



Audit of the Office of Community Oriented Policing Services Hiring Program Grants Awarded to the Essex County Sheriff's Office, Newark, New Jersey

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AUDIT DIVISION

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Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 4, the Office of Community Oriented Policing Service's response, and are of individuals' names and/or emails.



EXECUTIVE SUMMARY

*Audit of the Office of Community Oriented Policing Services Hiring Program Grants
Awarded to the Essex County Sheriff's Office, Newark, New Jersey*

Objectives

The Office of Community Oriented Policing Services (COPS) awarded the Essex County Sheriff's Office (ECSO) in Newark, New Jersey, three grants totaling \$5,625,000 for the COPS Hiring Program (CHP). The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether ECSO demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that ECSO did not effectively manage the awards that we reviewed. Specifically, ECSO did not use its accounting system to appropriately manage the grants, did not maintain adequate documentation to support financial administration of the grants, and did not have adequate policies and procedures related to grant administration. We, therefore, determined that we could not rely on the records ECSO provided during our audit, and we question the full amount of project costs that ECSO charged to the grants. This includes \$4,503,266 in unsupported costs for the federal share, as well as \$1,250,000 for the required local match. We also identified \$1,121,734 in unspent grant funds that should be put to better use.

Recommendations

Our report contains 14 recommendations to COPS. We requested a response to our draft audit report from ECSO and COPS, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The grants we reviewed were funded by the CHP. This grant supported the ECSO community policing capacity and crime prevention efforts by providing funding to hire and rehire career law enforcement officers. As of May 2020, ECSO had drawn down a total of \$4,503,266 in grant funds.

Program Goals and Accomplishments – We identified issues with ECSO's hiring of new law enforcement officers, and its ability to demonstrate an increase in community policing or crime prevention. In each of its 3 grant applications, ECSO reported a total of 417 funded officers in its fiscal year budget and stated that the target staffing level would increase by 15 officers per grant award, for a total staffing level of 462. We requested documentation and found that it only supported 373 funded officer positions. We also identified instances in which ECSO charged officers to the grant that had been hired prior to the grant award date. While ECSO maintained general law enforcement records of police activities, it did not maintain documentation specifically related to the grants.

Grant Financial Management - We determined ECSO had inadequate internal controls for grant administration to ensure compliance with applicable laws, regulations, and award terms and conditions. Specifically, we determined ECSO did not manage the grant based on grant activities, and did not prepare records to support actual expenditures, drawdowns, and match contributions. As a result, we question \$4,503,266 in unsupported costs and recommend that COPS put to better use \$1,121,734 in unspent grant funds.

Match – The COPS Office requires that match be in addition to funds previously budgeted for law enforcement purposes, and grantees maintain records that demonstrate the source, the amount, and when the local match was contributed. ECSO did not maintain records that demonstrated the amount, and when match amounts were contributed. In addition, ECSO was not able to provide supporting documentation of its match contributions. Therefore, we were unable to verify the amounts ECSO contributed. As a result, we question \$1,250,000 in local match costs.

**AUDIT OF THE OFFICE OF COMMUNITY ORIENTED POLICING
SERVICES HIRING PROGRAM GRANTS
AWARDED TO THE
ESSEX COUNTY SHERIFF'S OFFICE, NEWARK, NEW JERSEY**

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**AUDIT OF THE OFFICE OF COMMUNITY ORIENTED POLICING
SERVICES HIRING PROGRAM GRANTS
AWARDED TO THE
THE ESSEX COUNTY SHERIFF'S OFFICE, NEWARK, NEW JERSEY**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three grants awarded by the Office of Community Oriented Policing Services (COPS) to the Essex County Sheriff's Office (ECSO) in Newark, New Jersey. The three grants awarded to ECSO totaled \$5,625,000, as shown in Table 1.

Table 1
COPS Hiring Grants Awarded to the Essex County Sheriff's Office

Award Number	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2015-UL-WX-0033	10/01/2015	09/01/2015	12/31/2018	\$1,875,000
2016-UL-WX-0040	10/01/2016	09/01/2016	02/29/2020	\$1,875,000
2017-UL-WX-0014	11/01/2017	11/01/2017	10/31/2020	\$1,875,000
Total:				\$5,625,000

Source: COPS Office

Funding was provided through the COPS Hiring Program (CHP), which provides grants directly to law enforcement agencies to hire or rehire career law enforcement officers in an effort to increase community policing capacity and crime prevention efforts.

The Grantee

According to its website, ECSO is the law enforcement component of the Essex County government, and its immediate jurisdiction spans all of Essex County, New Jersey, which is approximately 127 square miles and includes 22 municipalities, with a population of about 800,000 in 2019. Newark, New Jersey is the county seat of Essex County and, according to the ECSO, it had 395 law enforcement officers on board at the time of our audit.

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants; and to determine whether ECSO demonstrated adequate progress toward achieving program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, grant expenditures, budget management and control, drawdowns, federal financial reports, and the retention plan.

We tested compliance with what we consider to be the most important conditions of the grants. The COPS Hiring Program Owner's Manual (CHP Owner's Manual), DOJ Grants Financial Guide, and the award documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

AUDIT RESULTS

During our audit, we concluded that ECSO did not effectively manage the awards that we reviewed. Specifically, we found that ECSO did not use its accounting system to manage grant funding appropriately, did not maintain adequate documentation to support the financial administration or program performance of the grants, and did not have adequate policies and procedures related to grant administration to ensure compliance with the grants' requirements. We found that we could not rely on the records ECSO provided during our audit, as ECSO based its accounting for the grant program on estimated salary and fringe benefit amounts rather than actual costs incurred.

For this COPS Hiring Grant Program, ECSO was to use grant funding to hire 15 law enforcement officers per grant, utilize the funded positions to enhance local law enforcement over and above the level of onboard officers, and finally, retain the grant-funded law enforcement officer positions for 1 year after the 3-year funding period ended. However, we found that ECSO did not maintain records identifying the actual costs for the officers it hired using grant funds, but instead based reimbursement requests on estimates, using general salary calculations. As related to the enhancement of its law enforcement programs, using the grant-funded positions, we found that ECSO did not appropriately maintain documentation demonstrating that the positions were used to perform its policing strategy. While we did not identify instances where grant funding was used in place of local funding, because of the lack of contemporaneous documentation, we cannot fully comment on the adequacy of ECSO's hiring and retention of officers.

Details regarding the impact of the above issues on other aspects of ECSO's management of its COPS grants are discussed in the following sections.

Program Performance and Accomplishments

We reviewed award documentation, including application materials and progress reporting documents, to determine whether ECSO demonstrated adequate progress towards achieving program goals and objectives, and whether submitted reporting documentation was accurate.

Program Goals and Objectives

The CHP provides funds to hire or rehire career law enforcement officers in order to increase community policing capacity and crime prevention efforts. CHP funds may only be used to pay salaries and approved fringe benefits at the entry-level. ECSO was approved to hire 15 officers under each of the 3 grants, for a total of 45 new or rehired officers.

Table 2
Salaries/Approved Fringe Benefits for Newly Hired Officers for First 3 Years^a

Year	2015-UL-WX-0033	20116-UL-WX-0040	2017-UL-WX-0014
Year 1 Salary	\$50,475	\$51,484	\$52,514
Fringe	\$3,861	\$3,939	\$18,212
Year 2 Salary	\$58,124	\$59,287	\$59,287
Fringe	\$4,446	\$4,535	\$20,561
Year 3 Salary	\$66,059	\$72,832	\$72,832
Fringe	\$5,054	\$5,572	\$25,258
Totals	\$188,019	\$197,649	\$248,664

^a While approved fringe benefits consisted of Social Security and Medicare for all three grants, Grant Number 2017-UL-WX-0014 included health benefits as an approved fringe benefit.

Source: ECSO and OIG Analysis

ECSO selected “Homeland Security Problems - Protecting Critical Infrastructure Problems” as its primary focus and problem area in its grant applications and noted that it was going to utilize the grants to enhance the protection and response to critical infrastructure incidents within its jurisdiction. As discussed below, we identified issues with ECSO’s: (1) staffing and hiring of new law enforcement officers, and (2) its ability to demonstrate an increase in community policing capacity or crime prevention efforts.

ECSO Staffing of Law Enforcement Officers

In each of its 3 grant applications, ECSO reported that there were a total of 417 funded officers in its fiscal year budget, and stated that the staffing level would increase by 15 officers as a result of each grant award, for a total staffing level of 462 after hiring throughout all 3 grants. We requested documentation to support the funded staffing levels in its grant applications, and ECSO provided monthly totals of law enforcement staffing from the time of its first grant application through April 2019. However, we found that the documentation provided only supported 373 funded officer positions at the time of the 2015 application. We discussed the issue with ECSO officials and were told the numbers reported in its application included ECSO’s full staffing levels, including unfunded vacancies, rather than the actual number of officers funded in its budget. We reviewed all the grant adjustment notices, but none indicated that the lower budgeted figures were approved by the COPS Office.

In Figure 1, we depict our analysis of ECSO’s officers: (1) the Budget Target Staffing Level, which is the number of officers ECSO budgeted for in Fiscal Year (FY) 2015 and planned hiring based on subsequent COPS grant awards, less 5% for attrition, and (2) the Actual Staffing Level of officers ECSO had on board. Though the staffing level varied widely throughout the grant periods, ECSO met or surpassed the Budget

Target Staffing level for 29 of 42 months (69 percent) but was under this level for 13 of 42 months (31 percent).

Figure 1
Budget Target and Actual Staffing Levels^a
May 2015 through April 2019



^a For Grant Number 2015-UL-WX-0033, the retention period began in December 2018. The budget target staffing level also accounts for the COPS Office retention requirement that ensures the increased officer staffing level continues with local funds for a minimum of 12 months after federal funding ends. Additionally, the budget target staffing level has been reduced by 5 percent (19 officers) to account for vacancy rates.

Source: OIG Analysis of Essex County Sheriff's Office data

The CHP Owner's Manual allows for reductions in locally funded officer positions that occur for reasons unrelated to CHP funding, such as citywide budget reductions, but recipients must maintain documentation demonstrating the dates and reasons for the budget reductions to substantiate that they were unrelated to the receipt of CHP funding. According to ECSO officials, while ECSO's appropriations for salary and wages for FYs 2015 through FY 2018 were flat, ECSO was mandated to pay salary increases for all officer positions (average salary increase 1.78 percent). We determined that there was an overall increase in the number of total ECSO law enforcement officers. During a June 2018 grant monitoring site visit, the COPS Office identified potential supplanting by ECSO due to local vacancies. In response, ECSO provided documentation to support its compliance with the nonsupplanting requirement, including details of a 2009 cap of 2 percent, placed on local, county, and state budgets that led to operating budgets remaining static, which affected vacancies. ECSO also provided hiring and financial data. Based on its review of the supporting documentation, the COPS Office found that Essex County did not violate the nonsupplanting requirement and adequately demonstrated that the local

vacancies occurred for reasons unrelated to the receipt of COPS hiring grant funding and that the local vacancies would have occurred even in the absence of the COPS hiring grant funding. However, we found ECSO did not maintain documentation specifically identifying its staffing levels in relation to the COPS grant funding to demonstrate supplanting did not take place.

We identified instances in which ECSO charged officers to the grant that had been hired prior to the grant award date, in violation of grant requirements. According to the CHP Owner's Manual, CHP funds may only be used to pay for entry-level salaries and fringe benefits for law enforcement officers hired or rehired on or after the award start date. We found that for Grant Number 2015-UL-WX-0033, ECSO charged to the grant three officers who were hired in April 2015, which was 4 months prior to the grant award start date. ECSO's Chief stated that this occurred because ECSO's Chief misunderstood the grant requirement for hiring and, although the three officers were hired prior to the grant start date, the officers were not utilized for grant-related duties until November 30, 2015, the date ECSO hired the other grant-funded officers.

As a result of the issues we identified, related to staffing, we recommend the COPS Office ensure ECSO develops and implements policies and procedures to make certain it maintains supporting documentation for staffing levels (local and grant-funded) identified in its grant applications and over the grant period. Specifically, ECSO should track the names, positions, and total number of locally funded officers and separately track grant-funded officers from the grant award date through grant closure. We also recommend that the COPS Office ensure ECSO implements policies and procedures to ensure that it meets the hiring date requirements for the officers it funds with COPS grants.

Community Policing and Crime Prevention Efforts

The CHP Owner's Manual states that a grantee's organization may be audited or monitored to ensure that it is initiating or enhancing community policing in accordance with the community policing strategy or strategies indicated in its application. In its grant applications, ECSO selected "Homeland Security Problems - Protecting Critical Infrastructure Problems" as its primary focus and problem area, and ECSO noted that it was going to utilize the grants to assist in increasing the protection of and response to critical infrastructure incidents within its jurisdiction. According to ECSO staff, ECSO's community policing also included deployment of school resource officers, operating a program for youth interested in law enforcement careers, and maintaining a police presence at events in parks and in high traffic business areas.¹

According to ECSO staff, ECSO maintained general law enforcement records of police activities such as patrol records and arrests records. However, ECSO did not maintain a list of grant-funded officers throughout the award periods. ECSO also did

¹ A school resource officer is a law enforcement officer deployed by the employing police department to work in collaboration with schools and community-based organizations. Officer(s) deployed into the school resource officer position(s) must spend a minimum of 75 percent of their time in and around primary and/or secondary schools, working on youth-related activities.

not document the activities of those officers in instances where they performed grant-funded activities, or document those officers performing the grant-funded activities used in place of the new hired officers. In general, ECSO did not maintain any documentation to support the progress and effectiveness of its community policing strategies. Because ECSO did not maintain records establishing the performance and achievements of the grant-funded officers, we were not able to determine the overall impact of ECSO's community policing efforts with respect to the grants.

Required Performance Reports

The CHP Owner's Manual requires grantees to submit quarterly progress reports that detail the accomplishments of the grant program, no later than 30 days after the last day of the reporting quarter. According to the DOJ Grants Financial Guide, funding recipients should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. In order to verify the information in ECSO's progress reports, we selected a sample of 8 performance measures from the 2 most recent reports submitted for each of the 3 grants, for a total sample size of 48 performance measures. We then traced the reported measures to supporting documentation maintained by ECSO.

We determined that the progress reports we reviewed were submitted timely. However, we found that ECSO's progress reports contained deficiencies related to: (1) progress in the identified problem and focus areas, (2) the number of school resource officers redeployed as a result of grant funding, and (3) the number of positions filled. In addition, because of issues of poor recordkeeping and internal control deficiencies, we found a lack of reliable and verifiable supporting documentation. According to ECSO's Chief, errors within the performance reports were the result of oversights and, after researching the problem, ECSO intended to amend the reports.

Within the progress reports we reviewed, we found that ECSO did not describe the policing activities that were implemented to address the problem and focus area of "Homeland Security Problems - Protecting Critical Infrastructure Problems" as identified in its grant application. In many of the progress reports we reviewed, ECSO listed "community policing strategies implemented in and around schools and during multi-cultural park events throughout the year," as its response instead of describing how it specifically addressed the focus areas identified in its grant applications.²

For Grant Number 2017-UL-WX-0014, ECSO omitted information about the school resource officers it deployed. The grant allowed ECSO to redeploy veteran officers to community policing efforts in lieu of newly hired officers who were hired with COPS grant funding. ECSO redeployed two veteran officers as school resource

² Presidential Policy Directive 21 defines "critical infrastructure" as the systems and assets, whether physical or virtual, so vital to the United States that the incapacity or destruction of such systems and assets would have a debilitating impact on security, national economic security, national public health or safety, or any combination of those matters.

officers but did not include this information in its progress reporting.

Regarding the number of officers reported in ECSO's performance reports, ECSO inaccurately reported the dates for which it hired some of its officers. As discussed previously, for Grant Number 2015-UL-WX-0033, three officers were hired in April 2015 (approximately 4 months before the grant start date). However, in the progress report, the hire date for the officers was reported as November 2015. Additionally, for Grant Number 2016-UL-WX-0040, an officer that was hired in January 2017 was reported as having started in December 2016. According to ECSO staff, ECSO used the dates that the newly hired officers were assigned to grant activities and not the date the officers were hired. Without accurate and updated progress reports, COPS cannot monitor the ECSO's progress in achieving grant goals and objectives. Therefore, we recommend that the COPS Office ensure ECSO submits progress reports that accurately reflect grant activities during the reporting period.

Retention

The CHP Owner's Manual requires grant recipients to retain the sworn officer positions awarded under the CHP award with state or local funds for a minimum of 12 months following the conclusion of 36 months of federal funding for each position, over and above the number of locally funded sworn officer positions that would have existed in the absence of the award. The recipient cannot satisfy the retention requirement by using CHP-funded positions to fill locally funded vacancies resulting from attrition. Furthermore, at the conclusion of federal funding, agencies that fail to retain the sworn officer positions awarded under the CHP grant may be ineligible to receive future CHP grants for a period of 1 to 3 years.

At the time of our audit, Grant Number 2015-UL-WX-0033 was the only grant of the three grants audited that had closed. The grant period ended December 31, 2018, and the retention period end date was December 31, 2019; ECSO had completed the 12-month retention period in December 2019. We found no evidence that the officers that were hired with grant funds were not retained. Therefore, we concluded that ECSO was on track to meet the retention requirement.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the awards. We evaluated the special condition related to school resource officers for each of the grants. Grantees who selected "School Resource Officers" as a focus area, are required to submit a signed Memorandum of Understanding (MOU) between the law enforcement agency and the school partner(s) to the COPS Office before obligating or drawing down funds under the award. The MOU must be submitted to the COPS Office within 90 days. For grant 2017-UL-WX-0014, grant-funded school resource officers were required to complete a National Association of School Resource Officers (NASRO) basic training course no later than 9 months after the date shown on the award congratulatory letter. For Grant Number 2017-UL-WX-0014, ECSO redeployed two veteran officers as school resource officers. We did not identify any issues related to ECSO compliance with requirements for school resource officers.

Grant Financial Management

According to the DOJ Grants Financial Guide and CHP Owner's Manual, all grant recipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. CHP funds provide up to 75 percent of the allowable costs of this award project. Recipients are responsible for providing at least 25 percent of the total project local matching funds. The local match must be a cash match made from local, state, or other non-COPS Office funds. To assess ECSO's internal controls over its financial management of the grants covered by this audit, we reviewed ECSO's Single Audit Reports for FY 2015 through FY 2017 to identify issues related to federal awards. We also conducted interviews with officials responsible for financial management of the grant, evaluated ECSO's accounting system for the grant, reviewed policies and procedures, and reviewed financial statement audits. Finally, we performed testing in the areas that were relevant for the management of this grant, as discussed throughout this report.

Internal Controls over Grant Administration

According to grant requirements, recipients are required to implement internal controls necessary to ensure effective and efficient operations, reliable reporting, and compliance with applicable laws and regulations. We determined ECSO did not have adequate internal controls for grant administration that would ensure compliance with applicable laws, regulations, and award terms and conditions. Specifically, ECSO did not use its financial management system to manage the grants, did not maintain adequate documentation to support financial administration of the grants, and did not have adequate policies and procedures related to grant administration.

Policies and Procedures

At the initiation of our audit, we requested ECSO to provide its policies and procedures for payroll, financial reporting, drawdown, budget management, and performance monitoring specific to the grants we audited. We determined ECSO did not have any written policies and procedures for grant administration, including policies and procedures necessary to prevent and detect non-compliance with the award requirements. We interviewed ECSO officials to document their grant administration practices and found that the practices in place were not sufficient to ensure compliance with grant requirements.

We recommend that the COPS Office require ECSO to establish a financial system that corrects internal control deficiencies and produces consistent, accurate, reliable, and verifiable reporting. We also recommend that the COPS Office ensure ECSO develops and implements written policies and procedures for grant administration, including accounting and recordkeeping, to ensure compliance with applicable laws, regulations, and award terms and conditions.

Single Audit

Non-federal entities that receive federal financial assistance are required to comply with the *Single Audit Act of 1984*, as amended. The Single Audit Act requires

recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. Under 2 C.F.R. §200.425, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), such entities that expend \$750,000 or more in federal funds within the entity's fiscal year must have a "single audit" performed annually covering all federal funds expended that year.³ We reviewed Essex County's Single Audit reports for FY 2015 through FY 2017 and determined that, while there were internal control findings associated with the grant funds, including a grant drawn down by ECSO that was not reported in its Single Audit but only its financial statements, we did not identify additional testing was necessary for the completion of our audit.

Grant Accounting and Recordkeeping

For Grant Numbers 2015-UL-WX-0033, 2016-UL-WX-0040, and 2017-UL-WX-0014, ECSO's approved budget included personnel and fringe benefits for the 45 total officers to be hired. For each of the three grants, the grant funds provided up to 75 percent of the approved entry level salary and fringe benefit costs for a newly hired or rehired full-time sworn career law enforcement officer, with a maximum annual federal share of \$125,000, per officer position, over a 3-year period. According to grant requirements, ECSO was responsible for providing at least 25 percent of the remaining total project costs in local matching funds and intended to meet its match through salary and fringe benefit costs associated with the newly hired or rehired officers.

For these grants, ECSO was required to maintain documentation establishing the source, amount, and timing of its local match funds provided in support of the grant-funded program. Based on our review of Essex County payroll records, we determined that all of the officers hired through the grants were paid through Essex County's payroll system. Although Essex County maintained payroll records for all of its ECSO employees, we found that the records did not separately track expenditures related to grant-funded employees. ECSO officials told us it did not rely on Essex County's payroll records to support costs charged to the grants, including its local match contributions. Instead, handwritten notes, which were based on Essex County's established pay tables, were used to calculate project costs for the federal share of expenditures and local match provided. In addition, grant requirements establish that award recipients maintain documentation establishing the appropriate support for local matching payments when included in an award program.

We requested a detailed accounting of grant expenditures, including match contributions, from ECSO officials. In response to our request and to support grant expenditures, ECSO officials provided manually created electronic spreadsheets rather than an accounting system report. The spreadsheets included grant-funded officer names, officer start dates, and entry-level salaries at the time of hiring. We reviewed transactions from the spreadsheets and determined they did not match the official

³ On December 26, 2014, the Uniform Guidance superseded OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization. Under OMB Circular A-133, which affected all audits of fiscal years beginning before December 26, 2014, the audit threshold was \$500,000.

Essex County payroll records. We discussed the issue with ECSO's Chief who explained that ECSO's Chief did not reconcile the spreadsheets with Essex County payroll records and could not tie the dollar amounts to supporting documentation. At the time of our audit, to support its local match contributions, ECSO provided us with spreadsheets that identified a total local match contribution of \$2,791,856 for all three grants, based on the salary and fringe benefit rates paid to the officers hired. According to ECSO, the match contributions for each grant were as follows: Grant Number 2015-UL-WX-0033, \$1,217,697; Grant Number 2016-UL-WX-0040, \$839,120; and Grant Number 2017-UL-WX-0014, \$735,040. However, ECSO could not tie these contribution amounts, recorded on the spreadsheet, to supporting documentation, but instead based these figures from the gross amounts paid to the officers funded by the grants over the award periods. As a result, we calculated the minimum required local match contribution of 25 percent of the total project costs. This resulted in a calculated, total required local match of \$1,875,000 for all three grants.

As a result of ECSO not separately tracking grant expenditures, and not maintaining documentation to support the source, amount, and timing of local match funds, we were not able to readily identify grant expenditures or verify that ECSO met its local match requirements. Based on the lack of adequate accounting records to support grant-related personnel and benefit expenditures, as shown in Table 3, as of May 2020, we identified a total of \$4,503,266 in questioned costs, representing the total drawdown amounts for all three grants and \$1,121,734 in funds that had not been drawn down.

Table 3
Analysis of ECSO Grant Project Costs
April 2015 to May 2020

Award Number	Award Amount	Drawdowns	Local Match Calculations	Funds Not Drawn Down
2015-UL-WX-0033	\$1,875,000	\$1,875,000	\$625,000	\$ -
2016-UL-WX-0040	\$1,875,000	\$1,875,000	\$625,000	\$ -
2017-UL-WX-0014	\$1,875,000	\$753,266	\$ -	\$1,121,734
TOTALS:	\$5,625,000	\$4,503,266⁴	\$1,250,000	\$1,121,734

Source: DOJ and OIG Analysis

We recommend that the COPS Office remedy the \$4,503,266 in questioned costs and \$1,121,734 in funds to be put to better use. We also recommend the COPS Office remedy \$1,250,000 in questioned costs, representing unsupported required local match costs for Grant Numbers 2015-UL-WX-0033 and 2016-UL-WX-0040. Additionally, we recommend that the COPS Office works with ECSO to ensure that the match is met for grant 2017-UL-WX-0014. We also recommend that the COPS Office require ECSO to develop and implement policies and procedures to ensure accurate accounting of grant expenditures, including payroll and fringe benefit expenditures, as

⁴ As of October 2019, ECSO had drawn down a total of \$3,952,351 in grant funds.

well as maintaining records that clearly demonstrate an appropriate source of the local match, the amount of the local match, and when the local match was contributed.

Budget Management and Control

According to the CHP Owner's Manual and DOJ Grants Financial Guide, grant recipients are responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Grant recipients must initiate a Grant Adjustment Notice for any budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount. Additionally, CHP awards cover up to 75 percent of the approved entry-level salary and fringe benefits of each fulltime officer over the 3-year (36 month) award period, with a minimum 25 percent local cash match requirement and a maximum federal share of \$125,000 per officer position.

As discussed in the Financial Management section of this report, we determined ECSO did not manage the grants based on actual expenditures and did not prepare records to support grant expenditures, drawdowns, or match contributions. Instead, it used a spreadsheet, which we determined could not be relied upon due to a lack of supporting documentation, to manage the grant. Because ECSO did not separately track grant expenditures, we could not determine if ECSO made a cumulative change greater than 10 percent of the total award amount or exceeded a maximum of \$125,000 per officer position due to the lack of supporting documentation.

We recommend that the COPS Office ensure ECSO develops and implements written policies and procedures for budget management and reconciliation of supporting documentation with Essex County's financial management system.

Drawdowns

According to the CHP Owner's Manual and DOJ Grants Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency.

As of May 2020, ECSO had drawn down a total of \$4,503,266 in grant funds. As described in the Financial Management section of this report, ECSO provided spreadsheets meant to support its grant activities. We reviewed the spreadsheets and we were not able to reconcile the information in the spreadsheets with information in the Essex County financial management system. As a result, the drawdowns did not match ECSO's electronic spreadsheets and ECSO cannot demonstrate that it did not drawdown funds in excess of its immediate needs. Additionally, we could not assess whether drawdowns were based on immediate need because neither the federal share nor local match were adequately recorded. Therefore, we recommend that the COPS Office ensure ECSO develops and

implements written policies and procedures for drawing down award funds based on actual payroll data from the Essex County financial management system.

Federal Financial Reports

In order for the COPS Office to monitor the status of funds for a project, it requires grant recipients to submit quarterly Federal Financial Reports (FFRs) that specify grant and local match expenditures made during the quarterly period and the cumulative expenditures to date for a grant. Grantees are required to submit these reports no later than 30 days after the last day of each quarter. If the report is delinquent, a grantee will not be able to draw down funds until the FFR is submitted. We found that ECSO submitted inaccurate and late FFRs.

As previously discussed, ECSO told us it did not reconcile grant expenditures or local match expenditures with Essex County's financial management system, and it reported expenditures on a yearly basis, rather than quarterly as required. In addition, it did not maintain adequate documentation to support the amounts reported on FFRs submitted in support of the grant awards. As a result, we could not determine whether the submitted FFRs matched Essex County's financial management system's records for Grant Numbers 2015-UL-WX-0033, 2016-UL-WX-0040, and 2017-UL-WX-0014. Additionally, we found that 13 of the 31 FFR's we reviewed (42 percent) were submitted late.

We recommend that the COPS Office ensure ECSO develops and implements written policies and procedures to ensure project costs, both federal share expenditures and local match expenditures, are adequately supported and reconciled with Essex County's financial management system. In addition, we recommend the COPS Office ensure ECSO develops and implements written policies and procedures to timely submit financial reports on a quarterly basis.

CONCLUSION AND RECOMMENDATIONS

As a result of our audit, we concluded that ECSO did not effectively and efficiently manage the awards that we reviewed. Specifically, ECSO did not use its accounting system to manage the grants, did not maintain adequate documentation to support financial administration of the grants, and did not have adequate policies and procedures related to grant administration. We could not rely on the records ECSO provided during our audit, and we therefore question a total of \$5,753,266 in project costs. This includes \$4,503,266 in unsupported costs for the federal share and \$1,250,000 in local match expenditures. We also identified \$1,121,734 in unobligated drawdowns as funds that should be put to better use. We provide 14 recommendations to the COPS Office to address these deficiencies.

We recommend that the COPS Office:

1. Ensure ECSO develops and implements policies and procedures to make certain it maintains supporting documentation for staffing levels (local and grant-funded) identified in its grant applications and over the grant period. Specifically, ECSO should track the names, positions, and total number of locally funded officers and separately track grant-funded officers from the grant award date through grant closure.
2. Ensure ECSO implements policies and procedures to ensure that it meets the hiring date requirements for the officers it funds with COPS grants.
3. Ensure ECSO submits progress reports that accurately reflect grant activities during the reporting period.
4. Require ECSO to establish a financial system that corrects significant internal control deficiencies and produces consistent, accurate, reliable, and verifiable reporting.
5. Ensure ECSO develops and implements written policies and procedures for grant administration, including accounting and recordkeeping, to ensure compliance with applicable laws, regulations, and award terms and conditions.
6. Remedy the \$4,503,266 in unsupported questioned costs.
7. Remedy the \$1,121,734 in funds to be put to better use.
8. Remedy \$1,250,000 in unsupported questioned local match costs.
9. Works with ECSO to ensure that the match is met for grant 2017-UL-WX-0014.
10. Require ECSO to develop and implement policies and procedures to ensure accurate accounting of grant expenditures, including payroll and fringe benefit expenditures, as well as maintaining records that clearly demonstrate an appropriate source of the local match, the amount of the local match, and when the local match was contributed.

11. Ensure ECSO develops and implements written policies and procedures for budget management and reconciliation of supporting documentation with Essex County's financial management system.
12. Ensure ECSO develops and implements written policies and procedures for drawing down award funds based on actual payroll data from the Essex County financial management system.
13. Ensure ECSO develops and implements written policies and procedures to ensure project costs, both federal share expenditures and local match expenditures, are adequately supported and reconciled with Essex County's financial management system.
14. Ensure ECSO develops and implements written policies and procedures to timely submit financial reports on a quarterly basis.

APPENDIX 1

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, federal financial reports, and retention plan.

Scope and Methodology

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.

This was an audit of Office of Community Oriented Policing Services (COPS Office) grants awarded to the Essex County Sheriff's Office (ECSO) under the COPS Office Hiring Program, specifically COPS Grants Numbers 2015-UL-WX-0033, 2016-UL-WX-0040, and 2017-UL-WX-0014 in the amount of \$1,875,000 each. As of May 2020, ECSO had drawn down a total of \$4,503,266. COPS approved a grant extension for Grant Number 2015-UL-WX-0033 with a new project end date of December 31, 2018, which has since been expended and closed out. Additionally, COPS approved a grant extension for Grant Number 2016-UL-WX-0040 with a new project end date of February 29, 2020. Our audit concentrated on, but was not limited to, September 1, 2015, the award start date for Grant Number 2015-UL-WX-0033, through May 6, 2020, the last day of our audit work.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of ECSO's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including personnel, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The COPS Hiring Program Owner's Manual, the DOJ Grants Financial Guide, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from the COPS Office, the COPS Office's NextGen System, as well as ECSO's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of

those systems as a whole, therefore any findings identified involving information from those systems was verified with documentation from other sources.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of ECSO to provide assurance on its internal control structure as a whole. ECSO management is responsible for the establishment and maintenance of internal controls in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. §200. Because we do not express an opinion on ECSO's internal control structure as a whole, we offer this statement solely for the information and use of the ECSO and COPS Office.⁵

As noted in the Audit Results section of this report, we identified deficiencies in ECSO's internal controls that are significant within the context of the audit objectives and based upon the audit work performed that we believe adversely affect ECSO's ability for grant administration that would ensure compliance with applicable laws, regulations, and award terms and conditions. Specifically, ECSO did not use its financial management system to manage the grants, did not maintain adequate documentation to support financial administration of the grants, and did not have adequate policies and procedures related to grant administration.

⁵ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

	AMOUNT	PAGE
Questioned Costs:⁶		
Unsupported Costs – Drawdowns	\$4,503,266	11-12
Unsupported Costs – Local Match	<u>\$1,250,000</u>	11-12
Total Questioned Costs	\$5,753,266	
 Funds to be put to Better Use:⁷		
Grant Funds Not Used	<u>\$1,121,734</u>	11-12
Total Funds to be put to Better Use	\$1,121,734	
 TOTAL DOLLAR-RELATED FINDINGS	<u>\$6,875,000</u>	

⁶ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

⁷ **Funds to be put to Better Use** are future funds that could be used more efficiently if management took actions to implement and complete audit recommendations.

APPENDIX 3

ESSEX COUNTY SHERIFF'S OFFICE RESPONSE TO THE DRAFT AUDIT REPORT



OFFICE OF THE SHERIFF

ARMANDO B. FONTOURA, SHERIFF
ESSEX COUNTY VETERAN'S COURTHOUSE
NEWARK, NEW JERSEY
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UNDERSHERIFFS
FITZGERALD FIGLIUOLO
JOHN GONCALVES
AMIR D. JONES

CHIEF
JAMES R. SPANGO

July 21, 2020

Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
701 Market Street, Suite 2300
Philadelphia, PA 19106

Dear Mr. Puerzer,

I am writing in response to the OIG audit for COPS Grant Numbers 2015-ULWX-0033, 2016-ULWX-0040, and 201-ULWX-0014. In addition to the letter acknowledging the audit's objectives and scope, please refer below to the Essex County Sheriff's Office responses to the 14-point conclusion and recommendations that are stated in Draft Audit Report submitted by the OIG.

1. Statement:

Ensure ECSO develops and implements policies and procedures to make certain it maintains supporting documentation for staffing levels (local and grant-funded) identified in its grant applications and over the grant period. Specifically, ECSO should track the names, positions, and total number of locally funded officers and separately track grant-funded officers from grant award date through grant closure.

Response:

ECSO agrees with Statement 1 and has implemented procedures.

2. Statement:

Ensure ECSO implements policies and procedures to ensure that it meets the hiring date requirements for the officers it funds with COPS grants.

Response:

ECSO agrees with Statement 2 and is currently implementing procedures.

3. Statement:
Ensure ECSO submits progress reports that accurately reflect grant activities during the reporting period.

Response:

ECSO agrees with Statement 3 and has already implemented these procedures.

4. Statement:
Require ECSO to establish a financial system that corrects significant internal control deficiencies and produces consistent, accurate, reliable, and verifiable reporting.

Response:

ECSO agrees with Statement 4 and is collaboratively working with the County of Essex in implementing these procedures. As explained in the audit, the County of Essex is responsible for the accounting portion such employee salary and benefits.

5. Statement:
Ensure ECSO develops and implements written policies and procedures for grant administration, including accounting and recordkeeping, to ensure compliance with applicable laws, regulations, and award terms and conditions.

Response:

As in Statement 4, the ECSO is in full agreement and implementing the same policies and procedures would also apply in this section.

6. Statement:
Remedy the \$4,503,266 in unsupported questioned costs.

Response:

The ECSO disagrees with this finding. The ECSO will work with COPS to substantiate the costs associated with personnel salary and fringe benefits.

7. Statement:
Remedy the \$1,121,734 in funds to be put to better use.

Response:

As in Statement 6 the same applies to this statement. The ECSO disagrees with this finding. The ECSO will work with COPS to substantiate the costs associated with personnel salary and fringe benefits.

8. Statement:
Remedy \$1,250,000 in unsupported questioned local costs.

Response:

The ECSO disagrees with this finding and will substantiate findings that support our position that these costs are substantiated.

9. Statement:

Works with ECSO to ensure that the match is met for grant 2017-UL-WX-0014.

Response:

The ECSO agrees with Statement 9 and will substantiate findings that support the match.

10. Statement:

Require ECSO to develop and implement procedures to ensure accurate accounting of grant expenditures, including payroll and fringe benefit expenditures, as well as maintaining records that clearly demonstrate an appropriate source of the local match, the amount of the local match, and when the local match was contributed.

Response:

As described in Statements 6-9, Statement 10 will be implemented as a direct result to those policies and procedures.

11. Statement:

Ensure ECSO develops and implements written policies and procedures for budget management and reconciliation of supporting documentation with Essex County's financial management system.

Response:

The ECSO agrees with Statement 11 and is currently working collaboratively with the County of Essex to implement policy and procedures for budget management.

12. Statement:

Ensure ECSO develops and implements written policies and procedures for drawing down award funds based on actual payroll data from Essex County financial management system.

Response:

The ECSO agrees with Statement 12. As stated in Response 11, those policies and procedures will directly apply to this recommendation.

13. Statement:

Ensure ECSO develops and implements written policies and procedures to ensure project costs, both federal share expenditures and local match expenditures, are adequately supported and reconciled with Essex County's financial management system.

Response:

The ECSO agrees with Statement 13. The ECSO and the County of Essex are currently implementing these policies and procedures. These policies and procedures will directly substantiate all recommendations that directly apply to any budget related matters.

14. Statement:

Ensure ECSO develops and implements written policies and procedures to timely submit financial reports on a quarterly basis.

Response:

The ECSO agrees with Statement 14 and currently is in compliance with this recommendation.

Respectfully Submitted,



Armando B. Fontoura, Sheriff
Essex County Sheriff's Office

APPENDIX 4

OFFICE OF COMMUNITY ORIENTED POLICING SERVICES RESPONSE TO THE DRAFT AUDIT REPORT



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

COPS

MEMORANDUM

To: Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
U.S. Department of Justice, Office of the Inspector General

From: LaToya Pickett-Bell *LPB*
Management Analyst

Date: July 22, 2020

Subject: Response to the Draft Audit Report for the Essex County Sheriff's Office

This memorandum is in response to your July 2, 2020 draft audit report on COPS Hiring Program Grants #2015ULWX0033, #2016ULWX0040 and #2017ULWX0014 awarded to the Essex County Sheriff's Office ("the Department"). For ease of review, the audit recommendations are stated in bold and underlined, followed by a response from COPS concerning the recommendation.

Recommendation 1 - Ensure ECSO develops and implements policies and procedures to make certain it maintains supporting documentation for staffing levels (local and grant-funded) identified in its grant applications and over the grant period. Specifically, ECSO should track the names, positions, and total number of locally funded officers and separately track grant-funded officers from the grant award date through grant closure.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to develop appropriate policies and procedures that tracks the staffing levels, names and positions of both the locally-funded and grant-funded officers.

Request

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

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

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING

Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
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Recommendation 2 - Ensure ECSO implements policies and procedures to ensure that it meets the hiring date requirements for the officers it funds with COPS grants.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to develop appropriate policies and procedures that suitably meets the hiring requirements of the officers being assigned to the grant.

Request

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

COPS considers Recommendation 2 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

Recommendation 3 - Ensure ECSO submits progress reports that accurately reflect grant activities during the reporting period.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to ensure that they submit accurate progress reports to reflect grant activities accomplished during the reporting period.

Request

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

COPS considers Recommendation 3 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

Recommendation 4 - Require ECSO to establish a financial system that corrects significant internal control deficiencies and produces consistent, accurate, reliable, and verifiable reporting.

The COPS Office concurs with this recommendation.

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Planned Action

The COPS Office will work with the Department to ensure that they establish a financial system that improves internal control deficiencies and produces consistent, accurate, reliable, and verifiable reporting.

Request

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

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

Recommendation 5 - Ensure ECSO develops and implements written policies and procedures for grant administration, including accounting and recordkeeping, to ensure compliance with applicable laws, regulations, and award terms and conditions.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to ensure that they establish written grant administration policies and procedures to ensure that they are in compliance with the grant award terms and conditions.

Request

Based on the planned action, COPS requests resolution of Recommendation 5.

COPS considers Recommendation 5 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

Recommendation 6 - Remedy the \$4,503,266 in unsupported questioned costs.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to determine the grant expenditures and remedy the unsupported costs as appropriate.

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Philadelphia Regional Audit Office
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Request

Based on the planned action, COPS requests resolution of Recommendation 6.

COPS considers Recommendation 6 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

Recommendation 7 - Remedy the \$1,121,734 in funds to be put to better use.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to determine the grant expenditures and funds to be put to better use as appropriate.

Request

Based on the planned action, COPS requests resolution of Recommendation 7.

COPS considers Recommendation 7 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

Recommendation 8 - Remedy \$1,250,000 in unsupported questioned local match costs.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to determine the grant expenditures and remedy the unsupported questioned local match costs.

Request

Based on the planned action, COPS requests resolution of Recommendation 8.

COPS considers Recommendation 8 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

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Recommendation 9 - Works with ECSO to ensure that the match is met for grant 2017-UL-WX-0014.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to confirm that the local match requirement is being met for the grant.

Request

Based on the planned action, COPS requests resolution of Recommendation 9.

COPS considers Recommendation 9 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

Recommendation 10 - Require ECSO to develop and implement policies and procedures to ensure accurate accounting of grant expenditures, including payroll and fringe benefit expenditures, as well as maintaining records that clearly demonstrate an appropriate source of the local match, the amount of the local match, and when the local match was contributed.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to develop appropriate policies and procedures to ensure accurate accounting of grant expenditures, including salaries, fringe benefits, source of local match and the amount of local match contributed.

Request

Based on the planned action, COPS requests resolution of Recommendation 10.

COPS considers Recommendation 10 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

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Recommendation 11 - Ensure ECSO develops and implements written policies and procedures for budget management and reconciliation of supporting documentation with Essex County's financial management system.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to develop appropriate policies and procedures on budget management and reconciliation of supporting documentation with Essex County's financial management system.

Request

Based on the planned action, COPS requests resolution of Recommendation 11.

COPS considers Recommendation 11 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

Recommendation 12 - Ensure ECSO develops and implements written policies and procedures for drawing down award funds based on actual payroll data from the Essex County financial management system.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to develop appropriate policies and procedures to account for draw down of funds for actual payroll expenditures using Essex County's financial management system.

Request

Based on the planned action, COPS requests resolution of Recommendation 12.

COPS considers Recommendation 12 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

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Regional Audit Manager
Philadelphia Regional Audit Office
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Recommendation 13 - Ensure ECSO develops and implements written policies and procedures to ensure project costs, both federal share expenditures and local match expenditures, are adequately supported and reconciled with Essex County's financial management system.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to develop appropriate policies and procedures to ensure that grant expenditures are supported and reconciled with Essex County's financial management system.

Request

Based on the planned action, COPS requests resolution of Recommendation 13.

COPS considers Recommendation 13 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

Recommendation 14 - Ensure ECSO develops and implements written policies and procedures to timely submit financial reports on a quarterly basis.

The COPS Office concurs with this recommendation.

Planned Action

The COPS Office will work with the Department to develop appropriate policies and procedures to timely submit federal financial reports on a quarterly basis.

Request

Based on the planned action, COPS requests resolution of Recommendation 14.

COPS considers Recommendation 14 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

The COPS Office 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 202-616-2887 or via e-mail: LaToya.Pickett-Bell@usdoj.gov.

cc: (provided electronically)

Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
U.S. Department of Justice, Office of the Inspector General
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cc: Marcia Jackson
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Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
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Armando Fontoura
Sheriff
Essex County Sheriff's Office
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Robert Jackson
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Essex County
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James Spango
Essex County Sheriff's Office
[REDACTED]

[REDACTED]
Officer
Essex County Sheriff's Office
[REDACTED]

[REDACTED]
Captain
Essex County Sheriff's Office
[REDACTED]

Grant File: CHP #2015ULWX0033
CHP #2016ULWX0040
CHP #2017ULWX0014

ORI: NJ00700

APPENDIX 5

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

The U.S. Department of Justice Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Community Oriented Policing Services (COPS Office) and the Essex County Sheriff's Office (ECSO) for review and official comment. The ECSO's response is incorporated in Appendix 3, and the COPS Office's response is incorporated in Appendix 4 of this final report. In response to our draft report, the COPS Office concurred with our recommendations, and as a result, the status of the audit report is resolved. In its response, the ECSO concurred with 11 recommendations, and did not concur with 3 recommendations. The following provides the OIG analysis of the summary of actions necessary to close the report.

Recommendations for the COPS Office:

- 1. Ensure ECSO develops and implements policies and procedures to make certain it maintains supporting documentation for staffing levels (local and grant-funded) identified in its grant applications and over the grant period. Specifically, ECSO should track the names, positions, and total number of locally funded officers and separately track grant-funded officers from the grant award date through grant closure.**

Resolved. The COPS Office concurred with our recommendation. In its response, the COPS Office stated it will work with ECSO to develop appropriate policies and procedures that track the staffing levels, names, and positions of both locally funded and grant-funded officers.

The ECSO concurred with our recommendation and stated in its response that it has implemented procedures.

This recommendation can be closed when we receive documentation demonstrating that ECSO has developed and implemented written policies and procedures for tracking locally funded and grant-funded officers.

- 2. Ensure ECSO implements policies and procedures to ensure that it meets the hiring date requirements for the officers it funds with COPS grants.**

Resolved. The COPS Office concurred with our recommendation. In its response, the COPS Office stated it will work with the ECSO to develop appropriate policies and procedures that suitably meet the hiring requirements of the officers being assigned to the grant.

The ECSO concurred with our recommendation and stated in its response that it had implemented procedures.

This recommendation can be closed when we receive documentation demonstrating that ECSO has developed and implemented written policies and procedures to ensure that it meets the hiring date requirements for the officers it funds with COPS grants.

3. Ensure ECSO submits progress reports that accurately reflect grant activities during the reporting period.

Resolved. The COPS Office concurred with our recommendation. The COPS Office stated in its response that it will work with ECSO to ensure that it submits accurate progress reports to reflect grant activities accomplished during the reporting period.

The ECSO agreed with our recommendation and stated in its response that it has implemented procedures.

This recommendation can be closed when we receive documentation demonstrating that ECSO has developed and implemented written policies and procedures for subrecipient monitoring that include documenting performance reviews.

4. Require ECSO to establish a financial system that corrects significant internal control deficiencies and produces consistent, accurate, reliable, and verifiable reporting.

Resolved. The COPS Office agreed with our recommendation. The COPS Office stated in its response that it will work with the ECSO to ensure that it establishes a financial system that improves internal control deficiencies and produces consistent, accurate, reliable, and verifiable reporting.

The ECSO concurred with our recommendation and stated in its response that it has started working collaboratively with the County of Essex in implementing procedures.

This recommendation can be closed when we receive documentation demonstrating that ECSO has established a financial system that corrects significant internal control deficiencies and produces consistent, accurate, reliable, and verifiable reporting.

5. Ensure ECSO develops and implements written policies and procedures for grant administration, including accounting and recordkeeping, to ensure compliance with applicable laws, regulations, and award terms and conditions.

Resolved. The COPS Office concurred with our recommendation. The COPS Office stated in its response that it will work with the ECSO to ensure that it establishes written grant administration policies and procedures to ensure it is in compliance with the grant award terms and conditions.

The ECSO agreed with our recommendation and stated in its response that it has started working collaboratively with the County of Essex in implementing procedures.

This recommendation can be closed when we receive documentation demonstrating that ECSO has developed and implemented written policies and procedures for grant administration, including accounting and recordkeeping, to ensure compliance with applicable laws, regulations, and award terms and conditions.

6. Remedy the \$4,503,266 in unsupported questioned costs.

Resolved. The COPS Office concurred with our recommendation. The COPS Office stated in its response that it will work with the ECSO to determine the grant expenditures and remedy the unsupported costs as appropriate

The ECSO disagreed with our recommendation and stated in its response that it will work with COPS to substantiate the costs associated with personnel salary and fringe benefits.

This recommendation can be closed when we receive documentation demonstrating that the COPS Office has remedied the questioned costs.

7. Remedy the \$1,121,734 in funds to be put to better use.

Resolved. The COPS Office concurred with our recommendation. The COPS Office stated in its response that it will work with the ECSO to determine the grant expenditures and funds to be put to better use as appropriate.

The ECSO disagreed with our recommendation and stated in its response that it will work with COPS to substantiate the costs associated with personnel salary and fringe benefits.

This recommendation can be closed when we receive documentation demonstrating that the COPS Office has remedied the funds to be put to better use.

8. Remedy \$1,250,000 in unsupported questioned local match costs.

Resolved. The COPS Office concurred with our recommendation. The COPS Office stated in its response that it will work with the ECSO to determine the grant expenditures and remedy the unsupported questioned local match costs.

The ECSO disagreed with our recommendation and stated in its response that it will substantiate findings that support its position that these costs are substantiated.

This recommendation can be closed when we receive documentation demonstrating that ECSO appropriately identified its local match, documented

the source and amount of local match applied to the grant-funded program, and identified when the local match contributions were made, or that the questioned costs were remedied in some other manner.

9. Works with ECSO to ensure that the match is met for grant 2017-UL-WX-0014.

Resolved. The COPS Office concurred with our recommendation. The COPS Office stated in its response that it will work with the ECSO to confirm that the local match requirement is being met for the grant.

The ECSO agreed with our recommendation and stated in its response that it will substantiate the findings that support the match.

This recommendation can be closed when we receive documentation demonstrating that ECSO has implemented procedures to ensure that the local match is met for grant 2017-UL-WX-0014.

10. Require ECSO to develop and implement policies and procedures to ensure accurate accounting of grant expenditures, including payroll and fringe benefit expenditures, as well as maintaining records that clearly demonstrate an appropriate source of the local match, the amount of the local match, and when the local match was contributed.

Resolved. The COPS Office concurred with our recommendation. The COPS Office stated in its response that it will work with the ECSO to develop appropriate policies and procedures to ensure accurate accounting of grant expenditures, including salaries, fringe benefits, source of local match and the amount of local match contributed.

The ECSO agreed with our recommendation and stated in its response that policies and procedures implemented for other findings will result in policies and procedures being implemented for this recommendation.

This recommendation can be closed when we receive documentation demonstrating that ECSO has developed and implemented written policies and procedures that ensures accurate accounting of grant expenditures, including payroll and fringe benefit expenditures, as well as maintaining records that clearly demonstrate an appropriate source of the local match, the amount of the local match, and when the local match was contributed.

11. Ensure ECSO develops and implements written policies and procedures for budget management and reconciliation of supporting documentation with Essex County's financial management system.

Resolved. The COPS Office concurred with our recommendation. The COPS Office stated in its response that it will work with the ECSO to develop appropriate policies and procedures on budget management and reconciliation of supporting documentation with Essex County's financial management system.

The ECSO agreed with our recommendation and stated in its response that it has started working collaboratively with the County of Essex in implementing procedures.

This recommendation can be closed when we receive documentation demonstrating that ECSO has developed and implemented written policies and procedures for budget management and reconciliation of supporting documentation with Essex County's financial management system.

12. Ensure ECSO develops and implements written policies and procedures for drawing down award funds based on actual payroll data from the Essex County financial management system.

Resolved. The COPS Office concurred with our recommendation. The COPS Office stated in its response that it will work with ECSO to develop appropriate policies and procedures to account for drawdown of funds for actual payroll expenditures using Essex County's financial management system.

The ECSO agreed with our recommendation and stated in its response that it has implemented policies and procedures for other recommendations that will directly apply to this recommendation.

This recommendation can be closed when we receive documentation demonstrating that ECSO has developed and implemented written policies for drawing down funds based on actual payroll data from the Essex County financial management system.

13. Ensure ECSO develops and implements written policies and procedures to ensure project costs, both federal share expenditures and local match expenditures, are adequately supported and reconciled with Essex County's financial management system.

Resolved. The COPS Office concurred with our recommendation. The COPS Office stated in its response that it will work with the ECSO to develop appropriate policies and procedures to ensure that grant expenditures are supported and reconciled with Essex County's financial management system.

The ECSO agreed with our recommendation and stated in its response that the ECSO and the County of Essex are currently implementing the recommended policies and procedures, and that the policies and procedures will directly substantiate all recommendations that directly apply to any budget related matters.

This recommendation can be closed when we receive documentation demonstrating that ECSO has developed and implemented written policies and procedures to ensure project costs, both federal share expenditures and local match expenditures, are adequately supported and reconciled with Essex County's financial management system.

14. Ensure ECSO develops and implements written policies and procedures to timely submit financial reports on a quarterly basis.

Resolved. The COPS Office concurred with our recommendation. The COPS Office stated in its response that it will work with the ECSO to develop appropriate policies and procedures to timely submit federal financial reports on a quarterly basis.

The ECSO agreed with our recommendation and stated in its response that it was currently in compliance with this recommendation.

This recommendation can be closed when we receive documentation demonstrating that ECSO has developed and implemented written policies and procedures to timely submit financial reports on a quarterly basis.