

**AUDIT OF THE OFFICE OF
COMMUNITY ORIENTED POLICING SERVICES
TECHNOLOGY PROGRAM GRANT AWARDED TO THE
MADISON POLICE DEPARTMENT
MADISON, WISCONSIN**

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

Audit Report GR-50-13-011
August 2013

**AUDIT OF
THE OFFICE OF COMMUNITY ORIENTED
POLICING SERVICES
TECHNOLOGY PROGRAM GRANT AWARDED TO
THE MADISON POLICE DEPARTMENT
MADISON, WISCONSIN**

EXECUTIVE SUMMARY

The Office of the Inspector General, Audit Division, has completed an audit of the Office of Community Oriented Policing Services (COPS) Technology Program grant number 2010-CK-WX-0048 in the amount of \$700,000 awarded to the Madison, Wisconsin, Police Department (Madison PD). The COPS Technology Program provides direct funding for the continued development of technologies and automated systems to assist in investigating, responding to, and preventing crime. Grants are intended to enhance a variety of technical equipment and/or programs to encourage the continuation and advancement of community policing efforts within a jurisdiction.

Specifically, the purpose of grant number 2010-CK-WX-0048 was to assist the Madison PD to enhance its records management system. According to the grant application, the records management system will service 14 municipalities within Dane County, Wisconsin, and will advance the Madison PD's community policing strategy by disseminating more intelligence into the field in a more expeditious manner, which will improve both the patrol and investigative capabilities of law enforcement agencies throughout the county. The Madison PD explained that the upgraded system will provide users with an extensive integration of mapping, crime analysis tools, and ad-hoc report writing capabilities.

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to assess program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) budget management and control, (5) property management, (6) federal financial and progress reports, (7) grant requirements, (8) program performance, and (9) monitoring contractors. We determined that indirect costs, local matching costs, program income, and sub-grantees were not applicable to this grant.

Our audit revealed that the Madison PD generally complied with the COPS Office's grant guidelines with respect to internal control environment, drawdowns, budget management and control, property management, reporting, and program performance. However, we found:

- The Madison PD used grant funds for a maintenance contract that was not approved by the COPS Office at the time it was purchased. Therefore, we are questioning \$15,000 in unallowable costs.
- The grantee did not have formal procedures to ensure contractors were properly monitored.

Our report contains two recommendations to address the issues we identified. Our findings are discussed in the Findings and Recommendations section of the report. Our audit objective, scope, and methodology are discussed in Appendix I.

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INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of the Office of Community Oriented Policing Services (COPS) Technology Program grant number 2010-CK-WX-0048 in the amount of \$700,000 awarded to the Madison, Wisconsin, Police Department (Madison PD). The COPS Technology Program provides direct funding for the continued development of technologies and automated systems to assist in investigating, responding to, and preventing crime. Grants are intended to enhance a variety of technical equipment and/or programs to encourage the continuation and advancement of community policing efforts within a jurisdiction.

Specifically, grant number 2010-CK-WX-0048 was awarded to the Madison PD to enhance its regional records management system. This system provides 14 municipalities within Dane County, Wisconsin (including the city of Madison), with access to a standardized and central repository of information. According to the grant application, the records management system will service 14 municipalities within Dane County, Wisconsin, and will advance the Madison PD's community policing strategy by disseminating more intelligence into the field in a more expeditious manner, which will improve both the patrol and investigative capabilities of law enforcement agencies throughout the county. The Madison PD explained that the upgraded system will provide users with an extensive integration of mapping, crime analysis tools, and ad-hoc report writing capabilities.

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) budget management and control, (5) property management, (6) federal financial and progress reports, (7) grant requirements, (8) program performance, and (9) monitoring contractors. We determined that indirect costs, local matching costs, program income, and sub-grantees were not applicable to this grant. As shown in the following table, the Madison PD was awarded a total of \$700,000 to implement the grant program.

**TABLE 1 –MADISON POLICE DEPARTMENT
GRANT 2010-CK-WX-0048¹**

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2010-CK-WX-0048	12/16/09	12/15/13	\$700,000
Total:			\$700,000

Source: The COPS Office

Background

The COPS Office was established as a result of the Violent Crime Control and Law Enforcement Act of 1994 to assist law enforcement agencies in enhancing public safety through the implementation of community policing strategies in jurisdictions of all sizes across the country. Community policing represents a shift from more traditional law enforcement in that it focuses on prevention of crime and the fear of crime on a local basis. Community policing puts law enforcement professionals on the streets and assigns them a beat so they can build mutually beneficial relationships with the people they serve.

The city of Madison is the capital of Wisconsin, located in the south central portion of the state. As reported in the 2010 U.S. Census, the population of Madison was 233,209, making it the second largest city in Wisconsin. As of February 2013, the Madison PD's authorized workforce was 449 officers and 130 civilian personnel.

Our Audit Approach

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the 2010 COPS Technology Program Grant Owner's Manual, grant award documentation, the Code of Federal Regulations, and relevant Office of Management and Budget (OMB) Circulars.

In conducting our audit, we performed sample testing in four areas: (1) drawdowns, (2) transactions, (3) budget management and control, and (4) property management. In addition, we reviewed the timeliness and accuracy of the Federal Financial Reports (FFR) and progress reports, evaluated performance to the grant objectives, and reviewed the internal

¹ The award end date was changed from December 15, 2012, to December 15, 2013, in a no-cost budget modification granted by the COPS Office.

controls of the financial management system. Our audit objective, scope, and methodology are discussed in Appendix I.

FINDINGS AND RECOMMENDATIONS

The Madison PD generally complied with the COPS Office's grant guidelines with respect to internal control environment, drawdowns, budget management and control, property management, reporting, and program performance. However, we identified \$15,000 in questioned costs for the procurement of unapproved maintenance costs. In addition, we believe that the Madison PD can improve its grant management activities by establishing written procedures for monitoring contractors.

Internal Control Environment

We reviewed the Madison PD's financial management policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grant. We also interviewed individuals who were involved with the grant, including the grant manager and project manager, and we evaluated grant management practices to further assess risk.

Single Audit

OMB Circular A-133 requires grantees to perform a Single Audit if federal expenditures exceed \$500,000 in a year. We determined that the city of Madison, which encompasses the Madison PD, was required to have a Single Audit performed during our review period, and we reviewed the applicable reports.

The 2010 and 2011 Single Audit Reports were prepared under the provisions of OMB Circular A-133. In the category of Federal Award Findings, the 2010 Single Audit indicated that the grantee did not verify whether vendors and sub-grantees were suspended or debarred from participating in federal assistance before approving contracts with them. In response to this audit finding, the city of Madison stated that it had incorporated an additional step in the review process to verify whether a vendor or sub-grantee is suspended or debarred prior to entering into a contract. During fieldwork, we verified that the city of Madison had, in fact, implemented this control, and we also noted that this issue was no longer identified as a finding in the 2011 Single Audit report.

Financial Management System

According to the 2010 COPS Technology Program Grant Owner's Manual, the Madison PD is required to keep accurate financial records by

maintaining accounting systems and financial records to accurately account for funds awarded and disbursed. There was sufficient separation of duties, and the financial management operating procedures were documented. We found that the grantee maintained a separate, external spreadsheet to track grant-related expenditures, which the grantee used for requesting reimbursement and for completing the required financial reports. Although the dollar amounts of grant-related expenditures shown in the external spreadsheet were in line with the transactions in the official accounting system, we identified differences in how the costs were categorized within the two systems. When discussing these differences with the grantee, the grantee acknowledged that the official accounting system has limitations. The grantee explained that users are unable to easily access transaction details from the system, and that it is difficult to track grant expenditures by the proper budget codes. The grantee further stated that the accounting system is being upgraded and is hoping that the upgrade will include a grant module that will provide the necessary tools for managing grants.

Drawdowns

Grant officials stated that drawdowns were based on actual expenditures recorded in the accounting records. As shown in Table 2, we reviewed the accounting records and compared the expenditures to the actual drawdowns and found that the cumulative amount of transactions in the accounting records were generally in agreement with the cumulative amount of drawdowns. In the February 2012 drawdown, the Madison PD failed to include \$9,015 in grant-related costs that had been incurred. However, the April 2012 drawdown of \$9,015 accounted for these expenditures.

TABLE 2 – COMPARISON OF DRAWDOWNS AND ACCOUNTING RECORDS

DATE OF DRAWDOWN PER THE COPS OFFICE	AMOUNT DRAWN PER THE COPS OFFICE	GRANT EXPENDITURES PER ACCOUNTING RECORDS FOR DRAWDOWN PERIOD	DIFFERENCE BETWEEN DRAWDOWNS AND EXPENDITURES IN ACCOUNTING RECORDS	CUMULATIVE DRAWDOWNS PER THE COPS OFFICE	CUMULATIVE EXPENDITURES PER ACCOUNTING RECORDS
02/03/2012	\$338,075	\$347,090	\$9,015	\$338,075	\$347,090
04/25/2012	9,015	0	(9,015)	347,090	347,090
08/01/2012	52,692	52,692	0	399,782	399,782

Source: Madison PD accounting records & COPS Office drawdown records

Transaction Testing

We reviewed the Madison PD's records and found that there were a total of 10 grant-related transactions totaling \$399,782 between December 16, 2009, and September 30, 2012.² We examined all 10 transactions and found that they were generally supported and properly charged to the grant.

However, we identified that in August 2012 the Madison PD was reimbursed \$15,000 in grant funds for costs associated with maintenance for the records management system. These costs were not listed as allowable expenditures in the most recent budget approved by the COPS Office at the time the expense was incurred. The Madison PD originally included \$100,000 for maintenance costs in the grant budget, which the COPS Office approved in August 2010. In August 2011, however, the Madison PD submitted to the COPS Office a budget modification request. Among other items in the request, the Madison PD stated that the \$100,000 for maintenance costs would no longer be paid through the grant and would, instead, be paid by the city of Madison. The COPS Office approved the Madison PD's budget modification request. According to the grantee, the COPS Office subsequently approved, via telephone, the Madison PD to charge maintenance costs to the grant, but the grantee was unable to provide documentation of this approval.

The grantee subsequently submitted another budget modification request in November 2012. Within that request, the Madison PD stated that it has paid for the annual maintenance costs throughout the life of the records management system project. The Madison PD further stated that it did not previously know that the new software associated with the project would have a higher maintenance cost, which the Madison PD failed to factor into its 2012 budget. As a result, the Madison PD requested that \$15,000 be allocated for a portion of the annual software maintenance costs. In January 2013, the COPS Office approved the budget modification request.

We are concerned that the Madison PD's August 2011 budget modification request indicated that it had sufficient funds to pay for maintenance costs and that grant funds were not needed for this expenditure. However, the Madison PD was subsequently reimbursed

² The grantee's records indicated that originally there were a total of 13 expenditures totaling \$420,532. However, the grantee subsequently identified that three of these transactions totaling \$20,750 should not have been charged to the grant and made a correcting entry to fix the error. As a result, we excluded these 3 transactions from our universe of expenditures to test, resulting in a universe of 10 grant-related transactions totaling \$399,782.

\$15,000 in grant funds for the maintenance costs at a point in time when the expense was not authorized by the COPS Office. Therefore, we are questioning the \$15,000 as unallowable costs. In remedying these costs, we believe the COPS Office should reassess the allowability of this expenditure in light of the Madison PD's first budget modification that indicated these costs would be paid with local funds.

Budget Management and Control

According to the 2010 COPS Technology Program Grant Owner's Manual, the Financial Clearance Memorandum specifies the costs, which fall within one of six budget categories, that an agency is allowed to fund with its Technology Program grant. The manual also notes that an agency may need to reprogram grant funds to account for a change in an agency's fiscal or law enforcement situation. For example, an agency may need to purchase a different type of equipment due to changing needs. The COPS Office reviews grant modifications on a case-by-case basis.

The Madison PD had two subsequent budget modifications in addition to the original approved budget. Initially, the approved budget categories for the project were "equipment," "consultants and contractors," and "other." The budget modifications were submitted in August 2011 and November 2012, respectively. In both instances, the Madison PD did not request a change to the overall award amount, the authorized budget categories, or the project's overall scope. Instead, the Madison PD requested modifications to the amounts allocated to the three original budget categories, as well as to the specific items covered within those categories, as shown in Table 3. The COPS Office approved both budget modification requests.

TABLE 3 – BUDGET MANAGEMENT AND CONTROL

COST CATEGORY	ORIGINAL GRANT BUDGET	AUGUST 2011 BUDGET MODIFICATION REQUEST	NOVEMBER 2012 BUDGET MODIFICATION REQUEST
Equipment	\$65,000	\$146,000	\$88,380
Consultants and Contractors	90,000	100,000	90,000
Other Costs	545,000	454,000	521,620
TOTAL	\$700,000	\$700,000	\$700,000

Source: COPS Office and Madison PD accounting records

We compared the amounts charged in each of the budget categories to the approved budget amount for each budget category and did not identify

any instances in which the Madison PD incurred grant-related expenditures in excess of the approved budget amount for each category.

Property Management

The 2010 COPS Technology Program Grant Owner's Manual requires grantees to implement controls to ensure property and equipment purchased with federal funds are properly safeguarded against loss, damage, or theft of the property. The majority of the grant funds were to be used for non-equipment expenditures. However, the Madison PD did use a portion of the grant funds to purchase server equipment, which was the only piece of accountable property that was purchased at the time of our fieldwork and met the agency's \$5,000 threshold for what constitutes accountable property. We verified the existence of the server equipment and that the equipment was in use. We also observed that the server equipment was stored in a room with limited, secure accessibility.

Reports

According to the 2010 COPS Technology Program Grant Owner's Manual, award recipients are required to submit both financial and programmatic progress reports. These reports describe the status of the funds and the project, compare actual accomplishments to objectives, and report other pertinent information.

Federal Financial Reports

The COPS Office requires grantees to submit Federal Financial Reports (FFR) no later than 30 days after the end of each calendar quarter. We reviewed the nine FFRs submitted through the quarter ended September 30, 2012, and found that each report was submitted in a timely manner. As shown in Table 4, we also reviewed the accounting records and compared cumulative expenditures to expenditures reported in the FFRs and found a few inconsistencies between the cumulative amounts. The differences identified were a result of incorrectly entering data from the official accounting system to the separate, external spreadsheet used to track grant-related expenditures, as well as improperly charging non-grant related expenditures to the grant and subsequently reversing that error. Because the grantee corrected these errors prior to our audit, we do not take exception to the differences identified. However, we believe that using a separate, external spreadsheet for completing the required reports instead of the official accounting system increases the risk of data entry errors. Grantee officials explained, as noted previously, that they utilize this

unofficial record because the official accounting system does not provide optimal functionality for tracking grant-related transactions.

TABLE 4 - FEDERAL FINANCIAL REPORT ACCURACY

REPORT PERIOD FROM -TO DATES	EXPENDITURES PER CURRENT FFR	EXPENDITURES PER ACCOUNTING RECORDS	DIFFERENCE BETWEEN FFRS & ACCOUNTING RECORDS
07/01/10 – 09/30/10	\$0	\$0	\$0
10/01/10 – 12/31/10	0	0	0
01/01/11 – 03/31/11	0	0	0
04/01/11 – 06/30/11	0	0	0
07/01/11 – 09/30/11	0	0	0
10/01/11 – 12/31/11	347,075	347,090	15
01/01/12 – 03/31/12	15	0	(15)
04/01/12 – 06/30/12	52,692	73,442	20,750
07/01/12 – 09/30/12	0	(20,750)	(20,750)

Source: COPS Office and Madison Police Department accounting records

Program Progress Reports

According to the COPS Office, progress reports are due annually to the COPS Office by January 30. The reports we reviewed were completed in a survey format rating a series of program performance statements on a scale of 1 to 10. We reviewed the two required progress reports and found that both reports were submitted in a timely manner and, in general, accurately reflected grant-related activity.

Compliance with Grant Requirements

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the 2010 COPS Technology Program Grant Owner’s Manual, the award documents, the Code of Federal Regulations (C.F.R.), and relevant OMB Circulars. Excluding the reporting requirements, no specific performance measurements were detailed in the award’s special conditions. We found that the Madison PD complied with the grant reporting requirements, which is discussed in the Reports section of this report. In addition, because this grant was to fund an interjurisdictional criminal intelligence system, the Madison PD was required to comply with the operating principles of 28 C.F.R. Part 23. This regulation requires that such criminal justice systems conform with the privacy and constitutional rights of individuals. The Madison PD certified that it would comply with this regulation.

Program Performance and Accomplishments

According to the grant application, the purpose of the grant was to further enhance the Madison PD's records management system so that users have access to real-time data and analysis and to improve operations and decision making. The grant application included an implementation plan for upgrading to a comprehensive law enforcement records system; setting forth the activities to be accomplished each quarter. The project manager at the Madison PD uses a vendor-created project timeline along with the implementation plan in the grant application and the statement of work to keep track of the project's progress, including the timely completion of the upgrade. During fieldwork, we noted that the project manager updated the timeline to reflect completed activities and revisions to expected completion dates. We also attended one of the project status meetings that summarized the project's progress to date. Based upon the work completed thus far, we believe that the Madison PD is accomplishing the grant's objectives.

Monitoring Contractors

The Madison PD uses an extensive process when entering into a contract and selecting the vendor for the contracted services. The contracting process initially starts with a request for qualification that narrows the list of applicants to those qualified based on experience, references, and financial stability. The qualified applicants then submit their proposals, which are reviewed and scored by a selected committee. The committee makes its recommendation to the City Council for final approval.

On this grant, the Madison PD contracted with one vendor to provide the consulting and maintenance services needed for enhancing the records management system. The Madison PD had previously contracted with this vendor throughout the life of the records management system project. Despite this, the Madison PD undertook the same selection process in association with this COPS Technology Program grant and determined that the vendor previously used was best qualified for continuing its work on the project.

To assist with monitoring the contractor's performance, the project manager at the Madison PD uses a vendor-created project timeline showing the various phases of the project, including expected completion dates. The project manager also uses the statement of work to identify what services the contractor is supposed to provide and when those actions are to be completed. Further, the project manager has weekly conference calls and project meetings with the vendor and key personnel within the Madison PD

to ensure each phase is completed as expected and to address any time delays or concerns. Using all of this information, the project manager ensures that the contracted services have been provided before authorizing invoices for payment.

Although we believe that the Madison PD has provided adequate oversight of the vendor, the Madison PD does not have any formal procedures to ensure contractors are properly monitored. We believe that formally documenting an entity's procedures is a best practice that helps ensure all involved parties understand their roles and responsibilities and what actions need to be taken to adequately monitor contractors. Because the grant is on-going and there is the potential for turnover of staff involved on the grant project, we recommend that the Madison PD develop and implement a formal, written process to monitor contractors.

Views of Responsible Officials

We discussed the results of our review with grantee officials throughout the audit and at a formal exit conference, and we have included their comments as appropriate.

Recommendations

We recommend that the COPS Office:

1. Remedy the \$15,000 in unallowable expenditures related to the reimbursement for maintenance costs not approved by the COPS Office at the time the cost was incurred.
2. Ensure the Madison PD develops and implements a formal process to monitor contractors.

OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) budget management and control, (5) property management, (6) federal financial and progress reports, (7) grant requirements, (8) program performance and accomplishments, and (9) monitoring contractors. We determined that indirect costs, local matching costs, program income, and sub-grantees were not applicable to this grant.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. This was an audit of the Madison PD COPS Technology Program grant number 2010-CK-WX-0048. Our audit concentrated on, but was not limited to, the inception of the grant on December 16, 2009, through September 30, 2012, and included such tests as we considered necessary to accomplish our objective. The Madison PD had a total of \$399,782 in drawdowns as of October 17, 2012.

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the 2010 COPS Technology Program Grant Owner's Manual, grant award documentation, the Code of Federal Regulations, and relevant OMB Circulars.

In conducting our audit, we performed testing in four areas: (1) drawdowns, (2) transactions, (3) budget management and control, and (4) property management. Because the Madison PD had a limited number of transactions and accountable property, we reviewed all grant-related transactions and accountable property. In addition, we reviewed the timeliness and accuracy of the FFRs and progress reports, and we evaluated Madison PD's performance as it related to grant objectives. However, we did not test the reliability of the financial management system as a whole.

SCHEDULE OF DOLLAR-RELATED FINDINGS

Description	Amount	Page
Questioned Costs ³		
Unallowable Maintenance Costs:	\$15,000	6
<i>Total Unallowable:</i>	<i>\$15,000</i>	
Net Questioned Costs	\$15,000	
<hr/>		
Total Net Dollar-Related Findings	\$15,000	

³ **Questioned Costs** are expenditures that do not comply with legal, regulatory or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

AUDITEE RESPONSE

**Madison Police Department**

Noble Wray, Chief of Police

City-County Building
 211 S. Carroll Street
 Madison, Wisconsin 53703-3303
 PH 608 266 4022
 TTY/Textnet 866 275 6529
police@cityofmadison.com
www.cityofmadison.com/police

June 26, 2013

Carol S. Taraszka
 Regional Audit Manager
 Chicago Regional Audit Office
 Office of the Inspector General
 U.S. Department of Justice
 500 West Madison Street, Suite 1121
 Chicago, Illinois 60661

Dear Ms. Taraszka:

Thank you for your draft audit report of the Office of Community Oriented Policing Services Technology Program Grant awarded to the Department. We welcomed your Office's review of the Department's performance in managing and reporting the grant, which has been essential to our regional records management system (RMS) implementation. The audit revealed general compliance, and identified two issues that we respond to below.

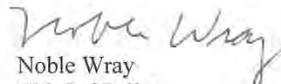
The draft audit report seeks a remedy for \$15,000 in software maintenance expenses. The COPS Office approved these expenses in the original budget and again in a modification. Therefore, the Department believes that this issue has been satisfactorily addressed. The RMS project used both COPS grant and City capital budget funding sources. In 2012, when the 2013 Department capital budget was developed, the Department believed the project implementation date would be in January 2013 and thus included software maintenance in the 2013 capital budget, and reallocated existing COPS funds through an approved budget modification (that anticipated a 2013 "go live" date). The Department later learned the RMS project would "go live" in December 2012. Therefore, while the Department had secured 2013 funding through the capital budget, we did not have maintenance costs covered for December 2012. Based on the project scope, the grant purpose and budget, the Department believed that the COPS grant could fund this one-month maintenance gap, and the COPS Office agreed.

The draft audit report states that our project manager provided adequate oversight of the vendor, but that the Department should have written documentation for such monitoring procedures. Since the Department was following all City financial guidelines for contracts, the Department believed its processes were adequate. However, since a written policy will aid future contract monitoring, the Department has developed a contract monitoring procedure, which has been approved by the COPS Office.

June 26, 2013
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Since both the Department and the COPS Office have addressed the two draft audit issues, the Department respectfully requests that the final audit report be issued with no recommendations.

Sincerely,


Noble Wray
Chief of Police

Cc: Karl W. Bickel, Senior Policy Analyst, USDOJ COPS Office

Enclosure

OFFICE OF COMMUNITY ORIENTED POLICING SERVICES RESPONSE



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

COPS

MEMORANDUM

Via Email and U.S. Mail

To: Carol S. Taraszka
Regional Audit Manager
Office of the Inspector General
Chicago Regional Audit Office

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

Date: June 27, 2013

Subject: Response to Draft Audit Report and request for closure of Audit
Recommendations 1 and 2 of the Draft Audit Report dated June 13, 2013 for the
Madison Police Department, Madison, WI, ORI # WI01301.

This memorandum serves as COPS' request for closure of Recommendations 1 and 2 as well closure of the Draft Audit Report dated June 13, 2013 for the Madison Police Department, regarding COPS Technology Grant # 2010-CK-WX-0048; based on the below referenced actions taken by COPS and the grantee.

Recommendation 1- The Madison PD used grant funds for a maintenance contract that was not approved by the COPS Office at the time it was purchased. Therefore, we are questioning \$15,000 in unallowable costs.

Status: Draft

Discussion: COPS agrees that grantees should obtain approval for grant related purchases. The Madison Police Department included \$100,000 in their original budget, approved by COPS in August 2010, for maintenance costs. In a subsequent budget modification approved by COPS, August 2011, the grantee removed funding to cover maintenance costs. The Madison PD indicated they had made another modification request via telephone to restore funds for the maintenance contract and it had been verbally approved by COPS.

A final written modification request dated 11/26/12 (copy attached) was submitted by the Madison PD in which the funding for maintenance contracting was restored. This final modification request was approved by COPS on 1/22/13 (copy attached).

Carol S. Taraszka, Regional Audit Manager, OIG
June 27, 2013
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Action Taken: The Madison Police Department is said to have received verbal approval from COPS for the necessary budget modification to fund the maintenance agreement in question. They followed up with a written request for the necessary modification which was retroactively approved by COPS. A check was made with Andrew Dorr, assistant director for COPS Grants Administration Division to ensure there was no prohibition against a retroactive approval for a budget modification. There was no such prohibition. (Email attached)

Request: Based on the discussion and action taken, COPS requests closure of Recommendation 1.

Recommendation 2- The grantee did not have formal procedures to ensure contractors were properly monitored.

Status: *Draft*

Discussion: COPS agrees that grantees should ensure that contractors are properly monitored.

Action Taken: The Madison Police Department has developed and submitted their policy and procedure on the monitoring of contractors (copy attached).

Request: Based on the discussion and action taken, COPS requests closure of Recommendation 2.

Based on the above discussion and action taken, COPS considers the Draft Audit Report closed and requests written acceptance of this determination from your office. Once written acceptance of this determination is received from your office, COPS will notify the grantee.

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

Attachments:

Madison PD modification request dated 11/26/12
COPS modification approval dated 1/22/13
Madison PD policy/procedure on contractor monitoring
Email re retroactive modification 6/17/2013

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

Audit File

Grant files: 2010-CK-WX-0048

Carol S. Taraszka, Regional Audit Manager, OIG
June 27, 2013
Page 3

ORI # WI01301

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 Madison PD and the Office of Community Oriented Policing Services (COPS) for review and comment. The Madison PD's response is incorporated in Appendix III of this final report; the COPS Office's response is incorporated as Appendix IV.⁴ The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation Number:

1. **Resolved.** We recommended that the COPS Office remedy the \$15,000 in unallowable expenditures related to the reimbursement for maintenance costs not approved by the COPS Office at the time the cost was incurred. As discussed in our report, we are concerned with the reimbursement of \$15,000 for maintenance costs because the Madison PD's August 2011 budget modification request indicated that it had sufficient local funds to pay for maintenance costs and that grant funds were not needed for this expenditure. However, in August 2012 the Madison PD was reimbursed \$15,000 in grant funds for the maintenance costs, which was at a point in time when the expense was not authorized by the COPS Office. Further, we suggested that when remedying these questioned costs, the COPS Office should keep in mind the Madison PD's assertion from its August 2011 budget modification request that maintenance costs could and would be paid with local funds.

In its response, the Madison PD stated that when it was developing its 2013 capital budget, officials expected the enhanced records management system to "go live" in 2013. As a result of this expectation, the Madison PD submitted an August 2011 budget modification request that indicated it no longer needed grant funds for maintenance costs. However, the Madison PD stated that the "go live" date was subsequently moved up to December 2012, and that it no longer had maintenance costs covered for the system at the time it would "go live." The Madison PD said that the COPS Office agreed that the Madison PD could use grant funds to cover the December 2012 maintenance costs.

⁴ The COPS Office's attachments to its response are not included due to their technical nature.

In its response, the COPS Office concurred that grantees should obtain approval for grant-related purchases and recapped the modifications made to the grantee's original grant budget. The COPS Office stated that the Madison PD indicated that one of its modification requests to restore funds for maintenance costs was done via telephone and that the COPS Office verbally approved that request. However, the COPS Office did not indicate if it agreed or disagreed with the grantee's assertions or provide any documentation to support these events, including dates of the conversations. The COPS Office noted that the Madison PD subsequently submitted a written budget modification request to the COPS Office in November 2012 that included federal funding for maintenance costs.

We do not believe the COPS Office's response to our draft report completely addresses the issue as explained in the report. As noted in our report, we requested that the COPS Office reassess the allowability of the maintenance costs in light of the Madison PD's first budget modification that indicated these costs would be paid with local funds. Based upon the COPS Office's response, the COPS Office did not indicate whether it considered the Madison PD's previous assertion that maintenance costs would be paid with local funds.

In addition, the timing of the events continues to raise concern. Specifically, the \$15,000 in maintenance costs were recorded in the Madison PD's grant ledger in May 2012, and the Madison PD was reimbursed for this expenditure in August 2012. According to the Madison PD's response to the draft report, it requested that the grant be allowed to cover the maintenance costs for December 2012 – the date in which the project would “go live.” The COPS Office approved the grantee's written budget modification request in January 2013 after the commencement of this audit. Therefore, it is not clear why: (a) this expenditure was recorded in the grant ledger and paid in May 2012 prior to when the services were to be provided, and (b) included in a reimbursement request prior to the formal budget modification request. The COPS Office stated that there was not any prohibition against retroactively approving a budget modification request. These circumstances are unusual, and the COPS Office's response did not address these timing issues.

This recommendation can be closed after the COPS Office appropriately remedies the \$15,000 in unallowable expenditures related to the reimbursement for maintenance costs not approved by the COPS Office at the time the cost was incurred. In remedying the costs, the COPS Office should consider all factors surrounding the

maintenance costs charged to the grant and reassess the allowability of these costs.

2. **Closed.** We recommended that the COPS Office ensure the Madison PD develops and implements a formal process to monitor contractors. The COPS Office concurred with the recommendation. In its response, the COPS Office stated that the Madison PD developed a policy for monitoring contractors. In the Madison PD's response, the Madison PD said that it believed its contractor oversight was adequate because it was following the city of Madison's financial guidelines for contracts. The Madison PD further stated, however, that it developed a contract monitoring procedure because having a written policy would aid future contract monitoring. The COPS Office requested closure of our recommendation based upon the Madison PD's provision of this policy.

We reviewed the contractor monitoring procedures developed by the Madison PD and believe that the Madison PD's actions adequately address the recommendation. Specifically, the procedures articulate the Madison PD's role in monitoring contractor performance throughout the life of the contract – from communicating clear expectations with the vendor to ensuring satisfactory performance prior to payment and properly closing out the contract. Therefore, this recommendation is closed.