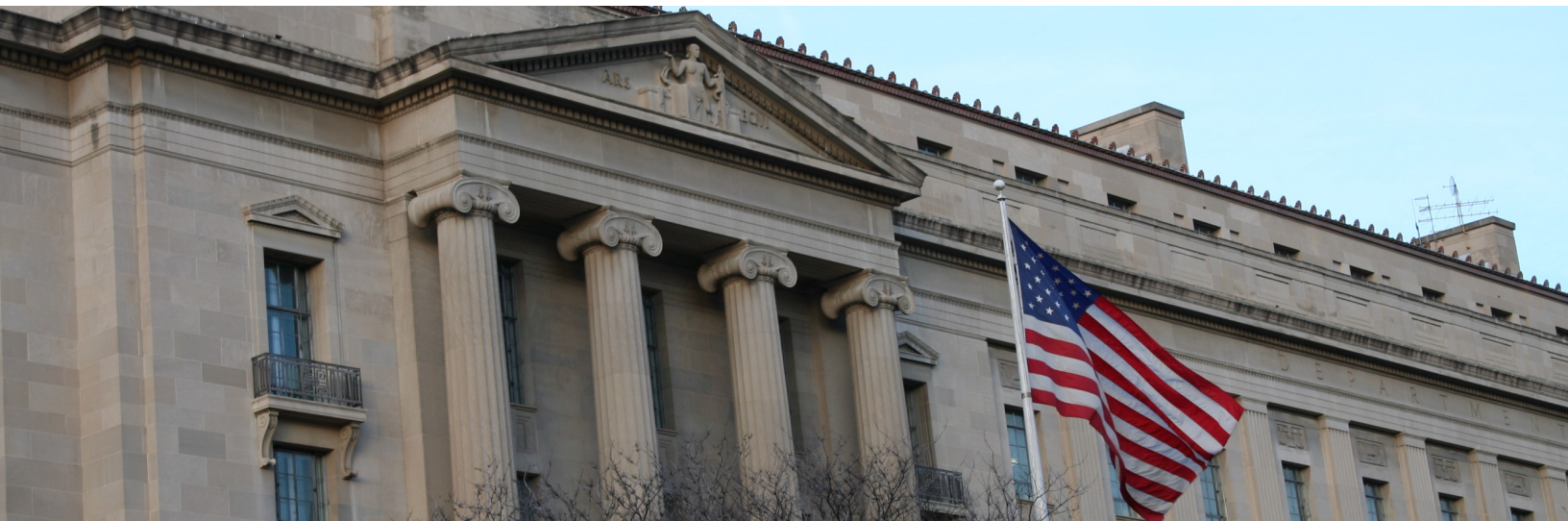




## Office of the Inspector General U.S. Department of Justice

**OVERSIGHT ★ INTEGRITY ★ GUIDANCE**



# Audit of the Office of Community Oriented Policing Services Hiring Program Grants Awarded to the Arlington Police Department, Arlington, Texas

### REDACTED FOR PUBLIC RELEASE

Redactions were made to the full version of this report for privacy reasons. The redactions are contained in Appendix 4, the grantee's response and Appendix 5, the granting agency's response, and are of individuals' names.



# Executive Summary

*Audit of the Office of Community Oriented Policing Services Hiring Program Grants Awarded to the Arlington Police Department, Arlington, Texas*

## Objectives

The Office of Community Oriented Policing Services (COPS Office) awarded the Arlington Police Department (APD) three grants totaling \$11.2 million in project costs that included \$5.6 million in federal funds for the COPS Hiring Program (CHP) and \$5.6 million in local funds. 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 the grantee demonstrated adequate progress towards achieving program goals and objectives.

## Results in Brief

As a result of our audit, we concluded that the APD demonstrated adequate progress toward achieving the grants' stated community policing goals, except that the APD did not provide documentation of activity with what it considered its three most important partners under Grant Number 2017-UL-WX-0015. Additionally, we did not identify significant concerns regarding the APD's required match and application statistics. However, we identified noncompliance with essential award conditions related to performance reports, officer type, use of funds, and financial accounting. Specifically, the APD charged unallowable salaries for ineligible officers to the grants, charged unallowable salaries and fringe benefits over the approved amounts in the Financial Clearance Memorandums (FCM), and did not accurately account for grant expenditures by cost category. Further, we determined that procedures related to progress reports, budget management and control, drawdowns, and federal financial reporting could be improved. As a result of these deficiencies, we identified \$878,341 in unallowable total project costs, and the APD paid back the federal share to the DOJ before the issuance of this final report.

## Recommendations

Our report contains 13 recommendations to the COPS Office. We requested a response to our draft audit report from the COPS Office and the APD, which can be found in Appendices 5 and 4, respectively. Our analysis of those responses is included in Appendix 6.

## Audit Results

The purpose of the three COPS Office CHP grants we reviewed was to hire new, additional career law enforcement officers in an effort to increase the agency's community policing capacity and crime prevention efforts. The project period for the grants was from September 2015 through October 2020. The APD drew down a cumulative amount of \$4,104,142 for all of the grants we reviewed as of September 2019.

***Program Goals and Accomplishments*** – We found that the APD demonstrated adequate achievement of the grant's stated community policing goals under Grant Number 2015-UL-WX-0026. Additionally, the APD demonstrated adequate progress towards achieving the grants' stated community policing goals under Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015, except that the APD did not document activity with what it considered its three most important partners under Grant Number 2017-UL-WX-0015.

***Grant Expenditures*** – We found that the APD charged unallowable salaries and fringe benefits related to 44 officers that filled 35 positions throughout the grant periods that did not adhere to any CHP hiring category. After bringing this issue to APD officials' attention, the APD identified officers that were eligible under the grants. However, we identified \$856,520 in remaining unallowable costs associated with the ineligible officers. Additionally, we identified \$21,821 in unallowable salaries and associated fringe benefits under Grant Number 2015-UL-WX-0026, as these costs exceeded the allowable rates in the FCM.

***Budget Management and Control*** – We found that the APD did not accurately account for grant expenditures by cost category, and that the APD charged costs in excess of approved rates in the FCM.

***Drawdowns*** – We found that the APD was overdrawn on Grant Number 2016-UL-WX-0011 as a result of charging the unallowable salaries of ineligible officers to the award.

**AUDIT OF THE OFFICE OF COMMUNITY ORIENTED  
POLICING SERVICES HIRING PROGRAM GRANTS  
AWARDED TO THE ARLINGTON POLICE DEPARTMENT,  
ARLINGTON, TEXAS**

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**AUDIT OF THE OFFICE OF COMMUNITY ORIENTED  
POLICING SERVICES HIRING PROGRAM GRANTS  
AWARDED TO THE ARLINGTON POLICE DEPARTMENT,  
ARLINGTON, TEXAS**

**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 Office), under the COPS Hiring Program (CHP) to the Arlington Police Department (APD) in Arlington, Texas, totaling over \$11.2 million in project costs that included over \$5.6 million in federal funds, as shown in Table 1.

**Table 1**  
**COPS Office Hiring Program Grants Awarded to the APD**

Award Number	Award Date	Project Period Start Date	Project Period End Date	Federal Share	Applicant Share	Total Project Costs
2015-UL-WX-0026	10/01/2015	09/01/2015	12/03/2018	\$1,875,000	\$1,734,938	\$3,609,938
2016-UL-WX-0011	10/01/2016	09/01/2016	09/30/2020	1,875,000	1,798,606	3,673,606
2017-UL-WX-0015	11/01/2017	11/01/2017	10/31/2020	1,875,000	2,045,629	3,920,629
			<b>Total:</b>	\$5,625,000	\$5,579,173	\$11,204,173

Source: COPS Office

Funding through CHP grants supports local law enforcement agencies' ability to hire, rehire, or both career law enforcement officers in an effort to increase the agency's community policing capacity and crime prevention efforts. The COPS Office defines community policing as a philosophy that promotes organizational strategies that 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.

Additionally, CHP grants provide up to 75 percent of the approved entry-level salaries and fringe benefits of full-time officers for a 36-month grant period with a minimum 25 percent local cash match requirement and a maximum federal share of \$125,000 per officer position. CHP grant funding may be used to hire new officers, rehire officers who have been laid off, or avoid the scheduled lay off of officers on a specific future date as a result of local budget reductions. For the APD, CHP grant funding supported the hiring of 15 new, additional officer positions under each grant, totaling 45 positions. Additionally, each position was to be retained 12 months following the conclusion of DOJ grant funding with local funds.

**The Grantee**

The APD serves the City of Arlington, Texas which is located between Dallas and Fort Worth, Texas in Tarrant County. The city is about 100 square miles, has more than 380,000 residents, and over 680 sworn law enforcement officers as of

September 2019. An important component of policing at APD is its efforts to maintain a law enforcement agency whose personnel reasonably represent the diversity of the community. Additionally, the APD's mission is to build trust in the community through transparent actions and positive engagement and to leverage technology, geographic policing, and employee development to increase legitimacy and reduce crime. Further, the APD was selected by the COPS Office as 1 of 15 law enforcement agencies to lead a national initiative, the Task Force on 21st Century Policing. In 2014, President Obama created this initiative to identify best practices and offer recommendations on how policing in America can promote effective crime reduction while building trust and promoting officer wellness and safety.

### *Grant Administration*

Through the course of the audit, we identified 61 officers that filled the 45 awarded CHP positions throughout the 3 grant periods. Of these 61 officers, we found that 44 officers were not eligible under any CHP hiring category and should have been locally funded. We discuss this issue in more detail in multiple sections of the audit report, including *Required Performance Reports*, *Retention Plan Requirement*, *Officer Type*, *Personnel and Fringe Costs*, and *Drawdowns*.

### **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 the grantee demonstrated adequate progress towards achieving 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, and federal financial reports, application statistics, and the retention plan.

We tested compliance with what we consider to be the most important conditions of the grants. The DOJ Grants Financial Guide; the 2015, 2016, and 2017 CHP Award Owner's Manuals (Award Owner's Manual); and the award documents contain the primary criteria we applied during the audit.<sup>1</sup>

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, and additional tables and figures related to findings in the audit report appear in Appendix 3.

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<sup>1</sup> The DOJ Grants Financial Guide serves as the primary reference manual to assist Office of Justice Programs, Office on Violence Against Women, and COPS Office award recipients in fulfilling their fiduciary responsibility to safeguard grant funds and ensure funds are used for the purposes for which they were awarded.

## AUDIT RESULTS

### Program Performance and Accomplishments

We reviewed required performance reports, grant applications, grant documentation, and interviewed APD officials to determine whether the APD demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed quarterly progress reports to determine if the required reports were accurate. Finally, we assessed the APD's retention plan under Grant Number 2015-UL-WX-0026.

#### *Program Goals and Objectives*

The program goals and objectives of CHP grants are intrinsically tied to community policing. In the grant applications, the primary goals of the community policing plan are selected in response to the grantee's defined focus area. According to the Award Owner's Manual, the grant recipient is required to implement the community policing plan it set forth in the CHP award application, which includes the following elements of community policing: (1) problem solving, (2) community partnerships and support, and (3) organizational transformation. For the ended award, Grant Number 2015-UL-WX-0026, we verified that all community policing goals were achieved. For the on-going awards, Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015, we verified progress towards achieving the community policing goals.

The focus area for Grant Number 2015-UL-WX-0026 was to build trust, specifically to reduce citizen distrust of police actions and motives through increased police involvement in positive, non-enforcement activities with citizens. The three primary goals related to this focus area were to: (1) increase public trust in the agency, (2) improve the response to the focus area, and (3) improve citizen perceptions of the focus area. Additionally, the APD detailed the three most important external organizations that it would initiate or enhance a partnership with to develop responses to the focus area. In all, the APD stated that it would initiate or enhance a total of 40 partnerships.

For Grant Number 2015-UL-WX-0026, we found no indications that the APD did not adequately achieve the stated community policing goals of the grant.

The focus area for Grant Number 2016-UL-WX-0011 was to build trust through impartial policing. Specifically, the APD planned to reduce public perception of biased enforcement through enhanced supervision that emphasized procedural justice principles. At the APD, these principles include: (1) treating people with respect, (2) listening to what they have to say, (3) making fair decisions, and (4) explaining all actions. The APD's three primary goals in response to their focus area were to: (1) increase public trust in the agency; (2) improve the response to the focus area; and (3) improve citizen perceptions of the focus area. Additionally, the APD detailed the three most important external organizations that it would initiate or enhance a partnership with to develop responses to the focus

area. In all, the APD stated that it would initiate or enhance a total of 41 partnerships.

For Grant Number 2016-UL-WX-0011, we found no indications that the APD was not adequately achieving the stated community policing goals of the grant.

The focus area for Grant Number 2017-UL-WX-0015 was on violent crime problems, specifically gun violence. The three primary goals in response to the focus area were to reduce the: (1) number of incidents, (2) seriousness of the incidents or the amount of harm, and (3) the number of offenders and repeat offenders. Additionally, the APD detailed the three most important external organizations that it would initiate or enhance a partnership with to develop responses to the focus area. In all, the APD stated that it would initiate or enhance a total of 10 partnerships.

For Grant Number 2017-UL-WX-0015, APD provided its list of active partnerships as of December 2019. We found that this list did not include three external organizations identified in the grant application as being the most important. We requested documentation regarding activity with these three external organizations or partnerships. However, the APD did not provide any documentation illustrating activity with these three partnerships. As the APD did not document any activity with these three partnerships that it identified as most important, we determined that it was not adhering to its community policing plan set forth in the CHP award application. Therefore, we recommend the COPS Office coordinate with the APD to ensure it initiates or enhances the partnerships as identified in the CHP grant application under Grant Number 2017-UL-WX-0015.

### *Required Progress Reports*

Progress reports are used to track the agency's progress towards implementing community policing strategies and collecting data to gauge the effectiveness of increasing the agency's community policing capacity through COPS Office funding. As a result, the DOJ Grants Financial Guide requires that the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation or award.

In order to verify the information contained in the progress reports, we selected a judgmental sample of 10 performance measures from the 2 most recent quarterly progress reports submitted for each grant for a total sample size of 30. We then traced the items to supporting documentation maintained by the APD.

Overall, we found that 13 of the 30 performance measures we sampled did not match the supporting documentation. Of these 13 performance measures, 9 were inaccurate as the APD was tracking the positions of ineligible officers instead of the eligible new hires, 3 were due to inaccuracies in reporting crime data, and 1 was due to not documenting partnership activity with community partners it identified as most important in the CHP grant application.



Based on our interviews with APD officials and our review of the APD's grant management policies and procedures, we determined that these policies and procedures could be improved. Specifically, according to a City of Arlington, Texas, grant compliance guide; the department must monitor its activities under federal awards to assure compliance with applicable federal requirements and that performance measures are being achieved. However, the guide does not require the departments to maintain documentation of grant program progress.

Therefore, we recommend that the COPS Office coordinate with the APD to develop and implement policies and procedures to ensure the APD reports accurate accomplishments in its progress reports and maintains documentation of grant program progress.

### *Retention Plan Requirement*

According to the Award Owner's Manual, the recipient is required to retain the officer positions awarded under the CHP grant and not the specific officers hired to fill the grant positions. If a position funded by the CHP grant becomes vacant during the retention period, the agency is required to take active and timely steps consistent with the agency's hiring policies and procedures to fill the position with a new officer to complete the remainder of the 12-month retention period. Additionally, if a position becomes vacant during the grant or retention period, the agency must maintain records of the employment dates of any new officers hired to fill the position. 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.

According to the former Grant Coordinator, the APD must receive approval from the City of Arlington, Texas, before applying for CHP grants to ensure that local funding is budgeted to meet any retention requirements of the grants. In its grant applications, the APD indicated that it would use general funds to retain the 15 additional officer positions awarded under each grant for a minimum of 12 months at the conclusion of federal funding.

We then tested retention activity under Grant Number 2015-UL-WX-0026, which, according to the APD, had entered the 12-month retention period in December 2018.<sup>2</sup> Therefore, the APD planned to complete the 12-month retention period in December 2019. However, we identified five CHP positions that were not backfilled with new hires as required, but were filled with seven locally-funded officers that were transferred to the grant. As such, these officers would not qualify as new-hires under the requirements of the CHP grants, and they would not count toward the APD meeting its retention requirements under Grant Number 2015-UL-WX-0026.

We discussed these officers with APD and were provided an additional ledger of eligible new hires for these five CHP officer positions. Based on our review, we

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<sup>2</sup> As Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015 had not yet entered their retention periods, we did not examine retention period activities for these two grants.

determined that these officers were eligible under the grant. However, in order to meet retention requirements, all 15 positions would need to be retained after December 2019. Specifically, 10 positions would need to be filled through January 2020, 3 positions through April 2020, and 2 positions through May 2020. Overall, as of September 2019, the APD was on track to meet the retention requirement.

Because of the issues identified above, we determined that the APD's method of tracking officer retention could be improved. Therefore, we recommend the COPS Office coordinate with the APD to update its policies and procedures to ensure that, when a CHP position becomes vacant during the grant or retention period, the APD tracks new officers hired on or after the date the CHP positions were vacated in order to meet retention requirements.

## **Grant Financial Management**

According to the DOJ Grants Financial Guide and the Award Owner's Manual, the grant recipient is required to establish and maintain adequate accounting systems and financial records to accurately account for funds awarded and disbursed to them. These records must include both federal funds and any local funds contributed to the project. Additionally, as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; the grant recipient's accounting system should be designed to provide reasonable assurance regarding the achievement of the following objectives for federal awards: (1) transactions are executed in compliance with all applicable federal statutes, regulations, and the award terms and conditions; and (2) transactions are properly recorded and accounted for in order to prepare reliable financial statements and federal reports.

To assess the APD's financial management of the grants covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and inspected grant documents to determine whether the APD adequately safeguards the grant funds we audited. We also performed testing in the areas that were relevant for the management of this grant, as discussed throughout this report. Finally, we reviewed the City of Arlington, Texas Single Audit Reports for fiscal years (FY) 2015 through 2018 to identify internal control weaknesses and significant non-compliance issues related to federal awards. We did not find significant deficiencies or material weaknesses in the Single Audit Reports related to grant administration.<sup>3</sup>

However, our review of grant expenditures identified significant weaknesses in the APD's award financial management and adherence to base grant requirements. Specifically, we found that the APD did not adhere to allowable CHP hiring categories; did not adhere to the allowable amounts and rates of salaries and fringe as defined in the Financial Clearance Memorandum (FCM); did not use available controls to monitor costs in the general ledger; had excess drawdowns as APD tracked sergeants under Grant Number 2016-UL-WX-0011 instead of new,

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<sup>3</sup> The APD is incorporated under the City of Arlington, Texas in the relevant Single Audit Reports.

additional officers; and did not accurately report required Federal Financial Reports (FFRs).

Based on our review, we concluded that grant financial management related to officer type, use of award funds, budget management and control, drawdowns, and federal financial reports could be improved. We make additional recommendations in the other sections of this report to remedy these deficiencies.

## Grant Expenditures

For Grant Numbers 2015-UL-WX-0026, 2016-UL-WX-0011, and 2017-UL-WX-0015, the APD's approved budgets included entry-level salaries and fringe benefits such as Medicare, health insurance, retirement, Worker's Compensation, shift differential, and disability insurance. The APD was also required to expend a minimum of 25 percent in local funds up to the full matching amount as defined in the FCM. Specifically, the planned local match was \$1,734,938 for Grant Number 2015-UL-WX-0026, \$1,798,606 for Grant Number 2016-UL-WX-0011, and \$2,045,629 for Grant Number 2017-UL-WX-0015. As the required match was a percentage of total project costs, we did not separately test matching transactions.

To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we verified the officer types and tested a sample of transactions. Specifically, we judgmentally sampled five non-consecutive pay periods for each award. However, during the course of the audit, we found that the APD charged unallowable salaries and fringe benefits of sergeants and detectives to Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015, respectively. After we informed the APD, APD officials identified new, additional officers that fulfilled the grant award requirements. Therefore, we sampled the salaries and fringe benefits of these positions as identified by the APD. Additionally, we found that the general ledgers did not identify officers under the grants, and did not properly account for cost categories, which is further discussed under *Budget Management and Control*. Thus, we incorporated the payroll ledgers into our analysis of personnel and fringe costs.

**Table 2**  
**Sample of Grant Expenditures as of September 22, 2019**

Award Number	Payroll Ledger Expenses <sup>(a)</sup>	Total Payroll Dollars Sampled	Percent of Dollars Sampled
2015-UL-WX-0026	\$3,778,983	\$258,292	6.8%
2016-UL-WX-0011	\$3,708,607	\$287,182	7.7%
2017-UL-WX-0015	\$1,552,317	\$259,885	16.7%
<b>Total:</b>	<b>\$9,039,907</b>	<b>\$805,359</b>	<b>8.9%</b>

<sup>(a)</sup> We sampled payroll of new hires under Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015.

Source: APD

We reviewed documentation, accounting records, and performed verification testing related to grant expenditures. Based on this testing, we identified \$878,341 in unallowable costs related to personnel and associated fringe. The following sections describe the results of that testing.

### *Officer Type*

According to the Award Owner's Manual, grant recipients are required to use CHP award funds for the specific hiring categories awarded. These full-time hiring categories are limited to: (1) new, additional officer positions; (2) the rehire of officers who were laid off; and (3) the rehire of officers scheduled to be laid off. Additionally, the Award Owner's Manual stated that the positions must be in addition to the recipient's current funded level of sworn officer positions and that the hire or rehire date must be on or after the official award start date as it appears on the recipient's award document. Further, if a position becomes vacant during the grant or retention period, the grant recipient must maintain records of the employment of any new officers hired to fill the position.

In each of the grant applications, the APD requested 15 new, additional officer positions and no other hiring categories were requested. Additionally, we did not identify any grant modifications to request a change in hiring category. Further, APD officials stated that there had been no layoffs of sworn officers between October 2014 and October 2019, and we did not identify any reductions in the total law enforcement operating budget through FY 2020. Therefore, the categories to rehire officers who were laid off and to rehire officers scheduled to be laid off were not applicable to the APD. The only CHP hiring category allowed under the grants was new, additional officer positions.

For Grant Number 2015-UL-WX-0026, we found that all initial officers hired met the condition of being a new, additional officer. However, as attrition occurred, seven officers in five positions did not meet the condition of being a new hire as they were initially hired in locally-funded positions and were later transferred to the 2015 CHP grant. On average, these officers were hired into locally funded positions 7 months before they were transferred to the grant. Because the rehire categories were not applicable to the APD, we determined that these officers were not eligible under any CHP hiring category, indicating that the APD replaced local funds with federal funds. As a result, three positions were not filled with eligible officers that were hired after the position was vacated, and two positions were not filled with eligible officers for several months. Therefore, the APD incurred \$562,358 in unallowable salaries and fringe for these ineligible officers.

According to City of Arlington, Texas policy, the APD was required to obtain approval from the Deputy City Manager (Finance Department) for significant deviations from the original grant concept. Additionally, before the grant applications were submitted to the granting agency, the department was required to prepare and submit staff reports for city council approval. For Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015, the approved staff reports and grant applications indicated that the sergeants and detectives would perform the

community policing activities, and the entry-level police officers would financially impact the awards.<sup>4</sup>

However, we found that Grant Number 2016-UL-WX-0011 was used to partially fund the promotions of sergeants, and Grant Number 2017-UL-WX-0015 was used to partially fund the promotions of detectives. Then an equal number of locally-funded entry-level officers were hired. Additionally, we found that all 37 sergeants and detectives in the 30 positions under the grants were not hired on or after the award start date. On average, the APD hired the officers 12 years before the grants started. Therefore, the sergeants and detectives were not new, additional officers and, as the rehire categories were not applicable to the APD, these sergeants and detectives were not eligible under any CHP hiring category.

APD officials stated that they were meeting the requirements of the new-hire category as the APD consistently hired new officers and was meeting the non-supplanting requirement. Additionally, APD officials stated that they were advised by the COPS Office to put the new hire backfills in the general fund and to put the community policing officers, the sergeants and detectives, under the CHP grants. However, the APD could not provide documentation of this advice from the COPS Office, and such advice would directly contradict CHP requirements. This error resulted in \$5,193,441 of unallowable salaries and fringe benefits related to ineligible veteran officers under the two grants, specifically \$3,619,215 under Grant Number 2016-UL-WX-0011 and \$1,574,226 under Grant Number 2017-UL-WX-0015 as of September 22, 2019.

Overall, we identified \$5,755,799 in unallowable salaries and fringe for the 3 grants related to 44 ineligible officers in 35 positions, as the APD replaced local funds that would, in the absence of federal aid, be made available for the award purposes as shown in Table 3.

**Table 3**  
**Summary of Ineligible Officers under the CHP Grants**

Award Number	Officer Positions Awarded	Positions with Ineligible Officers	Number of Ineligible Officers	Unallowable Costs of Ineligible Officers
2015-UL-WX-0026	15	5	7	\$562,358
2016-UL-WX-0011	15	15	21	\$3,619,215
2017-UL-WX-0015	15	15	16	\$1,574,226
<b>Total:</b>	<b>45</b>	<b>35</b>	<b>44</b>	<b>\$5,755,799</b>

Source: APD

After we notified APD officials, APD provided payroll ledgers of new hires who met the requirements of the CHP hiring categories, as these officers were hired after the award start date or after vacancies were created. As we did not identify

<sup>4</sup> According to the Award Owner's Manual, the specific officers funded or an equal number of redeployed veteran officers must be used to initiate or enhance community policing activities. Additionally, these officers must implement the grant recipient's approved community policing plan described in the grant application.

indications of supplanting under the *Non-Supplanting Requirement* section, we performed testing on these eligible officers. This included 5 officers in 5 positions under Grant Number 2015-UL-WX-0026 and 15 officers in each of the 15 positions under Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015.

We compared the new-hire payroll ledger information to the allowable cost categories of salaries and fringe as identified in the FCMs to compute allowable costs by cost category for each newly hired officer in each pay period.<sup>5</sup> Since these costs would replace the unallowable costs we previously identified, we then compared the allowable costs for eligible officers to the unallowable costs for ineligible officers. We found that the allowable costs provided by the APD were less than the unallowable costs for ineligible officers charged to the awards and, therefore, resulted in remaining unallowable costs, as shown in Table 4. For further details of our comparison by cost category, see Appendix 4.

**Table 4**  
**Unallowable Costs Regarding Officer Eligibility as of September 22, 2019<sup>6</sup>**

Award Number	Costs of Ineligible Officers	Costs of Eligible Officers <sup>(a)</sup>	Remaining Unallowable Costs (Ineligible less Eligible Costs)
2015-UL-WX-0026	\$562,358	\$365,888	\$196,469
2016-UL-WX-0011	\$3,619,215	\$3,145,814	\$492,358
2017-UL-WX-0015	\$1,574,226	\$1,407,995	\$167,693
<b>Total:</b>	<b>\$5,755,799</b>	<b>\$4,919,697</b>	<b>\$856,520</b>

<sup>(a)</sup> When comparing allowable costs by category to the unallowable costs by category, we identified more allowable costs than what the APD charged to the awards including: \$18,957 in compensatory time and worker's comp under Grant Number 2016-UL-WX-0011, and \$1,462 in worker's comp and Medicare under Grant Number 2017-UL-WX-0015. We did not include these additional costs in the computation of remaining unallowable costs.

Source: APD

Overall, we identified \$856,520 in remaining unallowable costs for the salaries and fringe of ineligible officers. The unallowable costs identified include both the federal share and local share. Therefore, we recommend the COPS Office remedy the federal portion of the \$856,520 in unallowable costs for the remaining salaries and fringe of ineligible officers; specifically \$196,469 under Grant Number

<sup>5</sup> Regarding eligible officers, the APD's reconciliation of allowable salaries and fringe under Grant Number 2016-UL-WX-0011 totaled \$3,186,941, and for Grant Number 2017-UL-WX-0015 totaled \$1,417,487 as of September 30, 2019. However, the APD did not provide a detailed breakdown of costs by cost category, employee, or pay period. Thus, the OIG relied on its reconciliation of allowable salaries and fringe for eligible officers under the grants through September 22, 2019.

<sup>6</sup> Differences in the totals of this table are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers after rounding.

2015-UL-WX-0026, \$492,358 under Grant Number 2016-UL-WX-0011, and \$167,693 under Grant Number 2017-UL-WX-0015.<sup>7</sup>

Subsequent to the issuance of the draft report, the COPS Office and APD coordinated and the COPS Office determined the federal portion of the total project costs related to the remaining unallowable salaries and fringe benefits of ineligible officers charged to the grants. For Grant Number 2015-UL-WX-0026 the federal share was \$102,164 that represents the 52 percent federal share that was charged to the grant. For Grant Number 2016-UL-WX-0011, the net federal share was \$234,035 that represents \$251,103 or the 51 percent federal share that was charged to the grant less an offset of \$17,068 in funds not drawn down as of May 3, 2020. Lastly for Grant Number 2017-UL-WX-0015, the net federal share was \$0 that represents \$80,493 or the 48 percent federal share that was charged to the grant less an offset of \$227,413 in funds not drawn down as of May 3, 2020. As such the aggregate amount that was reimbursed to the DOJ for this recommendation was \$336,199. Additionally, the COPS Office provided evidence that APD repaid these funds to the DOJ. As a result, we consider these unallowable costs totaling \$856,520 to be remedied.

Additionally, we recommend the COPS Office coordinate with the APD to develop and implement policies and procedures to ensure officers charged to the awards are allowable under the CHP hiring categories.

#### *Personnel and Fringe Costs*

According to the Award Owner's Manual, the grant recipient may only be reimbursed for the approved cost categories that are documented within the FCM, up to the amounts specified in the FCM. Additionally, the grant recipient may not use CHP funds for any costs that are not identified as allowable in the FCM. Furthermore, any additional costs above the approved entry-level salaries and fringe benefits are the responsibility of the grantee agency.

For Grant Number 2015-UL-WX-0026, we found that the personnel and fringe costs charged to the grants were supported, computed correctly, and properly authorized. However, from our judgmental sample, we identified \$21,821 in unallowable salaries and associated fringe benefits that were in excess of the approved entry-level rates in the FCM and should have not been allocated to Grant Number 2015-UL-WX-0026, for either the federal or local share. Therefore, we recommend the COPS Office remedy the federal portion of the \$21,821 in unallowable salaries and fringe benefits that were in excess of the approved entry-level rate in the FCM.<sup>7</sup> Additionally, we recommend the COPS Office coordinate with the APD to review salary and fringe benefits charged to Grant

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<sup>7</sup> The OIG did not assign the federal and local shares to the unallowable costs as the allocations may fluctuate during the award periods. Additionally, we did not identify any issues with the APD meeting the 25 percent minimum match requirement. See *Matching Costs* for further details. Further, prior to the issuance of this final report, the COPS Office determined the federal portion of the unallowable total project costs, and the APD repaid these funds to the DOJ. As such, these actions are sufficient to remedy the unallowable cost, as explained in the following paragraphs.

Number 2015-UL-WX-0026 to ensure they are in accordance with the approved FCM.

Subsequent to the issuance of the draft report, the COPS Office and APD coordinated and the COPS Office determined the federal portion of the total project costs related to unallowable salaries and fringe benefits in excess of the approved entry-level rate in the FCM. For Grant Number 2015-UL-WX-0026, this was \$11,346 that represents the 52 percent federal share that was charged to the grant. Additionally, the COPS Office provided evidence that APD repaid these funds to the DOJ. As a result, we consider these unallowable costs of \$21,821 to be remedied.

Further, we reviewed APD's policies and procedures regarding the allocation of time and effort to the grants. According to a City of Arlington, Texas grant compliance guide, the City's financial management systems, including records documenting compliance with Federal Statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the: (1) preparation of reports required by general and program-specific terms and conditions, and (2) tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.

For Grant Number 2015-UL-WX-0026, the APD provided documentation evidencing that unallowable salary and fringe benefit categories were removed from the general ledger on a monthly basis. Additionally, the APD removed the unallowable associated fringe benefits. However, we found that the new-hire payroll charged to the grant project was consistently higher than approved in the FCM, and the monthly adjustments did not review salary rates. Therefore, we determined that the APD was not reviewing officer salary according to the amounts approved in the FCM to prevent the allocation of costs above the approved entry-level salaries and fringe benefits to the grant. As such, we determined that the APD's policies and procedures could be improved. We recommend the COPS Office coordinate with the APD to enhance policies and procedures to review costs charged to DOJ grants, ensuring costs are allowable and in accordance with award terms and conditions.

As stated under *Officer Type*, we found that the entirety of personnel and fringe benefits costs recorded in the APD's accounting system under Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015 were related to ineligible officers. After we notified APD officials, APD provided payroll ledgers of new hires who met the requirements of the CHP hiring categories. Therefore, we tested a sample of personnel and fringe benefit costs for these new, additional officers. Although we found that the entry-level rates for the new, additional officers and employee insurance were consistently over the approved rates in the FCM, and we identified salary and fringe benefit categories that were not in the approved FCM, we did not question these costs as they were captured in our analysis under *Officer Type*. Additionally, we found that the personnel and fringe benefits costs of the new, additional officers were supported.



### *Matching Costs*

Matching Costs are the non-federal recipient's share of the total project costs and, for CHP grants, must be paid with state, local, or other non-COPS Office funds and may not be from any funds previously budgeted for law enforcement purposes. According to the Award Owner's Manual, the CHP grants will cover up to 75 percent of the approved entry level salary and fringe benefits of each CHP position over the 36 month grant period with a minimum 25 percent local cash match requirement and a maximum federal share of \$125,000 per officer position. Through our testing, we found that the APD met and exceeded the local match requirement of 25 percent for all three CHP grants. However, as previously discussed, portions of the local match were related to ineligible officers whose salary and fringe benefits were charged to the grants. We discuss this in more detail above in *Officer Type*.

### **Budget Management and Control**

According to the DOJ Grants Financial Guide, the recipient is 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. Additionally, the grant recipient must submit a formal budget modification if the reallocation of funding between budget categories exceeds or is expected to exceed 10 percent of the total award amount. Additionally, according to the Award Owner's Manual, the grant recipient should have financial internal controls in place to monitor the use of CHP funding to ensure that its use is consistent with grant terms and conditions.

Similar to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; City of Arlington, Texas guidance indicated that the departments are responsible for administering grant funded programs, and that the departments' financial management system must: (1) permit the tracing of funds to a level of expenditures adequate to establish that funds have been used according to federal statutes, regulations, and terms and conditions of the award; and (2) provide comparison of expenditures with budget amounts for each federal award.

We found that the APD's general ledgers did not accurately record account category balances. For instance, salaries from operations were significantly overstated while fringe benefit accounts generally had large negative balances. Table 5 illustrates this deficiency in the general ledgers.

**Table 5****Summary of General Ledger Account Balances as of September 22, 2019<sup>8</sup>**

Account	Grant Number 2015-UL-WX-0026	Grant Number 2016-UL-WX-0011	Grant Number 2017-UL-WX-0015
<b>Salaries</b>			
Operations	\$3,784,352	\$4,162,945	\$1,786,069
Compensatory Time	(23,001)	(42,673)	(15,234)
Overtime	(71,341)	(66,315)	(45,831)
Education Incentive	(46,261)	(52,670)	(22,419)
Other Salaries <sup>(a)</sup>	(16,862)	(150)	(18,253)
<b>Fringe Benefits</b>			
Worker's Comp	(8,775)	(19,939)	(5,064)
Employee Retirement	(24,270)	(221,241)	(69,443)
Employee Insurance	561	(5,220)	(127)
Medicare	(2,383)	(20,287)	(5,429)
Other Fringe Benefits <sup>(b)</sup>	(3,642)	(115,235)	(30,042)
<b>Total:</b>	<b>\$3,588,377</b>	<b>\$3,619,215</b>	<b>\$1,574,226</b>

(a) Other salaries includes reversals for terminal pay, officer training, and investigator pay.

(b) Other fringe benefits includes reversals for Thrift plan, shift differential, disability insurance, longevity/stability pay, petition, and phone allowance.

Source: APD's general ledger

As presented, the general ledgers were only useful for aggregate grant costs. The account totals did not correspond to actual costs for any cost category. We found that the APD documented the actual cost categories in separate worksheets by month and quarter. We reviewed numerous detailed monthly and quarterly reports maintained by the former Grant Coordinator, used to identify and remove unallowable cost categories or to reduce the amounts of sergeant and detective salaries and fringe benefits allocated to the grants. However, this cost category information was not documented cumulatively, and the APD did not compare or review the cumulative actual and budgeted expenditures by cost category.

Regarding the general ledger, we found that the accounting system allowed for budget categories to be listed in detail. However, the APD did not use this feature to compare actual and budgeted expenditures by cost category in order to verify that the APD was only reimbursed for approved cost categories and amounts specified in the FCM. Therefore, we recommend the COPS Office coordinate with the APD to ensure its accounting system accurately accounts for the actual and budgeted expenditures by cost category for DOJ grants.

According to the Award Owner's Manual, the grant recipient may only be reimbursed for the approved cost categories that are documented within the FCM

<sup>8</sup> We categorized the accounts according to the approved FCMs for each grant as applicable. Additionally, we identified adjustments to worker's comp and petition that were improperly categorized as salaries-operations and classified them under the appropriate account above. Note that differences in the totals of this table are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers after rounding.

up to the amounts specified in the FCM. Additionally, any additional costs above the approved entry-level salaries and fringe benefits are the responsibility of the recipient agency.

Due to the limitations of the general ledgers, we reconciled the grant general ledgers against the original payroll ledgers that included ineligible officers to determine actual costs by cost category for each grant. We then compared these cost categories from the general ledgers to the approved cost categories in the FCM to determine whether the APD charged costs to the awards in excess of the FCMs. We identified several instances where the APD was over the amount specified in the approved FCM and included costs that were not identified as allowable in the approved FCM.

**Table 6**  
**Costs over the Approved FCMs as of September 22, 2019<sup>9</sup>**

Account	Grant Number 2015-UL-WX-0026	Grant Number 2016-UL-WX-0011	Grant Number 2017-UL-WX-0015
<b>Salaries</b>			
Operations	\$91,396	\$0	\$0
Overtime	0	1,030	5,218
Education Incentive	0	746	762
Investigator Pay	0	0	346
<b>Fringe Benefits</b>			
Employee Retirement	20,680	18,757	0
Employee Insurance	6,767	0	0
Medicare	255	0	0
<b>Other Fringe Costs</b>			
Shift Differential	0	51,976	0
Longevity/Stability Pay	0	114	89
Petition	61	1,441	227
<b>Total:</b>	<b>\$119,159</b>	<b>\$74,063</b>	<b>\$6,642</b>

Source: COPS Office and the APD

In all we identified \$199,864 in salaries and fringe benefits that were over the amounts specified or were not in the approved FCMs, which would be the responsibility of the recipient agency. Ultimately, APD replaced the salaries and fringe benefits of ineligible officers with allowable new hires, therefore we did not question these costs. However, through our review of the APD's budget management, we determined that the APD's review of cumulative grant expenditures could be improved. Therefore, we recommend the COPS Office coordinate with the APD to develop and implement policies and procedures to periodically review cumulative actual and budgeted grant expenditures by cost category to ensure compliance with the approved FCM.

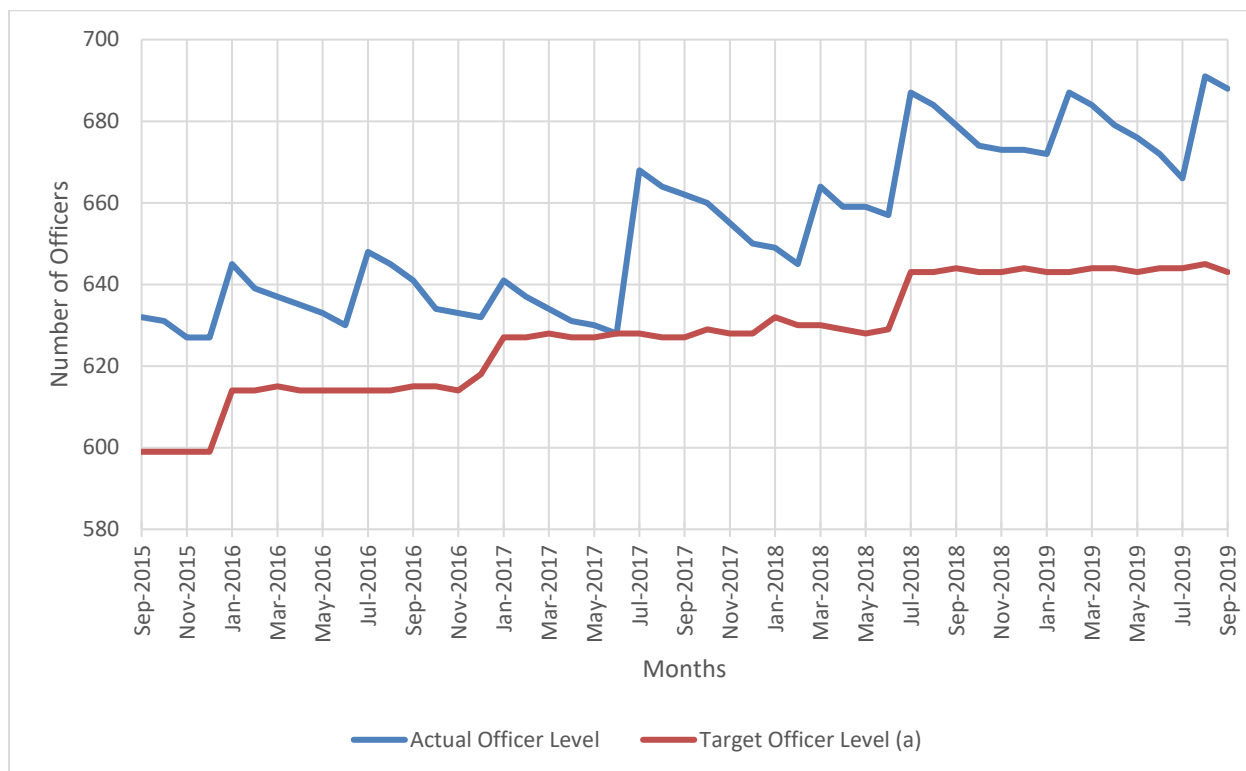
<sup>9</sup> The table includes the unallowable salaries and fringe benefits of sergeants and detectives under Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015. Also, differences in the totals of this table are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers after rounding.

### *Non-Supplanting Requirement*

The three CHP grants had non-supplanting requirements. The special conditions state that grant recipients must use CHP funds to supplement, and not supplant state or local funds that are already committed or otherwise would have been committed for award purposes during the award period. Additionally, the Award Owner's Manual requires that grant recipients receiving CHP grant funds to hire a new officer position, including filling an existing officer vacancy that is no longer funded in the recipient's local budget, must hire the additional position on or after the official grant award start date, above its current budgeted (funded) level of sworn officer positions. In addition, grant recipients receiving CHP funds to rehire an officer laid off as a result of state or local budget reductions, must rehire the officer on or after the official grant award start date. Further, grant recipients receiving CHP grant funds to rehire an officer who was, at the time of grant application, scheduled to be laid off on a specific future date as a result of state or local budget reductions, must continue to fund the officer with its own funds through the grant award start date until the date of the scheduled layoff.

We assessed the APD's on-board officer strength to determine if it increased its sworn officer strength by the number of officer positions funded with the three CHP grants. The APD reported 631 officers in its 2015 CHP Application, which we used as the baseline figure to compute the target officer level. Figure 1 compares the target officer level to the actual officer level at the APD from September 2015, the start date for Grant Number 2015-UL-WX-0026, through September 2019.

**Figure 1**  
**Target Officer Level vs. Actual Officer Level**  
**From September 2015 through September 2019**



(a) The target officer level includes a baseline of 631 sworn officers plus any dedicated COPS Office funded officer positions in the period. This target officer 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. For Grant Number 2015-UL-WX-0026, the retention period began in December 2018. Additionally, the target officer level has been reduced by 5 percent to account for vacancy rates.

Source: COPS Office and the APD

While we found that the APD did not meet the condition to use CHP grant funds to hire new officers for 35 officer positions under the three CHP grants, our analysis shows that APD met or exceeded the target officer level for FY 2016 through 2019.<sup>10</sup> As a result, we did not identify any indications of supplanting under the three CHP grants awarded to the APD.

## Drawdowns

According to the DOJ Grants Financial Guide and the Award Owner's Manual, 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

<sup>10</sup> APD's fiscal year is the same as the City of Arlington, Texas and goes from October 1 through September 30.

returned to the awarding agency. According to APD officials, drawdowns are done quarterly and the accounting aide is responsible for calculating quarterly expenditures and the reimbursement and matching percentages. While this was discussed verbally, we did not receive any written procedures that addressed internal controls related to drawing down funds. Further, the Award Owner's Manual states that the grant recipient should ensure that it has financial internal controls in place to monitor the use of CHP funding and ensure that its use is consistent with the grant terms and conditions. Good practices in this area include written accounting practices and an accounting system that tracks all drawdowns and grant expenditures. Due to the lack of written procedures at the APD, we recommend the COPS office coordinate with the APD to develop written procedures that address internal controls related to drawing down funds.

To assess whether the APD managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. As of September 2019, the APD had drawn down a total of \$4,104,142. Based on the original accounting records provided by the APD that included ineligible officers, we found the APD's process for requesting drawdowns did not result in excess cash on hand.

However, as discussed previously, after identifying that the APD filled 30 officer positions under Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015 with ineligible officers, we requested that APD identify and reconcile grant expenditures with newly hired officers that would have met the award conditions. After receiving the reconciliation, we compared the APD's updated expenditures to the total amount reimbursed. Table 7 below details the results of our comparison.

**Table 7**  
**Total Drawdowns Compared to Expenditures as of September 2019<sup>11</sup>**

Award Number	Federal Award Amount	Total Drawdowns	Original Federal Expenditures provided in October 2019	APD's Revised Federal Expenditures provided in December 2019	Drawdowns Less Revised Federal Expenditures
2015-UL-WX-0026	\$1,875,000	\$1,863,803	\$1,863,803	\$1,863,803	\$0
2016-UL-WX-0011	\$1,875,000	\$1,660,678	\$1,832,064	\$1,650,219	\$10,460
2017-UL-WX-0015	\$1,875,000	\$579,660	\$778,181	\$810,217	\$(230,556)
<b>TOTAL</b>	<b>\$5,625,000</b>	<b>\$4,104,142</b>	<b>\$4,474,048</b>	<b>\$4,324,238</b>	<b>\$(220,097)</b>

Source: COPS Office and the APD

For Grant Number 2016-UL-WX-0011, we found that drawdowns exceeded expenditures by \$10,460 as of September 2019. This occurred because the updated federal expenditures for new hires that met the award conditions were less than the total drawdowns that were requested for ineligible officers. Therefore, we

<sup>11</sup> Differences in the totals of this table are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers after rounding.

recommend the COPS Office coordinate with the APD to compute drawdowns according to the eligible officers under Grant Number 2016-UL-WX-0011.

## Federal Financial Reports

According to the Award Owner's Manual, the quarterly FFR reflects the actual cumulative federal expenditures incurred during the funding period and the remaining unobligated balance of federal funds. Additionally, grant recipients are required to report the amount of local match contributed on the quarterly FFR. To determine whether the APD submitted accurate FFRs, we compared the four most recent reports to the APD's accounting records for each grant.<sup>12</sup> For 4 of the 12 FFRs we reviewed, the FFRs did not match APD's accounting records, as shown in Table 8.

**Table 8**  
**FFR Accuracy of Cumulative Expenses<sup>13</sup>**

Period End Date	Federal Expenses in FFR	Federal Expenses in GL	Expenses in FFR less GL	Local Expenses in FFR	Local Expenses in GL	Expenses in FFR less GL	Total Difference
<b>Grant Number 2016-UL-WX-0011</b>							
12/31/2018	\$1,292,823	\$1,319,454	\$(26,631)	\$1,240,138	\$1,265,683	\$(25,546)	\$(52,176)
06/30/2019	\$1,660,678	\$1,689,667	\$(28,989)	\$1,593,002	\$1,620,809	\$(27,808)	\$(56,796)
<b>Grant Number 2017-UL-WX-0015</b>							
12/31/2018	\$253,251	\$275,480	\$(22,229)	\$276,341	\$300,597	\$(24,256)	\$(46,485)
06/30/2019	\$579,660	\$605,661	\$(26,000)	\$632,511	\$660,882	\$(28,371)	\$(54,371)

Source: COPS Office and the APD

Specifically, for quarter ending December 31, 2018, the APD indicated on monthly reports that costs for pay period ending December 30, 2018 would be claimed in the next quarter. Also, for quarter ending June 30, 2019, the APD indicated on monthly reports that costs for pay period ending June 30, 2019 would be claimed in the next quarter. As a result, salaries and fringe benefits incurred in the reporting period were inaccurately claimed in a subsequent quarter.

Therefore, the APD was not accurately reporting expenses incurred, and we determined that the APD's financial reporting could be improved. We recommend the COPS Office coordinate with the APD to update its federal financial reporting procedures to ensure expenditures are reported accurately.

## Application Statistics

According to guidance in the CHP grant applications, the APD was required to certify the accuracy of the responses in the grant applications. To determine whether the APD submitted accurate grant applications, we judgmentally sampled 40 quantifiable application statistics from Grant Numbers 2015-UL-WX-0026 and

<sup>12</sup> The FFRs did not identify any program income for any grant.

<sup>13</sup> Differences in the totals of this table are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers after rounding.

2016-UL-WX-0011 and 39 quantifiable application statistics from Grant Number 2017-UL-WX-0015 for a total of 119 statistics. We then compared the application statistics to external documentation.

Through our review, we determined the applications were complete. However, we found that 3 of the 119 application statistics we tested did not materially match external documentation. Because the inaccuracies were not pervasive, we do not offer a recommendation.



## CONCLUSION AND RECOMMENDATIONS

As a result of our audit testing, we concluded that the APD demonstrated adequate achievement of the grant's stated community policing goals under Grant Number 2015-UL-WX-0026 and demonstrated adequate progress towards achieving the grants' stated community policing goals under Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015, except that the APD did not provide documentation of activity with what it considered its three most important external organizations or partners under Grant Number 2017-UL-WX-0015. Additionally, we did not identify significant issues regarding the APD's required match and application statistics. However, we found that the APD did not comply with essential award conditions related officer type, use of funds, and financial accounting. Further, we determined that the APD's procedures regarding progress reports, retention, budget management and control, drawdowns, and financial reporting could be improved. As a result of these deficiencies, we identified \$878,341 in unallowable costs, and we provide 13 recommendations to the COPS Office to address these deficiencies.

We recommend that the COPS Office:

1. Coordinate with the APD to ensure it initiates or enhances the partnerships as identified in the CHP grant application for Grant Number 2017-UL-WX-0015.
2. Coordinate with the APD to develop and implement policies and procedures to ensure the APD reports accurate accomplishments in its progress reports and maintains documentation of grant program progress.
3. Coordinate with the APD to update its policies and procedures to ensure that, when a CHP position becomes vacant during the grant or retention period, the APD tracks new officers hired on or after the date the CHP positions were vacated in order to meet retention requirements.
4. Remedy the federal portion of the \$856,520 in unallowable costs for the remaining salaries and fringe of ineligible officers, specifically:
  - a. \$196,469 under Grant Number 2015-UL-WX-0026,
  - b. \$492,358 under Grant Number 2016-UL-WX-0011, and
  - c. \$167,693 under Grant Number 2017-UL-WX-0015.<sup>14</sup>
5. Coordinate with the APD to develop and implement policies and procedures regarding allowable CHP hiring categories.
6. Remedy the federal portion of the \$21,821 in unallowable salaries and fringe benefits that were in excess of the approved entry-level rate in the FCM under Grant Number 2015-UL-WX-0026.<sup>14</sup>

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<sup>14</sup> As discussed previously, the COPS Office determined the federal portion of the unallowable total project costs, and the APD returned the federal portion to the DOJ.

7. Coordinate with the APD to review salary and fringe benefits charged to Grant Number 2015-UL-WX-0026 to ensure they are in accordance with the approved FCM.
8. Coordinate with the APD to enhance policies and procedures to review costs charged to DOJ grants, ensuring costs are allowable and in accordance with award terms and conditions.
9. Coordinate with the APD to ensure its accounting system accurately accounts for the actual and budgeted expenditures by cost category for DOJ grants.
10. Coordinate with the APD to develop and implement policies and procedures to periodically review cumulative actual and budgeted grant expenditures by cost category to ensure compliance with the approved FCM.
11. Coordinate with the APD to develop written procedures that address internal controls related to drawing down funds.
12. Coordinate with the APD to compute drawdowns according to the eligible officers under Grant Number 2016-UL-WX-0011.
13. Coordinate with the APD to update its federal financial reporting procedures to ensure expenditures are reported accurately.

### 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 awards; 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, application statistics, 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 Arlington Police Department (APD) under the COPS Office Hiring Program, specifically \$1,875,000 in federal funds and required local cash match of \$1,734,938 under Grant Number 2015-UL-WX-0026, \$1,875,000 in federal funds and required local cash match of \$1,798,606 under Grant Number 2016-UL-WX-0011, and \$1,875,000 in federal funds and required local cash match of \$2,045,629 under Grant Number 2017-UL-WX-0015.<sup>15</sup> As of September 5, 2019, the APD had drawn down \$4,104,142 of the total grant funds awarded. Our audit concentrated on, but was not limited to September 1, 2015, the award start date for Grant Number 2015-UL-WX-0026, through March 3, 2020, the last day of our audit work. Grant Number 2015-UL-WX-0026 was closed out on April 8, 2019, and \$11,197 was deobligated from the federal share.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of the APD's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges, 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 DOJ Grants Financial Guide; the 2015, 2016, and 2017 CHP Award

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<sup>15</sup> According to the award documents, the total estimated local share of the three CHP grants was \$5,579,173. However, the required minimum local share was significantly less at 25 percent, or \$1,875,000 for all three CHP grants.

Owner's Manuals; 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 NexGen System as well as the APD'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 were 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 the APD to provide assurance on its internal control structure as a whole. APD 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 the APD's internal control structure as a whole, we offer this statement solely for the information and use of the APD and COPS Office.<sup>16</sup>

In planning and performing our audit, we identified the following internal control components and underlying internal control principles as significant to the audit objectives:

Internal Control Components & Principles Significant to the Audit Objectives	
Control Activity Principles	
	Management should design control activities to achieve objectives and respond to risks.
	Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
	Management should implement control activities through policies.
Information & Communication Principles	
	Management should use quality information to achieve the entity's objectives.

We assessed the operating effectiveness of these internal controls and identified deficiencies that we believe could affect the APD's ability to effectively operate, correctly state financial and performance information, and ensure compliance with laws and regulations. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to these internal control components and underlying principles,

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<sup>16</sup> This restriction is not intended to limit the distribution of this report, which is a matter of public record.

it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

## APPENDIX 2

### SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
<b>Questioned Costs<sup>17</sup></b>		
Remaining unallowable personnel and fringe for ineligible officers		
Grant Number 2015-UL-WX-0026	\$196,469	10
Grant Number 2016-UL-WX-0011	492,358	10
Grant Number 2017-UL-WX-0015	167,693	10
Personnel and fringe over the FCM rates, Grant Number 2015-UL-WX-0026	<u>21,821</u>	11
Total Unallowable Costs	\$878,341	
<i>Less Remedied Costs<sup>18</sup></i>	(\$878,341)	
<b>Net Questioned Costs</b>	<b>\$0</b>	

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<sup>17</sup> **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.

<sup>18</sup> Prior to the issuance of this final report, the COPS Office determined the federal portion of the unallowable total project costs, and the APD returned the federal portion to the DOJ.

## ADDITIONAL TABLES AND FIGURES

Table 1

Reconciled General Ledger Account Balances as of September 22, 2019<sup>19</sup>

Account	Grant Number 2015-UL-WX-0026	Grant Number 2016-UL-WX-0011	Grant Number 2017-UL-WX-0015
<b>Salaries</b>			
Operations	\$2,655,406	\$2,600,286	\$1,129,442
Compensatory Time	0	2,237	1,118
Overtime	0	1,030	5,218
Education Incentive	0	746	762
Investigator Pay	0	0	346
<b>Fringe Benefits</b>			
Worker's Comp	29,691	23,906	7,140
Employee Retirement	421,180	426,547	183,155
Employee Insurance	352,367	349,727	153,705
Medicare	37,433	34,989	15,392
<b>Other Fringe Costs</b>			
Thrift Plan	45,460	69,699	30,463
Shift Differential	40,961	102,976	44,763
Disability Inc Plan	5,819	5,519	2,407
Longevity/Stability Pay	0	114	89
Petition	61	1,441	227
<b>Total:</b>	<b>\$3,588,377</b>	<b>\$3,619,215</b>	<b>\$1,574,226</b>

Source: APD's General and Payroll Ledgers

<sup>19</sup> Differences in the totals of this table are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers after rounding. This table includes the unallowable salaries and fringe of sergeants and detectives under Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015. Additionally, we identified adjustments to worker's comp and petition under Grant Number 2015-UL-WX-0026 that were improperly categorized as salaries-operations and classified them under the appropriate account above.

**Table 2**  
**Unallowable Costs Regarding Officer Eligibility under**  
**Grant Number 2015-UL-WX-0026<sup>20</sup>**

Account	Costs for Ineligible Officers	Costs for Eligible Officers	Remaining Unallowable Costs
<b>Salaries</b>			
Operations	\$416,488	\$294,969	\$121,519
<b>Fringe Benefits</b>			
Worker's Comp	5,320	3,816	1,505
Employee Retirement	66,204	45,905	20,299
Employee Insurance	55,896	14,143	41,753
Medicare	5,763	4,277	1,486
<b>Other Fringe Costs</b>			
Thrift Plan	6,080	1,968	4,111
Shift Differential	5,711	131	5,580
Disability Inc Plan	896	678	218
<b>Total:</b>	<b>\$562,358</b>	<b>\$365,888</b>	<b>\$196,469</b>

Source: APD's General and Payroll Ledgers

**Table 3**  
**Unallowable Costs Regarding Officer Eligibility under**  
**Grant Number 2016-UL-WX-0011 as of September 22, 2019<sup>21</sup>**

Account	Costs for Ineligible Officers	Costs for Eligible Officers	Remaining Unallowable Costs
<b>Salaries</b>			
Operations	\$2,600,286	\$2,370,403	\$229,882
Compensatory Time	2,237	17,667	0
Overtime	1,030	0	1,030
Education Incentive	746	0	746
<b>Fringe Benefits</b>			
Worker's Comp	23,906	27,433	0
Employee Retirement	426,547	363,464	63,082
Employee Insurance	349,727	287,724	62,003
Medicare	34,989	34,627	362
<b>Other Fringe Costs</b>			
Thrift Plan	69,699	38,065	31,634
Shift Differential	102,976	1,177	101,799
Disability Inc Plan	5,519	5,253	266
Longevity/Stability Pay	114	0	114
Petition	1,441	0	1,441
<b>Total:</b>	<b>\$3,619,215</b>	<b>\$3,145,814</b>	<b>\$492,358</b>

Source: APD's General and Payroll Ledgers

<sup>20</sup> Differences in the totals of this table are due to rounding.

<sup>21</sup> Differences in the totals of this table are due to rounding. We identified additional allowable costs including \$15,430 in compensatory time and \$3,527 in worker's comp under Grant Number 2016-UL-WX-0011.



**Table 4**  
**Unallowable Costs Regarding Officer Eligibility under**  
**Grant Number 2017-UL-WX-0015 as of September 22, 2019<sup>22</sup>**

Account	Costs for Ineligible Officers	Costs for Eligible Officers	Remaining Unallowable Costs
<b>Salaries</b>			
Operations	\$1,129,442	\$1,063,976	\$65,466
Compensatory Time	1,118	1,084	33
Overtime	5,218	0	5,218
Education Incentive	762	0	762
Investigator Pay	346	0	346
<b>Fringe Benefits</b>			
Worker's Comp	7,140	8,550	0
Employee Retirement	183,155	167,932	15,222
Employee Insurance	153,705	125,404	28,301
Medicare	15,392	15,443	0
<b>Other Fringe Costs</b>			
Thrift Plan	30,463	17,292	13,172
Shift Differential	44,763	6,005	38,758
Disability Inc Plan	2,407	2,309	99
Longevity/Stability Pay	89	0	89
Petition	227	0	227
<b>Total:</b>	<b>\$1,574,226</b>	<b>\$1,407,995</b>	<b>\$167,693</b>

Source: APD's General and Payroll Ledgers

<sup>22</sup> Differences in the totals of this table are due to rounding. We identified additional allowable costs including \$1,410 in worker's comp and \$52 in Medicare under Grant Number 2017-UL-WX-0015.

## ARLINGTON POLICE DEPARTMENT RESPONSE TO THE DRAFT AUDIT REPORT<sup>23</sup>



### ARLINGTON POLICE DEPARTMENT

Will D. Johnson  
Police Chief

CALEA Accredited Since 1989

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May 11, 2020

LaToya Pickett-Bell  
Management Analyst  
Audit Liaison Section  
Office of Community Oriented Policing Services  
U.S. Department of Justice  
145 N Street, N.E., Washington, DC 20530

Ms. Pickett-Bell,

The following is the Arlington Police Department's (APD) response to our recent Office of the Inspector General (OIG) audit related to our COPS Hiring Grants, specifically CHP #2015ULWX0026, CHP #2016ULWX0011, and CHP #2017ULWX0015. We have thoroughly reviewed the draft audit report and are generally in concurrence with the recommendations.

The APD has a long-standing relationship with the COPS Office and has been awarded numerous COPS grants over the years, which has provided our agency with the ability to enhance our community policing efforts through program funding and hiring additional officers. We understand the importance of these awards and work hard to be excellent stewards of these resources.

Our grant documentation practices did require adjustments to ensure better tracking of expenditures, but please be assured that measures have been put into place to address all concerns contained in the draft audit report. We have certainly upheld the spirit of the COPS Hiring Grant (CHP) initiatives and have excelled in increasing our sworn strength, in addition to both initiating and enhancing our community policing strategies.

Although we tracked Sergeants and Detectives on our 2016 and 2017 grants, we did hire 15 new officers for each of those years and have, or will be, retaining those new hires per the retention requirements. For the 2015, we have already exceeded the retention requirements for those 15 officers. Additionally, we did participate in a COPS Office monitoring site visit in August of 2017, with no findings and APD was found to be in compliance with the grant terms and conditions. We believed we were fully compliant and would have made appropriate adjustments at that time, had they been identified.



<sup>23</sup> Attachments referenced in the grantee's response were not included in this final report.

Recommendations and Responses:

**1. Coordinate with the APD to ensure it initiates or enhances the partnerships as identified in the CHP grant application for Grant Number 2017-UL-WX-0015.**

Response: Concur with the recommendation.

The APD continually initiates and enhances our community partnerships as part of our overall community policing strategy. We are committed to ensuring the requirements of the 2017 CHP will be met, including providing the appropriate documentation for these contacts. The audit revealed that three main partnerships identified in the original application required additional supporting documentation in the progress reports. APD reviewed the files and collaborated with the reporting offices/officers to obtain the required information to complete the progress reports. We have attached four summary documents to this response that details the program successes and participation with the community partnerships. Future progress reporting will include specific references to the partnerships to ensure compliance with the grant guidelines. Of note, during this reporting period the Arlington Police Department was highlighted by the COPS office in the documentary Arlington, Texas: A Community Policing Story. Our Department has initiated numerous community policing programs, of which we have achieved great success, including receiving national recognition.

\*Reference Grants Management SOP 102.03 A.8 and see attached appendices for documentation.

**2. Coordinate with the APD to develop and implement policies and procedures to ensure the APD reports accurate commitments in its progress reports and maintains documentation of grant program progress.**

Response: Concur with the recommendation.

Grants Management Standard Operating Procedures (SOP) have been implemented to outline requirements related to progress/monitor reporting and documentation requirements. APD operates under the City of Arlington's Grants Guide guidelines to manage, administer, and report on grant performance and progress. Section 200.327 Financial Reporting and 200.328 Monitoring and Reporting Program Performance both provide clear guidance for reporting progress at a minimum quarterly and unambiguous direction that terms and conditions of the federal award shall be followed which would include supporting documentation of performance and progress. Further, the City's Administrative Policy No.4 Federal and State Grants Applications, section IV. Administration of Approved Grants, part G. states that the grantee will provide copies of progress reports, financial, reports, or any other correspondence related to a grant project to the finance department and affected departments in accordance with the

grant reporting requirements. APD will continue to review all established guidelines with staff to promote grant knowledge.

\*Reference Grants Management SOP 201.00 H.4, COA Grant Guide, and Administrative Policy No.4.

**3. Coordinate with the APD to update its policies and procedures to ensure that, when a CHP position becomes vacant during the grant or retention period, the APD tracks new officers hired on or after the date the CHP positions were vacated in order to meet retention requirements.**

Response: Concurs with the recommendation.

Grants Management Standard Operating Procedures have been implemented to outline all necessary requirements related to CHP grant positions to ensure retention requirements are met. APD is renewing internal controls through additional staff training and spreadsheet development on monitoring and tracking allowable hires in compliance with grant requirements.

\*Reference Grants Management SOP 301.00; 201 H.4

**4. Remedy the federal portion of the \$856,520 in unallowable costs for the remaining salaries and fringe of ineligible officers, specifically:**

a. \$196,469 under Grant Number 2015-UL-WX-0026,

b. \$492,358 under Grant Number 2016-UL-WX-0011, and

c. \$167,693 under Grant Number 2017-UL-WX-0015.

Response: Concurs with the recommendation.

The APD is in concurrence regarding ineligible officers that were being tracked on our grants, although drawdowns were for entry-level officers. For all three grants, we did hire 15 new officers for those years, exceeding our authorized strength, and we have or will be retaining those new hires per the retention requirements. For the 2015 and 2016 grants, we have exceeded the retention requirements.

The APD is prepared to remedy the federal portion and will make repayment to DOJ for these expenses. APD accepts the aggregate remedy amount, \$445,106 offered by the COPs grant monitor received at our office by email on May 6, 2020. We understand that these funds will be reprogrammed back to our awards for CHP 2016 and CHP 2017, allowing us to draw down those funds for allowable costs. APD follows the City Grant Guide Section 200.338 Remedies for Non-compliance to ensure involved agencies are financially whole.

**5. Coordinate with the APD to develop and implement policies and procedures regarding allowable CHP hiring categories.**

Response: Concurs with the recommendation.

Grants Management Standard Operating Procedures have been implemented to outline all necessary requirements related to CHP grant

positions and hiring categories to ensure compliance. APD is instituting additional staff training to strengthen knowledge and understanding of allowable hire practice through intensive review of grant award category guidelines, City Grant guidelines, and review of the grant SOP guidelines.

\*Reference Grants Management SOP 102.03 A.5; 9.b, COA Grant Guide.

**6. Remedy the federal portion of the \$21,821 in unallowable salaries and fringe benefits that were in excess of the approved entry-level rate in the FCM under Grant Number 2015-UL-WX-0026.**

Response: Concur with the recommendation.

The APD concurs that unallowable salaries and fringe benefits were charged to the 2015 CHP grant, in excess of the approved entry-level rate under the Financial Clearance Memo. The APD is prepared to remedy the federal portion and will make repayment for these expenses. The APD Grants Management SOP and the City of Arlington Grants Guide outlines procedures and internal controls to ensure adherence to FCM. APD is doubling its training efforts to reinforce that approved allowable charges are only identified on the FCM grant application and as such shall be used as the baseline to drawdown funds. APD accepts the aggregate remedy amount offered by the COPs grant monitor received at our office by email on May 6, 2020.

\*Reference Grants Management SOP 102.03 9.b and COA Grant Guide.

**7. Coordinate with the APD to ensure that only allowable salary and fringe in accordance with the approved FCM is charged to the grants.**

Response: Concur with the recommendation.

The APD Grants Management SOP and City of Arlington Grants Guide outlines procedures for adherence to FCM and federal grant requirements. Section 200.327 Financial Reporting and 200.328 Monitoring and Reporting Program Performance of the City Grants Guide both provide guidance on managing and adhering to federal grant requirements. APD is reviewing with staff the requirements through training.

\*Reference Grants Management SOP 102.02 A.6; A.7, 201 H.4 and COA Grant Guide.

**8. Coordinate with the APD to enhance policies and procedures to review costs charged to DOJ grants, ensuring costs are allowable and in accordance with award terms and conditions.**

Response: Concur with the recommendation.

The APD Grants Management SOP and the City of Arlington Grants Guide outlines procedures and internal controls to ensure adherence to FCM and federal grant requirements. These policies and internal review procedures

are in place to ensure compliance with the FCM, to avoid charging expenses in excess of approved FCM. Further staff training is being implemented to reinforce that FCM approved funding amounts are the baseline for allowable costs and that all other costs exceeding the baseline are the responsibility of the grantee.

\*Reference Grants Management SOP 102.02 A.6; A.7, COA Grant Guide, and COPS grant award.

**9. Coordinate with the APD to ensure its accounting system accurately accounts for the actual and budgeted expenditures by cost category for DOJ grants.**

Response: Concur with the recommendation.

The APD will utilize our accounting system features to manage accounting accuracy, specifically related to actual and budgeted expenditures and for tracking allowable and unallowable expenses. Fiscal Services staff are reviewing accounting system tools and features that will enhance tracking and monitoring capabilities. Fiscal Service staff confirmed the OIG finding that use of available accounting system budget categories will assist in tracking costs and have implemented the recommendation. The APD Grants Management SOP, City of Arlington Grants Guide, and Administrative Policy No.4 outlines procedures for adherence to internal controls and financial reporting requirements.

\*Reference Grants Management SOP 201.00 G.d, COA Grant Guide, and Administrative Policy No.4.

**10. Coordinate with the APD to develop and implement policies and procedures to periodically review cumulative actual and budgeted grant expenditures by cost category to ensure compliance with the approved FCM.**

Response: Concur with the recommendation.

The APD Grants Management SOP and City of Arlington Grants Guide outlines procedures for adherence to FCM and grant federal requirements. APD has the appropriate policies and internal review procedures in place to ensure compliance with these guidelines. The Fiscal Services staff are working on training to reinforce reviewing the FCM baseline costs as compared to actual drawdowns to enhance the monitoring and tracking of allowable cost categories expenditures that will permit a greater understanding of cumulative grant expenditures.

\*Reference Grants Management SOP 201.00 H.4 and COA Grant Guide.

**11. Coordinate with the APD to develop written procedures that address internal controls related to drawing down funds.**

Response: Concurs with the recommendation.

The APD Grants Management SOP and City of Arlington Grants Guide outlines procedures for grants management. APD has the appropriate policies and internal review procedures in place related to drawing down funds. APD adheres to the City Grant Guide guidelines for managing compensation processes particularly for grants. Section 200.430 Compensation—Personal Services and Section 200.431 Compensation--Fringe Benefits as well 200.302 Financial Management are followed concerning calculation and movement of funds. Internal processes are being strengthened through additional training on the use of the FCM and complete implementation of the OIG recommendation to utilize the accounting system budget categories.

\*Reference Grants Management SOP Appendix II A; B, and COA Grant Guide.

**12. Coordinate with the APD to compute drawdowns according to the eligible officers under Grant Number 2016-UL-WX-0011.**

Response: Concurs with the recommendation.

The APD Grants Management SOP and City of Arlington Grants Guide outlines procedures for grants management. APD has the appropriate policies and internal review procedures in place to ensure compliance with FCM and federal grant requirements, specifically related to computing drawdowns for eligible officers. Staff training on using the FCM baseline costs and enhanced awareness on tracking eligible officers' costs is implemented and will improve the reporting to COPs on costs and progress.

\*Reference Grants Management SOP 201.00 H.4 and COA Grant Guide.

**13. Coordinate with the APD to update its federal financial reporting procedures to ensure expenditures are reported accurately.**

Response: Concurs with the recommendation.

The APD Grants Management SOP and City of Arlington Grants Guide outlines procedures for adherence to FCM. APD has the appropriate policies and internal review procedures in place to ensure compliance with FCM and financial reporting requirements. APD grant staff are retraining on reporting requirements regarding the grant requirements. The quarterly Federal Financial Report requirement was known and understood but less understood was the strict requirement for specific data to be reported according to quarter in which the expenditures occur. APD has made note of the OIG recommendation and is retraining the grant staff to only account for expenditures in the quarter expended. APD Fiscal Services staff in

coordination with grant management staff review the FFR and APD financial reporting records to ensure accuracy prior to reporting to the COPs grant monitor staff.

\*Reference Grants Management SOP 102.03 9.b and COA Grant Guide.

The Arlington Police Department is a model agency that clearly reflects and practices the best in community policing initiatives. We are committed to our community policing efforts and will continue to utilize these grant resources to enhance these strategies to engage our citizens and improve critical partnerships. We appreciate your assistance in resolving these recommendations and we look forward to our continued partnership.

Please feel free to contact us should you have questions or need additional information.

Sincerely,



Will Johnson  
Police Chief

cc: Trey Yelverton, City Manager, City of Arlington  
Jaime Ayala, Assistant Police Chief, Arlington Police Department  
Kevin Kolbye, Assistant Police Chief, Arlington Police Department  
Mary Supino, Chief Administrative Office, Arlington Police Department

Appendices:

- 1) COA Grant Guide
- 2) COA Administrative Policy No.4
- 3) APD Grants Management SOP
- 4) COPS Grant Update 2017-- Partnerships
- 5) COPS Audit 2017— [REDACTED] Partnership
- 6) COPS Audit 2017— [REDACTED] Partnership
- 7) COPS Audit 2017— [REDACTED] Partnership



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: David Sheeren  
Regional Audit Manager  
Denver Regional Audit Office  
U.S. Department of Justice, Office of the Inspector General

From: LaToya Pickett-Bell *LPB*  
Management Analyst

Date: May 20, 2020

Subject: Response to the Draft Audit Report for the Arlington Police Department

This memorandum is in response to your April 24, 2020 draft audit report on COPS Hiring Program Grants #2015ULWX0026, #2016ULWX0011 and #2017ULWX0015 awarded to the Arlington Police Department ("the APD"). For ease of review, the audit recommendations are stated in bold and underlined, followed by a response from COPS concerning the recommendation.

**Recommendation 1 - Coordinate with the APD to ensure it initiates or enhances the partnerships as identified in the CHP grant application for Grant Number 2017-UL-WX-0015.**

The COPS Office concurs with this recommendation.

**Planned Action**

On May 11, 2020, the COPS Office received supporting documentation from the APD addressing this recommendation. The APD provided copies of memoranda addressing the Business Resource Manager titled "*Arlington Police Department Informational Memo*", dated May 7, 2020. As explained in the memoranda, the APD outlines the community policing efforts developed in partnership with the [REDACTED]

**Request**

Based on this action, COPS requests closure of Recommendation 1.

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING



David Sheeren  
Regional Audit Manager  
Denver Regional Audit Office  
U.S. Department of Justice, Office of the Inspector General  
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COPS considers Recommendation 1 closed, based on the actions shown above. In addition, COPS requests written acceptance of the determination from your office.

**Recommendation 2 - Coordinate with the APD to develop and implement policies and procedures to ensure the APD reports accurate accomplishments in its progress reports and maintains documentation of grant program progress.**

The COPS Office concurs with this recommendation.

**Planned Action**

On May 11, 2020, the COPS Office received supporting documentation from the APD addressing this recommendation. The APD provided a copy of its Grant Management Standard Operating Procedure Manual (SOP) with an effective date of May 11, 2020.

Consequently, the COPS Office relied upon the updated policies and procedures which addresses this recommendation in Sections 102.02, 102.03, and 301.00 of the revised SOP.

**Request**

Based on this action, COPS requests closure of Recommendation 2.

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

**Recommendation 3 - Coordinate with the APD to update its policies and procedures to ensure that, when a CHP position becomes vacant during the grant or retention period, the APD tracks new officers hired on or after the date the CHP positions were vacated in order to meet retention requirements.**

The COPS Office concurs with this recommendation.

**Planned Action**

On May 11, 2020, the COPS Office received supporting documentation from the APD addressing this recommendation. The APD provided a copy of its SOP with an effective date of May 11, 2020.

Consequently, the COPS Office relied upon the updated policies and procedures which addresses this recommendation in Section 201.00(H5) of the revised SOP.

David Sheeren  
Regional Audit Manager  
Denver Regional Audit Office  
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#### **Request**

Based on this action, COPS requests closure of Recommendation 3.

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

#### **Recommendation 4 - Remedy the federal portion of the \$856,520 in unallowable costs for the remaining salaries and fringe of ineligible officers, specifically:**

**a. \$196,469 under Grant Number 2015-UL-WX-0026,**

**b. \$492,358 under Grant Number 2016-UL-WX-0011, and**

**c. \$167,693 under Grant Number 2017-UL-WX-0015.**

The COPS Office concurs with this recommendation.

#### **Planned Action**

Of the amount identified by the OIG, the COPS Office determined the following:

- **CHP Grant #2015ULWX0026** – The amount that was determined to be repaid to the COPS Office is \$102,164, which encompasses the 52% of the federal share that was charged to the grant and was unallowable. On May 20, 2020, the APD initiated a wire transfer to the Office of Justice Programs (OJP) to repay the unallowable costs violation. The APD understands that the repayment of funds under this grant will be deobligated and is ineligible for future drawdown, as the grant has since closed.
- **CHP Grant #2016ULW0011** - The amount that was determined to be repaid to the COPS Office was \$251,103, which encompasses the 51% of the federal share that was charged to the grant and deemed unallowable. However, the APD provided the allowable salaries and fringe benefits for the officers assigned to the grant. Following the audit, the APD conducted two drawdowns: the first drawdown on November 1, 2019 in the sum of \$130,940 and the second drawdown on February 12, 2020 in the sum of \$17,963. Based upon a review of their expenditures, the amount allowable, but not expended, for the period beginning December 30, 2019 – May 3, 2020 is \$17,068. As such, an offset of funds was completed and the aggregate amount due to the COPS Office is now \$234,035. On May 20, 2020, the APD initiated a wire transfer to the Office of Justice Programs (OJP) to repay the unallowable costs violation. The amount

David Sheeren  
Regional Audit Manager  
Denver Regional Audit Office  
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repaid will be eligible for future drawdown on allowable salaries and fringe benefits.

- **CHP Grant #2017ULWX0015** - The amount that was determined to be repaid to the COPS Office was \$80,493, which encompasses the 48% of the federal share that was charged to the grant and deemed unallowable. However, the APD provided the allowable salaries and fringe benefits for the officers assigned to the grant. Following the audit, the APD conducted two drawdowns: the first drawdown on November 1, 2019 in the sum of \$169,196 and the second drawdown on February 12, 2020 in the sum of \$182,367. Based upon a review of their expenditures, the amount allowable, but not expended, for the period beginning December 30, 2019 – May 3, 2020 is \$227,412.83. As such, it was determined that the amount originally owed to the COPS Office less the amount due to the APD for the period from December 30, 2019 – May 3, 2020, resolves this recommendation, as repayment is not required due to the amount owed to the APD. As such, the APD is authorized to receive reimbursement for this period in the amount of \$227,412.83.

#### **Request**

Based on this action, COPS requests closure of Recommendation 4.

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

#### **Recommendation 5 - Coordinate with the APD to develop and implement policies and procedures regarding allowable CHP hiring categories.**

The COPS Office concurs with this recommendation.

#### **Planned Action**

On May 11, 2020, the COPS Office received supporting documentation from the APD addressing this recommendation. The APD provided a copy of its SOP with an effective date of May 11, 2020.

Consequently, the COPS Office relied upon the updated policies and procedures which addresses this recommendation in Section 201.00(H5) of the revised SOP.

#### **Request**

Based on this action, COPS requests closure of Recommendation 5.

David Sheeren  
Regional Audit Manager  
Denver Regional Audit Office  
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COPS considers Recommendation 5 closed, based on the actions shown above. In addition, COPS requests written acceptance of the determination from your office.

**Recommendation 6 - Remedy the federal portion of the \$21,821 in unallowable salaries and fringe benefits that were in excess of the approved entry-level rate in the FCM under Grant Number 2015-UL-WX-0026.**

The COPS Office concurs with this recommendation.

**Planned Action**

Of the amount identified by the OIG, the COPS Office determined that the amount to be repaid is \$11,346, which encompasses the 52% of the federal share that was charged to the grant and deemed unallowable. The APD understands that the repayment of these funds will be deobligated and are ineligible for future drawdown, as the grant has since closed.

On May 20, 2020, the APD initiated a wire transfer to the Office of Justice Programs (OJP) to repay the unallowable costs violation.

**Request**

Based on this action, COPS requests resolution of Recommendation 6.

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

**Recommendation 7 - Coordinate with the APD to review salary and fringe benefits charged to Grant Number 2015-UL-WX-0026 to ensure they are in accordance with the approved FCM.**

The COPS Office concurs with this recommendation.

**Planned Action**

The APD is in agreement with the unallowable costs violation under CHP Grant #2015ULWX0026. The APD further maintains that although the costs were deemed unallowable, the APD maintained fifteen (15) newly-hired officers in the grant and have since met the retention requirement.

Furthermore, the APD's SOP and the City of Arlington Grants Guide outlines procedures for adherence to the FCM and federal grant requirements (Section 102.03(A7) and Section 200.302 respectively).

David Sheeren  
Regional Audit Manager  
Denver Regional Audit Office  
U.S. Department of Justice, Office of the Inspector General  
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#### **Request**

Based on the actions, COPS requests closure of Recommendation 7.

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

#### **Recommendation 8 - Coordinate with the APD to enhance policies and procedures to review costs charged to DOJ grants, ensuring costs are allowable and in accordance with award terms and conditions.**

The COPS Office concurs with this recommendation.

#### **Planned Action**

On May 11, 2020, the COPS Office received supporting documentation from the APD addressing this recommendation. The APD provided a copy of its SOP with an effective date of May 11, 2020 and the City of Arlington Grant Compliance Guide with an effective date of September 2015. In addition, the APD indicated that additional staff training is currently being implemented to reinforce that the FCM approved funding amounts are the baseline for allowable costs and that all other costs exceeding the baseline are the responsibility of the grantee.

Consequently, the COPS Office relied upon the updated policies and procedure which addresses this recommendation in Section 102.03(7a) of the SOP and Section 200.309 of the City of Arlington Grant Compliance Guide.

#### **Request**

Based on the actions, COPS requests closure of Recommendation 8.

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

#### **Recommendation 9 - Coordinate with the APD to ensure its accounting system accurately accounts for the actual and budgeted expenditures by cost category for DOJ grants.**

The COPS Office concurs with this recommendation.

#### **Planned Action**

The APD indicated that they will utilize their existing accounting system features to manage accounting accuracy, specifically related to only actual and budgeted expenditures and for tracking allowable and unallowable expenses. The APD further indicated that Fiscal Services

David Sheeren  
Regional Audit Manager  
Denver Regional Audit Office  
U.S. Department of Justice, Office of the Inspector General  
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staff are reviewing accounting system tools and features that will enhance tracking and monitoring capabilities.

Additionally, *Appendix A: Grant Management Guidelines II C* of the SOP addresses this recommendation.

#### **Request**

Based on the actions, COPS requests closure of Recommendation 9.

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

#### **Recommendation 10 - Coordinate with the APD to develop and implement policies and procedures to periodically review cumulative actual and budgeted grant expenditures by cost category to ensure compliance with the approved FCM.**

The COPS Office concurs with this recommendation.

#### **Planned Action**

On May 11, 2020, the COPS Office received supporting documentation from the APD addressing this recommendation. The APD provided a copy of its SOP with an effective date of May 11, 2020.

Consequently, the COPS Office relied upon the updated policies and procedures which addresses this recommendation in Section 201.00(H5) of the revised SOP.

#### **Request**

Based on this action, COPS requests closure of Recommendation 10.

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

#### **Recommendation 11 - Coordinate with the APD to develop written procedures that address internal controls related to drawing down funds.**

The COPS Office concurs with this recommendation.

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Regional Audit Manager  
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**Planned Action**

On May 11, 2020, the COPS Office received supporting documentation from the APD addressing this recommendation. The APD provided a copy of the City of Arlington Grant Compliance Guide (effective date of September 2015).

Consequently, the COPS Office relied upon the requirements cited in Section 200.430(5a) of the guide and considers this documentation as sufficient to close this recommendation.

**Request**

Based on the actions, COPS requests closure of Recommendation 11.

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

**Recommendation 12 - Coordinate with the APD to compute drawdowns according to the eligible officers under Grant Number 2016-UL-WX-0011.**

The COPS Office concurs with this recommendation.

**Planned Action**

The APD is in agreement with the drawdowns to date and that the costs cited by the OIG are consistent with what was identified as both unallowable and allowable. The APD further maintains that following the OIG's review of their financial expenditures as of September 2019, all subsequent drawdowns were for allowable salary and fringe benefits for the officers assigned to the grant. Additionally, the APD provided the salaries and fringe benefits expenditures to assess the allowability of grant expenses. Based upon a review of their outlays, an offset of funds were initiated as referenced in Recommendation 4.

**Request**

Based on the actions, COPS requests closure of Recommendation 12.

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



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**Recommendation 13 - Coordinate with the APD to update its federal financial reporting procedures to ensure expenditures are reported accurately.**

The COPS Office concurs with this recommendation.

**Planned Action**

On May 11, 2020, the COPS Office received supporting documentation from the APD addressing this recommendation. The APD provided a copy of its SOP with an effective date of May 11, 2020 and the City of Arlington Grant Compliance Guide with an effective date of September 2015. In addition, the APD affirmed that grant staff are currently being trained on reporting grant requirements and that they are to only account for expenditures in the quarter expended. Furthermore, the APD Fiscal Services staff, in coordination with grant management staff, will review the FFR and APD financial reporting records to ensure accuracy prior to reporting to the COPS Office.

Additionally, the COPS Office relied upon the updated policies and procedure that addresses this recommendation in Section 201.00 (H4) of the SOP.

**Request**

Based on the actions, COPS requests closure of Recommendation 13.

COPS considers Recommendation 13 closed, based on the 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](mailto:LaToya.Pickett-Bell@usdoj.gov).

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Grant File: CHP #2015ULWX0026, #2016ULWX0011 & #2017ULWX0015

ORI: TX22001

### 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 Arlington Police Department (APD) and the Office of Community Oriented Policing Services (COPS Office) for review and official comment. The APD's response is incorporated in Appendix 4, and the COPS Office's response is incorporated in Appendix 5 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 APD generally concurred with our recommendations. Based on the responses, Recommendations 1 through 8, and 10 through 13 are closed. Recommendation 9 remains resolved. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

#### Recommendations for the COPS Office:

- 1. Coordinate with the APD to ensure it initiates or enhances the partnerships as identified in the CHP grant application for Grant Number 2017-UL-WX-0015.**

Closed. The COPS Office concurred with our recommendation and stated that the APD provided copies of memoranda addressing the APD Business Resource Manager that outlined community policing efforts with the partnerships identified in the CHP grant application for Grant Number 2017-UL-WX-0015. Based on these memoranda, the COPS Office requested closure of the recommendation.

The APD concurred with our recommendation and stated in its response that it continually initiates and enhances its community policing partnerships as part of its overall community policing strategy. Regarding the additional documentation needed to support the progress reports for these specific partnerships in the recommendation, the APD collaborated with reporting offices to obtain four summary documents that described participation with the community partnerships. Additionally, APD stated that future progress reporting will include specific references to partnerships to ensure compliance with the grant guidelines. Further, APD noted that it had been highlighted by the COPS Office in the documentary "Arlington, Texas: A Community Policing Story." The APD has initiated numerous community policing programs that have been successful and received recognition.

These partnerships were reviewed as part of the OIG's audit testing for goals and objectives and progress report verification under Grant Number 2017-UL-WX-0015. As stated in the report, the partnerships were not listed on APD's list of active partnerships, and the APD did not provide any documentation illustrating activity with these three partnerships during the audit. In response to the draft report, the APD provided four informational

memoranda that summarized interaction with these partnerships from 2017 through present. Then after the APD's official response to the draft report, the APD provided additional documentation that supported these memoranda specifically in the quarter of our progress report testing, January through March 2019.

We reviewed the documentation and determined that it adequately addressed the recommendation. Therefore, this recommendation is closed.

**2. Coordinate with the APD to develop and implement policies and procedures to ensure the APD reports accurate accomplishments in its progress reports and maintains documentation of grant program progress.**

Closed. The COPS Office concurred with our recommendation and stated that the APD provided a copy of the APD Grants Management SOP Manual, effective May 2020. The COPS Office stated that it relied on Sections 102.02, 102.03, and 301.00 of the revised SOP and requested closure of the recommendation.

The APD concurred with our recommendation and stated that the APD Grants Management SOP Manual has been implemented and outlines requirements related to reporting and monitoring progress and documentation. Additionally, the APD stated that it operates under the City of Arlington Grant Compliance Guide, effective September 2015 and described additional policies. Further, the APD stated that it will continue to review all established guidelines with staff to promote grant knowledge.

We reviewed Sections 102.02, 102.03, and 301.00 of the updated APD Grants Management SOP Manual and determined that they adequately addressed the recommendation. Therefore, this recommendation is closed.

**3. Coordinate with the APD to update its policies and procedures to ensure that, when a CHP position becomes vacant during the grant or retention period, the APD tracks new officers hired on or after the date the CHP positions were vacated in order to meet retention requirements.**

Closed. The COPS Office concurred with our recommendation and stated that the APD provided a copy of the APD Grants Management SOP Manual, effective May 2020. The COPS Office stated that it relied on Section 201.00(H5) of the revised SOP and requested closure of the recommendation.

The APD concurred with our recommendation and stated that the APD Grants Management SOP Manual has been implemented and outlines necessary requirements related to CHP grant positions to ensure retention requirements are met. Additionally, the APD stated that it is training staff and developing

a spreadsheet to track allowable hires in compliance with grant requirements.

We reviewed Section 201.00(H5) of the updated APD Grants Management SOP Manual and determined that it adequately addressed the recommendation. Therefore, this recommendation is closed.

- 4. Remedy the federal portion of the \$856,520 in unallowable costs for the remaining salaries and fringe of ineligible officers, specifically:**
- a. \$196,469 under Grant Number 2015-UL-WX-0026,**
  - b. \$492,358 under Grant Number 2016-UL-WX-0011, and**
  - c. \$167,693 under Grant Number 2017-UL-WX-0015.**

Closed. The COPS Office concurred with this recommendation. Of the total project costs that were questioned, the COPS Office determined the allocation to the federal share. This included \$102,164 under Grant Number 2015-UL-WX-0026 that represents the 52 percent federal share that was charged to this grant; \$234,035 under Grant Number 2016-UL-WX-0011 that represents the 51 percent federal share that was charged to this grant less an offset of funds not drawn down as of May 3, 2020; and no federal funds under Grant Number 2017-UL-WX-0015 that represents the \$80,493 or 48 percent federal share that was charged to the grant less an offset of \$227,413 in funds not drawn down as of May 3, 2020. As such the aggregate amount that was reimbursed to the DOJ for this recommendation was \$336,199. The COPS Office provided evidence that APD repaid these funds to the DOJ. Based on the repayment, the COPS Office requested closure of the recommendation.

The APD concurred with this recommendation and stated in its response that it would remedy the federal portion and repay these expenses to the DOJ. Additionally, the APD accepted the aggregate remedy amount offered by the COPS Office grant monitor and acknowledged that these funds would be reprogrammed back to Grant Numbers 2016-UL-WX-0011 and 2017-UL-WX-0015 for future drawdown of allowable costs. Subsequent to providing its formal response, the APD repaid the funds to the DOJ.

We reviewed the documentation and determined that it adequately addressed the recommendation. Therefore, this recommendation is closed.

**5. Coordinate with the APD to develop and implement policies and procedures regarding allowable CHP hiring categories.**

Closed. The COPS Office concurred with our recommendation and stated that the APD provided a copy of the APD Grants Management SOP Manual, effective May 2020. The COPS Office stated that it relied on Section 201.00(H5) of the revised SOP and requested closure of the recommendation.

The APD concurred with our recommendation and stated that the APD Grants Management SOP Manual have been implemented and outline necessary requirements related to CHP grant positions and hiring categories to ensure compliance. Additionally, the APD stated that it is training staff to strengthen knowledge and understanding of allowable hire practice through a review of grant award agency guidelines, City of Arlington grant guidelines, and grant SOP guidelines.

We reviewed Section 201.00(H5) of the updated APD Grants Management SOP Manual and determined that it adequately addressed the recommendation. Therefore, this recommendation is closed.

**6. Remedy the federal portion of the \$21,821 in unallowable salaries and fringe benefits that were in excess of the approved entry-level rate in the FCM under Grant Number 2015-UL-WX-0026.**

Closed. The COPS Office concurred with this recommendation. Of the total project costs that were questioned, the COPS Office determined the allocation to the federal share as \$11,346 under Grant Number 2015-UL-WX-0026, which represents the 52 percent federal share that was charged to the grant. The COPS Office provided evidence that APD repaid these funds to the DOJ. Based on the repayment, the COPS Office requested closure of the recommendation.

The APD concurred with this recommendation and stated in its response that unallowable salaries and fringe benefits were charged to Grant Number 2015-UL-WX-0026 in excess of the approved entry-level rate established in the FCM. The APD also stated that it was prepared to remedy the federal portion and would repay these expenses to the DOJ. Additionally, the APD stated that the APD Grants Management SOP Manual, effective May 2020, and City of Arlington Grant Compliance Guide, effective September 2015, outline procedures and internal controls to ensure adherence to the FCM. Further, the APD is training employees to ensure drawdowns are only based on allowable charges as identified in the FCM. Subsequent to providing its formal response, the APD repaid the funds to the DOJ.

We reviewed the documentation and determined that it adequately addressed the recommendation. Therefore, this recommendation is closed.

7. **Coordinate with the APD to review salary and fringe benefits charged to Grant Number 2015-UL-WX-0026 to ensure they are in accordance with the approved FCM.**

Closed. The COPS Office concurred with our recommendation and stated that it is in agreement with the unallowable costs violation under Grant Number 2015-UL-WX-0026, but that the APD maintained 15 newly-hired officers on the grant and have since met the retention requirement. Additionally, the COPS Office stated that the APD Grants Management SOP Manual, effective May 2020, and the City of Arlington Grant Compliance Guide, effective September 2015 outline procedures for adherence to the FCM and federal grant requirements. Based on these actions, the COPS Office requested closure of the recommendation.

The APD concurred with our recommendation and stated that the APD Grants Management SOP Manual and the City of Arlington Grant Compliance Guide outline procedures for adherence to the FCM and federal grant requirements. Additionally, APD stated that it is training staff on adhering to federal grant requirements.

We reviewed the documentation and determined that it adequately addressed the recommendation. Therefore, this recommendation is closed.

8. **Coordinate with the APD to enhance policies and procedures to review costs charged to DOJ grants, ensuring costs are allowable and in accordance with award terms and conditions.**

Closed. The COPS Office concurred with our recommendation and stated that the APD provided it a copy of the APD Grants Management SOP Manual, effective May 2020, and the City of Arlington Grant Compliance Guide, effective September 2015. Additionally, the COPS Office stated that the APD is training staff that the FCM approved funding amounts are the baseline for allowable costs and all other costs exceeding the baseline are the responsibility of the grantee. The COPS Office stated that it relied on Section 102.03(7a) of the revised SOP and Section 200.309 of the City of Arlington Grant Compliance Guide, and it requested closure of the recommendation.

The APD concurred with our recommendation and stated that the APD Grants Management SOP Manual and City of Arlington Grant Compliance Guide outline procedures and internal controls to ensure adherence to the FCM and federal grant requirements. Additionally, APD stated that it is training staff that the FCM approved funding amounts are the baseline for allowable costs and all other costs exceeding the baseline are the responsibility of the grantee.

We reviewed Section 102.03(7a) of the revised APD Grants Management SOP and Section 200.309 of the City of Arlington Grant Compliance Guide and determined that they adequately addressed the recommendation. Therefore, this recommendation is closed.



**9. Coordinate with the APD to ensure its accounting system accurately accounts for the actual and budgeted expenditures by cost category for DOJ grants.**

Resolved. The COPS Office concurred with our recommendation and stated in its response that the APD will use existing accounting system features to manage accounting for actual and budgeted expenditures and for tracking allowable and unallowable expenses. The COPS Office stated that APD Fiscal Services staff are reviewing accounting system tools and features to enhance tracking and monitoring capabilities. Additionally, the COPS Office stated that the APD Grants Management SOP Manual Appendix A: Grant Management Guidelines II (C) addresses the recommendation. Based on the planned actions, the COPS Office requested closure of the recommendation.

The APD concurred with the recommendation and stated that it will use existing accounting system features to manage accounting accuracy, specifically for actual and budgeted expenditures and for tracking allowable and unallowable expenses. Fiscal Services staff are reviewing accounting system tools and features to enhance tracking and monitoring capabilities. Additionally, Fiscal Services staff confirmed the OIG finding that use of available accounting system budget categories will assist in tracking costs and have implemented the recommendation. Further, the APD stated that the APD Grants Management SOP Manual and City of Arlington Grant Compliance Guide outline procedures for adherence to internal controls and financial reporting requirements.

We reviewed the APD Grants Management SOP Manual Appendix A: Grant Management Guidelines II (C) and determined that it was adequate but does not fully address the recommendation. We were not provided documentation that the APD's general ledgers under the three grants accurately record account category balances for salaries and fringe benefits for both actual and budgeted expenditures. Additionally, the general ledgers should account for the unallowable grant expenditures identified in Recommendations 4 and 6.

This recommendation can be closed when we receive documentation that the COPS Office coordinated with the APD to ensure its accounting system accurately accounts for the actual and budgeted expenditures by cost category for DOJ grants.

**10. Coordinate with the APD to develop and implement policies and procedures to periodically review cumulative actual and budgeted grant expenditures by cost category to ensure compliance with the approved FCM.**

Closed. The COPS Office concurred with our recommendation and stated that the APD provided a copy of the APD Grants Management SOP Manual, effective May 2020. The COPS Office stated that it relied on Section 201.00(H5) of the revised SOP and requested closure of the recommendation.

The APD concurred with our recommendation and stated that the APD Grants Management SOP Manual and City of Arlington Grant Compliance Guide outline procedures for adherence to the FCM and grant federal requirements. Further, the Fiscal Services staff are preparing a training to review the FCM baseline costs as compared to actual drawdowns to enhance the monitoring and tracking of allowable cost category expenditures to permit a greater understanding of cumulative grant expenditures.

We reviewed Section 201.00(H5) of the updated APD Grants Management SOP Manual and determined that it adequately addressed the recommendation. Therefore, this recommendation is closed.

**11. Coordinate with the APD to develop written procedures that address internal controls related to drawing down funds.**

Closed. The COPS Office concurred with our recommendation and stated that the APD provided a copy of the City of Arlington Grant Compliance Guide. The COPS Office stated that it relied on Section 200.430(5a) of the guide and requested closure of the recommendation.

The APD concurred with our recommendation and stated that the APD Grants Management SOP Manual and City of Arlington Grant Compliance Guide outline procedures for grants management including policies and internal review procedures for drawing down funds. Additionally, it stated that the APD adheres to the City of Arlington Grant Compliance Guide for compensation of personnel and fringe benefits. Further, it stated that internal processes are being strengthened through additional training on the use of the FCM and using the accounting system budget categories.

We found the City of Arlington Grant Compliance Guide Section 200.430(5a), did not address internal controls related to drawdowns. Consequently, we reviewed the updated APD Grants Management SOP Manual Sections 102.03 (A7) and (B3), and 201.00(H) and determined that they adequately addressed the recommendation. Therefore, this recommendation is closed.

**12. Coordinate with the APD to compute drawdowns according to the eligible officers under Grant Number 2016-UL-WX-0011.**

Closed. The COPS Office concurred with our recommendation. It stated that the APD agreed with the drawdowns to date and that the costs cited by the OIG are consistent with what was identified as unallowable and allowable. Further the APD maintains that following the OIG's review of their financial expenditures as of September 2019, all subsequent drawdowns were for allowable salary and fringe benefits for the officers assigned to the grant. Additionally, the APD provided the salaries and fringe benefits expenditures to assess the allowability of grant expenditures. Based upon review of their outlays, an offset of funds was initiated as referenced under Recommendation 4. Based on the actions described, the COPS Office requested closure of the recommendation.

The APD concurred with our recommendation and stated that the APD Grants Management SOP Manual, effective May 2020, and City of Arlington Grant Compliance Guide, effective September 2015, outline procedures for grants management including policies and internal review procedures to ensure compliance with the FCM and federal grant requirements, specifically related to computing drawdowns for eligible officers. Further, APD stated that staff training on using FCM baseline costs and tracking eligible officers' costs has been implemented.

We reviewed the documentation and determined that it adequately addressed the recommendation. Therefore, this recommendation is closed.

**13. Coordinate with the APD to update its federal financial reporting procedures to ensure expenditures are reported accurately.**

Closed. The COPS Office concurred with our recommendation and stated that the APD provided it a copy of the APD Grants Management SOP Manual, effective May 2020, and the City of Arlington Grant Compliance Guide, effective September 2015. Additionally, the COPS Office stated that the APD affirmed that grant staff are currently being trained on reporting grant requirements and that they are only to account for the expenditures in the quarter expended. Further, the APD Fiscal Service staff with grant management staff will review FFR and APD financial reporting records to ensure accuracy prior to reporting. The COPS Office stated that it relied on Section 201.00(H4) of the updated SOP and requested closure of the recommendation.

The APD concurred with our recommendation and stated that the APD Grants Management SOP Manual and City of Arlington Grant Compliance Guide outline procedures to ensure compliance with the FCM and financial reporting requirements. Additionally, APD stated that grant staff are retraining on reporting and grant requirements to only report expenditures in the quarter the expenditures occurred.

We reviewed Section 201.00(H4) of the updated APD Grants Management SOP Manual and determined that it adequately addressed the recommendation. Therefore, this recommendation is closed.



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