven individuals that were paid with funds from Grant No. 2009-RK-WX-0179. Because of difficulties hiring and retaining a qualified officer for the fourth position, Commerce City has hired and paid four different officers in this position between January 2010, and September 2011.

During our review of Commerce City's detailed general ledgers, we determined that some fringe benefits were charged monthly rather than bi-weekly. Therefore, we expanded testing from two non-consecutive pay periods, and instead tested two sets of consecutive pay periods in order to evaluate the budget cost to the actual cost for the 4-week period. Additionally, we traced labor costs to timesheets for the pay periods reviewed in order to verify the costs were computed correctly, properly authorized, accurately recorded, and properly allocated to the grant.⁶

During our review, we identified overtime and special duty assignment costs that were charged to the grant during 2010. According to the CHRP Grant Owner's Manual, any additional costs above the approved entry-level salaries and fringe benefits are the responsibility of the grantee agency and overtime, specifically, cannot be funded by the CHRP grant. Therefore, we reviewed 100 percent of the personnel costs to determine the total amount of unallowable overtime and special duty assignment costs charged to Grant No. 2009-RK-WX-0179. Our review identified nine categories of overtime and special duty assignment that were charged to the grant. As shown in Exhibit 3, unallowable expenditures totaling \$10,239 were charged to Grant No. 2009-RK-WX-0179 in 2010.

⁶ For the first set of consecutive pay periods ending November 7, 2010, and November 21, 2010, we reviewed four officers paid with funds from Grant No. 2009-RK-WX-0179. For the second set of consecutive pay periods ending February 13, 2011, and February 27, 2011, we reviewed three officers paid with funds from Grant No. 2009-RK-WX-0179.

**EXHIBIT 3. OVERTIME AND SPECIAL DUTY ASSIGNMENT
COSTS CHARGED TO
GRANT NO. 2009-RK-WX-0179**

UNALLOWABLE CATEGORY	UNALLOWABLE AMOUNT
Overtime	\$3,122
Comp Time Cash Out	2,299
Special Duty Assignment Kroenke ⁷	1,859
Holiday Overtime	944
Overtime Colorado Department of Transportation Grant	707
Special Duty Assignment Kroenke Holiday	564
Special Duty Assignment Kroenke Sergeant	305
Special Duty Assignment Mile High Marketplace ⁸	253
Special Duty Assignment	185
Total Unallowable Cost:	\$10,239⁹

Source: Commerce City

We discussed the \$10,239 in unallowable expenditures charged to the grant with Commerce City officials. Commerce City officials explained that they had become aware of this error and stopped charging overtime and special duty assignment costs to the grant, beginning in 2011. However, we recommend that the COPS Office ensure that Commerce City remedy the \$10,239 in unallowable overtime and special duty assignment costs charged to the grant.

Our review of the two sets of consecutive pay periods also included a review of the fringe benefits charged to the grant. Overall, we found that the fringe benefits were consistent with other employees and computed correctly. However, we found that not all fringe benefits were properly charged to the grant. For the pay periods ending November 7, 2010, and November 21, 2010, we found that worker's compensation was approved in the grant budget but was not charged to the grant. We determined that for all of 2010, worker's compensation for the grant funded officers totaled \$4,304. This amount was expended by Commerce City, but was not charged to the

⁷ Kroenke refers to Kroenke Sports Enterprises, which operates Dick's Sporting Goods Park in Commerce City. Commerce City police officers perform special duties related to security and parking during events at Dick's Sporting Goods Park.

⁸ Mile High Marketplace is a year-round, open-air shopping center with a flea market and farmers market.

⁹ Throughout this report, differences in the total amounts are due to rounding.

grant even though it was an approved cost. Commerce City began charging worker's compensation to the grant in 2011.

Further, we found that life insurance was not approved on the grant budget. For the pay periods ending November 7, 2010, and November 21, 2010, we found that Accidental Death and Dismemberment, as well as Group Life Insurance Dependent and Term had been charged to the grant. After reviewing all of 2010, we determined that \$445 in unapproved Accidental Death and Dismemberment and Group Life Insurance Dependent and Term had been charged to the grant. Accidental Death and Dismemberment and Group Life Insurance Dependent and Term were not charged to the grant in 2011. However, because life insurance is normally included in fringe benefits, we concluded that these expenses were allowable.

Finally, during our review we found that one officer received bi-lingual pay in the amount of \$100 per month for 3 months. The total amount of bi-lingual pay charged to the grant was \$300. We found that bi-lingual pay was not approved on the grant budget. However, bi-lingual pay is included in Commerce City's labor agreements with the Fraternal Order of Police for 2010 and 2011. Therefore, we concluded that the bi-lingual was allowable.

Budget Management and Control

Commerce City received Grant No. 2009-RK-WX-0179, totaling \$872,144 for personnel and fringe benefits. We compared the approved grant budget to the actual expenses as shown in Commerce City's financial management system. As shown in Exhibit 4, we determined that Commerce City was under budget in both cost categories.

EXHIBIT 4. BUDGET MANAGEMENT AND CONTROL FOR GRANT NO. 2009-RK-WX-0179

COST CATEGORY	AWARD BUDGET	ACTUAL COST	DIFFERENCE
Personnel	\$636,628	\$313,273	\$(323,355)
Fringe Benefits	235,516	114,895	(120,621)
Total:	\$872,144	\$428,168	\$(443,976)

Source: COPS Office and Commerce City

Supplanting

According to the CHRP Grant Owner's Manual, federal funds must be used to supplement existing state and local funds for program activities and must not replace those funds that have been appropriated for the same purpose. To determine whether Commerce City used grant funds to supplant existing state and local funds for program activities, we reviewed Commerce City's Biennial Budgets for years 2009 through 2013, including the Public Safety Budgets.¹⁰ Based on our review of the budgets, we found no indication that Commerce City used federal funds to supplant existing funds.

Reports

According to the CHRP Grant Owner's Manual, award recipients are required to submit both financial and program reports. These reports describe the status of the funds and the project, compare actual accomplishments to objectives, and report other pertinent information. We reviewed the Federal Financial Reports (FFR), Progress Reports, and Recovery Act Reports submitted by Commerce City to determine whether each report was submitted in a timely manner and accurate. As mentioned previously in the *Financial Management System* section of this report, we found that Commerce City did not have documented internal control policies or procedures related to the financial management system or internal control environment. We previously offered a recommendation that the COPS Office ensure that Commerce City document policies and procedures related to the financial management system and the internal control environment. This includes policies and procedures for the preparation, review, and reconciliation processes related to the required grant reports and determination of the adjusting entries related to grant funds.

Federal Financial Reports

According to the CHRP Grant Owner's Manual, quarterly FFRs are due no later than 30 days after the end of the calendar quarter. We reviewed the timeliness of the last four FFRs submitted during the award period for Grant No. 2009-RK-WX-0179. Based on our review, we found that Commerce City submitted each report in a timely manner.

¹⁰ From these budgets we were able to obtain and review the actual spending and Full-Time Equivalents for years 2008 through 2010.

We also reviewed the accuracy of the last four FFRs submitted during the award period for Grant No. 2009-RK-WX-0179. According to Commerce City officials, a single position is responsible for reviewing the payroll reports from the General Fund for the quarter and determining the total amount of salary and fringe benefits that are charged to the grant through an adjusting entry. This amount is the same amount reported on the quarterly FFRs and drawdown. This information is provided to the grant administrator, who completes the FFRs. However, there is no review or reconciliation process for verifying the work and numbers determined by this single position.¹¹ Our review of FFRs found that the FFRs submitted under Grant No. 2009-RK-WX-0179 were accurate.

Progress Reports

According to the CHRP Grant Owner's Manual, Progress Reports submitted to the COPS Office are due no later than 30 days after the end of the calendar quarter. We reviewed the timeliness of the Progress Reports submitted to the COPS Office for the last 2 years during the award period for Grant No. 2009-RK-WX-0179. Based on our review, we found that Commerce City submitted each report in a timely manner.

We also reviewed the accuracy of the Progress Reports submitted to the COPS Office for the last full year of coverage ending September 30, 2011. The information for the Progress Report is gathered by the Commerce City Police Department and provided to the grant administrator to complete the Progress Reports. Our review verified the numerical information regarding the number of grant positions filled and vacant for the last year of coverage.

Additionally, as part of our Progress Report review we examined the narratives regarding how CHRP funding has enhanced Commerce City's ability to implement community policing for the four Progress Reports ending December 31, 2010, and later.¹² The Progress Report format changed for the quarter ending December 31, 2010, which were due on January 30, 2011. On January 6, 2011, the COPS Office

¹¹ We previously offered a recommendation to the COPS Office in the *Financial Management System* section of this report.

¹² Prior to the Progress Report for the quarter ending December 31, 2010, Progress Reports did not ask about community policing activities.

sent an e-mail to all grantees regarding changes in the Progress Report format, information collected, and extended the deadline to February 6, 2011. However, in our opinion, a significant addition to the Progress Report was a section for grantees to "explain how COPS funding has enhanced your agencies ability to implement community policing activities (2,000 characters or less)," which was not highlighted in the e-mail from the COPS Office and not included as a bullet in the information about the updated Progress Report.¹³

During our review of the four Progress Reports ending December 31, 2010, and later, we found that Commerce City submitted the Progress Report for the quarter ending December 31, 2010, on January 12, 2011, but did not include any comments on its community policing activities. We followed up with Commerce City officials regarding the missing information and the COPS Office e-mail that was sent to the Commerce City Chief of Police. Commerce City officials explained that due to the Chief of Police's retirement on January 2, 2012, Commerce City was unaware whether they received the e-mail from the COPS Office regarding the change to the Progress Report, and cannot explain why the only response was a single period in the section regarding community policing activities. Commerce City included narratives regarding its community policing activities in the Progress Reports for the first three quarters of 2011.

We reviewed the community policing narratives and found the information to be supported through interviews with Commerce City staff and police officers; a tour of the city that included the police sub-station; and our review of handouts, brochures, officer training files, and personnel files. As discussed in more detail in the *Community Policing* section of this report, we found that Commerce City has a strong community policing program. Therefore, based on our review of supporting documents, we found that the Progress Reports submitted to the COPS Office for the last full year of coverage under Grant No. 2009-RK-WX-0179 were supported and accurate.

Recovery Act Reports

According to the CHRP Grant Owner's Manual, the Recovery Act quarterly programmatic progress reports (Recovery Act Reports) are completed through the website, www.FederalReporting.gov, and are

¹³ Specifically, the only mention is a statement in the email that "Your COPS progress report will be used to track the progress of your COPS-funded project, as well as your agency's community policing activities."

due no later than 10 days after the end of the calendar quarter. The information reported to www.FederalReporting.gov is reported and available to the public on the website, www.Recovery.gov. We reviewed the timeliness of the Recovery Act Reports submitted for the last 2 years during the award period for Grant No. 2009-RK-WX-0179. Based on our review, we found that Commerce City submitted each report in a timely manner.

We also reviewed the accuracy of the Recovery Act Reports for the last full year of coverage. Our review found that Commerce City consistently reported the number of jobs created and retained as four for each quarter reviewed. In the Recovery Act Reports, the data pertaining to jobs created and retained is reported as Full-Time Equivalent (FTE). According to OMB Memorandum 10-08, dated December 18, 2009, the formula for calculating FTEs is represented as follows:

TOTAL NUMBER OF HOURS WORKED AND FUNDED BY RECOVERY ACT WITHIN REPORTING QUARTER	\div	QUARTERLY HOURS IN A FULL-TIME SCHEDULE¹⁴	$=$	FTEs
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However, when we used the formula for calculating FTEs, we identified discrepancies with the number of FTEs reported in the Recovery Act Reports submitted by Commerce City in all four of the quarters reviewed, as shown in Exhibit 5.

¹⁴ OMB Memorandum 10-08 describes the calculation for Quarterly Hours in a Full-Time Schedule as 520 hours (2,080 hours annually divided by 4 quarters).

EXHIBIT 5. ACCURACY OF FTE DATA REPORTED IN RECOVERY ACT REPORTS

RECOVERY ACT REPORT END DATE	TOTAL REPORTED FTEs	TOTAL SUPPORTED FTEs¹⁵	DIFFERENCE
12/31/2010	4.00	3.85	0.15
03/31/2011	4.00	2.77	1.23
06/30/2011	4.00	3.23	0.77
09/30/2011	4.00	2.77	1.23

Source: www.Recovery.gov and Commerce City

We discussed the discrepancies with Commerce City officials, who explained that they were unaware of OMB Memorandum 10-08, or the formula that is to be used to calculate the FTEs reported in the Recovery Act Reports. Commerce City officials stated that they will use the formula to report FTEs in future reports. We don't believe the past Recovery Act Reports can be corrected based on the language in OMB Memorandum 10-34, which states "Changes to prior reports may not be initiated for the 'Number of Jobs' field." Therefore, we recommend that the COPS Office ensure that Commerce City utilize the formula for calculating FTEs described in OMB Memorandum 10-08, when reporting the number of jobs created in the Recovery Act Reports.

We also reviewed the accuracy of the cumulative dollar amounts reported in the Recovery Act Reports for funds invoiced and funds expended for the last full year of coverage. The most recent report for the quarter ending September 30, 2011, reported the amount invoiced as \$372,141 and the amount expended as \$372,141, which were the same amounts reported in the previous Recovery Act Report for the quarter ending June 30, 2011. We asked Commerce City officials why there was no change between the two quarters, and Commerce City officials provided a copy of the information reported to the website, www.FederalReporting.gov, for the quarter ending September 30, 2011, which was \$428,168 invoiced, and \$428,168 expended.¹⁶ These amounts are the same amounts Commerce City reported as expended on the FFR for the quarter ending September 30, 2011, and we

¹⁵ Due to Commerce City's bi-weekly payroll process the number of Recovery Act hours worked each period may be more or less than the 520 Quarterly Hours (13 weeks) used for the FTE calculations. Variations may occur from one quarter to the next based on whether 12 weeks or 14 weeks are used for the FTE calculations for the period.

¹⁶ This document was dated October 21, 2011.

verified these amounts to be correct. However, when Commerce City provided print screens from www.FederalReporting.gov on December 5, 2011, the print screens matched the information reported on the website, www.Recovery.gov, which were the amount invoiced as \$372,141 and the amount expended as \$372,141. Therefore, we were unable to determine why the amounts reported on www.Recovery.gov and on www.FederalReporting.gov were different from the amounts reported and documented as reported by the grantee on www.FederalReporting.gov on October 21, 2011. Consequently, despite this difference and the previously mentioned discrepancies regarding FTEs, our review found the Recovery Act Reports for the last four quarters to be generally accurate.

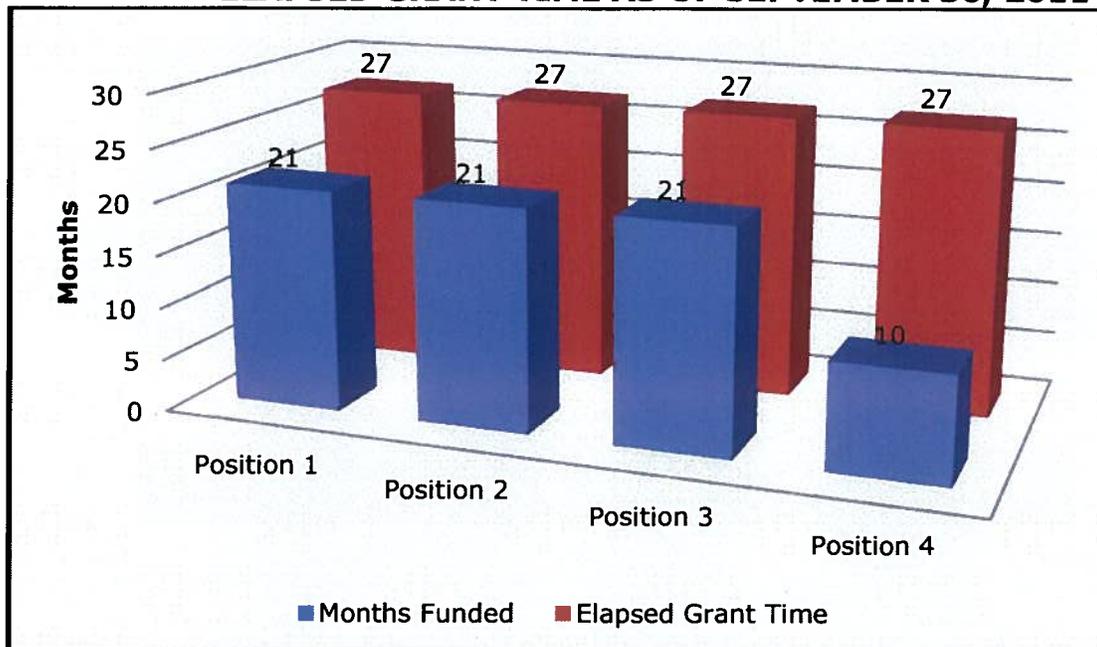
Program Performance and Accomplishments

The CHRP grant allows Commerce City to hire four new police officers and funds the salary and benefits for those positions for 3 years (36 months). The award start date was on July 1, 2009, thereby making the award end date scheduled for June 30, 2012. However, the award documents were not signed by the COPS Office until September 1, 2009, and then were provided to Commerce City. The Commerce City, City Council approves the acceptance of all grants. The award documents were signed by the City Manager on September 23, 2009. Therefore, Commerce City was unable to begin its recruitment and hiring processes until late September 2009.

As mentioned previously, seven officers were hired and paid with funds from Grant No. 2009-RK-WX-0179. As of September 30, 2011, three of the four grant funded positions had been filled by three officers since January 2010, for a total of 21 months per position. However, because of difficulties hiring and retaining a qualified officer for the fourth position, Commerce City has hired and paid four different officers between January 2010, and September 2011, for a total of 10 months.¹⁷ As of September 30, 2011, 27 months had elapsed since the award start date on July, 1, 2009. However, as shown in Exhibit 6, the four positions have been filled for less time due to delays in the awarding and acceptance of the grant, and hiring and retention difficulties.

¹⁷ Our analysis is based on the officers' hire dates and resignation dates.

EXHIBIT 6. NUMBER OF MONTHS FUNDED COMPARED TO ELAPSED GRANT TIME AS OF SEPTEMBER 30, 2011



Source: COPS Office and Commerce City personnel actions

Regarding the fourth position, Exhibit 7 illustrates the varying time each of the four officers were employed by Commerce City. As a result of turnover, due to officer resignations, the fourth position was vacant between the four officers for 3, 1, and 7 months, respectively. We discussed the four officers and vacancies following the resignations with Commerce City officials, who stated that it had difficulties hiring and retaining a qualified officer for the fourth position. Additionally, Commerce City officials stated that during the 7-month vacancy, between the third and fourth officers, Commerce City posted the job announcement and received several applications; however, none of the applicants were deemed qualified for the position. Later, a second job announcement was posted and the position was filled. Commerce City officials further explained that they seek the most qualified individuals for the position and will not hire anybody to solely fill a vacant position.

EXHIBIT 7. FOURTH POSITION – OFFICERS’ EMPLOYMENT TIME WITH COMMERCE CITY POLICE DEPARTMENT AS OF SEPTEMBER 30, 2011



Source: Commerce City personnel actions

Finally, we found that as of September 30, 2011, Commerce City spent \$428,168, or 49 percent of the \$872,144 awarded. However, 75 percent of the grant period had expired as of September 30, 2011. As a result, we concluded that Commerce City will not be able to spend the entire award amount by the grant end date on June 30, 2012.

Community Policing

The CHRP program is designed to assist agencies to create and preserve sworn officer jobs and increase their community policing capacity and crime prevention efforts.¹⁸ 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 CHRP Grant Owner's Manual, community policing activities to be initiated or enhanced were identified and described in the CHRP grant application, with reference to each of the following elements of community policing:

¹⁸ CHRP 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.

- community partnerships and support,
- related governmental and community initiatives that complement the agency's proposed use of CHRP funding, and
- how the agency will use the funds to reorient its mission or enhance its commitment to community policing.

Commerce City's grant application described its plan in the event five positions were awarded. The positions would be assigned to the patrol unit, with one position replacing a promoted officer and another position would be assigned as a School Resource Officer. Specifically, Commerce City's application stated:

- a. The Commerce City Police Department participates in community collaborations, including coffee with a cop, neighborhood outreach programs, and in community events. Having a sergeant to supervise the program would allow for additional focus on community policing.
- b. One of the positions would allow for an additional School Resource Officer for more time at Commerce City elementary schools.
- c. When manpower is decreased, patrol officers feel the pinch and are required to answer more calls, leaving less time for community policing activities. Funding these positions would allow more officers on the streets, as well as, providing an additional School Resource Officer and Crime Prevention Sergeant.

Commerce City's grant application requested funding for five positions, but was awarded funding for four positions, all of which are part of the patrol unit. In order to evaluate Commerce City's community policing activities, we reviewed Commerce City's website, Progress Reports, the Commerce City Police Department 2010 Annual Report, interviewed the Chief of Police for Commerce City and six Commerce City police officers, and participated in a tour of Commerce City. We found that Commerce City appeared to have a strong community policing program, which Commerce City continues to develop and improve upon. In the past the Commerce City Police Department employed the San Jose Model Field Training Officer (FTO)

Program.¹⁹ Then, shortly before receiving the CHRP grant the Commerce City Police Department changed its training model to utilize the Reno Model Police Training Officer (PTO) Program, which is a post-academy training program based on adult-learning principles and problem-based learning methodology.²⁰ According to the Commerce City Police Department 2010 Annual Report, "One of the cornerstones of the PTO Program is the completion of a Neighborhood Portfolio Exercise, which is designed to increase the officer's familiarity with a specific geographic area, increase their knowledge of schools, parks, and businesses, and identify a problem that is occurring and address it."²¹ This program will continue to help officers develop stronger relationships and cultivate valuable partnerships within the community." The police officers hired through the CHRP grant were trained through the PTO Program.

Additionally, we found that the Commerce City Police Department implemented the following community policing activities:

- **Coffee With A Cop** – A quarterly program where area residents, business owners, and organizations can speak with an officer in a relaxed atmosphere.
- **Shop With A Cop** – A program for underprivileged children to shop with a police officer and receive items for school, including clothing and backpacks. The purchases are paid by the city and funded through an ordinance in which individuals found guilty in municipal court pay a small surcharge to their court fees.

¹⁹ The purpose of the FTO program is to train new officers so that each is prepared to function as a solo beat officer at the conclusion of their training cycle. The training cycle consists of 17 weeks of intensive on-the-job training and daily performance evaluations. Training is conducted and staffed by field training officers and sergeants on a 24-hour basis.

²⁰ This model is the result of a group effort by the Reno, Nevada, Police Department, the Police Executive Research Forum, and the COPS Office. The Reno Model was designed as an alternative to the San Jose Model FTO Program and is founded on the principles of community-oriented policing and problem-solving.

²¹ Part of this program requires training officers to make a minimum of 20 business contacts in the community and to identify high crime areas, sex offenders, problem areas and houses, and neighborhoods that participate in Neighbors to Neighbors.

- **Every 15 minutes**²² – The program is designed to teach students about the devastating effects of drinking and driving, without a real life tragedy. The program is a 1½ day program, just before prom, involving over 40 student volunteers to represent all groups of the student body. The program starts on a Wednesday when a grim reaper removes a student from class every 15 minutes, each representing an alcohol-related traffic fatality.²³ Additionally, the program involves a full-scale mock crash, including police, fire, medical, and helicopter response, an overnight retreat for participants and a memorial service for those students who “died” during the program.
- **Police Explorer Program** – The Police Explorer Program provides youth ages 14 to 21 an inside look into the career of being a police officer through training, interaction with law enforcement professionals, participation in community events, volunteer work, and the police ride-along program.
- **National Night Out Program** – A nationwide crime prevention event held on the first Tuesday of August, designed to strengthen communities, create partnerships with the police department, and to take a stand against drugs and crime in the neighborhoods.
- **Neighborhood Watch** – A Crime Prevention Officer works with the neighborhoods and communities to implement various crime prevention strategies. The programs include National Night Out, meetings with the local Homeowners Associations, burglary prevention presentations, safety presentations to senior citizens, and Neighbor to Neighbors, in which residents learn how to identify crime, report suspicious activity, and protect their homes and property.²⁴

²² The title comes from the statistic that someone dies in an alcohol related crash every 15 minutes.

²³ A mock obituary is read to the class and the student becomes part of the Living Dead - the student’s face is painted white and they are given a black t-shirt and returned to class. For the remainder of the day, this student cannot speak nor be spoken to.

²⁴ The focus of the Neighbors to Neighbors program is to empower citizens to be active in their neighborhoods, help in the fight against crime, and work together to build stronger communities. Community building is key to this program as neighbors who don’t know each other are less likely to recognize suspicious behavior or reach out to help a neighbor.

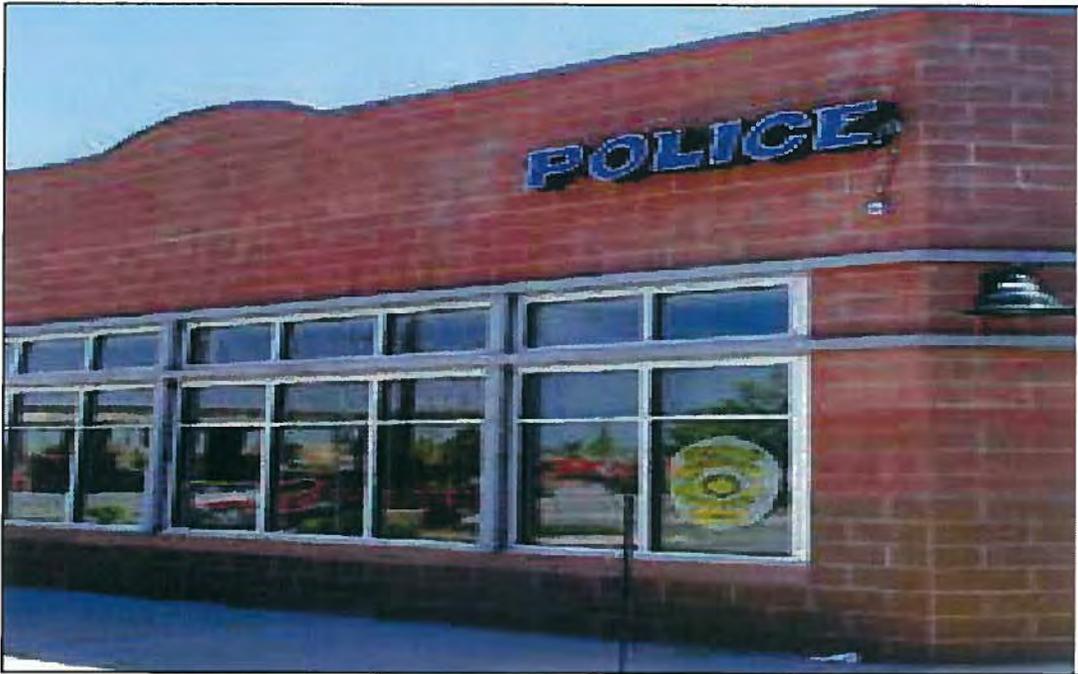
- **Business Watch** – Business Watch helps businesses develop and maintain a safe work environment. Employees are trained to recognize crime risks and are provided resources to help them reduce or resolve those risks. A Crime Prevention Officer has begun visiting all of the businesses in the city to conduct outreach and obtain contact information in case of an emergency.
- **Crime Prevention Through Environmental Design (CPTED)** – CPTED uses mechanical controls such as locks, alarms, fences, gates, cameras, and lighting to define, promote and reinforce the physical security of an environment. CPTED also uses natural controls found in landscaping to enhance natural surveillance and provide territorial reinforcement and natural access control of the environment. An example of CPTED was shown to the OIG on the city tour in which one business had a concrete wall that was continually being tagged. Based on recommendations from environmentalists from Colorado State University roses and ivy were planted by volunteers in the Police Explorers Program in June 2011. The plants were donated to the city; the overall cost to the city was only \$307. As of the OIG's city tour on October 25, 2011, the wall had not been tagged since the planting.
- **Total Efficiency Accountability Management Systems (TEAMS)** – Monthly meetings are held by the police department in an effort to identify and address criminal activity, criminal hot spots, the criminals, and quality of life issues for Commerce City citizens. Immediate resources are added to combat the increase in criminal activity in the identified area and a re-evaluation is performed monthly.

Finally, the Commerce City Police Department has divided the city into the southern area and northern area with East 88th Avenue as the dividing line. Each area is further divided into two districts, creating a total of four districts. The Police Department is located in the southern district. The Rocky Mountain Arsenal National Wildlife Refuge borders three of the districts, which in the past made it difficult for officers to respond to calls for service in the northern districts in a

timely manner.²⁵ *Appendix II* includes an illustration of the Commerce City police districts and stations, and the Rocky Mountain Arsenal National Wildlife Refuge. As a solution to improve response times, in September 2010, the Commerce City Police Department North Area Substation opened. A picture of the new building is shown in Exhibit 8. The Commerce City Police Department 2010 Annual Report states that "With the opening of the North Area Substation, the Commerce City Police Department has transitioned to a progressive community policing philosophy based on geographic responsibility. The new geographic policing concept or area command has the Patrol Lieutenants assigned to oversee patrol activities in specific 'areas' of Commerce City. Each Lieutenant is tasked with monitoring crime trends in their assigned area and using available resources to attack and curtail criminal activity."

²⁵ According to the U.S. Fish and Wildlife Service, the Rocky Mountain Arsenal National Wildlife Refuge is approximately 15,000-acres. Following the attack on Pearl Harbor, the U.S. Army transformed the area into a chemical weapons manufacturing facility called the Rocky Mountain Arsenal to support the war effort. As production declined at war's end, a portion of the idle facilities was eventually leased to Shell Chemical Company for the production of agricultural chemicals. The Arsenal was later used for Cold-War weapons production and demilitarization. In the early 1980s an extensive environmental cleanup began and in 1992 Congress passed the Rocky Mountain Arsenal National Wildlife Refuge Act, designating the site as a future refuge.

EXHIBIT 8. COMMERCE CITY POLICE DEPARTMENT NORTH SUBSTATION



Source: Commerce City Police Department 2010 Annual Report

In the future, Commerce City plans to establish a new bicycle patrol unit and provide training to all officers who apply to become bike certified. This is scheduled to begin in 2012. Overall, we found that Commerce City appears to be dedicated to community policing and has a program that it continues to develop and improve upon.

Retention Plan

According to the terms and conditions of the CHRP grant, Commerce City is to retain all CHRP funded officer positions for a minimum of 12 months at the conclusion of 36 months of federal funding, over and above the number of locally-funded positions that would have existed in the absence of the grant. Commerce City officials stated that they plan to fulfill the retention requirement and plan to keep the officer positions beyond the required 12 months. The officials further stated that the city has additional reserves, which provides Commerce City flexibility to continue funding the resources required by the police department.

Additionally, we reviewed Commerce City's 2011 adopted budget and the planned budgets for 2012 and 2013. We found that the budgets are increasing for the Public Safety Department. We also

found that the number of FTEs for the Public Safety Department has remained unchanged, at 121.5 FTEs. Finally, we reviewed Commerce City's 2010 Comprehensive Annual Financial Report, in which Commerce City reported total net assets exceeding liabilities by approximately \$284.3 million, and at year's end the unreserved General Fund balance was approximately \$35.9 million, or 86.4 percent of total General Fund expenditures. The City also reported 2010 General Fund revenues of approximately \$64.7 million, a \$22.1 million increase over 2009. Therefore, after reviewing Commerce City's budgets and Comprehensive Annual Financial Report, and discussions with Commerce City officials, we did not identify any evidence to the contrary and believe that Commerce City finances appear sufficient to retain and continue funding the CHRP grant funded positions.

Recommendations

We recommend that the COPS Office ensures that Commerce City:

1. Document policies and procedures related to the financial management system and the internal control environment. This includes policies and procedures for separation of duties; and the preparation, review, and reconciliation processes related to grant applications, required grant reports, and determination of the adjusting entries related to grant funds.
2. Remedy the \$10,239 in unallowable overtime and special duty assignment costs charged to Grant No. 2009-RK-WX-0179.
3. Utilize the formula for calculating FTEs described in OMB Memorandum 10-08, when reporting the number of jobs created in the Recovery Act Reports.

APPENDIX I

OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of our audit was to determine whether costs claimed under the grant 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) grant expenditures, including personnel; (4) budget management and control; (5) Financial, Progress, and Recovery Act Reports; (6) grant requirements; (7) program performance and accomplishments, including community policing; and (8) retention plan.

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

Our audit scope covered Grant No. 2009-RK-WX-0179, which awarded \$872,144 in funding under CHRP to Commerce City, Colorado. Our audit concentrated on, but was not limited to, the award start date on July 1, 2009, through September 30, 2011. Commerce City had drawn down \$372,141 as of September 28, 2011.

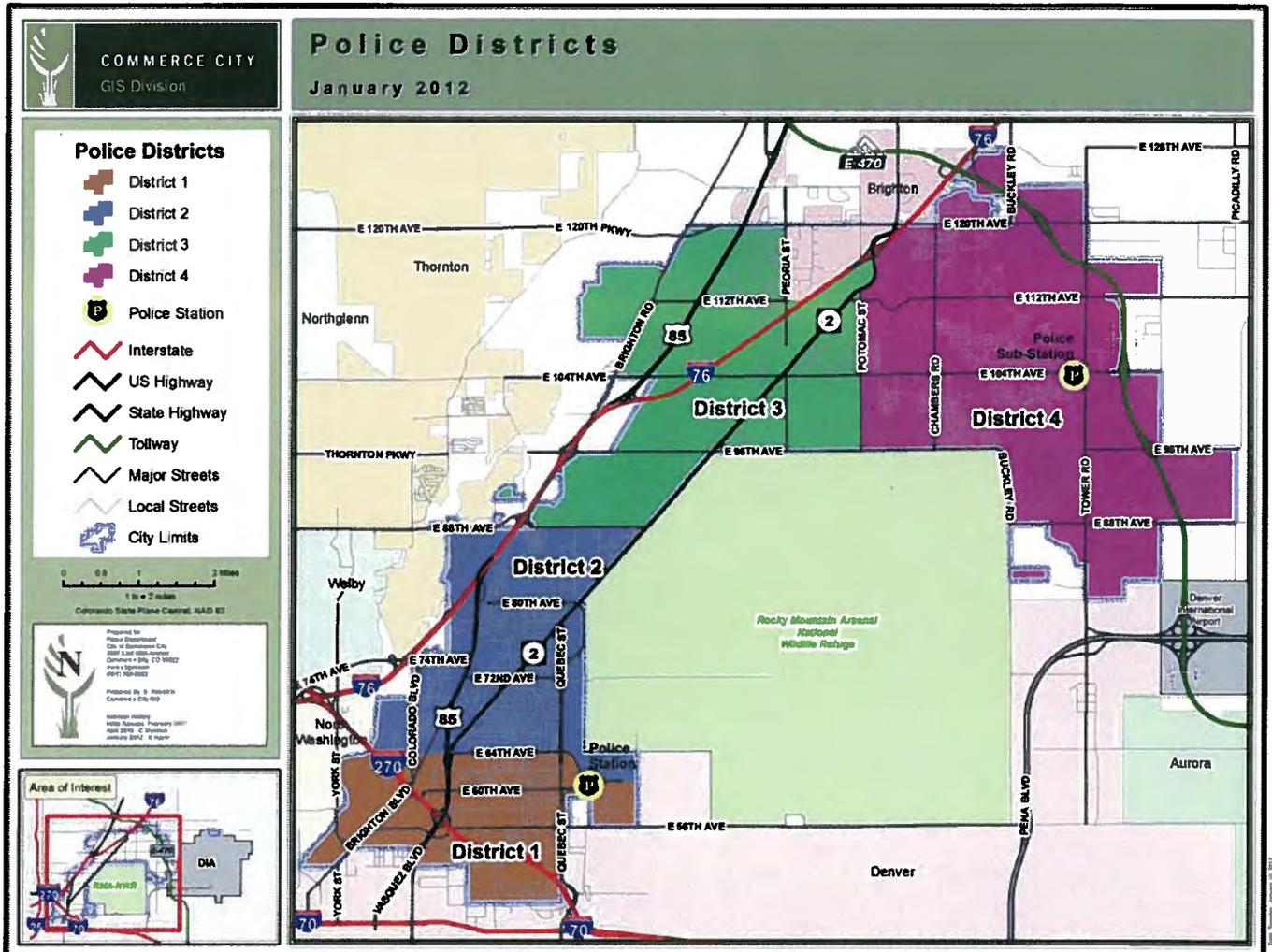
We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the 2009 *CHRP Grant Owner's Manual*, award documents, Code of Federal Regulations, and Office of Management and Budget Circulars and Memoranda.

In conducting our audit, we performed sample testing in four areas, which were payroll; FFRs; Progress Reports; and Recovery Act Reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant reviewed, such as dollar amounts. For Grant No. 2009-RK-WX-0179, we identified samples of four of seven Commerce City officers covering two sets of consecutive pay periods; four of eight FFRs; four of nine Progress Reports; and four of nine Recovery Act Reports. This non-statistical

sample design does not allow for projection of the test results to the universes from which the samples were selected.

In addition, we reviewed the timeliness and accuracy of FFRs, Progress Reports, and Recovery Act Reports; and evaluated performance to grant objectives. However, we did not test the reliability of the financial management system as a whole and reliance on computer based data was not significant to our objective.

COMMERCE CITY POLICE DEPARTMENT DISTRICTS AND STATIONS



Source: Commerce City

APPENDIX III

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>QUESTIONED COSTS:</u>	<u>AMOUNT</u>	<u>PAGE</u>
Unallowable overtime and special duty assignment expenditures	\$10,239	10
TOTAL QUESTIONED COSTS	\$10,239	
TOTAL DOLLAR-RELATED FINDINGS	\$10,239	

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



U.S. DEPARTMENT OF JUSTICE
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES

COPS

Grant Operations Directorate/Audit Liaison Division
145 N Street, N.E., Washington, DC 20530

MEMORANDUM

Via Email and U.S. Mail

To: David M. Sheeren
Regional Audit Manager
Office of the Inspector General
Denver Regional Audit Office

From: Karl W. Bickel *KWB*
Senior Policy Analyst

Date: March 20, 2012

Subject: Request for closure of Audit Recommendations 1-3 and the Draft Audit Report dated March 2, 2012, Commerce City Police Department, Commerce City, Colorado, ORI # CO00103.

This letter serves as COPS' request for the closure of Recommendations 1-3, and the Draft Audit Report dated March 2, 2012, Commerce City Police Department, Commerce City, Colorado, ORI # CO00103, regarding COPS CHRP Hiring Grant # 2009-RK-WX-0179. Based on the grantee's return of \$10,239 in grant funds and providing requested documentation, the COPS Office is requesting closure of the open recommendations and the Draft Audit Report.

Recommendation 1- Document policies and procedures related to the financial management system and the internal control environment. This includes policies and procedures for the separation of duties; and the preparation, review, and reconciliation processes related to grant applications, required grant reports, and determination of the adjusting entries related to grant funds.

Status: N/A (draft recommendation)

Discussion: The COPS Office agrees that grantees should have well documented policies and procedures related to financial management systems and the internal control environment. After reviewing your Draft Report, COPS contacted the grantee and it was agreed that the grantee would prepare and submit for OIG review policies and procedures covering their financial management system and internal control environment.

Action Taken: The grantee has documented policies and procedures related to their financial management systems and the internal control environment (*attached*), specifically, procedures

David M. Sheeren, Regional Audit Manager, OIG
March 20, 2012
Page 2

for the separation of duties; and the preparation, review, and reconciliation processes related to grant applications, required grant reports, and determination of the adjusting entries related to grant funds.

Request: Based on documentation submitted by the grantee, COPS requests that this recommendation be closed.

Recommendation 2- Remedy the \$10,239 in unallowable overtime and special duty assignment costs charged to Grant No. 2009-RK-WX-0179.

Status: N/A (*draft recommendation*)

Discussion: COPS agrees that grantees should only charge allowable costs to their grants. After reviewing your Draft Report, COPS contacted the grantee and it was agreed the grantee would reimburse COPS \$10,239 in grant funds.

Action Taken: The grantee has returned \$10,239 in grant funds for Grant No. 2009-RK-WX-0179, check no. 258889, dated March 9, 2012 (copy attached).

Request: Based on the grantee's return of \$10,239 in grant funds, COPS requests that this recommendation be closed.

Recommendation 3- Utilize the formula for calculating FTEs described in OMB Memorandum 10-08, when reporting the number of jobs created in the Recovery Act Reports.

Status: N/A (*draft recommendation*)

Discussion: The COPS Office agrees grantees should utilize the formula for calculating FTEs described in OMB Memorandum 10-08, when reporting the number of jobs created in the Recovery Act Reports. After reviewing your Draft Report, COPS contacted the grantee and it was agreed that the grantee would prepare and submit for OIG review policies and procedures ensuring their use of the formula for calculating FTEs described in OMB Memorandum 10-08, when reporting the number of jobs created in the Recovery Act Reports.

Action Taken: The grantee has agreed to use the formula for calculating FTEs described in OMB Memorandum 10-08, when reporting the number of jobs created in the Recovery Act Reports and has developed the attached written procedures to that effect.

Request: Based on documentation submitted by the grantee, COPS requests that this recommendation be closed.

David M. Sheeren, Regional Audit Manager, OIG
March 20, 2012
Page 3

Based on the grantee's return of \$10,239 in grant funds and submission of the requested written documentation, COPS considers Recommendations 1-3 of the Draft Audit Report closed as well as the Draft Audit Report. We request written acceptance of this determination from your office. Once written acceptance of this determination is received from your office, COPS will notify the grantee of the closure.

If you have any questions regarding this memorandum, please do not hesitate to contact me at (202) 514-5914 or via email at Karl.Bickel@usdoj.gov.

Attachments:

- Grant Application Process
- Grant Process Chart
- File Set-up
- Grant Numbering
- Grant Closure and Destruction of Files
- Financial Management and Separation of Duties
- Finance Grant Processing Procedure
- Financial Management System Processes
- Detail Summary Report
- GPRS System
- Journal Entries
- 03 Payroll Payment Processing-Finance
- Accounts Payable-Invoice Entry Manual
- LOGOS Accounts Payable Approvals
- Accounts Payable-Check Processing
- Check #258889 dated March 9, 2012 in the amount of \$10,239
- FTE Calculations Procedures

cc: Audit Liaison Office (ALO@usdoj.gov)

Mary Myers
Audit Liaison Group
Justice Management Division

Nancy Daniels
Administrative Assistant
Audit Liaison Division

Audit File

Grant files: 2009-RK-WX-0179

ORI #: CO00103



March 14, 2012

Karl W. Bickel
Senior Policy Analyst
U.S. DOJ/COPS Office
145 N Street, NE
Washington, DC 20530

Re: Commerce City Police Department
Office of the Inspector General Audit Recommendations & Responses
Grant #2009-RK-WX-0179

Mr. Bickel,

Please find attached the recommendations, responses and related documentation for the OIG audit findings.

Included in the packet and attached to Recommendation #2, you will find a check in the amount of \$10,239 to reimburse the COPS office for unallowable expenses charged to the grant.

If you need anything further, please do not hesitate to contact me.

Sincerely,

Leigh Ann Noell
Grants Administrator

Cc: Chuck Saunier, Interim Police Chief
Roger Tinklenberg, Finance Director
Mizraim Cordero, Intergovernmental Relations Manager
[REDACTED]

Office of Community Oriented Policing Services

Audit Liaison Division

Grantee Audit Recommendation Response and Documentation Format

It is important that each audit recommendation is addressed in a clear concise fashion addressing each point. Each grantee response and request for closure must be submitted in the below format. All documentation that is provided in support of the grantee's response must be clearly identified and attached to the grantee's response.

Audit Recommendation Response, Documentation, and Request for Closure

Grantee name: City of Commerce City Police Department

Name of Person completing request: Leigh Ann Noell

Grantee ORI: CO00103

OIG Audit Number: _____

Recommendation Number: 1

OIG Recommendation:

Document policies and procedures related to the financial management system and the internal control environment. This includes policies and procedures for separation of duties; and the preparation, review, and reconciliation processes related to grant applications, required grant reports, and determination of the adjusting entries related to grant funds.

Grantee Response:

Procedures have been written and are attached to this form.

Detailed and specific supporting documentation:

The following procedures are attached:

Grant Administrator

- Grant Application Process
- Grant Process Chart
- File Set-up
- Grant Numbering
- Grant Closure and Destruction of Files

Grant Accountant

- Financial Management and Separation of Duties
- Finance Grant Processing Procedure
- Financial Management System Processes
- Detail Summary Report (Part of Financial Management System Process)
- GPRS System
- Journal Entries
- 03Payroll Payment Processing-Finance
- Accounts Payable – Invoice Entry Manual
- LOGOS Accounts Payable Approvals
- Accounts Payable – Check Processing

Grantee Request for Closure:

Request to close audit.

Office of Community Oriented Policing Services

Audit Liaison Division

Grantee Audit Recommendation Response and Documentation Format

It is important that each audit recommendation is addressed in a clear concise fashion addressing each point. Each grantee response and request for closure must be submitted in the below format. All documentation that is provided in support of the grantee's response must be clearly identified and attached to the grantee's response.

Audit Recommendation Response, Documentation, and Request for Closure

Grantee name: City of Commerce City Police Department

Name of Person completing request: Leigh Ann Noell

Grantee ORI: CO00103

OIG Audit Number: _____

Recommendation Number: 2 _____

OIG Recommendation:

Remedy the \$10,239 in unallowable overtime and special duty assignment costs charged to Grant No. 2009-RK-WX-0179.

Grantee Response:

Check #258889 dated March 9, 2012 for \$10,239.00 will be submitted to the COPS office.

Detailed and specific supporting documentation:

Check #258889 dated March 9, 2012 for \$10,239.00

Grantee Request for Closure:

Request to close audit.

Office of Community Oriented Policing Services

Audit Liaison Division

Grantee Audit Recommendation Response and Documentation Format

It is important that each audit recommendation is addressed in a clear concise fashion addressing each point. Each grantee response and request for closure must be submitted in the below format. All documentation that is provided in support of the grantee's response must be clearly identified and attached to the grantee's response.

Audit Recommendation Response, Documentation, and Request for Closure

Grantee name: City of Commerce City Police Department

Name of Person completing request: Leigh Ann Noell

Grantee ORI: CO00103

OIG Audit Number: _____

Recommendation Number: 3 _____

OIG Recommendation:

Utilize the formula for calculating FTEs described in OMB Memorandum 10-08, when reporting the number of jobs created in the Recovery Act Reports.

Grantee Response:

The FTE formula will be used when submitting report. Procedures have been written and are attached to this form.

Detailed and specific supporting documentation:

The following procedures are attached: FTE Calculations Procedures

Grantee Request for Closure:

Request to close audit.

APPENDIX VI

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 COPS Office and the City of Commerce City, Colorado. The COPS Office's response is incorporated in Appendix VI and Commerce City's response is incorporated in Appendix V 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. **Closed.** We recommended that the COPS Office ensure that Commerce City document policies and procedures related to the financial management system and the internal control environment. This includes policies and procedures for separation of duties; and the preparation, review, and reconciliation processes related to grant applications, required grant reports, and determination of the adjusting entries related to grant funds. The COPS Office concurred with the recommendation and provided documentation demonstrating that Commerce City developed procedures for its financial management system and the internal control environment including procedures for separation of duties; and the preparation, review, and reconciliation processes related to grant applications, required grant reports, and determination of the adjusting entries related to grant funds.

We reviewed this documentation and determined these actions adequately address our recommendation. Therefore, this recommendation is closed.

2. **Closed.** We recommended that the COPS Office ensure that Commerce City remedy the \$10,239 in unallowable overtime and special duty assignment costs charged to Grant No. 2009-RK-WX-0179. The COPS Office concurred with the recommendation and provided evidence of a check from Commerce City returning \$10,239 in grant funds for Grant No. 2009-RK-WX-0179.

We reviewed this evidence and determined it adequately address our recommendation. Therefore, this recommendation is closed.

3. **Closed.** We recommended that the COPS Office ensure that Commerce City utilize the formula for calculating FTEs described in OMB Memorandum 10-08, when reporting the number of jobs created in the Recovery Act Reports. The COPS Office concurred with the recommendation and provided documentation demonstrating that Commerce City developed procedures for FTE calculations when reporting the number of jobs created in the Recovery Act Reports.

We reviewed this documentation and determined it adequately address our recommendation. Therefore, this recommendation is closed.