



**AUDIT OF THE OFFICE OF COMMUNITY ORIENTED  
POLICING SERVICES 2009 COPS HIRING RECOVERY  
PROGRAM GRANT AWARDED TO THE  
TOLEDO POLICE DEPARTMENT  
TOLEDO, OHIO**

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

Audit Report GR-50-14-007  
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**EXECUTIVE SUMMARY\***

The U.S. Department of Justice, Office of the Inspector General, Audit Division, has completed an audit of the Office of Community Oriented Policing Services (COPS) Hiring Recovery Program (CHRP) grant number 2009-RJ-WX-0065 awarded to the Toledo, Ohio, Police Department (Toledo PD). This grant provided \$7,149,437 in funding to the Toledo PD to rehire 31 sworn officers who had been previously laid off. The CHRP grants were designed to provide funding directly to law enforcement agencies having primary law enforcement authority to create and preserve jobs and to increase their community policing capacity and crime-prevention efforts. The grants were to provide 100 percent funding for approved entry-level salaries and fringe benefits for 3 years for newly hired, full-time sworn officers (including filling existing unfunded vacancies), or to rehire officers who had been laid off or were scheduled to be laid off on a future date as a result of local budget cuts. According to the 2009 CHRP Grant Owner's Manual, grantees may not reduce the number of their locally funded sworn officer positions during the life of the award as a direct result of receiving CHRP funding to pay for additional officers. The COPS Office commonly refers to this number of locally funded sworn officer positions that grantees must maintain throughout the life of the grant as the "baseline."

The objective of the audit was to determine whether reimbursements claimed for costs under the grant were allowable; reasonable; and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grant. We also assessed the Toledo PD's program performance in meeting grant objectives and overall accomplishments. Specifically, we reviewed performance in the following areas: (1) internal control environment, (2) CHRP application statistics, (3) compliance with grant requirements, (4) budget management and control, (5) drawdowns, (6) grant expenditures, (7) grant reporting, and (8) program performance and accomplishments.

As of September 30, 2012, the grantee had drawn down the entire award amount of \$7,149,437 and recorded expenditures of \$7,245,723 in its grant

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\* The Office of the Inspector General redacted the names of individuals from Appendix III of this report to protect the privacy rights of the identified individuals. See Privacy Act of 1974, 5 U.S.C. §552(a).

accounting records.<sup>1</sup> Our audit revealed inaccurate data in the Toledo PD's grant application, but we ultimately determined that the inaccurate data did not affect the Toledo PD's suitability for the award.

However, we questioned over \$2.5 million in officer salary and fringe benefit costs because we identified indications of supplanting.<sup>2</sup> Specifically, in FY 2010, the Toledo PD contacted the COPS Office because of concerns that its total number of locally funded sworn officer positions was decreasing and that this would affect its eligibility for grant funding. As a result, the COPS Office conducted a site visit and officially reduced the baseline number of officers by 5 positions. We identified significant issues with the COPS Office's calculations of the grantee's baseline, in part due to incorrect information submitted by the Toledo PD and the COPS Office's failure to verify the data. Further, in FY 2011, the grantee significantly reduced the number of local positions funded through its annual appropriation, did not consult the COPS Office regarding this reduction, and continued to draw down full grant funding for the 31 officers funded through the award. As a result of the budget reduction, the Toledo PD's funded staffing level was 39 positions below the baseline in FY 2011 and 2 positions below the baseline in FY 2012. Consequently, we question \$2,508,576 (or 35 percent) of the salary and fringe benefit costs reimbursed through the grant and believe that the grantee's baseline and its efforts to comply with the related grant terms and conditions need further in-depth examination by the COPS Office. We also note that the ability of the Toledo PD to fulfill its community policing grant objectives was negatively affected by its reduced on-board officer levels.

In addition, we determined that the Toledo PD received duplicate reimbursement for vacation and sick leave fringe benefits that were included in its base salary. Although Toledo PD officers accrue vacation and sick leave throughout the year, according to the Toledo PD, the costs associated with vacation and sick leave are incorporated into an officer's annual salary. However, in completing its application for CHRP funding, the Toledo PD included not only an officer's entire salary amount, but also separately identified costs for vacation and sick leave in the fringe benefit budget category and these costs were then reflected in the COPS Office's Final Funding Memorandum. Because an officer's annual salary already accounts for vacation and sick time, including costs in the fringe benefit category results in unnecessarily increasing the grant award amount. Further, when requesting reimbursement, the Toledo PD charged the grant for the full salary amounts and then also separately accounted for vacation and sick time. Therefore,

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<sup>1</sup> The expenditures recorded in the grant accounting records were greater than the amount drawn down because the grantee included personnel costs in the grant ledger for the entire quarter ending June 30, 2012, although only a small portion of those costs were eligible for reimbursement. Despite the inclusion of these costs in the grant accounting records, the Toledo PD was only reimbursed for the actual award amount.

<sup>2</sup> According to the COPS website, supplanting means using COPS grant funds to replace state or local funds which otherwise would have been spent on the specific law enforcement purpose of the COPS grant awards. COPS officer and civilian positions must be in addition to any locally-funded positions, and COPS technology must be in addition to any locally-budgeted equipment or technology expenditures.

the Toledo PD received duplicate reimbursement for these costs. As a result, we question the \$396,321 in vacation and sick leave fringe benefit costs separately charged to the grant.

Our report contains five recommendations to address the preceding issues, which are discussed in detail in the Findings and Recommendations section of the report. Our audit objective, scope, and methodology are discussed in Appendix I.

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**INTRODUCTION**

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**FIGURE 1 - CHRP GRANT AWARDED TO THE TOLEDO PD**

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2009-RJ-WX-0065	07/01/2009	09/30/2012 <sup>3</sup>	\$7,149,437
<b>Total:</b>			<b>\$7,149,437</b>

Source: The COPS Office

The objective of the audit was to determine whether reimbursements claimed for costs under the grant were allowable; reasonable; and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. We also assessed the Toledo PD's program performance in meeting grant objectives and overall accomplishments. Specifically, we reviewed performance in the following areas: (1) internal control environment, (2) CHRP application statistics, (3) compliance with grant requirements, (4) budget management and control, (5) drawdowns, (6) grant expenditures, (7) grant reporting, and (8) program performance and accomplishments. We determined that indirect costs, local matching costs, program income, accountable property, and the monitoring of sub-grantees and contractors were not applicable to this grant.

**Office of Community Oriented Policing Services**

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

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<sup>3</sup> The award end date included a no-cost extension granted by the COPS Office. The original grant end date was June 30, 2012.

## **American Recovery and Reinvestment Act**

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The purposes of the Recovery Act were to: (1) preserve and create jobs and promote economic recovery; (2) assist those most impacted by the recession; (3) provide investments needed to increase economic efficiency by spurring technological advances in science and health; (4) invest in transportation, environmental protection, and other infrastructure that will provide long term economic benefits; and (5) stabilize state and local government budgets in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

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

## **COPS Hiring Recovery Program**

To distribute the Recovery Act money, the COPS Office established the COPS Hiring Recovery Program (CHRP), a grant program for the hiring, rehiring, and retention of career law enforcement officers. The COPS Office created CHRP to provide funding to cover the approved entry-level salaries and benefits for a 3-year period for: (1) newly-hired, full-time sworn officer positions; (2) rehired officers who had been laid off; or (3) officers who were scheduled to be laid off on a future date. The COPS Office received 7,272 applications requesting funding for approximately 39,000 officer positions. On July 28, 2009, the COPS Office announced its selection of 1,046 law enforcement agencies as recipients of the \$1 billion CHRP funding to hire, rehire, or retain a total of 4,699 officers. The grants were competitively awarded based on data submitted by each applicant related to fiscal and economic conditions, rates of crime, and community policing activities.

According to the 2009 CHRP Grant Owner's Manual, funds budgeted to pay for sworn officer positions, irrespective of the receipt of CHRP grant funds, may not be reallocated to other purposes or refunded as a result of a CHRP grant being awarded. Non-federal funds must remain available for and devoted to that purpose, with CHRP funds supplementing those non-federal funds. Therefore, grant funds must be used to increase the total amount of funds that would otherwise be made available for hiring and/or rehiring law enforcement officers (i.e., grantees may not reduce the number of their locally funded sworn officer positions during the life of the award as a direct result of receiving CHRP funding to pay for additional officers). The COPS Office commonly refers to this level of locally funded sworn officer positions that the grantees must maintain throughout the life of the grant as the baseline.

## **The City of Toledo, Ohio**

According to the 2010 U.S. Census report, the city of Toledo's population was 287,208. Situated in northwestern Ohio, Toledo is the fourth largest city in the state and spans 84 square miles. The stated mission of the Toledo PD is to enhance the quality of life in the city of Toledo by working in partnerships with the community to preserve life, enforce the law, provide quality service, reduce the fear of crime, and promote joint problem-solving for safe, secure neighborhoods.

In comparison to its fiscal year (FY) 2008 budget, the city of Toledo's FY 2009 budget decreased by \$4,728,917, and the Toledo PD was one of the city's departments whose FY 2009 budget was cut.<sup>4</sup> As a result of the city's well-publicized financial difficulties, the Toledo PD laid off 75 sworn officers effective in May 2009. The CHRP grant allowed the Toledo PD to rehire 31 of these officers. By October 2009, the grantee had rehired all 75 previously laid-off officers, including 31 officers who were being funded by the CHRP grant.

## **Our Audit Approach**

We tested compliance with what we consider to be the most important conditions of the CHRP grant. Unless otherwise stated in our report, the criteria we audit against are contained in the 2009 CHRP Grant Owner's Manual, the grant award documents, and relevant Office of Management and Budget (OMB) Circulars. In conducting our audit, we performed sample testing in the areas of: (1) drawdowns, and (2) grant expenditures. In addition, we reviewed the timeliness and accuracy of financial activity reports, progress reports, and Recovery Act reports; evaluated performance to grant objectives; reviewed internal controls related to the financial management system; reviewed the accuracy of information the grantee provided in its grant application; and interviewed key Toledo PD personnel. Our audit objective, scope, and methodology are discussed in Appendix I.

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<sup>4</sup> The city of Toledo's fiscal year end is December 31.

## **FINDINGS AND RECOMMENDATIONS**

We found that the Toledo PD's internal control environment included adequate separation of duties and controlled access to accounting systems. In addition, we noted that all required reports were filed in a timely manner. However, we found several differences between the information reported in the Toledo PD's grant application and the supporting data we obtained from various sources. We also identified indications of supplanting through our determination that the Toledo PD failed to meet the COPS Office's authorized baseline of sworn officer positions during the award period. As a result, we believe the Toledo PD's ability to fulfill its community policing grant objectives was negatively affected by its reduced on-board officer levels, and we question a total of \$2,508,576 in unallowable salary and fringe benefit costs based upon indications of supplanting. We also determined that the Toledo PD charged the grant for duplicate vacation and sick time costs and, as a result, question \$396,321 in unallowable costs.

We performed audit work at the Toledo PD located in Toledo, Ohio, where we obtained an understanding of the accounting system and reviewed a sample of grant expenditures. We reviewed the criteria governing grant activities, including the 2009 CHRP Grant Owner's Manual and relevant OMB Circulars. In addition, we reviewed grant documents, including the application, award, budgets, and all required reports. We also interviewed key Toledo PD personnel.

### **Accounting and Internal Control Environment**

We reviewed the Toledo PD's financial management system and its policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grant. In addition, to further assess risk, we obtained an understanding of the reporting process, examined the Toledo PD's grant-related records and reports, and evaluated the Toledo PD's grant management practices. Moreover, we interviewed key individuals who were involved with the grant, including the grant fiscal manager, grant program manager, and city finance personnel.

#### *Financial Management System*

The 2009 CHRP Grant Owner's Manual requires recipients to establish and maintain accounting systems and financial records that accurately account for funds awarded and disbursed. To comply, grantees must track and report CHRP funding separately from other funding sources to ensure accurate financial reporting on a timely basis. In addition, these records should contain information showing expenditures under the grant and must be supported by items such as payroll records, time and attendance records, canceled checks, or similar documents. Furthermore, recipients must adequately safeguard grant funds and make sure that they are used for authorized purposes only.

The Toledo PD maintains its accounting records in an automated system. Based upon our review of the financial management system and interviews with Toledo PD personnel, we found that the Toledo PD's internal control environment included an adequate separation of duties and that access to the accounting system was controlled. We also noted that the Toledo PD maintained a separate ledger for its CHRP grant activity, and that the ledger tracked expenditures and reimbursements associated with the grant.

#### *Single Audit and Other Reviews*

According to OMB Circular A-133, recipients of federal funds are required to undergo a single audit if they expend more than \$500,000 in federal funds in any year. Single audits are to be completed no more than 9 months after the end of the entity's fiscal year. We determined that the city of Toledo, which encompasses the Toledo PD, was required to have a single audit performed in 2010 and 2011.

We reviewed the city of Toledo's Single Audit Reports for FYs 2010 and 2011 and found that both audits identified a repeat cross-cutting finding associated with payroll. Specifically, the finding states that the city of Toledo charged a portion of certain payroll costs to a Department of Housing and Urban Development grant program, but that the claimed costs were not supported by personnel activity reports or periodic timesheets. During our audit, we confirmed that this finding did not affect the CHRP grant, and that the Toledo PD was able to provide timesheets to support the claimed reimbursements for officer salary and fringe benefit costs for the CHRP grant.

In addition to the single audits, we reviewed 10 independent assessments of grants awarded to the Toledo PD, including 2 reviews associated with the CHRP grant, that were conducted between 2009 and 2012.<sup>5</sup> None of the 10 reports disclosed any weaknesses, noncompliance issues, or cross-cutting findings related to the Toledo PD's grant management practices.

#### **CHRP Application Statistics**

To select CHRP grantees, the COPS Office developed a methodology that scored and ranked applicants based on data related to their fiscal and economic conditions, rates of crime, and community policing activities. In general, the applicants experiencing more fiscal and economic distress, exhibiting higher crime rates, and demonstrating well-established community policing plans received higher scores and were more likely to receive a grant. While the COPS Office performed some limited data validity checks, the COPS Office relied heavily on the accuracy of the data submitted by grant applicants.

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<sup>5</sup> In August 2010, the COPS Office conducted a site visit, which is included as 1 of the 10 independent assessments we reviewed. The U.S. Government Accountability Office and the Ohio Office of Criminal Justice Services each conducted an independent assessment during the grant period. The Criminal Justice Coordinating Council, a local government unit responsible for overseeing the management of grant funds in Northwest Ohio, was responsible for the remaining seven assessments that we reviewed.

In the CHRP Application Guide, the COPS Office reminded applicant agencies to provide accurate agency information as this information may be used, along with other data collected, to determine funding eligibility. In our May 2010 report of the COPS Office's grant selection process, we found that the validation process used by the COPS Office to ensure the accuracy of the crime data submitted by applicants was inadequate.<sup>6</sup> As a result, some agencies may have received grant funds based on inaccurate applications. However, we were unable to determine the number of applications that included inaccurate data.

During this audit, we requested documentation from the Toledo PD to support the information it submitted in its 2009 CHRP grant application. The Toledo PD grant fiscal manager explained that she could not substantiate or provide support for the information contained in the application because the grant application was prepared by an officer who was no longer with the Toledo PD, and that officer did not leave any documentation to support the contents of the application. As a result, we could not fully assess the accuracy of the Toledo PD's grant application. However, we attempted to use other means to test the accuracy of the application, including interviewing Toledo PD staff, reviewing city of Toledo Annual Reports, and relying upon information reported on federal and state agency websites.

Through this review, we identified numerous errors in the application that the current Toledo PD grant fiscal manager could not explain. For example, the grantee underreported the total jurisdictional general fund balances for FYs 2007, 2008, and 2009, as well as the total jurisdictional operating budget figures for FY 2008. Further, we found that the unemployment rates that the Toledo PD reported for 2008 and 2009 were slightly higher than those reported by the Bureau of Labor Statistics. We also determined that the number of homicides reported in the grant application were slightly higher than the number reported in the Uniform Crime Report statistics contained on the Ohio Office of Criminal Justice Services' website.

Because the application information was used to determine the grantee's eligibility to receive the grant, we assessed the effect that the inaccurate data submitted in the grant application had on the Toledo PD being awarded this grant. In our opinion, the inaccurate data did not appear to have affected the suitability of the Toledo PD being granted the award. For example, the Toledo PD accurately reported its operating budget figures for FYs 2007, 2008, and 2009, and we believe those figures to be a more important factor than the figures for the entire jurisdiction's operating budget and fund balance when determining award eligibility. Additionally, the other differences were not significant in nature. Therefore, we do not question the award of the CHRP grant to the Toledo PD.

Because the data that grantees submit are relied upon to award substantial grants, we believe it is vital that grantees ensure that the data and information submitted to awarding agencies are accurate. Although in this case we believe the

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<sup>6</sup> U.S. Department of Justice Office of the Inspector General, *A Review of the Selection Process for the COPS Hiring Recovery Program*, Audit Report 10-25, (May 2010).

Toledo PD's inaccurate application data did not significantly affect the suitability of the award, future inaccurate data may have a substantial effect on award decisions. As a result, we recommend that the Toledo PD establish procedures to ensure it submits accurate information on future grant applications.

## **Compliance with Grant Requirements**

Excluding the hiring and reporting requirements, no specific performance measurements were detailed in the award special conditions. To ensure job growth or job preservation, the Recovery Act stipulated that funds from the grant should be used to supplement existing funding and not supplant, or replace, funding already appropriated for the same purpose. Our testing revealed that the Toledo PD fell below the COPS Office's approved minimum locally funded sworn officer level yet continued to bill the grant for the salary and fringe benefit expenses of all CHRP-funded officers.

According to the 2009 CHRP Grant Owner's Manual, grantees may not, as a direct result of receiving CHRP funding to rehire laid off officers or hire new, additional officers, reduce the number of their locally funded sworn officer positions (referred to as the baseline) during the life of the award. The 2009 CHRP Grant Owner's Manual further states that local funds budgeted to pay for sworn officer positions may not be reallocated to other purposes or refunded as a result of a CHRP grant being awarded. Additionally, the number of officers retained should be over and above the number of locally funded positions that would have existed in the absence of the grant. Further, the guidance from the COPS Office does recognize that these were Recovery Act awards and that grantees may be experiencing fiscal distress. However, the requirements clearly indicate that the intent of CHRP program funding was to increase the size of a grantee's police force or to offset the impact of the grantee's need to execute a reduction-in-force.

The Toledo PD requested CHRP funding to rehire 31 full-time officers who would be laid off as a result of local budget reductions in FY 2009. In its grant application dated March 16, 2009, the Toledo PD stated that it was experiencing fiscal distress and planned to lay off sworn officers in May 2009 as a result of its deteriorating financial situation. The Toledo PD also acknowledged that it would not hire any new officers or rehire officers who had previously been laid off without receipt of CHRP grant funds. In May 2009, the Toledo PD laid off a total of 75 officers.

During our audit, we reviewed the COPS-established baseline information and the Toledo PD's efforts to maintain its funded officer baseline level. During our review, we identified various complications related to our analysis of the Toledo PD baseline and related grant compliance. These complications are discussed in the following sections of the report.

### *Initial Baseline Figure and August 2010 Revision*

At the grant's inception in July 2009, the COPS Office established the Toledo PD's baseline level at 500 officers. However, in March 2010, the Toledo PD stated that due to continued fiscal distress, it might be forced to lay off additional officers, and it requested a reduction to its baseline. In its communication with the COPS Office, the Toledo PD specifically inquired if the Toledo PD could continue to receive grant funds even if the Toledo PD fell below the required sworn officer level specified by the COPS Office. This communication indicates that Toledo PD officials were aware of the grant requirements and were concerned about their current staffing level and eligibility for funding.

As a result of the communication between the COPS Office and Toledo PD officials, the COPS Office conducted a site visit in August 2010 and confirmed that the Toledo PD had experienced a reduction-in-force of 5 locally budgeted sworn officer positions and that this reduction was not related to the grant. As a result of the site visit, the COPS Office reduced the authorized baseline from 500 positions to 495 positions in October 2010, retroactive to January 1, 2009.

### *Composition of Original and August 2010 Revised Baseline*

During our review of documentation provided by the Toledo PD during our audit, it became evident that the COPS-established baseline levels (both the original and the August 2010 revision) consisted solely of locally funded *patrol officer* positions. We came to this conclusion based on the Toledo PD's monthly strength reports that contained detailed budgeted and actual strength levels for its workforce, including the specific subset of patrol officers. According to these strength reports, the Toledo PD's budgeted number of sworn *patrol officers* was 500 as of December 31, 2009, and 495 as of December 31, 2010, reconciling to the COPS Office's original and revised baseline numbers. In contrast, the strength reports indicate that the budgeted number of *total sworn officers* (including supervisors and other ranks above patrol) during these same time periods was 640 and 624, respectively.

If the original and revised baseline figures of 500 and 495 officers, respectively, encompassed all sworn officer positions, then the Toledo PD was budgeted to be at least 140 officers over the established baseline in FY 2009. Considering the fiscal distress that grantee officials asserted during the grant application phase, we believe that scenario is unlikely. Therefore, in conducting our initial analysis we considered the baseline (as revised by the COPS Office following its 2010 site visit) to be 495 sworn *patrol officers*, which as mentioned represents the number of locally funded positions that the grantee needed to maintain during the grant period to be in compliance with the grant's non-supplanting requirement.

We discussed this issue with personnel from the COPS Office who stated that the baseline is supposed to include all sworn officer positions, not just patrol officers. These officials asserted that the Toledo PD's baseline was 495 sworn

officers (not limited to patrol positions) and provided us with the documentation it used in approving the revised baseline. The provided documentation consisted of a 1-page document from the Toledo PD that reported budgeted and actual sworn officer levels for FYs 2008 through 2010. According to this document, the Toledo PD's budgeted sworn officer level as of January 1, 2010, and August 31, 2010, was 495. As noted above, these figures are only correct if the analysis is limited to patrol officers. The COPS Office officials stated that it was not necessary to verify the provided figures because the document was certified by Toledo PD officials.

#### *OIG Analysis of Toledo PD's Compliance with 495 Baseline Level*

During our examination of the city of Toledo's budgets and the Toledo PD's on-board strength reports, we were concerned with the soundness of the revised baseline of 495 sworn patrol officers.<sup>7</sup> It appeared that this baseline did not take into account the Toledo PD's May 2009 reduction in force of 75 officers. In particular, the number of patrol officers budgeted for in the city of Toledo's FY 2009 budget was 483, and the FY 2010 budget, reflected funding available for only 457 patrol officers – 38 positions below the revised baseline.

Further, we determined that the number of actual sworn patrol officers on-board during the entire grant period was well below both the original and revised baseline of 500 and 495 patrol officers, respectively. For example, the Toledo PD reported that it had a total of 469 sworn patrol officers on board as of December 31, 2009, which included the 31 CHRP grant-funded officers. Therefore, the number of locally funded sworn patrol officers on-board at this time was only 438 – significantly below the 495 baseline set by the COPS Office.

#### *Second COPS Office Revision of Baseline*

We provided additional documentation to the COPS Office in support of our concerns of the 495 baseline level. After reviewing this documentation, the COPS Office informed us that it planned to revise the baseline to 586 sworn officer positions retroactive to the beginning of the grant. The 586 baseline figure represents the total number of locally funded positions (as stated in the official FY 2010 city budget) after the city of Toledo executed a reduction-in-force and reduced its police force by 75 positions, 31 of which were to be rehired through the CHRP grant. The COPS Office reiterated that this new figure encompassed all sworn officer positions and was not limited to patrol officers.

#### *OIG Analysis of Current Baseline Level of 586*

Using the most recently established baseline of 586 locally funded sworn officer positions, we assessed the Toledo PD's efforts to meet the required funded staffing level. Our assessment included identifying the number of positions

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<sup>7</sup> We performed this analysis by applying the 495 baseline figure to the number of sworn patrol officer positions because, as stated above, it is the only way that a 495 position baseline is logical.

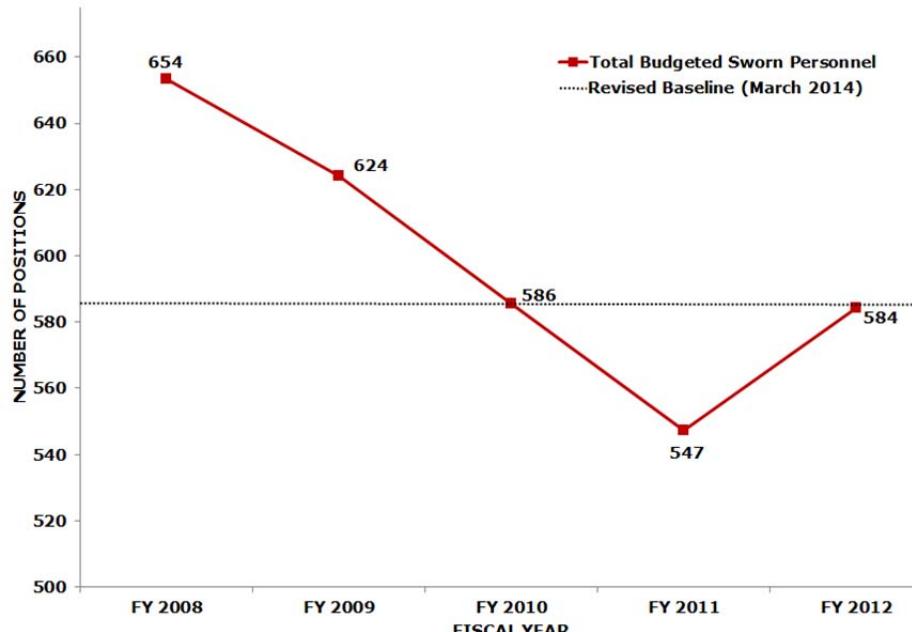
authorized in official city budgets and comparing those to the most recently established baseline. As shown in Figure 2, we determined that the Toledo PD's locally budgeted positions did not meet the established baseline in FY 2011 and FY 2012.

In FY 2009 (prior to applying for and being awarded the CHRP grant), the Toledo PD had budgeted for a total of 624 sworn officer positions. In FY 2010, the budgeted number of sworn officer positions was reduced to 586 – the revised baseline level. However, in FY 2011, the budgeted number of sworn officer positions dropped even further to 547 – well below the baseline of 586 locally funded officer positions. The Toledo PD continued to budget in FY 2012 for fewer locally funded sworn officer positions than the established baseline even though the difference was only two positions.

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**FIGURE 2**  
**THE TOLEDO PD'S NUMBER OF LOCALLY FUNDED SWORN  
OFFICER POSITIONS BUDGETED VS.  
THE COPS OFFICE'S AUTHORIZED BASELINE LEVEL**

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Source: City of Toledo budgets and COPS Office-established baseline

We are concerned with the Toledo PD's compliance with the baseline level and non-supplanting requirement, as well as the circumstances surrounding its budgeted number of sworn officer positions being below the established baseline. Based upon the decline in budgeted sworn officer positions between FY 2010 and FY 2011, it appears that the Toledo PD may have continued to face fiscal distress. However, it is unclear why the Toledo PD did not again seek assistance from the COPS Office to grant a further reduction to its authorized baseline when the Toledo PD had

previously requested such assistance and guidance.<sup>8</sup> We believe that the Toledo PD knew that it was incumbent upon the Toledo PD to notify the COPS Office of any situation that would impact its compliance with the grant requirements. We also believe that the Toledo PD was aware of the non-supplanting requirement to, at a minimum, locally fund sworn officer positions at a level equivalent to the established baseline.

It is evident from our analysis that the information provided by the Toledo PD and the resulting COPS Office analysis in establishing the baseline is confusing and cumbersome. However, it is clear that the Toledo PD reduced its budgeted number of sworn officer positions during the grant, and the reduction took its number of locally funded positions below the most recent COPS-approved baseline. As a result, we are questioning \$2,508,576 in salary and fringe benefit costs that was reimbursed to the Toledo PD for indications of supplanting, as detailed in Figure 3.

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**FIGURE 3**  
**SUMMARY OF QUESTIONED COSTS**  
**ASSOCIATED WITH BASELINE ANALYSIS**

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Fiscal Year	COPS Office Revised Baseline (March 2014)	Number of Locally Budgeted Sworn Officer Positions	Number of Sworn Officer Positions Below Baseline	Approved Salary & Fringe Benefit Costs per Officer <sup>9</sup>	Questioned Costs
2010	586	586	0	\$73,699	\$0
2011 <sup>10</sup>	586	547	39	\$75,680	2,346,080
2012	586	584	2	\$81,248	162,496
				<b>Total</b>	<b>\$2,508,576</b>

Source: COPS Office grant documents and Toledo PD budget records

Because of the nature of the situation, including the inaccurate information provided by the grantee, the COPS Office's multiple revisions of the baseline figures, and the impact of the actual on-board strength figures, we cannot definitively determine if the Toledo PD was in compliance with the baseline and use of funds requirements. We believe the COPS Office needs to work with the Toledo PD and sort out the irregularities we identified, conclude what baseline(s) should have been established throughout this grant, and if the Toledo PD was in full compliance with the non-supplanting requirement.

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<sup>8</sup> As noted previously, in March 2010, the Toledo PD informed the COPS Office of continued fiscal distress, which ultimately resulted in the COPS Office conducting a site visit in August 2010, and reducing the originally established baseline by five positions.

<sup>9</sup> The approved salary and fringe benefit costs correspond with the amounts reflected in the COPS Office's Final Funding Memorandum issued to the Toledo PD. For purposes of our analysis, we applied the Year 1 Salary and Fringe Benefit Costs for FY 2010, the Year 2 Salary and Fringe Benefit Costs for FY 2011, and the Year 3 Salary and Fringe Benefit Costs for FY 2012.

<sup>10</sup> In FY 2011, the Toledo PD budgeted for 547 locally funded sworn officer positions – 39 positions below the COPS Office's authorized baseline level. However, the grant was only for the rehiring of 31 previously laid off officers. As a result, we computed the questioned costs by multiplying the authorized salary and fringe benefit costs by 31 sworn officer positions.

## *Retention Planning*

The 2009 CHRP Grant Owner's Manual states that the grantee will ensure that the increased officer staffing level under the grant continues with state and/or local funds for a minimum of 12 months after the federal funding ends. Thus, a grantee will have met this requirement if the number of its locally funded sworn officer positions is above the COPS Office's established baseline by at least the number of grant-funded officers. The authorized baseline for the Toledo PD was 586 locally funded sworn officers, and the CHRP grant was for the rehiring of 31 sworn officers. Therefore, to meet the retention requirement, the number of locally funded sworn officer positions during the retention period should be at least 617 positions.

The Toledo PD's 1-year retention period ran from October 1, 2012, through September 30, 2013, which fell within the Toledo PD's FYs 2012 and 2013 budgets. Therefore, we reviewed the city of Toledo's FY 2013 budget to determine if it had incorporated the CHRP-funded positions into its number of locally funded officer positions.<sup>11</sup> According to the city of Toledo's FY 2013 budget, it had budgeted for 586 sworn officers – equaling the authorized baseline level. As a result, the Toledo PD did not increase its locally funded positions by any of the CHRP-funded positions. However, based upon our review of the city of Toledo's proposed FY 2014 budget, the city of Toledo plans to increase the number of locally funded sworn officer positions by more than the 31 CHRP-funded positions. Specifically, the Toledo PD is budgeted to have 627 locally funded sworn officer positions. We believe the proposed FY 2014 budget illustrates the city of Toledo's and Toledo PD's efforts to comply with the grant retention requirement.

## **Budget Management and Control**

According to the 2009 CHRP Grant Owner's Manual, a grantee may only be reimbursed for the approved cost categories reflected in the Final Funding Memorandum, up to the amounts specified in the Financial Clearance Memorandum. Moreover, any additional costs above the approved entry-level salaries and fringe benefits are the responsibility of the grantee.

The Toledo PD was awarded \$7,149,437 to pay for the entry-level salary and fringe benefit costs of 31 re-hired officers. Although the Toledo PD adhered to the grant requirement to spend grant funds within the approved budget categories, we found that the Toledo PD charged the grant for personnel costs slightly in excess of the authorized amounts stipulated in the COPS Office's approved funding memorandum. According to the COPS Office's approved funding memorandum, the Toledo PD was authorized to claim reimbursement during the first year of the award period for salary costs of \$1,651.04 per officer per pay period, which corresponded to the "trainee" position salary rate reflected in the contract between the city of Toledo and the Toledo PD's Patrolman's Association. We found, however, that

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<sup>11</sup> The city of Toledo's fiscal year runs from January 1 to December 31. Because the grant was still on-going at the time the FY 2012 budget was enacted, we used the FY 2013 budget for our analysis.

during the first year of the award period, the Toledo PD calculated its reimbursement requests using the higher “probation officer” contract salary rate of \$1,754.16 per officer per pay period, amounting to roughly \$100 more per officer per pay period. In turn, the fringe benefit amounts claimed for reimbursement during the first year of the award period were also more than authorized because the Toledo PD computed the fringe benefit amounts on the slightly higher salary rate.

Similarly, the Toledo PD charged the grant for higher salary and fringe benefit costs during the second and third years of the award period. During this time period, we determined that the Toledo PD used the salary costs from its contract that, according to Toledo PD officials, became effective in January 2011 rather than the contracted salary rates in effect at the time of the grant application and stipulated in the COPS Office’s Final Funding Memorandum. For example, the Toledo PD was authorized to charge the grant \$1,857.35 per officer per pay period in salary costs, which corresponded to the salary rate of a patrol officer of 1 year in its contract effective January 1, 2006. The Toledo PD, however, charged the grant \$1,922.40 in salary costs, which is equivalent to the salary rate of a patrol officer of 1 year in the Toledo PD’s new contract. Again, the fringe benefit amounts claimed for reimbursement during the second and third years of the award period were also more than authorized because the Toledo PD computed the fringe benefit amounts on the slightly higher salary rates.

Because the Toledo PD had been reimbursed for salary and fringe benefit costs at a higher rate than approved by the COPS Office, it had drawn down all of its grant funds by July 5, 2012 – approximately 3 months before the award end date. At the time of our audit fieldwork, the award period had ended, and we were able to confirm that the Toledo PD had incurred salary and fringe benefit costs of the CHRP-funded officers during the remainder of the award period. The salary and fringe benefit amounts incurred during this period of time offset the accelerated receipt of grant funds due to charging the grant slightly higher salary and fringe benefit rates for each officer than the COPS Office’s authorized amounts. As a result, we did not identify any questioned costs. However, we believe that the Toledo PD should have formal, written procedures to ensure that any future requested grant reimbursements are based only upon allowable costs as stipulated by the awarding agency.

In addition to the accelerated receipt of grant funds due to charging the grant slightly higher salary and fringe benefit rates than authorized, we found that the COPS Office’s Final Funding Memorandum provided duplicate funding for vacation and sick time already included in base salary amounts. According to Toledo PD officials, while an officer accrues vacation and sick leave throughout the year, the costs associated with vacation and sick leave are incorporated into an officer’s annual salary. However, when completing its grant application, the Toledo PD included not only an officer’s full salary amount, but also listed costs for vacation and sick time in the fringe benefits category. Because vacation and sick time had already been factored into an officer’s annual salary amount, these costs should not have been separately itemized as fringe benefits as well. Toledo PD

officials stated that the application listed vacation and sick leave as separate fringe benefits, and as a result, the Toledo PD inserted the appropriate information related to vacation and sick leave.

In total, the Toledo PD was reimbursed \$396,321 for duplication of vacation and sick leave fringe benefits, and we are questioning this amount as unallowable fringe benefit costs. We discussed this issue with a representative from the COPS Office, and this individual agreed that the vacation and sick leave costs should not have been charged as fringe benefit costs in addition to the officers' regular salary costs, which already accounted for vacation and sick time.

### **Drawdowns**

According to the 2009 CHRP Grant Owner's Manual, agencies should minimize the time between their drawdown of grant funds and their payment of grant costs to avoid earning excess interest income on grant funds. We reviewed the Toledo PD's process for requesting reimbursement for its grant-related costs to ensure that the requests were adequately supported by official grant accounting records and were in accordance with federal requirements. By the end date of the grant (September 30, 2012), the Toledo PD had drawn down the entire amount of the award, \$7,149,437.

The Toledo PD grant fiscal manager explained that the Toledo PD requested reimbursement of grant funds on a quarterly basis. This official further stated that the amount requested for reimbursement equaled the previous quarter's grant-related payroll expenses. We compared the quarterly grant-related expenditures as recorded in the accounting records to the actual amounts drawn down. As shown in Figure 4, we identified three instances where the amounts drawn down differed from the costs recorded in the grant ledger.

**FIGURE 4 – COMPARISON OF DRAWDOWNS TO THE TOLEDO PD’S ACCOUNTING RECORDS<sup>12</sup>**

DATE OF DRAWDOWN PER THE COPS OFFICE	QUARTERLY GRANT EXPENDITURES PER ACCOUNTING RECORDS FOR DRAWDOWN PERIOD	AMOUNT DRAWN DOWN PER THE COPS OFFICE	DIFFERENCE
10/19/09	\$226,039	\$226,039	\$0
01/11/10	732,470	732,470	0
04/07/10	645,985	645,985	0
09/13/10	534,210	304,686	(229,524)
10/04/10	661,257	653,817	(7,440)
01/12/11	681,185	681,185	0
06/01/11	604,221	604,221	0
07/05/11	604,221	604,221	0
10/03/11	719,431	719,431	0
01/03/12	738,774	738,774	0
04/09/12	633,870	633,870	0
07/05/12	701,024	604,738	(96,286)
<b>TOTAL</b>	<b>\$7,482,687</b>	<b>\$7,149,437</b>	

Source: The COPS Office and the Toledo PD’s accounting records

The grantee explained that the quarterly grant expenditures associated with the 2<sup>nd</sup> and 3<sup>rd</sup> drawdown amounts included actual salary costs rather than the amount of the authorized entry-level salaries. As a result, the Toledo PD received reimbursement for costs in excess of what was allowable.<sup>13</sup> The grantee further stated that the quarterly expenditures associated with the September 2010 drawdown inadvertently included charges for premium pay.<sup>14</sup> Therefore, the Toledo PD received reimbursement for costs in excess of what was allowable. Prior to our audit, the grantee had identified and corrected these errors by offsetting future drawdowns for the excess funds that were drawn down in prior quarters. Specifically, the Toledo PD accounted for the previous overbillings in its September 2010 and October 2010 drawdowns. The Toledo PD grant fiscal manager explained that the personnel assigned to administer the grant were unfamiliar with the grant program and the related requirements, which resulted in these errors being made. Because the grantee did not have the excess funds on-hand for a significant period of time and corrected the errors prior to our audit, we do not take exception to the noted inaccuracies.

<sup>12</sup> The exact drawdown and expenditure amounts may be greater or less than the amounts shown due to rounding.

<sup>13</sup> In the Budget Management and Control section of this report, we discuss the Toledo PD charging the grant for salary and fringe benefit costs in excess of the authorized amounts.

<sup>14</sup> The Toledo PD sworn officers are eligible for premium pay when their shifts start after 7:00 p.m. and before 3:00 a.m. The Toledo PD refers to this type of premium pay as shift differential.

In addition to the differences associated with the September 2010 and October 2010 drawdowns, we also identified a difference between the quarterly grant expenditures recorded in the accounting records and the July 2012 drawdown amount. The \$701,024 reported in the grantee's accounting records reflects the actual salary and fringe benefit costs incurred during the 2<sup>nd</sup> quarter of 2012. By the end of the 1<sup>st</sup> quarter of 2012, the remaining balance in available grant funds was \$604,738. As a result, the Toledo PD was only able to request the remaining funds available in July 2012 – resulting in a difference of \$96,286 between the amount per the accounting records and the amount drawn down.

As discussed in the Budget Management and Control section of this report, the Toledo PD had charged the grant for slightly higher salary and fringe benefit rates for each officer rather than the COPS Office's authorized amounts. Consequently, the Toledo PD had drawn down the entire amount of grant funds by July 2012 even though the award end date was through September 2012. As concluded in the Budget Management and Control section of the report, we did not identify any questioned costs because although the Toledo PD accelerated its grant reimbursements due to its use of slightly higher salary rates, this situation corrected itself in the last 3 months of the award period. However, we believe that the Toledo PD should establish formal, written procedures to ensure that any future requested grant reimbursements are based only upon allowable costs as stipulated by the awarding agency. In that section of the report we also discuss that the Toledo PD had charged the grant for vacation and sick leave fringe benefit costs in addition to the officers' regular salary costs, thereby receiving duplicate reimbursement for vacation and sick leave.

## **Grant Expenditures**

The 2009 CHRP Grant Owner's Manual states that funding under this project is for the payment of approved full-time entry-level salaries and fringe benefits covering a 3-year period (for a total of 36 months of funding) for career law enforcement officer positions hired and/or rehired on or after the official grant award start date. Additionally, the manual states that the grantee may not use CHRP funds for any costs that are not identified as allowable in the COPS Office's Final Funding Memorandum.

To determine the accuracy and allowability of costs charged to the grant, we examined the Toledo PD's grant transactions. We determined that 100 percent of costs billed to the grant were categorized according to approved personnel budget categories and were repetitive in nature. As of September 30, 2012, the Toledo PD had expended the entire award amount of \$7,149,437. We reviewed in detail \$50,880 of the total award amount. We found that the transactions we tested were adequately supported by timesheets evidencing hours worked, properly approved by a supervisor, and properly classified in the grant accounting records. However, as discussed in the Budget Management and Control section of the report, we found that the Toledo PD charged the grant for slightly higher salary and fringe benefit rates for each officer than the COPS Office's authorized amounts throughout the life of the grant, thus accelerating the Toledo PD's receipt of grant funds. In that

section of the report, we also discuss that the Toledo PD received duplicate reimbursement for vacation and sick leave.

## **Grant Reporting**

According to the 2009 CHRP Grant Owner's Manual, award recipients are required to submit financial reports, program progress reports, and Recovery Act reports. These reports describe the status of the funds and the project, compare actual accomplishments to the objectives, and report other pertinent information. We reviewed the Federal Financial Reports (FFR), progress reports, and Recovery Act reports submitted by the Toledo PD to determine whether these reports were submitted in a timely and accurate manner.

### *Federal Financial Reports*

The 2009 CHRP Grant Owner's Manual requires grantees to submit FFRs no later than 30 days after the end of each quarter. We reviewed the 13 FFRs submitted during the award period for timeliness and accuracy. While we found that all of the reports were submitted within the required timeframe, we found that three of the FFRs did not accurately reflect the grant-related expenditures that were recorded in the official accounting records, as illustrated in Figure 5.<sup>15</sup>

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<sup>15</sup> As indicated in Figure 5, with the exception of the three reports identified as being incorrect, the FFRs accurately reflected the grant-related expenditures that were recorded in the official accounting records. However, as reported in the Budget Management and Control section of this report, the Toledo PD's grant accounting records reflected its use of salary rates that were slightly higher than those approved by the COPS Office, and the records also indicated that the Toledo PD had charged the grant for the duplication of vacation and sick leave. Because the FFRs reconciled to the official grant accounting records and we have included a full description of the situation elsewhere in this report, we do not take exception to this as a reporting issue.

**FIGURE 5 – ACCURACY OF FEDERAL FINANCIAL REPORTS**

FFR PERIOD END DATE	QUARTERLY EXPENSES PER GRANT LEDGER	EXPENSES PER FFR	DIFFERENCE
09/30/09	\$226,039	\$226,039	\$0
12/31/09	732,470	732,470	0
03/31/10	645,985	645,985	0
06/30/10	534,210	304,686	(229,524)
09/30/10	661,257	653,817	(7,440)
12/31/10	681,185	681,185	0
03/31/11	604,221	604,221	0
06/30/11	604,221	604,221	0
09/30/11	719,431	719,431	0
12/31/11	738,774	738,774	0
03/31/12	633,870	633,870	0
06/30/12	701,024	604,738	(96,286)
09/30/12	0	0	0
TOTAL	\$7,482,687	\$7,149,437	

Source: The COPS Office and the Toledo PD's accounting records

The differences we identified mirror those that we found when comparing the drawdown amounts to the grant-related expenditures recorded in the accounting records and are explained in the Drawdowns section of this report. Because the Toledo PD corrected these reporting errors prior to the start of our audit, we do not take exception to these few FFR inaccuracies.

#### *Program Progress Reports*

According to the 2009 CHRP Grant Owner's Manual, grantees are required to submit progress reports no later than 30 days after the end of each quarter. We reviewed all 12 progress reports submitted and found the progress reports were generally submitted on time. Although we noted that the initial progress report was submitted 11 days late, the Toledo PD grant manager stated that there was an issue with the COPS Office's website that prevented the Toledo PD from being able to submit the initial report by the required due date. Because it was an isolated instance associated with the initial report, we do not take exception to this one report being filed late.

We also evaluated the accuracy of the four most recently submitted progress reports and determined that the information contained in the reports appeared to be accurate. The progress reports we reviewed also appeared to be acceptable in form and content. The reports were completed in a survey format and rated a series of program performance statements on a scale of 1 to 10 as required by the COPS Office. We also interviewed two Toledo PD officers and confirmed that

community policing activities were occurring. The reports we reviewed were fully completed and appeared relevant to the performance of the grant-funded program.

### *Recovery Act Reports*

According to the 2009 CHRP Grant Owner's Manual and the special conditions for this CHRP grant, grantees are required to submit Recovery Act reports within 10 days after the end of each quarter. The report should contain information on the award amount, expenditures, and information about all projects utilizing Recovery Act monies.

We examined the timeliness of the 12 Recovery Act reports submitted by the Toledo PD. While the Toledo PD maintained a log with handwritten dates of when the reports were submitted, the reports themselves did not contain the submission date. The COPS Office grant monitor stated that the COPS Office did not have any available information on when the Recovery Act reports were submitted. This official further said that the COPS Office did not have any correspondence indicating that the Toledo PD failed to submit the reports on time. Using the Toledo PD's log, we found that one of the reports was submitted 9 days late. The Toledo PD grant program manager stated this report was most likely filed late due to simple oversight on his part. Because only 1 of the 12 reports was not submitted on time and that report was only 9 days late, we believe that the Toledo PD generally submitted its Recovery Act reports in a timely manner.

We also evaluated the accuracy of the four most recently filed Recovery Act reports and determined that the information submitted in the reports was accurate. The Toledo PD did, in fact, rehire 31 sworn officers who had previously been laid off.

However, as previously discussed under the Compliance with Grant Requirements section, the Toledo PD was below its authorized baseline during the grant period, and we are concerned whether the Toledo PD was in full compliance with the non-supplanting requirement. Therefore, the accomplishments reflected in the Toledo PD's progress and Recovery Act reports may be misleading.

### **Program Performance and Accomplishments**

The COPS Office established two performance measures for CHRP grants: (1) hiring or retaining police officer positions, and (2) enhancing the community policing capacity of the police department. To evaluate performance, the COPS Office uses quarterly progress reports describing how grantees are using CHRP funding to implement their community policing strategies and their progress in hiring and rehiring officers. However, the COPS Office does not require grantees to document the statistics used to complete questions in the progress reports and does not use the grantees' community policing capacity implementation rating, identified in the progress report, in determining grant compliance.

We determined that the Toledo PD rehired the 31 officers funded by this grant in a timely manner. However, as previously discussed, the Toledo PD did fall below the COPS Office's established baseline level during the grant award period, and thus, we are concerned with the Toledo PD being in full compliance with the non-supplanting requirement.

In addition to analyzing how well the Toledo PD filled its CHRP-funded officer positions, we assessed whether the Toledo PD continued its community policing efforts during the grant period. The COPS Office defines community policing as a policing philosophy that promotes and supports organizational strategies to proactively address public safety issues, such as crime, social disorder, and the fear of crime, through problem-solving tactics and police-community partnerships. To determine whether grant-funded activities allowed the Toledo PD to continue its community policing efforts, we considered information from the Toledo PD's CHRP grant application, including its community policing plan, and responses to application questions regarding the intended impact of grant funding. We also interviewed the Toledo PD grant fiscal manager and two police officers, as well as reviewed progress reports submitted to the COPS Office that included responses to general questions and narrative comments to describe the impact that the grant funding was having on community policing. The Toledo PD also provided documentation to support its community policing efforts.

According to the grant application, the Toledo PD stated that it would continue to implement its community policing program and that the grant would help the department obtain more community involvement. Through our discussions with Toledo PD personnel and our review of documentation provided by the Toledo PD, we concluded that the Toledo PD continued to engage in community policing activities during the grant period. For example, the Toledo PD participated in the Police Athletic League, which is a non-profit delinquency prevention program that relies heavily on athletics and tutoring to counter gang influence, substance abuse, and acts of violence. Additionally, the Toledo PD continued its Police Probation Team, which is a community-based program designed to handle first-time juvenile offenders involved in minor violations of law. The Toledo PD also provided evidence that its police officers participated in neighborhood block watch meetings.

Despite the Toledo PD's continued community involvement, the Toledo PD acknowledged that its community policing efforts were occurring at a reduced level. In its 4<sup>th</sup> quarter 2010 progress report, the Toledo PD explained that it continued to be over 100 officers below its authorized strength level, and that as a result, many officers had been reassigned from the Toledo PD's Community Services Unit to elsewhere in the Operations Division.<sup>16</sup> The Toledo PD stated that the reassigned

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<sup>16</sup> The Community Services Unit is involved in several community-oriented programs designed to increase the interaction, awareness, safety, and involvement of the community. For example, the Community Services Unit oversees the Police Probation Team and city of Toledo's Safe-T-City Program (a child pedestrian and traffic safety program combined with a life safety course). The Operations Division is responsible for responding to calls for police service, initiating traffic stops, and community policing efforts among other matters. The Community Services Unit falls under the Operations Division.

officers still attended the neighborhood block watch meetings and, whenever possible, continued to participate in their applicable Community Services Unit programs. In its 4<sup>th</sup> quarter 2011 progress report, the Toledo PD stated that the CHRP grant funding allowed the Toledo PD to continue its work with various neighborhood block watch groups and other neighborhood organizations. The Toledo PD further stated that the funding allowed the Toledo PD to maintain staffing levels within the Operations Division, and therefore, did not require the transfer of officers from the Community Services Unit.

CHRP grants were awarded to increase law enforcement agencies' community policing capacity and crime prevention efforts. In the grant application, the Toledo PD stated that it would continue to provide the same community policing activities it had been engaged in prior to receiving the award, and that it would concentrate its efforts to gain more community involvement from citizens and business groups. While the Toledo PD continued to be involved in similar community policing activities that it had prior to receiving the grant, the Toledo PD acknowledged that it reduced its community policing efforts due to a staffing shortfall. We believe the Toledo PD's community policing efforts could have been more productive had the Toledo PD been operating, at a minimum, at its authorized baseline level.

### **View 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. Ensure that the Toledo PD establishes written procedures to ensure future data submitted on DOJ grant applications is accurate and correct, as well as based on appropriate and supported information.
2. Coordinate with the Toledo PD and conduct a comprehensive analysis of the Toledo PD's locally funded sworn officer levels to determine what baseline should have been established for use during the grant and whether the Toledo PD was in full compliance with the non-supplanting agreement.
3. Remedy the \$2,508,576 in unallowable questioned costs for grant-funded officers' salary and fringe benefit costs while the Toledo PD was below the COPS Office's approved baseline.
4. Ensure that the Toledo PD establishes written procedures to ensure that any future requested grant reimbursements are based only upon allowable costs as stipulated by the awarding agency.

5. Remedy the \$396,321 in unallowable questioned costs for the duplication of vacation and sick leave reimbursed by the COPS Office.

**OBJECTIVE, SCOPE, AND METHODOLOGY**

The objective of the audit was to determine whether reimbursements claimed for costs under the grant were allowable; reasonable; and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grant. We also assessed grantee program performance in meeting grant objectives and overall accomplishments. We reviewed activities in the following areas: (1) internal control environment, (2) CHRP application statistics, (3) compliance with grant requirements, (4) budget management and control, (5) drawdowns, (6) grant expenditures, (7) grant reporting, and (8) program performance and accomplishments. We determined that indirect costs, local matching costs, program income, accountable property, and the monitoring of sub-grantees and contractors 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.

We audited CHRP grant number 2009-RJ-WX-0065 awarded to the Toledo PD. We tested compliance with what we consider to be the most important conditions of the CHRP grant. Unless otherwise stated in our report, the criteria we audited against are contained in the 2009 CHRP Grant Owner's Manual, the grant award documents, and relevant OMB Circulars. Our audit concentrated on, but was not limited to, the inception of the grant on July 1, 2009, through the end of the grant period on September 30, 2012.

In conducting our audit, we reviewed FFRs, progress reports, and Recovery Act reports and performed testing of grant expenditures. Our testing was conducted by judgmentally selecting a sample of expenditures, along with a review of internal controls and procedures for the grant that we audited. A judgmental sampling design was applied to obtain broad exposure to numerous facets of the grant reviewed, such as dollar amounts, expenditure category, and risk. This non-statistical sample design does not allow for projection of the test results to all grant expenditures or internal controls and procedures. In total, the grantee had drawn down and expended the full award amount of \$7,149,437 as of September 30, 2012. We reviewed \$50,880 of the total award amount. Only salary and fringe benefit costs were charged to the grant.

We performed limited testing of source documents to determine the accuracy of the grant application; assess the timeliness and accuracy of reimbursement requests; expenditures; FFRs, progress reports, and Recovery Act reports; evaluated performance to grant objectives; and reviewed the grant-related internal controls over the financial management system. In addition, we reviewed the internal controls of the city's financial management system specific to the

management of DOJ funds during the award period under review. However, we did not test the reliability of the financial management system as a whole.

The Toledo PD, a component of the city of Toledo, was included in a city-wide annual audit report. The results of this audit were reported in the Single Audit Report accompanying the overall audit report. The Single Audit Report was prepared under the provisions of OMB Circular A-133 and Government Auditing Standards issued by the Comptroller General of the United States. We reviewed the city of Toledo's most recent Single Audit Reports for FYs 2010 and 2011 and did not identify any findings directly related to DOJ funds. However, we identified a potential cross-cutting issue, which is discussed in the Single Audit and Other Reviews section of this report.

## APPENDIX II

### SCHEDULE OF DOLLAR-RELATED FINDINGS

Description	Amount	Page
Questioned Costs <sup>17</sup>		
Unallowable Salary & Fringe Benefit Costs – Indications of Non-Compliance with Non-Supplanting Requirement:	\$2,508,576	11
Unallowable Fringe Benefit Costs – Duplicate Vacation & Sick Leave:	396,321	14
<i>Total Unallowable:</i>	\$2,904,897	
<i>Less Duplication</i> <sup>18</sup>	(\$155,816)	
<b>Net Questioned Costs.....</b>	<b>\$2,749,081</b>	
<hr/>		
<b>Total Net Dollar-Related Findings .....</b>	<b>\$2,749,081</b>	

<sup>17</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

<sup>18</sup> Some costs were questioned for more than one reason. Net questioned costs account for the amount questioned twice.

## APPENDIX III

### AUDITEE RESPONSE<sup>19</sup>

## CITY OF TOLEDO



### DEPARTMENT OF POLICE OPERATIONS

June 12, 2014

Carol S. Taraszka  
Regional Audit Manager  
U.S. Department of Justice  
Office of the Inspector General  
Chicago Regional Audit Office  
500 West Madison Street, Suite 1121  
Chicago, Illinois 60661-2590

Dear Ms. Carol S. Taraszka:

I want to thank you for the opportunity to address the concerns brought forward by the OIG's Office regarding the Toledo Police Department's 2009 Cops Hiring Grant (TPD). I look forward to working with you, your staff, and officials from the COPS Office to address, and work together to come to a fair and equitable conclusion of the audit.

First off, I want to compliment your staff. Our field auditors, [REDACTED] and [REDACTED] were consummate professionals and did an excellent job working with us during the audit. Also, [REDACTED], who conducted our exit phone interview, was a wealth of information. All are a credit to your team and organization.

Obviously, after reading the report, I am concerned with the large dollar amounts your office is questioning. In 2009-2010 the City of Toledo was facing a \$48 million dollar deficit. Now, even though performing better financially, we are still facing major economic problems. In 2014, all City Divisions had to reduce their budgets by 2%, and the Toledo Police Department's 2014 operating budget was slashed by over \$800,000. The City as a whole had a \$430,000 deficit in 2014.

I can assure you that, even though I was not the Chief of Police during the tenure of this grant, my staff worked tirelessly at making sure that the conditions of the grant were followed to the letter, to the best of their understanding of the grant conditions. I believe in the two recommendations we are challenging, our rationale is strong and we have proper documentation to back-up our reasoning.

I will now address each of the recommendations listed in pages twenty one and twenty-two of the draft report issued from your office.



William Moton, Chief of Police  
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<sup>19</sup> The Toledo PD provided several attachments with its response. These attachments are not included in this report due to their technical nature.

**Recommendation #1:**

*Ensure that the Toledo PD establishes written procedures to ensure future data submitted on DOJ grant applications is accurate and correct, as well as based on appropriate and supported information.*

**Response:**

We accept this recommendation. To ensure that this does not occur in future DOJ, or other grant applications, no grant application will be submitted for consideration until the complete application is reviewed and approved by the Deputy Chief of the Support and Administrative Bureau Division. All Supporting data used to complete the application will be kept in both hard copy and scanned into the City of Toledo's secure computer network.

This new procedure will start immediately, and will be included in the Toledo Police Department Manual section entitled: FISCAL/GRANT MANAGEMENT DIRECTIVE 104.2.

Please see appendix 3. All recommendations are highlighted in yellow.

**Recommendation #2:**

*Coordinate with the Toledo PD and conduct a comprehensive analysis of the Toledo PD's locally funded sworn officer levels to determine what baseline should have been established for the use during the grant and whether the Toledo PD was in full compliance with the non-supplanting agreement.*

**Response:**

We agree with the recommendation that Toledo PD and the COPS Office should discuss which baseline should be used.

In Section Two of the original application, Sub-Section B titled Law Enforcement Agency Information, asked for **The Current Fiscal Year Budgeted Sworn Force Strength**. At the time of the application, the total number of sworn officers (Command and Patrol officers together) was entered.

On August 31, 2010 the Toledo PD had a CHRP Site visit from [REDACTED] Grant Monitoring Specialist. During this site visit, [REDACTED] indicated that we should not be using Total Sworn Strength numbers, but should only be using patrol officer numbers.

She explained that COPS funding was to be used for new or rehired patrol officers. Therefore we should not include command officers in this calculation. It is unclear to us why the application would call for *Total Sworn Personnel* numbers, and then be told during a site visit that we should only use *Patrol Officer* numbers, only to later find we should be using Total Sworn Numbers.

During the exit interview with the OIG, I explained our issue with this recommendation, [REDACTED] agreed and said it was "quite messy" regarding the change from total sworn to just patrol officer numbers, and suggested we work with the COPS Office to remedy this confusion.

Please see appendix 3. All recommendations are highlighted in Green.

**Recommendation 3:**

*Remedy the \$2,508,576 in unallowable questioned costs for grant-funded officers' salary and fringe benefit costs while the Toledo PD was below the COPS Office's approved baseline.*

**Response:**

We disagree with this recommendation for the following reasons:

As addressed above, the COPS Office had initially set the baseline of locally funded patrol officers at 500 at the beginning of the grant, and then revised that to 495 in August 2010.

When comparing the baseline to TPD's official budgets of locally funded officers, authorities noted that the TPD was significantly below the baseline. After talking to the COPS Office and providing the COPS Office with TPD's official budget documents, the COPS Office decided to revise the baseline of locally funded officers to 586 total sworn officer positions. (Switching from just patrol officer numbers to total sworn)

We agree that even with the revised baseline of 586 sworn officer positions, the number of budgeted locally funded sworn officers still fell below the COPS-approved baseline in FY 2011 (31 officers) and FY 2012 (2 officers).

Since the audit ended, I have been in contact with Ohio's grant coordinator, [REDACTED]. [REDACTED] is no longer our representative) We understood that not having the required number of sworn officers, as mandated, would be an issue. [REDACTED] stated that if the City of Toledo was making a *good faith effort* to hire officers it would fare better than if Toledo PD was just maintaining the status quo, without attempting to hire officers. Since Toledo is a Civil Service city, hiring of new officers is a very long and drawn-out process.

The City of Toledo hires police officers through a Civil Service process. We cannot simply put an advertisement in a local newspaper and hire people whenever we need to fill vacancies as is in the case in smaller jurisdictions.

Additionally, in the life of this grant there were at least 118 service retirements, and 39 patrol officers were promoted from patrolman to sergeant, reducing even more the number of patrol officers working at TPD.

Even though we fell below the required number of patrol officers required in the grant, the City of Toledo has continually made a concerted effort to hire new officers in order to maintain our staffing levels.

**Snap Shot of the Civil Service Process**

The Civil Service process is a very long and drawn out process. It consists of:

1. A Civil Service Examination
  - a. This exam must be posted and advertised for several months before the test can be given.
2. The examination is given. (TPD *can't* control the number of people who sign-up to take the test and who actually pass the exam) This limits the number of prospective candidates greatly.
3. The examination must be certified by the Civil Service Commission.
  - a. This could take 7-12 months depending on circumstances.
4. Medical, Psychological and physical fitness tests are administered.
5. The background process then starts.
  - a. This is a very long process that takes months to complete, based on the number of background investigations completed.
6. Once backgrounds are done, the packets go in front an assessment team.

- a. Negative points are assessed based on the background of the applicant.
  - b. The applicant can appeal any negative points or rejections to the Civil Service Commission.
7. Personal interviews from TPD command staff are then held.
8. Once all of these steps are completed a class is hired.

As you one see, this is an extremely labor intensive and expensive process that could take almost a year to complete. This is why, when retirements or vacancies happen, it takes so long to back fill for the loss.

As stated previously, it is our contention that the City of Toledo made a concerted effort to hire new officers to comply with the grant, but based on these circumstances we were not successful.

**Below is a break-down of the City's efforts to regain required levels.**

A Civil Service Test was administered in June of 2004. This test was not certified by the Civil Service Commission until May of 2005. (eleven months later)

- In 2010 a class of 31 officers was hired from this 2004 test.

**Civil Service Tests are only valid for two years, but due to extreme financial hardships in the City of Toledo, and a desire to increase our numbers as expeditiously as possible, special legislation was drafted extending the list from the 2004 Civil Service Test.**

A Civil Service Test was given in August of 2010. This list was not certified until March of 2011 (seven months later)...From this list, two classes were hired.

- In November of 2011 a class of 48 officers was hired.
- In September of 2012 a class of 42 officers was hired.

A Civil Service Test was given in December of 2012. This list was certified in March of 2013. (three months later)

- A class of 75 officers was hired in October of 2013.

With the graduation of this class in April of this year, this class brings our allocated number of patrol officers to 498, and total sworn personnel to 633 barring any unforeseen, large number of retirements.

Prior to the 2012 Civil Service Test, TPD revamped its recruitment effort in an attempt to attract many more potential officers. In the past, we have only been able to seat two or three classes (at the most) from one exam.

As one can see, using the civil service process, the hiring of an academy class is very time consuming. That being said, in our opinion, it is evident that the City of Toledo was doing everything possible, including passing special legislation extending the life of the 2004 Civil Service Test, to maintain proper staffing levels. Since 2010, we have given the Civil Service Test every two years as required.

In a department of this size, there are averages of 30-45 retirements per year, coupled with promotions, maintaining staffing levels is difficult, especially when starting below the mandated level of officers. Just to further display the time challenges associated with hiring a class of officers at the Toledo PD, in Appendix #1, I have included the time line to hire the next Toledo PD academy class. Be advised, the Civil Service Test has already been given. This time line denotes what happens *after* the test is administered and certified. If the Civil Service Test had not been given or certified, you could add another three to seven months to the time line.

**Suggested Alternative Action:**

This is a challenging issue that most, if not all, Civil Service departments face in this country. We suggest that the COPS Office understand that those Civil Service cities face additional challenges regarding the maintaining of mandated levels. Additionally, based on the above listed rational, that the Toledo PD **not** be required to repay the questioned \$2,508,567.

Please see Appendix four to see a series of articles from 2009 – 2012 which shows the tenuous state of the City of Toledo'

**Recommendation #4:**

*Ensure that the Toledo PD establishes written procedures to ensure that any future requested grant reimbursements are based only on upon allowable costs as stipulated by the awarding agency.*

**Response:**

We agree with the recommendation that Toledo PD and the COPS Office should discuss which baseline should be used. However the issues in Recommendation #3 and #5 respectively need to be addressed and rectified before the proper written procedures can be drafted.

Once a resolution is reached the commander of the Fiscal Affairs Section, in conjunction with the Planning, Research, and Inspections Section will draft new policy regarding this issue and will incorporate it into the Department Manual and into the Fiscal Affairs Section manuals.

**Recommendation #5:**

*Remedy the \$396,321 in unallowable questioned costs for the duplication of vacation and sick leave reimbursement by the COPS Office.*

**Response:**

We disagree with this recommendation for the following reasons:

'Section 7: Budget Detail Worksheets' of the grant application instructions read: "Please complete the budget worksheet(s) based on your agency's current annual first year entry level salary and benefit package for your locally-funded officer positions." It was this language that was used as the Police Department's guide on how to accurately complete the budget detail worksheet. The language 'benefit package' was understood to define a benefit provided to the entry level police officer, in addition to the salary paid. Vacation and Sick leave are benefits that are provided to the entry level employee.

The City of Toledo incurs costs for Health Insurance, Worker's Compensation and Retirement that are paid as a fringe benefit to the entry level employee. These benefits, as is Vacation and Sick leave, are benefits that are not included in the base salary but do come with a realized expense to the City of Toledo. Even though the entry level employee does not see an increase in salary by being provided Sick and Vacation time they do however come at a cost to the City. Knowing that the intent of the COPS Hiring Recovery Program was to enable the City of Toledo to increase our community policing capacity, the grant was considered not only financial assistance related to hiring but also in maintaining staffing levels to provide that service. Values for Vacation and Sick Leave were entered in the application with the understanding that these specific benefits were the costs related to staffing levels being maintained while the officer is using either sick or vacation time.

In September of 2009 there was a conversation between my staff and [REDACTED], who was then Ohio's Grant Administrator. In this conversation, the breaking out of Sick and Vacation percentages was discussed. She told the Toledo PD that the way we were tracking sick and

vacation was allowable as long as we were able to explain our procedures to auditors if asked. Please see Appendix #2.

In speaking with [REDACTED], from the OIG's office regarding this issue, he said, "The application was confusing to us as well."

**Suggested Alternative Action:**

As was the case with Recommendation #3, the City of Toledo recommends that the Toledo PD and the COPS Office sit down jointly to discuss the correct way to charge allowable costs in this situation.

Additionally, based on the above listed rational; we respectfully suggest the following alternative actions regarding this recommendation:

1. The City of Toledo **not** be required to repay the questioned \$396,321.
2. Based on current economic conditions, if repayment is required, substantially reduce the amount owed.
3. Based on current economic conditions, if repayment is required, a one or two year repayment schedule be created.
4. The Toledo PD is currently working on its 2014 COPS Hiring Grant application. If repayment is required reduce the Toledo PD's award by \$396,321.

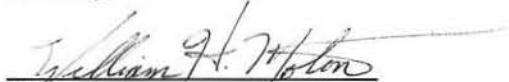
**Conclusion**

As I stressed earlier in this letter, members of the Toledo PD sincerely felt that the application was drafted correctly, with no intention of being funded improperly. We and the some at the OIG's office feel that, even though the sick and vacation fringe benefit issue is addressed in the application's directions, is very confusing. Regarding the staffing issue, I believe we have clearly showed the challenges Civil Service cities face when trying to maintain staffing levels.

The City of Toledo, while faring better economically, is far from operating safely in the black. It is my sincere hope that the City and the COPS Office can work out these issues and that the final conditions do not cripple an already struggling city.

Thank you for allowing me to address these issues.

Sincerely,

  
\_\_\_\_\_  
William Moton  
Chief of Police

**OFFICE OF COMMUNITY ORIENTED POLICING SERVICES RESPONSE**

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

From: Melonie V. Shine *AS*  
Management Analyst

Date: June 19, 2014

Subject: Response to the Draft Audit Report for Toledo, Ohio

This memorandum is in response to your May 16, 2014 draft audit report on the COPS CHRP Grant #2009RJWX0065, awarded to the Toledo Department of Police Operations (Toledo). For ease of review, each audit recommendation is stated in bold and underlined, followed by a response from COPS concerning the recommendation.

**Recommendation 1 - Ensure that the Toledo PD establishes written procedures to ensure future data submitted on DOJ grant applications is accurate and correct, as well as based on appropriate supported information.**

COPS concurs that grant applicants should submit data that is accurate, correct, and appropriately supported.

**Planned Actions**

COPS will receive and review a copy of the approved written procedures that Toledo establishes to ensure that future data submitted on DOJ grant applications is accurate, correct, and appropriately supported.

COPS will request closure of this recommendation if Toledo's written procedures are adequate.

**Request**

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

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ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING

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Carol S. Taraszka  
Chicago Regional Audit Manager  
Office of the Inspector General  
June 19, 2014  
Page 2

**Recommendation 2 - Coordinate with the Toledo PD and conduct a comprehensive analysis of the Toledo PD's locally funded sworn officer levels to determine what baseline should have been established for use during the grant and whether the Toledo PD was in full compliance with the non-supplanting agreement.**

---

COPS concurs that grantees should use the correct locally-funded sworn officer baseline and comply with the non-supplanting grant requirement.

**Planned Actions**

COPS will obtain information from Toledo to determine the appropriate baseline that should have been used for the duration of the grant and to identify any further baseline reductions that need to be granted. Based on the confirmed baseline, COPS will clarify if Toledo complied with the non-supplanting grant requirement.

**Request**

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

**Recommendation 3 - Remedy the \$2,508,576 in unallowable questioned costs for grant-funded officers' salary and fringe benefit costs while the Toledo PD was below the COPS Office's approved baseline.**

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COPS concurs that grantees should maintain the approved baseline of locally-funded sworn officers while implementing the grant award.

**Planned Action**

As indicated above, COPS will review Toledo's locally-funded sworn officer levels to confirm the appropriate baseline. COPS will determine if Toledo has unallowable questioned costs based on the confirmed baseline.

If Toledo is required to address any questioned costs for this recommendation, COPS will ensure that the grantee provides an acceptable remedy.

**Request**

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

Carol S. Taraszka  
Chicago Regional Audit Manager  
Office of the Inspector General  
June 19, 2014  
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**Recommendation 4 - Ensure that the Toledo PD establishes written procedures to ensure that any future requested grant reimbursements are based only upon allowable costs as stipulated by the awarding agency.**

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COPS concurs that grantees should only receive reimbursements for allowable costs that are included in the approved grant budget.

**Planned Action**

COPS will receive and review a copy of the approved written procedures that Toledo establishes to ensure that future grant reimbursements are only for allowable costs that were specified in the approved grant budget.

COPS will request closure of this recommendation if Toledo's written procedures are adequate.

**Request**

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

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**Recommendation 5 - Remedy the \$396,321 in unallowable questioned costs for the duplication of vacation and sick leave reimbursed by the COPS Office.**

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COPS concurs that grantees should not receive reimbursement for vacation and sick leave that is included in an officer's base salary and as a separate fringe benefit.

**Planned Action**

COPS will obtain information from Toledo to clarify its normal procedure for providing vacation and sick leave to locally-funded sworn officers. COPS will work with Toledo to determine an appropriate remedy for confirmed unallowable questioned costs.

**Request**

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

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COPS considers Recommendations 1 through 5 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

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

Carol S. Taraszka  
Chicago Regional Audit Manager  
Office of the Inspector General  
June 19, 2014  
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cc: Richard P. Theis  
Justice Management Division

George Gibmeyer  
Supervisory Grant Monitoring Specialist  
Grant Monitoring Division

Mayor D. Michael Collins  
City of Toledo

Chief William Moton  
Toledo Department of Police Operations

Grant File: CHRP #2009RJWX0065

ORI: OH04807

**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 Toledo Police Department (Toledo PD) and the U.S. Department of Justice, Office of Community Oriented Policing Services (COPS Office). The Toledo PD's response letter is incorporated in Appendix III of this final report, and the COPS Office's response is incorporated as Appendix IV. The following provides the OIG analysis of the responses.

**Analysis of the Responses**

In summary, the COPS Office concurred with each of our recommendations. The Toledo PD concurred with Recommendation Numbers 1, 2, and 4, while disagreeing with Recommendation Numbers 3 and 5 (i.e., those with associated questioned costs). In its response to the recommendations with questioned costs, the Toledo PD requested that it not be required to repay the questioned amounts and suggested alternative actions to remedy the questioned costs. As discussed in Appendix II, questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation. The COPS Office will have to determine the specific remedies that appropriately address the questioned costs. We address the Toledo PD's specific responses to our draft report, including the two recommendations with which it disagrees, under each individual recommendation.

**Recommendation:**

- 1. Ensure that the Toledo PD establishes written procedures to ensure future data submitted on DOJ grant applications is accurate and correct, as well as based on appropriate and supported information.**

Resolved. Both the Toledo PD and the COPS Office concurred with our recommendation. In its response, the Toledo PD stated that it implemented a new procedure that requires all grant applications to be reviewed and approved by the Deputy Chief of the Support and Administrative Bureau Division before the applications are submitted to the appropriate granting authorities. The Toledo PD further stated that all data used in completing the grant applications will be retained for future reference. The Toledo PD stated that this new procedure will be effective immediately, and that it will be included in the Toledo PD Manual. The COPS Office stated that it will work with the Toledo PD to obtain a copy of the approved written procedures.

This recommendation can be closed when we receive a copy of the written, implemented procedures that ensure future data submitted on DOJ grant applications is accurate and correct, as well as based on appropriate and supported information.

**2. Coordinate with the Toledo PD and conduct a comprehensive analysis of the Toledo PD's locally funded sworn officer levels to determine what baseline should have been established for use during the grant and whether the Toledo PD was in full compliance with the non-supplanting agreement.**

Resolved. Both the Toledo PD and the COPS Office concurred with our recommendation. In its response, the Toledo PD explained its concern with the inconsistent guidance provided by the COPS Office regarding the baseline and whether the baseline encompassed only sworn patrol officers or all sworn officers, including both command and patrol positions.

In its response, the COPS Office stated that it will obtain information from the Toledo PD to determine the appropriate baseline that should have been used for the duration of the grant and identify any further baseline reductions that need to be granted. The COPS Office stated that once a confirmed baseline has been established, the COPS Office will clarify if the Toledo PD complied with the non-supplanting requirement.

This recommendation can be closed when we are provided with the results of the COPS Office's comprehensive analysis of the Toledo PD's locally funded sworn officer levels, including the determination of what baseline should have been used and whether the Toledo PD was in full compliance with the non-supplanting requirement.

**3. Remedy the \$2,508,576 in unallowable questioned costs for grant-funded officers' salary and fringe benefit costs while the Toledo PD was below the COPS Office's approved baseline.**

Resolved. The COPS Office concurred with our recommendation. In its response, the COPS Office stated that it will review the Toledo PD's locally funded sworn officer levels to confirm the appropriate baseline that should have been used during the duration of the grant. The COPS Office stated that based upon this assessment, it will determine if the Toledo PD has any unallowable questioned costs, and if so, the COPS Office will ensure the Toledo PD provides an acceptable remedy.

The Toledo PD disagreed with our recommendation. In its response, the Toledo PD recapped the baseline levels in effect during the grant – from the initial baseline of 500 locally funded patrol officers to the most recent baseline of 586 total sworn officers (both patrol and command positions).

The Toledo PD agreed that its number of locally funded sworn officer positions fell below the COPS-approved baseline of 586 positions, and that it understood that not meeting the established baseline would be an issue. The Toledo PD explained that it failed to meet the established baseline because the number of its patrol officers declined significantly due to retirements and promotions. The Toledo PD claimed that it made a concerted effort to hire

new officers, but that it was unable to fill the vacancies because the Toledo PD's hiring process is very time consuming – taking up to a year to fill vacancies. The Toledo PD provided a summary of its recruiting and hiring efforts, and requested that the Toledo PD not be required to repay the questioned costs.

As discussed in our report, we assessed whether the Toledo PD met each iteration of the COPS-established baseline by comparing the number of locally funded sworn officer positions from the city of Toledo's budgets to the COPS-established baseline. Although we conducted separate analyses on each baseline, we focused on the total number of sworn officers (both patrol and command positions) because the COPS Office stated that the baseline figure should encompass all sworn officer positions. Nonetheless, each analysis resulted in the same conclusion – the Toledo PD was below the established baseline.

We understand that retirements and lengthy hiring processes can affect on-board levels. Based upon the annual personnel strength reports provided by the Toledo PD during the audit, the Toledo PD hired 121 new officers between FY 2009 and FY 2012, while losing 131 officers to retirements and resignations during this same time period. Although the Toledo PD's rate of attrition exceeded its hiring efforts, the difference was only 10 sworn officer positions. In contrast, the Toledo PD's budgeted officer levels were below the baseline by 39 officers in FY 2011 and 2 officers in FY 2012. Therefore, we do not agree that attrition and vacancies were the primary cause for the Toledo PD not meeting the COPS-established baseline, but rather the decrease in budgeted positions appears to have had the largest effect on the Toledo PD's non-conformance to the baseline requirement.

Moreover, we used the budgeted number of locally funded positions in our analysis because we believe it provides a more accurate representation of the Toledo PD's expected staffing levels and local expenditure commitments (taking into account planned retirements, promotions, and new officer hirings). As a result, sworn officer turnover did not affect our analysis because the budgets depicted the Toledo PD's expected staffing levels for the relevant fiscal years. These budgets clearly indicate a decrease in the locally funded staffing levels during the grant period.

This recommendation is resolved based upon the COPS Office's agreement with it. The recommendation can be closed when we receive documentation that the COPS Office has appropriately remedied the \$2,508,576 in unallowable questioned costs for grant-funded officers' salary and fringe benefit costs while the Toledo PD was below the COPS Office's approved baseline. As noted previously, the COPS Office can remedy this amount by offset, waiver, recovery of funds, or the provision of supporting documentation, including if it retroactively approves a lower baseline that remedies a portion of the questioned costs.

**4. Ensure that the Toledo PD establishes written procedures to ensure that any future requested grant reimbursements are based only upon allowable costs as stipulated by the awarding agency.**

Resolved. Both the Toledo PD and the COPS Office concurred with our recommendation. In its response, the Toledo PD stated that Recommendation Numbers 3 and 5 will need to be addressed before it can establish proper written procedures. The COPS Office stated that it will work with the Toledo PD to obtain a copy of the approved written procedures.

This recommendation can be closed when we receive a copy of the written, implemented procedures that ensure any future requested grant reimbursements are based only upon allowable costs as stipulated by the awarding agency.

**5. Remedy the \$396,321 in unallowable questioned costs for the duplication of vacation and sick leave reimbursed by the COPS Office.**

Resolved. The COPS Office concurred with our recommendation. In its response, the COPS Office stated that it will obtain information from the Toledo PD to clarify the Toledo PD's normal procedure for providing vacation and sick leave to locally funded sworn officers. The COPS Office further stated that it will work with the Toledo PD to determine an appropriate remedy for confirmed unallowable questioned costs.

The Toledo PD disagreed with our recommendation. In its response, the Toledo PD explained its interpretation of the grant application's budget detail worksheet. Specifically, the Toledo PD stated that the budget detail worksheet requested the Toledo PD to provide "salary and benefit package" amounts for a first year entry level officer, and that the Toledo PD defined this as any benefit, in addition to salary, provided to an entry level officer. The Toledo PD stated that vacation and sick leave are benefits provided to entry-level officers; and that even though an officer does not receive any additional money besides his or her salary when using vacation or sick leave, the use of vacation and sick leave comes at a cost to the city of Toledo. The Toledo PD further explained that it entered values for vacation and sick leave on the grant application because it believed these specific benefits were costs related to maintaining the necessary staffing levels of the grant while an officer was using vacation or sick leave. The Toledo PD requested that it further discuss this issue with the COPS Office and offered four alternative actions in response to the recommendation, including not being required to repay the questioned costs, reducing the amount owed, or offsetting the costs against a future award.

As stated in our report, we discussed the vacation and sick leave fringe benefits with a representative from the COPS Office. This representative

explained that grantees should not charge vacation and sick leave costs as fringe benefit costs if vacation and sick leave are already accounted for in the officers' regular salary costs. During our audit, the Toledo PD informed us that vacation and sick leave are accounted for in an officer's regular salary costs. In other words, the annual salary amount represents the amount the Toledo PD pays out for 1 year of an officer's employment, whether working or while taking the vacation and sick time earned throughout that time period.

Although the COPS Office's Final Funding Memorandum included amounts for vacation and sick leave as fringe benefits in addition to an officer's regular salary costs and this gave the Toledo PD the appearance that these were allowable costs, recipients of federal grants should only request reimbursement for allowable costs incurred during the grant period.

Therefore, it was the Toledo PD's responsibility to recognize that it did not actually incur vacation and sick leave fringe benefit costs that were paid to the grant-funded officers in addition to those officers' regular salary costs. Further, the Toledo PD indicates that it used these funds to maintain the required staffing levels while the COPS-funded officers were using vacation or sick leave. However, using COPS funds to pay for a portion of a locally funded officer's salary indicates the potential for supplanting locally committed resources as overall resources dedicated to the grant program would not be increased by such allocations. Using existing resources to maintain staffing levels does not result in the Toledo PD incurring additional costs to justify the charges to the grant since the Toledo PD stated that vacation and sick leave are already included in officers' salaries.

Moreover, despite the Toledo PD's argument, the Toledo PD, as discussed in our report, failed to meet the established baseline of locally funded officers during 2 of the 3 years of the grant. As a result, the Toledo PD did not achieve its stated goal of charging the grant for vacation and sick leave fringe benefits to maintain the required staffing levels while the COPS-funded officers were using vacation or sick leave. Therefore, we believe the Toledo PD should not have been reimbursed for vacation and sick leave in addition to the grant-funded officers' salary costs that already accounted for the vacation and sick time.

This recommendation is resolved based upon the COPS Office's agreement with it. The recommendation can be closed when we receive documentation that the COPS Office has appropriately remedied the \$396,321 in unallowable questioned costs for the duplication of vacation and sick leave reimbursed by the COPS Office.