



**AUDIT OF THE
COMMUNITY ORIENTED POLICING SERVICES
HIRING RECOVERY PROGRAM GRANT ADMINISTERED
BY THE CITY OF TULSA, OKLAHOMA**

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Audit Division

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EXECUTIVE SUMMARY

The 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, Grant No. 2009-RJ-WX-0073, awarded to the City of Tulsa, Oklahoma. This grant provided \$3,505,446 in funding to the City of Tulsa to retain 18 sworn officers.¹

The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel; (4) budget management and control; (5) Financial, Progress, and Recovery Act Reports; (6) grant requirements; (7) program performance and accomplishments, including community policing; and (8) retention plan.

To select CHRP grantees, COPS developed a methodology that scored and ranked each applicant based on key data submitted by the applicant. While COPS performed some limited data validity checks, COPS relied heavily on the accuracy of the data submitted by grant applicants. As a result, we reviewed the application statistics the City of Tulsa submitted and found that five of the application responses were inaccurately reported based on the documentation provided and nine additional application responses lacked supporting documentation. The City of Tulsa was unable to provide supporting documentation for some responses; therefore, for those responses we conducted our own research and gathered data that we used to determine whether the application response was reasonable. Although we found supporting documentation for three of nine application responses, we ultimately found them to be inaccurately reported in the City of Tulsa's CHRP application. We also assessed the effect of the City of Tulsa's inaccurate application data and determined that it did not appear to have affected the suitability of the award. However, to ensure future awards are not affected by inaccurate data, we recommend that COPS ensure that

¹ The original grant award was for the hiring of 18 officers, which was approved by COPS on July 6, 2009. However, the award was modified to rehire 18 officers due to post-application layoffs, which was approved by COPS on November 2, 2009.

the City of Tulsa enhance its procedures to ensure it submits accurate data for future award applications.

We also identified \$248,226 in dollar-related findings, which included \$139,732 in funds to better use and \$108,494 in questioned costs related to deficiencies in the City of Tulsa's grant management.

Specifically, we found that the City of Tulsa overestimated its budgeted fringe benefit package by \$248,226 for police officer vacation and sick leave which was already included in the officer's salary amount. In accordance with the *2009 CHRP Grant Owner's Manual*, the City of Tulsa may not utilize this excess funding. The \$248,226 overestimation resulted in questioned costs totaling \$108,494 for the difference between drawdowns and allowable expenditures, and \$139,732 in funds to better use for the remaining undrawn portion of the overestimated fringe benefits. This overestimation also caused grant expenditures reported on each Federal Financial Report (FFR) submitted to be inaccurate, although the FFR, Progress, and Recovery Act Reports were submitted in a timely manner.

In addition, while the grant only paid for entry-level costs, the City of Tulsa was recording the full costs of the officers' salary and fringe benefit expenses in its grant accounting records without accurately identifying the funding source of those costs. Tulsa was in effect drawing funds in advance because it was basing its drawdowns on expenditures in the grant account which exceeded allowable entry-level amounts for each drawdown period. Furthermore, we identified discrepancies with the number of full-time equivalent positions reported in the Recovery Act Reports reviewed, and found that the City of Tulsa did not use a consistent methodology for considering floating holiday hours within its full-time equivalent computations.

These items are discussed in further detail in the *Findings and Recommendations* section of the report. Our audit objectives, scope, and methodology appear in Appendix I. We discussed the results of our audit with City of Tulsa officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft report from City of Tulsa officials and COPS, and their responses, as well as a summary of actions to close the recommendations can be found in Appendix V of this report.

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INTRODUCTION

The Department of Justice Office of the Inspector General (OIG), Audit Division, has completed an audit of the Office of Community Oriented Policing Services (COPS) Hiring Recovery Program (CHRP) grant, Grant No. 2009-RJ-WX-0073, awarded to the City of Tulsa, Oklahoma. This grant, in the amount of \$3,505,446, was used to retain 18 officer positions.¹

The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel; (4) budget management and control; (5) Financial, Progress, and Recovery Act Reports; (6) grant requirements; (7) program performance and accomplishments, including community policing; and (8) retention plan.

Office of Community Oriented Policing Services

Within the Department of Justice, COPS assists law enforcement agencies in enhancing public safety through the implementation of community policing strategies in jurisdictions of all sizes across the country. COPS provides funding to state, local, and tribal law enforcement agencies 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.

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

¹ The original grant award was for the hiring of 18 officers, which was approved by COPS on July 6, 2009. However, the award was modified to rehire 18 officers due to post-application layoffs, which was approved by COPS on November 2, 2009.

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 COPS for grants to state, local, and tribal governments to hire or retain police officers.

COPS Hiring Recovery Program

To distribute the Recovery Act money, COPS established the COPS Hiring Recovery Program (CHRP), a grant program for the hiring, rehiring, and retention of career law enforcement officers. COPS created CHRP to provide 100 percent of the funding for approved entry-level salaries and benefits (for 3 years) for newly-hired, full-time sworn officer positions, for rehired officers who had been laid off, or for officers who were scheduled to be laid off on a future date. COPS received 7,272 applications requesting funding for approximately 39,000 officer positions. On July 28, 2009, COPS announced its selection of 1,046 law enforcement agencies as recipients of the \$1 billion CHRP funding to hire, rehire, and retain 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.

The City of Tulsa, Oklahoma

The City of Tulsa encompasses an area of approximately 197.7 square miles located in northeastern Oklahoma, at the edge of the foothills of the Ozarks, along the Arkansas River. COPS awarded the CHRP grant to the City of Tulsa Police Department (Tulsa PD) to rehire 18 police officers. The City of Tulsa operates under a Mayor – City Council form of government under a voter-approved amended charter. The Mayor is elected every 4 years and serves as the chief executive of the City and is responsible for City operations. The City Council, the legislative branch of government, consists of nine members, elected every 2 years representing geographic districts. The Tulsa PD is organizationally structured as a Department under the function of Public Safety and Protection within the City of Tulsa. The Mayor of Tulsa is the chief executive for all functions and programs for the City of Tulsa.

The mission of the Tulsa PD is to apply all knowledge, skills and available resources by working in partnership with the community to provide quality service, protect life and property, prevent crime and resolve problems so people can live without fear in a safe environment. According to the City of Tulsa's 2012-2013 Annual Budget and Capital Plan the primary functions of the Tulsa PD include:

- apprehending criminal offenders;
- placing value on the preservation of human life;
- recognizing that prevention of crime and reducing fear are operational priorities;
- involving the community in the delivery of law enforcement services;
- making the Tulsa PD accountable to the community it serves;
- maintaining the highest standards of integrity;
- committing to professionalism in all aspects of Tulsa PD operations; and
- developing technology to create efficiencies of service.

OIG Audit Approach

We tested compliance with what we considered to be the most important conditions of the CHRP grant. Unless otherwise stated in our report, we applied the *2009 CHRP Grant Owner's Manual* as our primary criteria during our audit. The *2009 CHRP Grant Owner's Manual* serves as a reference to assist grantee agencies with the administrative and financial matters associated with the grant. It was developed by COPS to ensure that all CHRP grantees understand and meet the requirements of the grant. We also considered applicable Office of Management and Budget (OMB) and Code of Federal Regulations (CFR) criteria in performing our audit. We tested the City of Tulsa's:

- **Application statistics** to assess the accuracy of key statistical data that the City of Tulsa submitted with its CHRP application.

- **Internal control environment** to determine whether the financial and accounting system and related internal controls were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant.
- **Personnel and fringe benefit expenditures** to determine whether the salary and fringe benefit expenditures charged to the grant were allowable, supported, and accurate.
- **Drawdowns** (requests for grant funding) to determine whether requests for reimbursements or advances, were adequately supported and if the City of Tulsa managed grant receipts in accordance with federal requirements.
- **Budget management and control** to determine whether the City of Tulsa adhered to the COPS-approved budgets for the expenditure of grant funds.
- **Reporting** to determine whether the required periodic Federal Financial Reports (FFRs), Progress Reports, and Recovery Act Reports were submitted on time and accurately reflected grant activity.
- **Compliance with award special conditions** to determine whether the City of Tulsa complied with key terms and conditions specified in the grant award document.
- **Program performance and accomplishments** to determine whether the City of Tulsa achieved the grant objectives and to assess performance and grant accomplishments.

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

FINDINGS AND RECOMMENDATIONS

Our audit did not disclose any noncompliance with regard to supplanting, retention, or community policing. However, we found discrepancies in the financial information reported in the CHRP application and supporting documents were not maintained for all information submitted. We also identified \$248,226 in dollar-related findings, which included \$139,732 in funds to better use and \$108,494 in questioned costs related to deficiencies in the City of Tulsa's grant management. Furthermore, the Progress Reports, and Recovery Act Reports reviewed were submitted in a timely manner. However, we identified discrepancies with the number of full-time equivalent positions reported in the Recovery Act Reports reviewed and determined that the City of Tulsa did not use a consistent methodology for calculating floating holiday hours within their full-time equivalent computations.² In addition, the FFRs reviewed were submitted in a timely manner; however, we found that grant expenditures reported by the City of Tulsa on each FFR submitted were inaccurate.

Application Statistics

To select CHRP grantees, COPS 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 COPS performed some limited data validity checks, COPS relied heavily on the accuracy of the data submitted by grant applicants.

In the *CHRP Application Guide*, COPS reminded applicant agencies to provide accurate agency information as this information may be used, along with other data collected, to determine funding eligibility. In the OIG's May 2010 report of the COPS grant selection process, we found that the validation process COPS used to ensure the accuracy of the crime data submitted by applicants was inadequate.³ As a result, some agencies may

² Floating holiday hours are employer paid holiday hours provided to employees to be taken on a future date, chosen by the employee.

³ 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).

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 City of Tulsa to verify the information submitted in its 2009 CHRP grant application.⁴ From our review of this documentation, we identified several discrepancies with the information reported. Specifically, we determined that five of the application responses were inaccurately reported based on the documentation provided and nine additional application responses lacked supporting documentation. For the responses that the City of Tulsa was unable to provide supporting documentation, we conducted our own research and gathered data that we used to determine whether the application response was reasonable. Although we found supporting documentation for three of nine application responses, we ultimately found them to be inaccurately reported in the City of Tulsa's CHRP application. The following Exhibit shows the five application responses that were inaccurately reported based on the documentation provided by the City of Tulsa.

⁴ The CHRP application included a section consisting of 13 questions regarding applicants' need for federal assistance, with several questions having multiple parts.

**EXHIBIT 1: DISCREPANCIES IN THE CITY OF TULSA'S APPLICATION
BASED ON SUPPORTING DOCUMENTATION PROVIDED**

APPLICATION INFORMATION REQUEST	FISCAL YEAR	AMOUNT REPORTED IN CHRP APPLICATION	AMOUNT SUPPORTED BY CITY OF TULSA	DIFFERENCE
Total Law Enforcement Operating Budget	2008	\$ 85,350,000	\$ 85,460,000	\$ (110,000)
Total Jurisdictional Operating Budget	2008	\$246,596,000	\$246,706,000	\$ (110,000)
Total Jurisdictional General Fund Balance	2007	\$ 51,353,000	\$ 53,446,000	\$(2,093,000)
Total Jurisdictional General Fund Balance	2008	\$ 53,446,000	\$ 51,032,000	\$ 2,414,000
Criminal Homicide based on UCR Definition	2008	53	50	3

Source: COPS and City of Tulsa officials

Based on the supporting documentation and methodology provided by the City of Tulsa official, we determined that the Total Law Enforcement Operating Budget for Fiscal Year (FY) 2008 was inaccurately reported by \$110,000. Regarding the Total Jurisdictional Operating Budget information for FY 2008, a City of Tulsa official stated that the difference is explainable by a minor budget restatement after preparation of the City of Tulsa's budget.

We also discussed the inaccuracies noted with the Total Jurisdictional General Fund Balance information for FY 2007 through FY 2009 with the City of Tulsa official. We were informed that the City of Tulsa utilized the audited Comprehensive Annual Financial Reports (CAFRs) for this information. However, in order to provide 3 years of data, it used FY 2006 through FY 2008 data since the FY 2009 data was not available because the annual audit had not yet been completed. The effect was that the FY 2006 general fund balance was submitted for the FY 2007 application response, the FY 2007 general fund balance was presented for the FY 2008 application response, and the FY 2008 general fund balance was presented for the FY 2009 application response. In addition, the City of Tulsa official noted that the FY 2007 and FY 2008 responses were taken from the wrong budgeted line items. As such, we determined that these two application

responses were not accurately reported and that the FY 2009 Total Jurisdictional General Fund Balance is not supported.

We followed up with a City of Tulsa official in regards to the inaccurately reported application response for Criminal Homicide based on the Federal Bureau of Investigation's Uniform Crime Reporting definition, and were informed the number provided was in error.

We were able to conduct our own research and gather data to verify the accuracy for three of nine application responses for which the City of Tulsa was unable to provide supporting documentation. However, we ultimately found that the City of Tulsa inaccurately reported this information in its grant application. Specifically, the percentage of families in poverty based on the Census Bureau's American Community Survey was reported in the application as 15.5 percent, but the supporting documentation showed 11.9 percent.⁵ In addition, the City of Tulsa reported the percentage unemployed for January 2008 and January 2009 as 4.2 percent. However, we found that the Bureau of Labor Statistics reported the percentage unemployed for January 2008 as 3.6 percent, and 5.4 percent for January 2009.

We then followed up with City of Tulsa officials in regards to the remaining six application responses for which the City of Tulsa was unable to provide supporting documentation. One of these responses was previously discussed, the FY 2009 Total Jurisdictional General Fund Balance, and we were informed by a City of Tulsa official that the FY 2009 information was not yet final and available at the time of the grant application. We also followed up in regards to the three application responses for Total Jurisdictional Locally Generated Revenue, FY 2007 through FY 2009. The City of Tulsa official indicated that they were unable to reconstruct these application responses, and that no supporting documentation was available for the reported amounts. For the remaining two application responses in regards to the Residential Property Foreclosure Rate for 2008, we were told by a City of Tulsa official that they were unable to locate the supporting documentation.

Overall, we determined that the City of Tulsa did not maintain all of the supporting documentation for the application responses, which resulted

⁵ The U.S. Census Bureau's American Community Survey percentage of families in poverty statistics reported in the City of Tulsa's grant application was for the period 2005-2007.

in six responses being unsupported due to lack of documentation. We also found that an additional five responses were inaccurately reported based on the documentation provided by City of Tulsa officials, and an additional three responses were inaccurately reported based on documentation we obtained independently. City of Tulsa officials explained that they would begin maintaining the supporting documentation for the responses provided in their COPS grant applications.

Since our audit testing identified inaccuracies and lack of supporting documentation in responses to CHRP application questions, we performed an analysis on the effect of these data changes on the grant award. We determined that the inaccurate and unsupported data did not affect the awarding of the grant; therefore, we do not question the award of the CHRP grant to the City of Tulsa.

In our judgment, application materials are intended to provide reasonable assurance to the granting agency that the applicant is in need of the funding, the goals and objectives are in line with the program's mission, and management has the ability to sufficiently administer the grant. It is the responsibility of the applicant to provide complete and reliable data in the application materials, so that the granting agency has an opportunity to fairly assess each applicant for the final funding decision. With this aim in mind, it is essential for applicants to ensure that the data they provide to the granting agencies is generated consistently and accurately. As such, we recommend that COPS ensure that the City of Tulsa enhance its procedures to ensure it submits accurate data for future award applications.

Internal Control Environment

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

Single Audit

According to Office of Management and Budget (OMB) Circular A-133, non-federal entities that expend \$500,000 or more in federal awards in a year shall have a single audit conducted. As such, we determined that the City of Tulsa was required to have a single audit conducted in FY 2010 and

FY 2011 based on the CHRP award alone. We requested and reviewed the City of Tulsa's FY 2007 through FY 2011 single audit reports. From this information we determined that although the audit findings did not relate directly to the Tulsa PD, there were several findings in relation to the City of Tulsa's decentralized grant administration, whereby grant administration is located throughout various departments and functions. In particular, this audit finding occurred in FY 2007, FY 2008, and FY 2009, and the City's response to these findings was to create the Grants Administration Office in FY 2007, with the continued intention to expand on the centralization of grants administration. During our audit, we did identify such decentralization in the grants administration process.

The City of Tulsa's FY 2012 single audit report identified a finding directly related to the CHRP award to the City of Tulsa. Specifically, the City of Tulsa used federal grant funds to reimburse the payroll costs for one police officer who did not meet the required rehiring criteria of the grant agreement. The auditors determined one police officer did not have a scheduled layoff date and therefore questioned \$129,633 in unallowable payroll reimbursement in FY 2011 and FY 2012. The audit report recommended the City perform a thorough review of the City of Tulsa police officers selected for payroll reimbursement to ensure compliance with grant requirements. The City of Tulsa agreed with the finding and stated they would perform a secondary review to assure compliance with grant requirements.

During our audit, we reviewed the layoff letters for each City of Tulsa police officer for whom the City received grant reimbursement funds. We verified that the one officer identified in the FY 2012 single audit report was the only officer not in compliance with the grant requirement. The identified officer did not receive a layoff letter and was therefore not eligible for reimbursement using grant award funds. City of Tulsa officials stated their remedy to the single audit finding was to designate another police officer who was recalled from layoff in compliance with the award terms and to use the payroll data for that officer to replace the officer previously determined to be in noncompliance with the grant terms. The replacement police officer was rehired during the same time period the non-compliant officer was added to the grant.

Our analysis of the layoff letter and the payroll data for the replacement officer determined the officer qualified as a rehired officer.⁶

⁶ We reviewed payroll information for the two police officers for the period of September 16, 2010, through November 15, 2012.

Our review of payroll costs is addressed in the *Grant Expenditures* section of the report.

Financial Management System

The City of Tulsa utilizes INFOR E Series Systems for its financial management system (FMS), which has been in place for over 20 years and has the following components: payroll, general ledger, accounts receivable, accounts payable, budgetary control, purchasing, and reporting. In particular, the City of Tulsa uses an exceptions based payroll system. We were provided with the most recent review of the internal controls for the City of Tulsa's Information Technology General Controls, which was conducted in June 2012. We reviewed this report and determined it did not identify material weaknesses in the City of Tulsa's internal controls related to its information technology and FMS that would affect the scope of our audit.⁷ However, during our fieldwork we identified deficiencies related to the City of Tulsa's internal controls over CHRP funded officers' salary and fringe benefit expenditures. Additional information on the City of Tulsa's internal control weaknesses over salary and fringe benefit expenditures is discussed in the *Drawdown* and *Grant Expenditure* sections of this report.

Budget Management and Control

Criteria established in 28 CFR §66.30 addresses budget controls for grantee financial management systems. According to the CFR, grantees are permitted to make changes to their approved budgets to meet unanticipated program requirements. However, when the awarding agency's share exceeds \$100,000, the movement of funds between approved budget categories in excess of 10 percent of the total award must be approved in advance by the awarding agency. Therefore, we determined that the 10 percent rule was applicable to the City of Tulsa's CHRP grant. We found that the City of Tulsa did not exceed the 10 percent rule for movement among the salary and fringe benefit categories for the grant.

⁷ The current INFOR E Series Financial Management System was originally Management Science of America, then through a series of acquisitions with Dun and Bradstreet Software, GEAC (Canadian based corporation), Golden Gate Capital, and Extensity, became INFOR FMS.

Grant Expenditures

CHRP Grant

According to the *2009 COPS Grant Owner's Manual*, grants cover 100 percent of the approved entry-level salary and fringe benefits of each newly hired or rehired full-time sworn career law enforcement officer over a 3-year period. Grant funding is for entry-level salary and fringe benefits in effect at the time of the application. Any costs above the approved entry-level salaries and fringe benefits are the responsibility of the award recipient.

At the time of our audit, the City of Tulsa had drawn down \$3,365,714 of the grant funds for salaries and fringe benefits. We judgmentally selected two non-consecutive pay periods and tested whether costs charged to the grant were computed correctly, accurately recorded, and supported by time and attendance records. We also compared officer pay rates and positions to those in the grant budgets approved by COPS.

During payroll testing of the City of Tulsa's salary and fringe benefits paid to CHRP funded officers, we traced the labor costs to employee timesheets in order to verify the costs were computed correctly, accurately recorded, and properly allocated to the grant. We found that the City of Tulsa exceeded the maximum allowable amount for entry-level salaries and fringe benefits for each officer we tested. Consequently, we expanded our testing of salaries and fringe benefits to all \$3,524,312 that had been recorded to the grant through November 15, 2012.

Grant Account

Uniform Administrative Requirements require grantees to show the source and application of grant funds. However, we found that the City of Tulsa recorded in its grant accounting records the full costs of total salary and fringe benefit expenditures without differentiating between grant-funded and locally-funded costs. The officers' actual salaries and fringe benefits exceeded allowable entry-level amounts approved on the COPS budget. Exhibit 2 shows the cumulative budgeted entry-level salary, the total amount the City of Tulsa recorded in the grant account, and the amount in excess of the allowable amount for CHRP funded officer salaries and wages which totaled a cumulative \$267,092. The budgeted amount, which is the entry-level salary, is the ceiling for payments under the grant.

EXHIBIT 2: TOTAL SALARIES AND FRINGE BENEFITS RECORDED IN THE GRANT ACCOUNTING RECORDS IN EXCESS OF ALLOWABLE AMOUNTS⁸

CATEGORY	TOTAL ALLOWABLE AND APPROVED BY COPS	TOTAL TULSA GENERAL LEDGER EXPENDITURES RECORDED TO GRANT ACCOUNT⁹	DIFFERENCE
Salaries	\$2,482,254	\$2,682,715	\$200,461
TOTAL SALARIES	\$2,482,254	\$2,682,715	\$200,461
FRINGE BENEFITS			
Medicare	\$35,671	\$41,079	\$5,408
Health Insurance	331,224	332,152	928
Life Insurance	9,959	18,322	8,363
Retirement	319,971	346,973	27,002
Worker's Compensation	55,363	84,785	29,422
Dental Insurance	16,654	18,014	1,360
Disability Insurance	6,133	272	(5,861)
TOTAL FRINGE BENEFITS	\$774,966	\$841,597	\$66,631
TOTAL SALARIES AND FRINGE BENEFITS	\$3,257,220	\$3,524,312	\$267,092

Source: OIG analysis of data from COPS and the City of Tulsa

The City of Tulsa's detailed general ledger includes cumulative CHRP funded entry-level salaries and fringe benefits of \$267,092 above the amounts approved by COPS. By not differentiating expenditures charged to the CHRP award from those funded from other sources, the City of Tulsa limited its ability to effectively manage its grant expenditures and control its budget. Further, as discussed in the *Drawdown* section of this report, these deficiencies in its grant account had implications for the formulation of its drawdown requests. As a result, we recommend that COPS ensures that the City of Tulsa's grant account conforms to the Uniform Administrative Requirements and accurately reflects grant activities, including the source and application of grant funds.

⁸ Differences in the total amounts are due to rounding.

⁹ The City of Tulsa recorded CHRP funded grant expenditures for the period of November 16, 2009, through November 15, 2012.

Overestimated Budget

During our review of the Final Financial Memorandum approved by COPS, we found that fringe benefits included sick leave and vacation; however, sick leave and vacation were already included as part of the salary in the grant budget. A City of Tulsa official told us it was not the city's normal practice to pay their non-COPS officers for sick leave or vacation in addition to their regular salary. The City of Tulsa's CHRP application included \$2,019 for sick leave for entry-level officers for year 1, \$2,120 for year 2, and \$2,226 for year 3. The CHRP application included \$2,355 for vacation for each entry-level officer for year 1, \$2,473 for year 2, and \$2,597 for year 3. For the 3-year grant period for the 18 officers, the City of Tulsa overestimated its fringe benefit costs for sick leave and vacation by a total of \$248,226.

The COPS award to the City of Tulsa for \$3,505,446 includes the overestimation of \$248,226 in duplicated vacation and sick leave fringe benefits. As a result, the award amount excluding the duplicated fringe should have been \$3,257,220. As of September 9, 2013, the City of Tulsa had requested and received \$3,365,714, which included \$108,494 in excess drawdowns that were based on duplicated fringe. Further, the remaining balance of the award not yet drawn down totals \$139,732 also based on the duplicated fringe. Therefore, we recommend that COPS remedy \$248,226 of the awarded funds based on duplicated fringe benefits, which includes \$108,494 in questioned costs and the remaining balance of the award not yet drawn down in the amount of \$139,732 in funds to better use.

As discussed in the *Drawdown* section of this report, this issue also had implications for the formulation of the City of Tulsa's drawdowns.

Unallowable Expenses

According to the *2009 CHRP Grant Owner's Manual*, agencies may only be reimbursed for the approved cost categories that are documented within the Final Funding Memorandum, and up to the amounts specified in the Financial Clearance Memorandum.

Prior to testing the salary and fringe benefit amounts charged to the grant, we reviewed the City of Tulsa's Payroll General Ledger Detail, as of November 15, 2012, to ensure that unallowable charges were excluded by the City of Tulsa and not charged to the grant account. As such, we sorted

the data based on the line items not being allowable for reimbursement based on the *2009 CHRP Grant Owner's Manual*, the Final Funding Memorandum, and the City of Tulsa's procedures for calculation of grant funding reimbursement. From this analysis we questioned 20 transactions that were both unallowable and not captured in an excluded category, totaling \$19,226. These line items were for "Compensation at Term" (\$1,864) and for Signing Incentives, (\$17,362) which were both included under the regular salaries and wages account code and thus not captured as an excluded category.¹⁰

In October 2012, based on our analysis and discussions with City of Tulsa officials regarding the overestimation of fringe benefits, City of Tulsa officials told us the excess fringe benefits amount should not have been charged to the grant account and that an adjusting journal entry would be requested to move the unallowable and excess charges from the grant account to the general fund. We were unable to determine whether those costs were charged to the grant award for which the City of Tulsa received reimbursement for those costs or whether the costs were part of the excess salary amount that the City of Tulsa did not request reimbursement. The OIG was notified by City of Tulsa officials on December 7, 2012, that an adjusting journal entry was made to move excess and unallowable expenses from the grant account to the City of Tulsa's general fund, for a total of \$339,070.¹¹ After the City of Tulsa's adjusting journal entry of \$339,070, the City of Tulsa appears to be under budget for both cumulative salary and fringe benefit expenditures.

Drawdowns

As part of this audit, we reviewed the process the City of Tulsa used to request grant funding reimbursement. *The 2009 CHRP Grant Owner's Manual* requires grantees minimize the cash on hand by requesting funds based on immediate cash disbursement needs. Even though advances are allowed, funds must be used within 10 days of an electronic transfer. Therefore, we compared the City of Tulsa's drawdowns to its expenditures.

¹⁰ The term "Compensation at term" is a term used by the grantee and derived from the City of Tulsa's accounting records. It includes employee compensation for salaries and wages for overtime hours worked and compensatory hours accrued and paid at termination. These expenses were not approved in the CHRP grant budget and were therefore unallowable.

¹¹ On December 7, 2012, the City of Tulsa made an adjusting journal entry for \$339,070 to remove excess and unallowable salary and fringe benefit expenditures from the grant account to the City of Tulsa general fund.

Drawdown Analysis

As of September 9, 2013, the City of Tulsa had requested and received \$3,365,714 in CHRP grant funding reimbursement. City of Tulsa officials indicated that requests were based on the City of Tulsa's Payroll General Ledger Detail, which represents their expenses prior to the journal entry adjustment of \$339,070. As discussed previously in the *Overestimated Budget* section of this report, the City of Tulsa's approved budget included duplicate vacation and sick leave. Therefore, its drawdowns exceeded allowable grant expenditures.

Further, as discussed in the *Grant Account* section of this report, the City of Tulsa recorded in its grant accounting records the full costs of total salary and fringe benefit expenditures without differentiating between grant-funded and locally-funded costs. We determined that the City of Tulsa formulated its drawdown requests by creating expenditure reports using date and cost center parameters from its grant accounting records for the drawdown period. Because the grant account contained expenditures in excess of the allowable entry-level amounts, each drawdown therefore exceeded allowable entry-level salary costs for that drawdown. In effect, this caused the City of Tulsa to draw its funds on an advance basis because each drawdown included entry-level costs, as well as entry-level costs it would accumulate in the forthcoming months after the drawdown. However, the *2009 CHRP Grant Owner's Manual* states that the concept of "Minimum Cash on Hand" applies to COPS grant recipients, and therefore recipients should time drawdowns for immediate cash disbursement needs, or a maximum of 10 days in advance. While we verified that cumulative expenditures exceeded cumulative drawdowns, we determined that its drawdown formulation process did not adhere to this standard. Therefore, we recommend that COPS ensure the City of Tulsa revise its procedures to use only allowable costs to formulate its future drawdown requests for immediate cash disbursement needs.

Supplanting

According to the *2009 CHRP Grant Owner's Manual*, federal funds must be used to supplement existing state and local funds for program activities and must not replace those funds that have been appropriated for the same purpose. Since the original grant award was for the City of Tulsa to hire 18 officer positions, and was subsequently modified to the retention of 18 officers due to post-application layoffs, there is a potential for the City of Tulsa to supplant local funds with grant funds. To determine whether the

City of Tulsa used grant funds to supplant existing state and local funds for program activities, we reviewed the City of Tulsa's CAFRS for years 2007 through 2012, and also interviewed City of Tulsa officials.

The City Manager and Finance Director explained that the City of Tulsa's general fund, which supports the Tulsa PD, is derived from sales tax and related use tax, which can be very volatile. They also explained that they started noticing a significant downturn in the economy in 2009, which led to several severe budget cuts because the sales tax and related tax revenue had declined. Because of the budget cuts, the police department was facing layoffs of around 100 officers; however, some of these officers were retained with the CHRP grant and another grant received from the Office of Justice Programs, Justice Assistance Grant Program.

Based on our review of the budgets and from our interviews, we concluded that the budget reductions did not constitute a violation of the CHRP grant non-supplanting requirement.

Reports

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

Federal Financial Reports

The financial aspect of CHRP grants are monitored through FFRs. According to the *2009 CHRP Grant Owner's Manual*, FFRs should be submitted within 30 days of the end of the most recent quarterly reporting period. Even for periods when there have been no program outlays, a report to that effect must be submitted. Funds or future awards may be withheld if reports are not submitted or are excessively late.

We reviewed the last four FFRs submitted to COPS for the period of October 2011 through September 2012 and determined each report was submitted in a timely manner.

We also tested these same FFRs for accuracy by comparing the amounts reported in the reports to the City of Tulsa's accounting records. We found that because the City of Tulsa overestimated CHRP officer fringe benefits for vacation and sick leave by \$248,226, grant expenditures reported by the City of Tulsa on each FFR submitted were inaccurate.

Progress Reports

According to the *2009 CHRP Grant Owner's Manual*, Progress Reports must be submitted quarterly, within 30 days after the end of the reporting periods for the life of the award.

We reviewed the last eight quarterly Progress Reports submitted to COPS for the period of October 2010 through September 2012 and determined each report was submitted in a timely manner.

We also reviewed the accuracy of the quarterly Progress Reports submitted to COPS for the last five quarterly periods of coverage, ending December 31, 2012. The information for the Progress Reports was gathered by the Tulsa PD and provided to COPS by the Tulsa PD Program Manager. Our review verified the numerical information regarding the number of grant positions filled for the periods we reviewed.

Additionally, as part of our Progress Report review we examined City of Tulsa responses to general questions and narratives to describe the impact grant funding was having on community policing.¹² We also interviewed City of Tulsa staff and police officers to gain further understanding for City of Tulsa community policing efforts. We determined that City of Tulsa quarterly Progress Reports, submitted for the period of October 2011 through December 31, 2012, stated that CHRP funding was being used to enhance community policing capacity in line with the community policing plan included in Tulsa's grant application. We did not identify any evidence that the City of Tulsa did not enhance its community policing efforts with the CHRP grant funding. Accordingly, we found the reports we reviewed to be accurate based on the documentation we reviewed.

¹² COPS Progress Reports only required community policing narrative information on an annual basis beginning in January 2011.

Recovery Act Reports

In addition to normal reporting requirements, grantees receiving Recovery Act funding must submit quarterly reports, which require both financial and programmatic data. The Recovery Act requires recipients to submit their reporting data through FederalReporting.gov, an online web portal that will collect all reports. Recipients must enter their data no later than 10 days after the close of each quarter beginning September 30, 2009.

We reviewed the timeliness of the quarterly Recovery Act Reports submitted for the period of October 2010 through September 2012 during the award period for Grant No. 2009-RJ-WX-0073. Based on our review, we determined that the City of Tulsa submitted all eight Recovery Act Reports in a timely manner.

We also reviewed the accuracy of the quarterly Recovery Act Reports for the last full year of coverage, ending September 30, 2012. Our review found that the City of Tulsa reported the number of jobs created and retained for each quarter reviewed as discussed in Exhibit 3. In the Recovery Act Reports, the data pertaining to jobs created and retained is reported as full-time equivalents (FTE). According to OMB Memorandum 10-08, dated December 18, 2009, the formula for calculating FTEs is represented as follows:

TOTAL NUMBER OF HOURS WORKED AND FUNDED BY RECOVERY ACT WITHIN REPORTING QUARTER	÷	QUARTERLY HOURS IN A FULL-TIME SCHEDULE¹³	=	FTEs
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However, when we used the formula for calculating FTEs, we identified discrepancies with the number of FTEs reported in the Recovery Act Reports submitted by Tulsa in all four of the quarters reviewed, as shown in Exhibit 3.

¹³ OMB Memorandum 10-08 describes the calculation for Quarterly Hours in a Full-Time Schedule as 520 hours (2,080 hours annually divided by 4 quarters).

EXHIBIT 3: ACCURACY OF FTE DATA REPORTED IN RECOVERY ACT REPORTS

RECOVERY ACT REPORT END DATE	TOTAL REPORTED FTES	TOTAL SUPPORTED FTES	DIFFERENCE
12/31/2011	17.81	17.37	0.44
03/31/2012	17.88	17.25	0.63
06/30/2012	17.84	17.33	0.51
09/30/2012	17.78	17.20	0.58

Source: www.Recovery.gov and City of Tulsa officials

We discussed the discrepancies with City of Tulsa officials, who explained that the individual who performs the FTE calculations for the City of Tulsa was unaware that overtime hours were unallowable for this grant and therefore should not have been included in their FTE calculations. The official further stated that the Grants Administration Office, which performs the FTE calculations for the City, is now aware that overtime hours are not to be included in future Recovery Act Reports.

During our analysis of the four Recovery Act Reports, we also identified that the City of Tulsa was not consistent in its treatment of floating holiday hours from one payroll period to the next. In several payroll periods floating holiday hours were incorporated into the FTE calculation for that period while in other periods they were not included at all. Tulsa officials could not explain the discrepancies for floating holiday hours from pay period to pay period. We inquired whether the City of Tulsa has policies and procedures for calculating Recovery Act FTE hours. We were advised there are not specific policies or procedures for determining the types of hours allowable for inclusion in Recovery Act grants.

We don't believe the past Recovery Act Reports can be corrected based on the language in OMB Memorandum 10-34, which states "Changes to prior reports may not be initiated for the 'Number of Jobs' field." Therefore, we recommend that COPS ensure that the City of Tulsa create a procedure for calculating Recovery Act FTE hours that only include payroll hours that are allowable and are consistent from pay period to pay period.

Compliance with Award Special Conditions

Award special conditions are included in the terms and conditions for a grant award and are provided in the accompanying award documentation. Special conditions may also include special provisions unique to the award. The City of Tulsa's CHRP grant contained a special condition requiring that

funding should only be used for payment of approved full-time entry-level sworn officer salaries and fringe benefits. As discussed in the *Grant Expenditures* section of this report, we found that the City of Tulsa used the grant for its intended purpose; however, it had charged the grant account for expenses above the allowable entry-level salary and fringe benefits.

Program Performance and Accomplishments

COPS established two objectives and 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, COPS uses quarterly Progress Reports describing how grantees are using CHRP funding to implement their community policing strategies and their progress of hiring and rehiring officers. However, COPS does not require grantees to document the statistics used to complete questions in the Progress Reports and does not use the grantee's community policing capacity implementation rating, identified in the Progress Report, in determining grant compliance.

COPS defines community policing as a philosophy that promotes organizational strategies, which support the systemic use of partnerships and problem-solving techniques, to proactively address the immediate conditions that give rise to public safety issues such as crime, social disorder, and fear of crime. According to the *2009 CHRP Grant Owner's Manual*, grants must be used to initiate or enhance community policing activities. All newly hired, additional or rehired officers (or an equal number of redeployed veteran officers) funded under CHRP must engage in community policing activities.

The City of Tulsa PD originally was approved to hire 18 new entry-level police officers for this grant beginning July 1, 2009. On October 29, 2009, the Tulsa Chief of Police requested COPS modify the original grant award from hiring 18 new entry-level police officers to retaining 18 Tulsa police officers destined to be laid off due to budget reductions to mitigate the effects of declining tax revenues. On November 2, 2009, COPS approved the City of Tulsa's grant modification request to rehire 18 full-time sworn officers on or immediately after the layoff date of November 3, 2009. All 18 grant officer positions have been filled and retained through November 15, 2012.

To determine whether grant-funded activities enhanced its community policing capacity; we considered information provided within Tulsa's CHRP

grant application, including its community policing plan, and responses to grant application questions regarding the intended impact of grant funding. In addition, we reviewed the quarterly Progress Reports Tulsa submitted to COPS that included responses to general questions and narrative to describe the impact grant funding was having on community policing. We also interviewed six CHRP funded officers to determine the level of community policing provided by these grant funded officers.

We compared the community policing information taken from the grant application, quarterly Progress Reports, and officer interviews with the activities supported by grant funded expenditures.

We determined that Tulsa's quarterly Progress Reports submitted for the period of October 2011 through December 2012 showed that Tulsa was using the CHRP grant to enhance its community policing capacity in line with the community policing plan included in the grant application. Tulsa CHRP funded police officers we interviewed stated the Tulsa PD community policing program has been effective in accomplishing its objectives. Additional information on Tulsa's community policing activities is discussed in the *Community Policing* section of this report.

Community Policing

The CHRP program is designed to assist agencies to create and preserve sworn officer jobs and increase their community policing capacity and crime prevention efforts.¹⁴ The COPS Office defines community policing as a philosophy that promotes organizational strategies, which support the systematic use of partnerships and problem-solving techniques, to proactively address the immediate conditions that give rise to public safety issues such as crime, social disorder, and fear of crime. According to the *2009 CHRP Grant Owner's Manual*, community policing activities to be initiated or enhanced were identified and described in the CHRP grant application, with reference to each of the following elements of community policing:

- community partnerships and support,

¹⁴ CHRP grants must be used to initiate or enhance community policing activities. All newly hired, additional, or rehired officers (or an equal number of redeployed veteran officers) funded under CHRP must engage in community policing activities.

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

The City of Tulsa's grant application described its plan for the grant funding. Specifically, the Tulsa PD stated that it would maintain existing community partnerships through officers attending neighborhood association meetings, develop advisory groups, and hold community forums in every area of the city to develop an action plan for a safer city. The Tulsa PD would also seek the assistance of service clubs, public agencies, and private organizations that can assist in community problem solving efforts. In addition, the City of Tulsa's application stated that in order to reduce overall crime and improve public safety, the Tulsa PD has implemented CompStat, which is a comprehensive management and technological system. The CompStat model specifically aims to implement the crime geographical mapping and analysis components for the Tulsa PD, which facilitates the distribution of crime information to community members.

In order to evaluate the City of Tulsa's community policing activities, we interviewed the Program Manager within the Tulsa PD, and several of the officers funded by the CHRP grant. We also reviewed the City of Tulsa's Progress Reports, staff meeting minutes, media articles, press releases, and other documentation in regards to their community policing and outreach activities. Based on the documentation we reviewed, we determined that the Tulsa PD appears to have a strong community policing program and that the retention of the CHRP funded officers supports that program. The Program Manager indicated that with the grant funding, the Tulsa PD has been able to create special units, such as the bike unit, and has been able to send out more equipped and senior level officers to engage in community policing activities. Examples of community policing activities, according to the Tulsa PD Community Policing Program Manager, include the following:

- working in conjunction with the Tulsa Sheriff's Office on special task forces, for instance the Gang Task Force;
- promoting the Tulsa PD Hispanic Outreach Program which provides brochures and crime information in Spanish and allows Spanish speaking officers to discuss community needs and issues;

- assisting the City Council with its needs, which includes providing crime data for City Council Meetings;
- participating with associations involved with domestic and family violence;
- maintaining a Tulsa PD website that provides crime data and the location of sexual offenders based on neighborhood and zip code;
- participating in public information and safety meetings;
- the availability of kiosks at state fairs so that citizens can fill out police reports electronically;
- utilizing bike units to address specific community needs, such as security at the mall or Bank of Oklahoma Event Center, police presence at July 4th events, and patrol rotations in parks after events have occurred; and
- the availability of Watch Orders, whereby citizens can call into the police department and request an officer to perform a drive by of their house while they are out of town.

During interviews with CHRP funded officers, we were told that the Tulsa PD utilizes a top-down approach in regards to community policing and that the current Chief of Police has been more focused on community policing and emphasizes it more than the prior chief. In addition, these officers confirmed that the community policing program has been effective at meeting its objectives and is in alignment with the Tulsa PD's mission to reduce crime.

Retention Plan

According to the terms and conditions of the CHRP grant, the City of Tulsa is to retain all CHRP funded officer positions for a minimum of 12 months at the conclusion of 36 months of federal funding, over and above the number of locally-funded positions that would have existed in the absence of the grant.

City of Tulsa officials stated in the grant application that the City of Tulsa planned to retain the sworn officer positions funded under this grant for a minimum of 12 months at the conclusion of the 36 months of federal

funding for each position, with general funds. At the time of our audit, the CHRP grant was still ongoing. We therefore performed work to determine whether there were significant risks to the City's adherence to the retention requirement. In order to verify the City's claim, we interviewed the City Manager and Finance Director, and were informed that they intended to retain the officers. They attributed their ability to do so to the growing sales tax revenue and recovery from the 2009 economic downturn, and because the Tulsa PD experiences attrition of about 40 officers per year. We also reviewed the City of Tulsa's budgets from FY 2010 through FY 2013 and identified that the City's general fund revenues, which are derived primarily from sales and use taxes, increased in FY 2012 and FY 2013. Therefore, after discussions with City of Tulsa officials and review of the City's budgets, we did not identify significant risks to the City of Tulsa's adherence to the CHRP grant retention requirement.

Conclusion

We found inaccuracies in the information the City of Tulsa submitted to COPS in its grant application, and determined that not all supporting documentation was maintained. However, we assessed the effect of the inaccurate application data and determined that it did not appear to have affected the suitability of the award.

We also found that the City of Tulsa overestimated its budgeted salary and fringe benefit package by \$248,226, for police officer vacation and sick leave which are already included in the officer's salary. In accordance with the *2009 CHRP Grant Owner's Manual*, the City of Tulsa may not utilize this excess funding. Furthermore, Progress Reports, FFRs, and Recovery Act Reports reviewed were submitted in a timely manner. However, we identified discrepancies with the number of full-time equivalents reported in the Recovery Act Reports reviewed. We also identified that the Tulsa PD did not use a consistent methodology for floating holiday hours within their full-time equivalents computations. In addition, because the City of Tulsa overestimated the CHRP officer fringe benefits, we found that grant expenditures reported by the City of Tulsa on each FFR submitted were inaccurate. Finally, we found that drawdowns were not based on immediate need for allowable expenditures.

Recommendations

We recommend that COPS:

1. Ensure that the City of Tulsa enhance its procedures to ensure it submits accurate data for future award applications.
2. Ensure that the City of Tulsa's grant account conforms to the Uniform Administrative Requirements and accurately reflects grant activities, including the source and application of grant funds.
3. Remedy \$108,494 in questioned costs, which represents the drawn portion of the \$248,226 awarded funds based on duplicated fringe benefits in the grant budget.
4. Remedy \$139,732 in funds to better use, which represents the undrawn portion of the \$248,226 awarded funds based on duplicated fringe benefits in the grant budget.
5. Ensure the City of Tulsa revises its procedures to use only allowable costs to formulate its future drawdown requests for immediate cash disbursement need.
6. Ensure that the City of Tulsa implement a procedure to verify whether Recovery Act FTE hours are calculated accurately and consistently from pay period to pay period.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel; (4) budget management and control; (5) Financial, Progress, and Recovery Act Reports; (6) grant requirements; (7) program performance and accomplishments, including community policing; and (8) retention plan.

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

Our audit scope covered Grant No. 2009-RJ-WX-0073, which awarded \$3,505,446 in funding under CHRP to the City of Tulsa (PD). Our audit concentrated on, but was not limited to, the award start date on July 1, 2009, through December 7, 2012. The City of Tulsa had drawn down \$3,365,714 as of September 9, 2013.

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

In conducting our audit, we performed sample testing in four areas, which were payroll; FFRs; Progress Reports; and Recovery Act Reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant reviewed, such as dollar amounts. For Grant No. 2009-RJ-WX-0073, we selected samples for 10 of 18 Tulsa PD officers covering two sets of non-consecutive pay periods; four FFRs; five Progress Reports; and eight Recovery Act Reports. This non-statistical sample design does not allow for projection of the test results to the universes from which the samples were selected.

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

SCHEDULE OF DOLLAR-RELATED FINDINGS

DESCRIPTION	AMOUNT	PAGE
Unallowable Costs:		
Excess drawn down portion of award funds due to duplicate fringe benefits	\$108,494	14
Total Unallowable Costs	\$108,494	
Total Questioned Costs¹⁶	\$108,494	
Funds to Better Use:		
Overestimation of CHRP sick leave and vacation already included as part of officer's salary	\$139,732	14
Total Funds to Better Use¹⁷	\$139,732	
Total Dollar-Related Findings	\$248,226	

¹⁶ **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.

¹⁷ **Funds to Better Use** are funds that could be used more efficiently if management took actions to implement and complete an audit recommendation, including deobligation of funds from programs or operations.

CITY OF TULSA'S RESPONSE TO THE DRAFT REPORT



OFFICE OF THE MAYOR

January 16, 2014

David Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1120 Lincoln Street, Suite 1500
Denver, CO 80203

Dear Mr. Sheeren:

Enclosed are the City of Tulsa's responses to the Office of Inspector General's (OIG) audit of the Community Oriented Policing Services (COPS) Hiring Recovery Program Grant Number 2009-RJ-WX-0073.

The responses are completed in the designated format.

Thank you for the opportunity to provide this additional information. The repayment due will be sent under separate cover.

Sincerely,

Dewey F. Bartlett
Mayor, City of Tulsa

CC: Jim Twombly, City Manager, City of Tulsa
Chuck Jordan, Chief of Police, Tulsa Police Department
Mike Kier, Director of Finance, City of Tulsa

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www.cityoftulsa.org

Office of Community Oriented Policing Services

Audit Liaison Division

Grantee Audit Recommendation Response and Documentation Format

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

Audit Recommendation Response, Documentation, and Request for Closure

Grantee name: City of Tulsa

Name of Person completing request: Pat Connelly

Grantee ORI: OK07205

OIG Audit Number: Draft Report – Tulsa OK- COPS CHRP #2009-RJ-WX-0073

Recommendation Number: 1

OIG Recommendation:

Ensure that the City of Tulsa enhances its procedures to ensure it submits accurate data for future award applications.

Grantee Response:

It will be the policy of the Finance and Police Departments to have the Controller and Budget Manager review all Department of Justice grant applications prior to release. Data for applications will be compiled by the Finance and Police Departments and provided as supporting documentation to the Finance Department, where the grant package will be saved.

Detailed and specific supporting documentation:

No additional supporting documentation.

Grantee Request for Closure:

The City of Tulsa requests this recommendation be accepted and closed.

Office of Community Oriented Policing Services

Audit Liaison Division

Audit Recommendation Response, Documentation, and Request for Closure

Grantee name: City of Tulsa

Name of Person completing request: Cheryl Black

Grantee ORI: OK07205

OIG Audit Number: Draft Report – Tulsa OK- COPS CHRP #2009-RJ-WX-0073

Recommendation Number: 2

OIG Recommendation:

Ensure that the City of Tulsa's grant account conforms to the Uniform Administrative Requirements and accurately reflects the grant activities, including the source and application of grant funds.

Grantee Response:

The City of Tulsa will make monthly adjusting journal entries to move unallowable and excess expenditures from the grant fund to the City of Tulsa general fund. Reimbursement requests will be prepared with accounting reports which reflect only grant funded expenditures.

Detailed and specific supporting documentation:

None

Grantee Request for Closure:

The City of Tulsa will return \$108,495 for questioned costs and amend the final SF-425 to reflect the proper amount of expenditures. The City requests closure of this finding and will implement procedures to ensure future compliance.

Office of Community Oriented Policing Services

Audit Liaison Division

Grantee Audit Recommendation Response and Documentation Format

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

Audit Recommendation Response, Documentation, and Request for Closure

Grantee name: City of Tulsa

Name of Person completing request: Pat Connelly

Grantee ORI: OK07205

OIG Audit Number: Draft Report – Tulsa OK- COPS CHRP #2009-RJ-WX-0073

Recommendation Number: 3

OIG Recommendation:

Remedy \$108,495 in questioned costs, which represents the drawn portion of the \$248,226 awarded funds based on duplicated fringe benefits in the grant budget.

Grantee Response:

The City of Tulsa will return \$108,495 in questioned costs of duplicated fringe benefits.

Detailed and specific supporting documentation:

No additional supporting documentation.

Grantee Request for Closure:

The City of Tulsa requests this recommendation be accepted and closed.

Office of Community Oriented Policing Services

Audit Liaison Division

Grantee Audit Recommendation Response and Documentation Format

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

Audit Recommendation Response, Documentation, and Request for Closure

Grantee name: City of Tulsa

Name of Person completing request: Pat Connelly

Grantee ORI: OK07205

OIG Audit Number: Draft Report – Tulsa OK- COPS CHRP #2009-RJ-WX-0073

Recommendation Number: 4

OIG Recommendation:

Remedy \$139,732 in funds to better use, which represents the undrawn portion of the \$248,226 awarded funds based on duplicated fringe benefits in the grant budget.

Grantee Response:

The City of Tulsa submitted a request to COPS on June 19, 2013 to de-obligate the unused portion of grant funds from the account. The City will follow up with COPS to ensure that the de-obligation has occurred.

Detailed and specific supporting documentation:

No additional supporting documentation.

Grantee Request for Closure:

The City of Tulsa requests this recommendation be accepted and closed.

Office of Community Oriented Policing Services

Audit Liaison Division

Grantee Audit Recommendation Response and Documentation Format

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

Audit Recommendation Response, Documentation, and Request for Closure

Grantee name: City of Tulsa

Name of Person completing request: Pat Connelly

Grantee ORI: OK07205

OIG Audit Number: Draft Report – Tulsa OK- COPS CHRP #2009-RJ-WX-0073

Recommendation Number: 5

OIG Recommendation:

Ensure the City of Tulsa revises its procedures to use only allowable costs to formulate its future drawdown requests for immediate cash disbursement need.

Grantee Response:

The City of Tulsa will ensure that only allowable costs are drawn from COPS. Communication between the Police Department and Finance Department regarding allowable costs for the grant will be established and maintained once the award is received and prior to the first draw request.

Detailed and specific supporting documentation:

No additional supporting documentation.

Grantee Request for Closure:

The City of Tulsa requests this recommendation be accepted and closed.

Office of Community Oriented Policing Services

Audit Liaison Division

Grantee Audit Recommendation Response and Documentation Format

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

Audit Recommendation Response, Documentation, and Request for Closure

Grantee name: City of Tulsa

Name of Person completing request: Pat Connelly

Grantee ORI: OK07205

OIG Audit Number: Draft Report – Tulsa OK- COPS CHRP #2009-RJ-WX-0073

Recommendation Number: 6

OIG Recommendation:

Ensure that the City of Tulsa implement a procedure to verify whether Recovery Act FTE hours are calculated accurately and consistently from pay period to pay period.

Grantee Response:

The City of Tulsa will ensure in the future that reporting of full-time equivalent positions will be reported in accordance with the applicable funding agency requirements. Communication between the operating department and the Finance Department will occur at the time the grant is awarded to ensure an understanding of the eligible costs and the associated reporting requirements. The City will also ensure consistency in the calculation of full-time equivalent positions each reporting period.

Detailed and specific supporting documentation:

No additional supporting documentation.

Grantee Request for Closure:

The City of Tulsa requests this recommendation be accepted and closed.

COPS OFFICE'S RESPONSE TO THE DRAFT REPORT



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

COPS

Via Electronic Email

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

From: George Gibmeyer
Supervisory Grant Monitoring Specialist
COPS Grant Monitoring and Audit Liaison Division 

Date: February 25, 2014

Subject: City of Tulsa, Oklahoma Draft Audit
Request to Resolve and for Closure of Recommendations 1, 2, 3, and 6
Update Status for Recommendations 4 and 5

The purpose of this memorandum is to request closure for the following recommendations of the subject draft audit report, and to provide an update status for the remaining recommendations.

Recommendation 1: Ensure that the City of Tulsa enhances its procedures to ensure it submits accurate data for future award applications.

Status of Recommendation: Draft

Discussion and Action: The grantee has established a policy between the Finance and Police Departments to have the Controller and Budget Manager review all Department of Justice grant applications prior to release. Data for applications will be compiled by the Finance and Police Departments and provided as supporting documentation to the Finance Department, where the grant package will be saved.

As a result of this policy change COPS is requesting closure for Recommendation 1.

Recommendation 2: Ensure that the City of Tulsa's grant account conforms to the Uniform Administrative Requirements and accurately reflects the grant activities, including the source and application of grant funds.

Status of Recommendation: Draft

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Discussion and Action: The City of Tulsa will make monthly adjusting journal entries to move unallowable and excess expenditures from the grant fund to the City of Tulsa general fund. Reimbursement requests will be prepared with accounting reports which reflect only grant funded expenditures. The City of Tulsa will return \$108,495 for questioned costs and amend the final SF-425 to reflect the proper amount of expenditures.

As a result of this policy change COPS is requesting closure for Recommendation 2.

Recommendation 3: Remedy \$108,495 in questioned costs which represents the drawn down portion of the \$248,226 awarded funds based on duplicated fringe benefits in the grant budget.

Status of Recommendation: Draft

Discussion and Action: The City of Tulsa has repaid the \$108,495 in questioned costs related to the unallowable expenditures resulting from the duplicated fringe benefits.. (Refer to the attached check #940852 dated December 13, 2013 and the COPS memo dated January 5, 2014). These funds have been credited to the grant. (Refer to the attached Payment History).

As a result of this repayment of funds, COPS is requesting closure for Recommendation 3.

Recommendation 6: Ensure the City of Tulsa implement a procedure to verify whether Recovery Act FTE hours are calculated accurately and consistently from pay period to pay period.

Status of Recommendation: Draft

Discussion and Action: The City of Tulsa will ensure in the future that reporting of full-time equivalent positions will be reported in accordance with the applicable funding agency requirements. Communication between the Police Department and the Finance Department will occur at the time the grant is awarded to ensure an understanding of the eligible costs and associated reporting requirements. The City will also ensure consistency in the calculation of full-time equivalent positions each reporting period.

As a result of this procedural change, COPS is requesting closure for Recommendation 6.

Update Status for Recommendations 4 and 5:

Recommendation 4: Remedy \$139,732 in funds to better use, which represents the undrawn portion of the \$248,226 awarded funds based on duplicated fringe benefits in the grant budget.

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Status of Recommendation: Draft

Discussion and Action: As a result of the grantee repayment of \$108,495 being posted to the grant account and added to the unobligated balance of \$139,732, the total of \$248,226 will be requested for de-obligation for funds to better use.

As a result of this planned action to de-obligate the remaining unobligated funds, COPS is requesting Recommendation 4 be Resolved.

Recommendation 5: Ensure the City of Tulsa revises its procedures to use only allowable costs to formulate its future drawdown requests for immediate cash disbursement.

Status of Recommendation: Draft

Discussion and Action: The grantee was provided with suggested language changes to amend their initial response to the Draft Report. COPS is waiting for the grantee to reply.

As a result of this planned procedural change, COPS is requesting Recommendation 5 be Resolved.

cc: (provided electronically)

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Attachments: Payment History by Grant Program
COPS Finance Memo
Copy of Check #940852

Grant Files: #2009RJWX0073

Audit File:

GRANTEE: City of Tulsa
ORI: OK07205
Draft Audit Report
Request for Closure of Recommendations 1, 2, 3, and 6
Update Status for Request to Resolve Recommendations 4 and 5

Reviewed by:

Marcia Samuels Campbell *Marcia S. Campbell*
Assistant Director, Grant Monitoring Division

Date: February 25, 2014

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 City of Tulsa, Oklahoma and the COPS Office. The City of Tulsa's response is incorporated in Appendix III and the COPS Office's response is incorporated in Appendix IV of this final report. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation:

- 1. Ensure that the City of Tulsa enhance its procedures to ensure it submits accurate data for future award applications.**

Resolved. While COPS did not state in its response whether it agreed with this recommendation, we followed up after we received its response and verified that it agrees. COPS requests this recommendation be closed based on the City of Tulsa's response to the draft report. In response to our recommendation, City of Tulsa officials stated its policy will be to have the Controller and Budget Manager review grant applications prior to submission and provide supporting documentation to the Finance Department. The City of Tulsa provided no evidence of implementation of those procedures.

This recommendation can be closed when we receive evidence that the COPS Office has coordinated with the City of Tulsa and provides supporting documentation that the City of Tulsa has enhanced its policies and procedures to ensure that future grant applications contain accurate data.

- 2. Ensure that the City of Tulsa's grant account conforms to the Uniform Administrative Requirements and accurately reflects grant activities, including the source and application of grant funds.**

Resolved. While COPS did not state in its response whether it agreed with this recommendation, we followed up after we received its response and verified that it agrees. COPS requests this recommendation be closed based on the City of Tulsa's response to the draft report. In response to our recommendation, City of Tulsa

officials stated they will make monthly adjusting journal entries to move unallowable and excess expenditures from the grant fund to the City of Tulsa's general fund. Reimbursement requests will be prepared with accounting reports which will reflect only grant funded expenditures. They also stated they will amend the final SF-425 to reflect the proper amount of expenditures. The City of Tulsa provided no evidence to support implementation of those procedures or the amended final SF-425.

This recommendation can be closed when we receive evidence that the COPS Office has coordinated with the City of Tulsa and provides supporting documentation that the City of Tulsa has enhanced its accounting policies and procedures to ensure that unallowable and excess grant expenditures are removed from the grant account, that reimbursement requests only reflect grant funded expenditures, and that the final SF-425 has been updated to reflect the proper amount of expenditures for Grant No. 2009-RJ-WX-0073.

- 3. Remedy \$108,494 in questioned costs, which represents the drawn portion of the \$248,226 awarded funds based on duplicated fringe benefits in the grant budget.**

Closed. While COPS did not state in its response whether it agreed with this recommendation, we followed up after we received its response and verified that it agrees. This recommendation is closed. COPS provided evidence of a check from the City of Tulsa satisfying the questioned costs for Grant No. 2009-RJ-WX-0073. COPS also provided evidence the repaid questioned costs have been credited to the grant.

We reviewed this evidence and determined it adequately addressed our recommendation.

- 4. Remedy \$139,732 in funds to better use, which represents the undrawn portion of the \$248,226 awarded funds on duplicated fringe benefits in the grant budget.**

Resolved. While COPS did not state in its response whether it agreed with this recommendation, we followed up after we received its response and verified that it agrees. COPS requests this recommendation be resolved based on the City of Tulsa's response to the draft report, the repayment of the questioned costs, and the

planned action to deobligate the remaining unobligated funds. COPS stated the questioned costs were posted to the grant account and added to the unobligated balance of \$139,732, the total of \$248,226 to be requested for deobligation. In response to our recommendation, City of Tulsa officials stated they submitted a request to COPS on June 19, 2013, to deobligate the undrawn portion of the grant funds from the grant and that they would follow up with COPS to ensure the deobligation occurs. COPS did not provide evidence the funds to better use has been deobligated from the grant.

This recommendation can be closed when we receive evidence that the fund to better use has been deobligated for Grant No. 2009-RJ-WX-0073.

5. Ensure the City of Tulsa revises its procedures to use only allowable costs to formulate its future drawdown requests for immediate cash disbursement need.

Resolved. While COPS did not state in its response whether it agreed with this recommendation, we followed up after we received its response and verified that it agrees. COPS requests this recommendation be resolved based on the City of Tulsa's response to the draft report and suggested language changes it provided to the City of Tulsa to amend its initial response to the draft report. COPS stated it was waiting for the grantee's reply to its request. In response to our recommendation, City of Tulsa officials stated they will ensure that only allowable costs are drawn from COPS. In addition, they stated communication between the Police Department and the Finance Department regarding allowable costs for the grant will be established and maintained once the award is received and prior to the first draw request. The City of Tulsa provided no evidence of implementation of those procedures.

This recommendation can be closed when we receive evidence that the COPS Office has coordinated with the City of Tulsa and provides supporting documentation that the City of Tulsa has enhanced its policies and procedures to ensure that only allowable costs are used to formulate its future drawdown requests and for communication between the Police Department and the Finance Department.

6. **Ensure that the City of Tulsa implement a procedure to verify whether Recovery Act FTE hours are calculated accurately and consistently from pay period to pay period.**

Resolved. While COPS did not state in its response whether it agreed with this recommendation, we followed up after we received its response and verified that it agrees. COPS requests this recommendation be closed based on the City of Tulsa's response to the draft report. In response to our recommendation, City of Tulsa officials stated they will ensure in the future that reporting of FTE positions will be in accordance with the applicable funding agency requirements. Furthermore, they stated communication between the operating department and the Finance Department will occur at the time the grant is awarded to ensure an understanding of the eligible costs and reporting requirements. Finally, that the City would also ensure consistency in the calculation of FTE positions each reporting period. The City of Tulsa provided no evidence of implementation of those procedures.

This recommendation can be closed when we receive evidence that the COPS Office has coordinated with the City of Tulsa and provides supporting documentation that the City of Tulsa has enhanced its policies and procedures to verify that FTE hours are calculated accurately and consistently from pay period to pay period.